DEFENSE SECURITY COOPERATION AGENCY
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WASHINGTON, D.C. 20301-2800

24 SEPT 2026

MEMORANDUM FOR DEPUTY UNDER SECRETARY OF THE AIR FORCE FOR INTERNATIONAL AFFAIRS
DEPUTY ASSISTANT SECRETARY OF THE ARMY FOR DEFENSE EXPORTS AND COOPERATION
DEPUTY ASSISTANT SECRETARY OF THE NAVY FOR INTERNATIONAL PROGRAMS
DIRECTOR, DEFENSE CONTRACT MANAGEMENT AGENCY
DIRECTOR, DEFENSE INFORMATION SYSTEMS AGENCY
DIRECTOR, DEFENSE LOGISTICS AGENCY
DIRECTOR, DEFENSE THREAT REDUCTION AGENCY
DIRECTOR, MISSILE DEFENSE AGENCY
DIRECTOR, NATIONAL GEOSPATIAL-INTELLIGENCE AGENCY
DIRECTOR, SECURITY COOPERATION ACCOUNTING DIRECTORATE, DEFENSE FINANCE AND ACCOUNTING SERVICE, INDIANAPOLIS OPERATIONS
DIRECTOR OF CYBERSECURITY DIRECTORATE AND DEPUTY NATIONAL MANAGER FOR NATIONAL SECURITY SYSTEMS, NATIONAL SECURITY AGENCY

SUBJECT: Defense Security Cooperation Agency (DSCA) Policy Memorandum 26-10, Requirements to Resolve Problem Disbursements [SAMM E-Change 807]

References: (a) Section 1009 of the Bob Stump National Defense Authorization Act for Fiscal Year 2003. Public Law No. 107-314, 116 Stat. 2458, 2635 (Dec. 2, 2002)

(b) United States Government Accountability Office GAO-05-521 DOD Problem Disbursements

This policy memorandum provides guidance on research requirements and procedures for resolving problem disbursements (PDs) related to the Foreign Military Sales (FMS) Trust Fund and Building Partner Capacity (BPC) programs. Further, it updates existing guidance in the Security Assistance Management Manual (SAMM) to clarify that write-off authority for PDs as outlined in section 1009 of the Bob Stump National Defense Authorization Act for Fiscal Year 2003 expired on December 2, 2004 (see references (a) and (b)). In light of this authority no longer being valid, this policy memo clarifies what options are available for resolving PDs.

PDs are payment transactions that an accounting office cannot successfully match the original obligation or accounts receivable amount for liquidation purposes. To identify and proceed to resolve PDs, Implementing Agencies (IAs) and the Defense Finance and Accounting

Service (DFAS) utilize system-specific reporting tools from IA disbursing and general ledger accounting systems, the Defense Integrated Financial System (DIFS), and the U.S. Government Standard General Ledger (USSGL) reports that DFAS receives from the U.S. Department of the Treasury. It is Department of War (DoW) policy that a disbursement be matched to its corresponding, detail-level obligation and be recorded as promptly as current systems and business practices reasonably permit.

The vast majority of obligations and disbursements are matched automatically via the IAs various system interfaces. However, some obligations and disbursements are required to be manually matched, mainly due to non-automated processes or the rejection of transactions by automated systems.

When a disbursement is recorded in the accounting system but not matched to an obligation, the disbursement results in an Unmatched Disbursement (UMD). When a disbursement is recorded in the accounting system and is matched to an obligation, but the amount of the disbursement exceeds the amount on the recorded obligation, the amount of the disbursement in excess of the applicable obligation results in a Negative Unliquidated Obligation (NULO). Examples of actions that may result in such discrepancies include erroneous inputs and recording in financial systems.

IA financial management officials research and coordinate with DFAS, as appropriate, to locate the source obligation to reconcile the PDs. Research may include retrieval and cross-referencing documents including the Letter of Acceptance (LOA) to verify the FMS and country code; Standard Form (SF) 1034 (Public Voucher) to inspect the actual bill submitted by the contractor; and/or the original contract to verify line items and funding amounts.

