United States Department of the Interior

FISH AND WILDLIFE SERVICE
Washington, D.C. 20240

FWS/DF

Memorandum

To: Service Directorate

From: ACTING Director FEB 1 3 2001

Subject: Reviewing Outstanding Undelivered Orders - Finance Report FWS35202

On November 2, 2000, a memorandum was issued establishing policies for undelivered orders. In accordance with these policies, the Division of Finance is providing a special undelivered orders report as Attachment 1 to assist managers in validating their obligated balances. The validation of obligations needs to be performed since it results directly to the credibility of Service reports for funding.

The report contains Outstanding Undelivered Orders that have not shown any activity over the previous 12-month period. The Assistant and Regional Directors are to ensure that all line items on the attached report are reviewed, and convey their activity back to the Assistant Director - Business Management and Operations within 30 days of the date of this memorandum. Each submission should detail how many lines were reviewed, how many lines were deleted, and the amount of funding associated with the deleted lines. To provide documentation for future financial audits, copies of the report should be retained in each Regional office. The report should be annotated with the initials of the person conducting the review and the date the review was completed. Retaining such documentation meets the requirements of 31 U.S.C. to have documentary evidence available for audit.

The following guidance is offered as instructions and guidelines in reviewing and validating undelivered orders.

Definition - Undelivered Orders are a type of an unpaid obligation. Undelivered Orders are the amount of goods or services ordered but not yet received. This amount includes any orders for goods or services for which delivery or performance has not yet occurred. Since an Undelivered Order is a type of unpaid obligation, the undelivered order must remain on the books until all payments have been made. This definition conforms to the guidelines regarding obligations in OMB Circular A-34.

Determining Validity of an Undelivered Order - There are four aspects to a valid undelivered order. These are correct signatures, correct cost structure(s), correct amount, and the correct vendor. In any situation, after all invoices have been paid, any portion of an obligation should be removed from the books. The closeout of contracts, purchase orders, and other acquisition instruments needs to be closely coordinated with Regional procurement officials to ensure compliance with Federal

Acquisition Regulations 4.804-1 through 4.804-5 (Attachment 2). Unnecessary portions of an obligated amount should be deobligated immediately.

- Correct signatures - Whether the obligating document is a purchase order, cooperative agreement or a reimbursable work order with GSA, only authorized personnel may sign the instrument. Please contact your servicing Contracting and General Services office to determine who may sign a particular obligating document.

- Correct cost structure(s) - Every obligating document must have legitimate cost coding. The coding consists of a five-digit organization code, a four-character subactivity, a four-character project code, and a four-character budget object class. The item(s) being purchased must be charged to a subactivity and budget object class for which the funds were intended to be used. Therefore, it would not be appropriate to use refuge operations funding and the supplies budget object class to obligate funding for the purchase of a tract of land. Please contact your servicing Finance office to determine the correct subactivity and/or budget object class.

- Correct amount - The amount of the original obligation is equal to the estimated cost of the goods or services. At any given time, the outstanding amount should equate to the amount obligated minus the cost of goods and services received and paid for. It is understood that orders can change throughout the process of receiving the item(s), these changes are executed through the use of modifications.

  The outstanding amount appearing on an Undelivered Orders Report should equal - -

  Original Obligation
  +/- Modifications to the Original Obligation
  - Payments to the Vendor
  Balance on the Undelivered Orders Report

  If the outstanding amount on the Undelivered Orders Report does not equal the amount calculated by using the above formula, then the line item must be either increased or decreased via a modification.

- Correct vendor - There are instances when an order is placed, but the order cannot be fulfilled by the vendor. When this is true, the obligation must be terminated through the use of a modification. It is not appropriate to have an obligation remain on the books until another vendor can be found and then try to "reuse" the funding for the new vendor.

Differentiation of Obligations - Obligations should not be treated equally regarding the length of time they are on the books. Some obligations should remain for a long period of time because the required work is expected to take months or years, i.e., construction projects. Other obligations are expected

to be expended within a year or less. Attachment 3 provides general guidance for conducting a review of your Undelivered Orders Report. The attachment is listed by Budget Object Code (BOC). A copy of the current year BOC list may be obtained by contacting your servicing Finance office.

Questions regarding this topic may be addressed to Ed Buskirk at 703-358-1742.

Attachments

4.804-1 Closeout by the office administering the contract.

(a) Except as provided in paragraph (c) below, time standards for closing out contract files are as follows:

(1) Files for contracts using simplified acquisition procedures should be considered closed when the contracting officer receives evidence of receipt of property and final payment, unless otherwise specified by agency regulations.

(2) Files for firm-fixed-price contracts, other than those using simplified acquisition procedures, should be closed within 6 months after the date on which the contracting officer receives evidence of physical completion.

(3) Files for contracts requiring settlement of indirect cost rates should be closed within 36 months of the month in which the contracting officer receives evidence of physical completion.

(4) Files for all other contracts should be closed within 20 months of the month in which the contracting officer receives evidence of physical completion.

