

APPENDIX B

QUESTIONS AND ANSWERS PERTAINING TO PROCESSING INVOICES FROM
CANCELED FISCAL YEAR FUNDS

1. Should contract modifications be issued to obligate current year funds?

Answer: Contract modifications citing current year funds for unpaid amounts are not required simply because previous valid obligations were from appropriations subsequently canceled. The document providing the chargeable fund cite to the disbursing officer should be used as the obligation document at the time of payment. Additionally, applicable contracts should be annotated to indicate the appropriation from which the payment was made.

2. Are there invoice submission cut-offs for subsequent expiration dates?

Answer: Cut-off dates involving expired account transactions should be no different than for other transactions. However, special efforts should be made to ensure that all valid invoices citing accounts subject to closure are processed before the account is closed. The official closure date is September 30. Therefore, all valid invoices dated as of September 30 may be charged against an account before it is closed.

3. Are there any prohibitions against reallocating previous payments to oldest year funds in the contract?

Answer: The Department's current policy provides for progress payments to be identified to the appropriate contract line/fiscal year. Only when such an identification is not feasible should the amounts be allocated to contract lines or fiscal years. In the absence of contractor or program management identification, current guidance permits such allocations to be made to the oldest fiscal year. For previous allocations, if the benefiting fiscal year is known, the applicable amounts should have been charged to the benefiting fiscal year. However, if the benefiting fiscal year is unknown and amounts already have been allocated, there is little basis for reallocating those funds to the oldest fiscal year.

4. What is the definition of payment adjustments as they relate to Public Law 101-510?

Answer: Payment adjustments may result from escalation or economic price adjustments, or from final audit and settlement. Payment adjustments exclude contract changes and changes in scope as well as any other change that results in additional contractor billable costs.

5. How should adjustment billings submitted by a contractor as a result of definitization of a contract be handled?

Answer: If the definitization of a contract results in an additional amount due to the contractor, and the additional amount would be chargeable to a canceled appropriation, then current year funds must be requested. If the definitization results in an amount due from the

contractor which would have been credited to a canceled appropriation, that amount must be credited to miscellaneous receipts account 3210. However, amounts due to expired, but not yet canceled, appropriations should be credited to the expired appropriation.

6. What is the process for the payment office to request current year funds to pay an invoice in-house?

Answer: Within 48 hours after receipt of an invoice payable from canceled funds, the disbursing officer shall: (a) identify the budget office funding the contract by contacting the fiscal office and (b) notify the head of the office, installation, or activity in which the budget office is located of the need for funds. Only the net amount required (total amount less progress payments paid) shall be requested. Notification should be by message, express mail or facsimile and should include identification of the contract, contractor, invoice date, invoice amount, and payment due date (including DoD required payment data for progress payments and interim vouchers). The disbursing officer shall provide copies to the procurement contracting officer.

The office, installation, or activity funding the contract should notify the disbursing officer or replacement funds chargeable to an appropriation currently available for the same purpose. This notification should be transmitted by message, express mail or facsimile as soon as possible, but no later than 15 calendar days from the date of the disbursing officer's request. If replacement funds cannot be provided within 15 calendar days, an estimate should be provided as to when the funds are expected to be available.

★7. What DoD activity is responsible for payment of invoices initially chargeable to an account that has closed, and for which the related program or function has migrated from one DoD activity to another?

★ Answer: Invoices chargeable to an appropriation account that has since closed pursuant to the closing account law, 31 U.S.C. § 1551-1557, and for which the related program or function has migrated from one DoD activity to another, are payable by the parent organization of the DoD activity which incurred the original liability. Current year funds from any appropriation account available for the same purpose may be used to satisfy the obligations.