After appropriate research is conducted, corrective actions to resolve PDs may include recording a missing obligation by the appropriate financial manager, processing an obligation amendment to increase the obligation amount to resolve a negative balance on the obligation, or processing a correction for an erroneous posting.

The attached policy is incorporated into the DSCA SAMM at https://samm.dsca.mil. If you have questions on this memorandum, please contact DSCA (Office of Business Operations, Financial Policy & Regional Execution Directorate, Financial Policy Division (OBO/FPRE/FP)) at dsca.ncr.obo.list.fpre-fp@mail.mil. Please reference the DSCA policy number and memorandum subject. For general questions about the SAMM, please contact DSCA (Office of Strategy, Plans, and Policy, Execution Policy and Analysis Directorate (SPP/EPA)) at dsca.ncr.spp.mbx.epa@mail.mil.

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Brian Watford
Acting Chief Operating Officer and
Chief Financial Officer

Attachment: SAMM E-Change 807 – Requirements to Resolve Problem Disbursements

Attachment: Security Assistance Management Manual E-Change 807

REQUIREMENTS TO RESOLVE PROBLEM DISBURSEMENTS

1. Update Section C16.2.6.1.:

- Current:

  C16.2.6. Problem Disbursements.

  C16.2.6.1. Definition. A PD is a transaction reported to the Treasury Department's Bureau of Financial Services, but upon receipt at the official accounting station cannot be successfully matched to the original obligation or accounts receivable amount for liquidation purposes. PDs include UMDs, NULOs, and in-transit disbursements made by disbursing officers.

- Revised:

  C16.2.6. Problem Disbursements.

  C16.2.6.1. Definition. A Problem Disbursement (PD) is a payment transaction ~~reported to the Treasury Department's Bureau of Financial Services, but~~ that upon receipt at the official accounting ~~station~~ office cannot be successfully matched to the original obligation or accounts receivable amount for liquidation purposes. PDs include Unmatched Disbursements (UMDs)~~,~~ and Negative Unliquidated Obligations (NULOs). To identify and proceed to resolve PDs, Implementing Agencies (IA) and the Defense Finance and Accounting Service (DFAS) utilize system-specific reporting tools from IA disbursing and general ledger accounting systems, the Defense Integrated Financial System (DIFS), and the U.S. Government Standard General Ledger (USSGL) reports that DFAS receives from the U.S. Department of the Treasury (Treasury).

2. Update Section C16.2.6.2.:

- Current:

  C16.2.6.2. Resolution Timeline. In total, DFAS and the activity issuing the contract/funding document have 120 days to research and correct UMDs/NULOs. When the issuing activity is co-located with their accounting office, the research period is limited to 90 days. Refer to the RCG Table AP7.C2.T2. and Figure AP7.C2.F10. During the first 60 days, IAs/DFAS shall research and record obligations if documentation is held. DoD policy states that as of 1 Apr 2002, if the issuing activity has failed to record the obligations within 120 days after the UMD or NULO has occurred, if DFAS holds a copy of the obligating document, they must record the obligations. The timeline for resolution of NULOs does not apply if the NULO was caused by a contract overpayment.

Policies and procedures for collection of commercial or contractor debt are covered in the DoD Financial Management Regulation (FMR), Volume 16, Chapter 1. In addition, the Federal Acquisition Regulation (FAR), subpart 32.6 prescribes policies and procedures for ascertaining and collecting contract debts.

- Revised:

C16.2.6.2. ~~**Resolution Timeline.** In total, DFAS and the activity issuing the contract/funding document have 120 days to research and correct UMDs/NULOs. When the issuing activity is co-located with their accounting office, the research period is limited to 90 days. Refer to the RCG Table AP7.C2.T2. and Figure AP7.C2.F10. During the first 60 days, IAs/DFAS shall research and record obligations if documentation is held. DoD policy states that as of 1 Apr 2002, if the issuing activity has failed to record the obligations within 120 days after the UMD or NULO has occurred, if DFAS holds a copy of the obligating document, they must record the obligations.~~

C16.2.6.2. Problem Disbursement Research Requirements and Timeline. Research and corrective actions must begin as soon as it is apparent that a disbursement transaction has resulted in a UMD or NULO. The minimum research requirements for the fund holder and accounting office are:

a. Review transactions to determine their purpose and nature;

b. Request the disbursing office to furnish any missing documentation including standard form (SF) vouchers (e.g., SF 1034 or SF 26) and review the Accounting Classification Reference Number and the Line of Accounting to confirm which case was charged;

c. Collaborate with fund holders on transactions that have an obligation in the transaction level detail but no recorded obligation in accounting system;

d. Cross-reference the payment date and amount to match with applicable subsidiary ledgers including billing and accounts receivable; and/or

e. If there is no indication of an obligation, review the supporting documentation for any indication of disbursement errors.

C16.2.6.2.1. For PD transactions up to $2,500, the decision to continue (or discontinue) research is at the discretion of the IA. For PD transactions over $2,500, the Military Department (MILDEP) Assistant Secretaries for Financial Management and Comptroller (FM&C), Defense Agency Comptroller, DSCA Comptroller, or other delegated funds control officials may require research action to continue.

C16.2.6.2.2. If continued research action is required for PD transactions over $2,500, written approval to discontinue research must be obtained from the MILDEP Assistant Secretaries (FM&C), Defense Agency Comptroller, DSCA Comptroller, or other delegated funds control officials. Written approval to discontinue research must include a description of the research conducted.

C16.2.6.2.3. After the research requirements in this section are accomplished by the accounting office and the fund holder, see Section C16.2.6.3. for requirements to resolve PDs regardless of the PD transaction amount.

C16.2.6.2.4. Once PD transactions are resolved in accordance with Section C16.2.6.3., further research or reporting of such UMDs or NULOs is not required. If a fund manager and/or the accounting office later identify the need for an additional adjustment or correction and provide the appropriate adjusting/correcting document, the appropriate adjustment/correction must be recorded. When the recorded adjustment/correction is over $2,500, IAs should notify DSCA by submitting a request titled: "DSCA Comptroller Notification of PD Adjustment/Correction over $2,500" in the DSCA Case Closure Submission Tool (DoW CAC Holders Only) by selecting Requests then the listed option: Problem Disbursement.

C16.2.6.2.5. The research timeline for resolution of NULOs does not apply if the NULO was caused by a contract overpayment. ~~Policies and procedures for collection of commercial or contractor debt are covered in the DoD Financial Management Regulation (FMR), Volume 16, Chapter 1. In addition,~~ See the Federal Acquisition Regulation (FAR), subpart 32.6 ~~prescribes policies and procedures~~ for ascertaining and collecting contract debts.

3. Update SAMM Section C16.2.6.3:

- Current:

  C16.2.6.3. Impact on Closure. All PDs must be cleared prior to closure, regardless of closure type.

- Revised:

  C16.2.6.3. ~~**Impact on Closure.** All PDs must be cleared prior to closure, regardless of closure type.~~ **Resolve Problem Disbursements through Reconciliation and Obligation Procedures.** After PDs are identified (see Section C16.2.6.1.) and the IA conducts the requirements for research to determine whether a PD applies to the FMS Trust Fund or a BPC program as provided in Section C16.2.6.2., the IAs match the PD to the obligation source in the following descending order:

  C16.2.6.3.1. FMS Trust Fund.

  C16.2.6.3.1.1. IAs match the UMD or NULO to the obligation source in the FMS case including the FMS administrative account when research provides the administrative account as the source of the PD; or

  C16.2.6.3.1.2. For UMDs not resolved above, IAs should submit a request titled: "DSCA Comptroller Approval for UMD to Country Holding Account" in the DSCA Case Closure Submission Tool by selecting Requests then the listed option: Problem

Disbursement. The Submission Tool provides users with fields to fill-in and/or attach documents. The request must include all relevant facts, amounts, and demonstrate how the UMD is identified as being associated with a particular country.

C16.2.6.3.1.2.1. After DSCA Comptroller approval to match the UMD to the Country Holding Account, IAs should create and post to the Country Holding Account a Miscellaneous Obligation (MOD) (DD Form 2406) to resolve UMDs; or

C16.2.6.3.1.3. For UMDs that cannot be resolved by either option above, IAs should create a Memorandum for Record (MFR) for DSCA Comptroller to consider and decide how to resolve. IAs should submit a request titled: "DSCA Comptroller UMD FMS MFR" in the DSCA Case Closure Submission Tool (DoW CAC Holders Only) by selecting Requests then the listed option: Problem Disbursement. The MFR must be attached to the request. See Figure C16.F1. for the MFR requirements.

C16.2.6.3.2. BPC Program.

C16.2.6.3.2.1. A current and available appropriation obligation source must be utilized to resolve PDs when the original appropriation associated with a UMD or NULO has canceled. Such current and available appropriation source must be executed outside the FMS Trust Fund; or

C16.2.6.3.2.2. For UMDs that cannot be resolved as provided above, IAs should create an MFR for DSCA Comptroller to consider and decide how to resolve PDs related to the BPC appropriation obligation sources. IAs should submit a request titled: "DSCA Comptroller UMD BPC MFR" in the DSCA Case Closure Submission Tool (DoW CAC Holders Only) by selecting Requests then the listed option: Problem Disbursement. The MFR must be attached to the request. See Figure C16.F1. for the MFR requirements.

C16.2.6.3.3. When the UMD or NULO are properly resolved to the obligation sources as described above, the appropriate IA funds holder's accounting office must immediately provide the appropriate component financial manager with a copy of the obligation document(s) for the financial manager to record the appropriate obligation.

Examples of UMD and NULO may include:

1. UMD has an obligation number, however:
   a. the Line of Accounting is incorrect,
   b. an inability to determine appropriate Accounting Classification Reference Number (ACRN) or Contract Line Item (CLIN) level for recording
2. UMD has no obligation number
3. NULO has disbursement exceeding the amount of recorded obligation

C16.2.6.3.4. IA's also work with the DFAS to ensure the reconciliation of PDs identified by USSGL reports to the IA's accounting system are also accurately reflected in the Defense Integrated Financial System (DIFS). IAs must work with DFAS Security

Cooperation Accounting to ensure that the IA accounting systems are aligned with DIFS when resolving PDs.

C16.2.6.3.5. For NULOs that are caused by contract overpayments and cannot be resolved as provided above, applicable debt collection rules and policies apply. See the Federal Acquisition Regulation (FAR), subpart 32.6 for ascertaining and collecting contract debts. Also, see Section C16.3.14. and Section C16.3.3.16. for any valid post-closure financial activity.

C16.2.6.3.6. The Departmental Accountable Official (DAO) remains subject to the pecuniary liability provisions provided in 10 U.S.C. 2773(a). Resolution of the disbursement via current funds does not automatically waive the requirement to investigate for potential negligence or fraud. DAOs provide information, data, or services that certifying officers (COs) rely on to certify vouchers. See Section C16.2.6.5. and 31 U.S.C. 1341(a) Antideficiency Act (ADA) violations.

4. Add Figure C16.F1., and renumber existing figures as required.

Figure C16.F1. Memorandum for Record (MFR) to the DSCA Case Closure Submission Tool for Problem Disbursement.

Notes: This Memorandum for Record (MFR) documents the submission of information required and actions taken for the reconciliation of Problem Disbursements. Implementing Agencies may use the form below or submit their own documentation that addresses required Item Numbers (1-7).

Implementing Agency Letterhead

DD MMM YYYY

Subject: Memorandum for Record

From: Implementing Agency (IA)

To: DSCA (Office of Business Operations (OBO))

Item Number	Item	Information and Actions Taken
1	Date	[## MON YEAR]
2	Security Cooperation Customer Code/IA/ Case Designator(s)	[XX-X-XXX]

3	Issue of Concern: Dates Systems Dollar Amounts	[detailed description of issue of concern with supporting documentation (e.g., why problem disbursement cannot be reconciled, dates and system(s) where records are no longer available, current value of problem disbursements, and other applicable information)
4	Reconciliation Attempt	[description of attempt to reconcile the Problem Disbursements shown in among relevant systems (e.g. General Ledger and Accounting, etc.)]
5	Proposed Solution	[(e.g., proposed next steps, estimated reconciliation date, amounts needed to reconcile, etc.)]
6	Signed Attestation	[Attestation does the following: 1.) Attest that information in MFR is accurate; 2.) Attest that actions with IA's responsible records officer and/or designees were taken to request needed documentation from key functional areas including: a. IT management, b. Data management, c. Cybersecurity, d. Information security, e. Acquisitions, f. Budget formulation and execution g. Contractor-maintained contract records (FAR, Part 4, Subpart 4.7.)] See DoW Records Management Program, DoW Instruction 5015.02 Letter is signed by Military Department Assistant Secretary for Financial Management and Comptroller (FM&C), Defense Agency Comptroller, or other IA delegated funds control official (General Schedule-15 level/equivalent or higher)]
7	IA point of contact (POC)	[Name, email, phone number]

From IA POC:
[Typed name]

Signature Block	
To be filled out by DSCA	
Received by DSCA OBO POC: [Typed name]	Approved by OBO POC: [Typed name]
Signature Block	Signature Block

5. Add Section C16.2.6.4.:

C16.2.6.4. Impact on Closure. IAs must resolve PDs by ensuring all disbursements are reconciled to valid obligations using current-year appropriations where necessary. Resolution must be completed prior to case closure. Under no circumstances shall a disbursement be removed from financial records without a corresponding funding source and/or supporting documentation.

6. Add Section C16.2.6.5:

C16.2.6.5. Security Assistance Accounts Funds Control. Fund holders are officials that receive a documented administrative subdivision of funds. It is a violation of the ADA to involve the Federal Government in a contract or obligation for payment of money before or in excess of an appropriation, unless authorized by law. See 31 U.S.C. 1341(a).

C16.2.6.5.1. ADA violations are evaluated at the allotment level – meaning the obligation authority granted by DSCA to the IAs. IAs initiate actions that result in obligations and are responsible for ensuring proper funds control to avoid violations. Any amounts obligated above the allotted amount will be considered an ADA violation.

C16.2.6.5.2. For purposes of the ADA, appropriated funds are not limited to those funds specifically appropriated by Congress to federal agencies from the general funds of the Treasury. Funds available to agencies are considered appropriated if made available for collection and expenditure pursuant to specific statutory authority, regardless of their source. In applying the ADA, the FMS Trust Fund is considered to be, and will be, treated as appropriated funds. The ADA applies to transactions involving the FMS Trust Fund.

C16.2.6.5.3. Potential funds control violations may occur in FMS Trust Fund or BPC case transactions when:

- Issuing Obligational Authority (OA) or awarding an FMS contract without a signed LOA;
- Obligating or expending FMS case funds for an unauthorized purpose, including purposes not provided for by law;
- Violating apportionments or indemnity clauses; or
- Incurring obligations on a BPC case where the financing appropriation's period of availability to incur new obligations has expired.

C16.2.6.5.4. The IA's respective Comptroller will immediately report any potential violations and corrective actions to DSCA (Front Office, Office of the General Counsel (FO/OGC))and DSCA (Office of Business Operations, Comptroller Directorate, Security Assistance Division (OBO/CMP/SA)). For BPC program funds, notify DSCA (Office of Business Operations, Comptroller Directorate, DoD Division (OBO/CMP/DoD)), not DSCA (OBO/CMP/SA).

7. Remove Section C16.2.16. and subsections.

~~**C16.2.16. Write-Off Authority.** A DoD Component which determines that unresolved reconciliation issues for a case exist may write-off those imbalances using the following guidelines as authorized in DoD FMR, Volume 15, Chapter 3.~~

~~**C16.2.16.1. For Problem Disbursements.** Write-off authority exists for up to $2,500 per transaction. Additionally, there is a DoD Comptroller prescribed timeline of 90 to 120 days (depending on whether the program office and DFAS are co-located) for resolving PDs before the offsetting obligation is posted. Refer to DoD FMR, Volume 3, Chapter 11 for an elaboration of the policies and procedures relative to PDs. PDs greater than $2,500 should be submitted to the DSCA Comptroller (OBO/CMP) via the Case Closure Mailbox (dsca.ncr.dbo.mbx.case-closure-requests@mail.mil) for resolution, provided those PDs have not exceeded the timelines noted in the RCG, Section AP7.C2.10.~~

~~**C16.2.16.2. For All Other Types of Foreign Military Sales Financial Transactions.** Write-off authority exists for up to $200 per transaction and is charged against the FMS Administrative Charge Budget, object classification 42.3, "Supply Discrepancy Reports Charged for FMS Cases" for the amount required to effect prompt reconciliation as prescribed in the DSCA annual case review requirement. For write-off adjustments performed in support of readying a case for closure, DFAS-IN provides DSCA (OBO/FPRE/FP) with a quarterly summary of closure certificates received in which amounts have been charged in accordance with this policy. A comment shall be included in the remarks/comments section of the case closure certificate (See Section C16.3.8.) when those write-offs are utilized.~~

8. Renumber Section C16.2.17. Title 22 Foreign Military Sales Closure Adjustment.

- Current

  C16.2.17. Title 22 Foreign Military Sales Closure Adjustment. There may be instances where an IA, despite best efforts, …

- Revised

  C16.2.1~~7~~6. Title 22 Foreign Military Sales Closure Adjustment. There may be instances where an IA, despite best efforts, …

9. Update Section AP7.C2.10.1.:

- Current:

  AP7.C2.10.1. Definition. A Problem Disbursement (PD) is a transaction reported to the Treasury Department's Bureau of Fiscal Services, but upon receipt at the official accounting station cannot be successfully matched to the original obligation or accounts receivable amount for liquidation purposes. PDs include Unmatched Disbursements (UMDs), Negative Unliquidated Obligations (NULOs), and in-transit disbursements made by disbursing officers. For purposes of this guide, PDs are classified into two categories - UMDs (to include in-transits) and NULOs.

- Revised:

  AP7.C2.10.1. See Section C16.2.6. "Problem Disbursements." ~~**Definition.** A Problem Disbursement (PD) is a transaction reported to the Treasury Department's Bureau of Fiscal Services, but upon receipt at the official accounting station cannot be successfully matched to the original obligation or accounts receivable amount for liquidation purposes. PDs include Unmatched Disbursements (UMDs), Negative Unliquidated Obligations (NULOs), and in-transit disbursements made by disbursing officers. For purposes of this guide, PDs are classified into two categories – UMDs (to include in-transits) and NULOs.~~

10. Remove Section AP7.C2.10.2. "Resolution Timeline."

~~**AP7.C2.10.2. Resolution Timeline.** In total, Defense Finance and Accounting Service (DFAS) and the activity issuing the contract/funding document have 120 days to research and correct UMDs/NULOs. When the issuing activity and their accounting office are co-located, the research period is limited to 91 days (Refer to Table AP7.C2.T2. "Timeline for Problem Disbursement review and Resolution" and Figure AP7.C2.F10.). During the first 60 days, the Implementing Agency (IA)/DFAS shall research and record obligations if~~

~~documentation is held. DoD policy states that beginning 1 Apr 2002, if the issuing activity has failed to record the obligations within 120 days after the UMD or NULO has occurred, if DFAS holds a copy of the obligating document they must record the obligations.~~

11. Remove Section AP7.C2.10.3. "Write-off Authority."

~~**AP7.C2.10.3. Write-off Authority.** IAs/Defense Finance and Accounting Services - Indianapolis (DFAS-IN) has the authority to write off unresolvable PDs of up to $2,500 per transaction. PDs greater than $2,500 per transaction shall be referred to the DSCA Comptroller for resolution in accordance with DoD FMR Volume 3, Chapter 11.~~

12. Remove Section AP7.C2.10.4. "Impact on Closure."

~~**AP7.C2.10.4. Impact on Closure.** All PPDs must be cleared prior to closure, regardless of closure type.~~

13. Remove Table AP7.C2.T2. and renumber subsequent tables as required.

~~**Table AP7.C2.T2.** Timeline for Problem Disbursement Review and Resolution~~

~~Days~~	~~Responsibility~~	~~Action~~
~~0 – 60~~	~~IA/DFAS-IN~~	~~Research PD. Clear UMD/NULO or record valid obligations if documentation held.~~
~~61-120 (61-90 if co-located)~~	~~Issuing Activity~~	~~Research PD. Clear UMD/NULO or record valid obligations if documentation held.~~
~~121 (91 if co-located)~~	~~DFAS-IN~~	~~Record obligations or use write-off authority to liquidate PDs.~~

14. Remove Figure AP7.C2.F10. "Problem Disbursement Resolution Process" and renumber subsequent figures accordingly.

15. Remove Section AP7.C2.10.5. "Unmatched Disbursements."

~~**AP7.C2.10.5. Unmatched Disbursements.** Disbursements are submitted to the IA for material, training or services and become a problem when there is missing or inaccurate information on record fields, such as, Accounting Activity (AA), Appropriation Symbol and/or Appropriation Subhead that does not match to the correct detail obligation recorded in the IA accounting system. This includes transactions that are rejected back to~~

~~the paying office or central disbursement clearing organization by an accounting office. The problem disbursement cannot properly match to a valid obligation at the country level, country/case level or at the contract/requisition/Accounting Classification Reference Number (ACRN) level. PDs can be related to contracts, reimbursable documents, travel records, or interfund transactions from the DoD defense supply activities, such as the Defense Logistics Agency (DLA) or the General Services Administration (GSA).~~

16. Remove Section AP7.C2.10.5.1. “Researching Unmatched Disbursements”

~~**AP7.C2.10.5.1. Researching Unmatched Disbursements.** Information found on Letters of Offer and Acceptance (LOAs), Defense Cash Accountability System (DCAS), vouchers, contracts, payment histories, Mechanization of Contract Administration Services (MOCAS), Defense Integrated Financial System (DIFS), IA or other systems should be verified. Research may uncover missing information about the problem disbursement or confirm how the disbursement can be modified. This research can then be accurately applied to a valid existing obligation to expedite disbursement processing.~~

17. Remove Section AP7.C2.10.6. “Negative Unliquidated Obligation”

~~**AP7.C2.10.6. Negative Unliquidated Obligation.** A NULO occurs when a disbursement transaction has been matched to the cited detail obligation, but the total disbursement(s) exceed(s) the amount of that obligation. A Negative Unliquidated Obligation (NULO) may or may not cause an Adverse Financial Condition (AFC)/Financially Troubled Case (FTC) condition, depending upon whether the NULO causes total expenditures to exceed obligations/Obligational Authority (OA) at the case level. In addition, a NULO may or may not cause an Anti-Deficiency Act (ADA) violation. If the NULO is caused by an overpayment to a contractor, refer to the procedures contained in the DoD Financial Management Regulation (DoD FMR), Volumes 4, 5, 10 and 15. NULOs preclude case closure.~~

18. Renumber Section AP7.C2.10.7. “Vouchers” as shown below:

- Current:

  AP7.C2.10.7. Vouchers. This form is used to move disbursement transactions from one case/line item to another as well as correct erroneous disbursement information.

- Revised:

  AP7.C2.10.~~7~~2. Vouchers. This form is used to move disbursement transactions from one case/line item to another as well as correct erroneous disbursement information.

19. Renumber Section AP7.C2.10.7.1. as shown below:

- Current:

  AP7.C2.10.7.1. Standard Form 1080 ("Voucher for Transfers between Appropriations and/or Funds"). This form is used …

- Revised:

  AP7.C2.10.~~7~~2.1. Standard Form 1080 ("Voucher for Transfers between Appropriations and/or Funds"). This form is used …

20. Renumber Section AP7.C2.10.7.2. as shown below:

- Current:

  AP7.C2.10.7.2. Standard Form 1081 ("Voucher and Schedule of Withdrawals and Credits"). This form is used to move disbursement …

- Revised:

  AP7.C2.10.~~7~~2.2. Standard Form 1081 ("Voucher and Schedule of Withdrawals and Credits"). This form is used to move disbursement …

21. Renumber Section AP7.C2.10.8. as shown below:

- Current:

  AP7.C2.10.8. Contract Overpayments.

- Revised:

  AP7.C2.10.~~8~~3. Contract Overpayments.

22. Update Section AP7.C2.10.8.1. as follows:

- Current:

  AP7.C2.10.8.1. The timeline for resolution of NULOs does not apply if the NULO was caused by a contract overpayment. Policies and procedures for collection of commercial or contractor debt are covered in the DoD FMR (Volume 10, Chapter 18). In addition, the

Federal Acquisition Regulation (FAR) subpart 32.6. prescribes policies and procedures for ascertaining and collecting contract debts.

- Revised:

AP7.C2.10.~~8~~3.1. The timeline for resolution of NULOs does not apply if the NULO was caused by a contract overpayment. ~~Policies and procedures for collection of commercial or contractor debt are covered in the DoD FMR (Volume 10, Chapter 18). In addition,~~ See the Federal Acquisition Regulation (FAR) subpart 32.6. ~~prescribes policies and procedures~~ for ascertaining and collecting contract debts.

23. Renumber Section AP7.C2.10.8.2. as shown below:

- Current:

AP7.C2.10.8.2. When a NULO is determined to be an overpayment, the applicable Accounting/Finance Branch forwards …

- Revised:

AP7.C2.10.~~8~~3.2. When a NULO is determined to be an overpayment, the applicable Accounting/Finance Branch forwards …

24. Renumber Section AP7.C2.10.8.3. as shown below:

- Current:

AP7.C2.10.8.3. Based on the statute of limitation, agencies are barred from filing a formal complaint to pursue …

- Revised:

AP7.C2.10.~~8~~3.3. Based on the statute of limitation, agencies are barred from filing a formal complaint to pursue …

25. Remove Section AP7.C6.3.4. “Write-Off Authority” (and subsections) and renumber remaining sections in AP7.C6.3. as required.

~~**AP7.C6.3.4. Write-Off Authority.** (See DoD FMR Volume 15, Chapter 2, Section 0211). Refer to DoD FMR Volume 15, Chapter 3, Section 0310. A DoD Component which determines that unresolved reconciliation issues for a case exist may write-off those imbalances using the following guidelines.~~

~~**AP7.C6.3.4.1. For Problem Disbursements.** Problem Disbursement (PD) write-off authority exists for up to $2,500 per transaction. Refer to DoD FMR Volume 3, Chapter 11 for an elaboration of the policies and procedures relative to PDs. PDs greater than $2,500 should be brought to the attention of the DSCA Comptroller (Office of Business Operations, Comptroller Directorate (OBO/CMP)) via the Case Closure Mailbox (dsca.ncr.dbo.mbx.case-closure-requests@mail.mil) for resolution, provided those PDs have not exceeded the timelines noted in Section AP7.C2.10.~~

~~**AP7.C6.3.4.2. For All Other Types of Foreign Military Sales Financial Transactions.** Write-off authority exists for up to $200 per transaction (for other than SDRs) and is charged against the FMS Administrative Charge Budget, object classification 42.3, "Supply Discrepancy Reports Charged for FMS Cases" for the amount required to effect prompt reconciliation as prescribed in the DSCA annual case review requirement (See Figures AP7.C2.F5., AP7.C2.F6., and AP7.C2.F7.). For write-off adjustments performed in support of readying a case for closure, DFAS-IN provides DSCA (OBO/FPRE) with a quarterly summary of closure certificates received in which amounts have been charged in accordance with this policy. A comment shall be included in the remarks/comments section of the case closure certificate (refer to Section AP7.C4.7.) when those write-offs are utilized.~~

26. Remove Figure AP7.C6.F1. "Request for Resolution of Problem Disbursement in Excess of $2,500" and renumber subsequent figure as required.

27. Update Section AP7.C6.4.1. as follows:

- Current:

  AP7.C6.4.1. Refer to Section AP7.C2.10. for information on how to resolve Problem Disbursements (PDs)

- Revised:

  AP7.C6.4.1. Refer to Section ~~AP7.C2.10.~~ C16.2.6. for information on how to resolve Problem Disbursements (PDs).