(b) When closing out the contract files at 4.804-1(a)(2), (3), and (4), the contracting officer shall use the closeout procedures at 4.804-5. However, these closeout actions may be modified to reflect the extent of administration that has been performed. Quick closeout procedures (see 42.708) should be used, when appropriate, to reduce administrative costs and to enable deobligation of excess funds.

(c) A contract file shall not be closed if--

(1) The contract is in litigation or under appeal; or

(2) In the case of a termination, all termination actions have not been completed.

4.804-2 Closeout of the contracting office files if another office administers the contract.

(a) Contract files for contracts using simplified acquisition procedures should be considered closed when the contracting officer receives evidence of receipt of property and final payment, unless otherwise specified by agency regulation.

(b) All other contract files shall be closed as soon as practicable after the contracting officer receives a contract completion statement from the contract administration office. The contracting officer shall ensure that all contractual actions required have been completed and shall prepare a statement to that effect. This statement is authority to close the contract file and shall be made a part of the official contract file.

4.804-3 Closeout of paying office contract files.

The paying office shall close the contract file upon issuance of the final payment voucher.

4.804-4 Physically completed contracts.

(a) Except as provided in paragraph (b) below, a contract is considered to be physically completed when--

(1)(i) The contractor has completed the required deliveries and the Government has inspected and accepted the supplies;

(ii) The contractor has performed all services and the Government has accepted these services; and

(iii) All option provisions, if any, have expired; or

(2) The Government has given the contractor a notice of complete contract termination.

(b) Facilities contracts and rental, use, and storage agreements are considered to be physically completed when--

(1) The Government has given the contractor a notice of complete contract termination; or

(2) The contract period has expired.

4.804-5 Procedures for closing out contract files.

(a) The contract administration office is responsible for initiating (automated or manual) administrative closeout of the contract after receiving evidence of its physical completion. At the outset of this process, the contract administration office must review the contract funds status and notify the contracting office of any excess funds the contract administration office might deobligate. When complete, the administrative closeout procedures must ensure that--

(1) Disposition of classified material is completed;

(2) Final patent report is cleared;

(3) Final royalty report is cleared;

(4) There is no outstanding value engineering change proposal;

(5) Plant clearance report is received;

(6) Property clearance is received;

(7) All interim or disallowed costs are settled;

(8) Price revision is completed;

(9) Subcontracts are settled by the prime contractor;

(10) Prior year indirect cost rates are settled;

(11) Termination docket is completed;

(12) Contract audit is completed;

(13) Contractor's closing statement is completed;

(14) Contractor's final invoice has been submitted; and

(15) Contract funds review is completed and excess funds deobligated.

(b) When the actions in paragraph (a) of this subsection have been verified, the contracting officer administering the contract must ensure that a contract completion statement, containing the following information, is prepared:

(1) Contract administration office name and address (if different from the contracting office).

(2) Contracting office name and address.

(3) Contract number.

(4) Last modification number.

(5) Last call or order number.

(6) Contractor name and address.

(7) Dollar amount of excess funds, if any.

(8) Voucher number and date, if final payment has been made.

(9) Invoice number and date, if the final approved invoice has been forwarded to a disbursing office of another agency or activity and the status of the payment is unknown.

(10) A statement that all required contract administration actions have been fully and satisfactorily accomplished.

(11) Name and signature of the contracting officer.

(12) Date.

(c) When the statement is completed, the contracting officer must ensure that--

(1) The signed original is placed in the contracting office contract file (or forwarded to the contracting office for placement in the files if the contract administration office is different from the contracting office); and

(2) A signed copy is placed in the appropriate contract administration file if administration is performed by a contract administration office.

For your reference, the following descriptions of budget object codes provide general guidance on obligations. Management officials and project leaders are responsible for monitoring and scrutinizing their outstanding undelivered orders.

BOC	Guidance
121_	These codes will primarily be related to a Permanent Change of Station* move. The 1212 code is for temporary quarters and should be closely examined two months after the temporary quarters has ended. However, the 1215 code is for income tax allowance and withholding and does not need to be closely examined until a year after the final move voucher is submitted.
21__	The majority of these codes will be related to a Permanent Change of Station* move. These codes are utilized for the shorter aspects of a move and should therefore be reviewed shortly after an employee's arrival to the new duty station. There may be instances when these codes are for temporary duty travel. These obligations should be checked shortly after the trip's ending date.
22__	These codes are used to obligate the transportation of things. These obligations should be reviewed once the transported items(s) has/have been received. There may be instances when the program manager will need to work with the vendor to receive the final accurate invoice.
23__	These codes are utilized primarily for communications and utilities. These obligations should be reviewed once the final service has been received. There may be instances when the program manager will need to work with the vendor to receive the final accurate invoice.
24__	These codes are utilized for printing and reproduction. Many of these obligations are with the Government Printing Office (GPO). Program managers must review their monthly financial reports to determine if GPO received payment. Careful attention needs to be given to GPO payments to determine whether or not they referenced the obligation. GPO obligations should be reviewed shortly after receiving the requested document(s). Likewise, printing or reproduction orders from other vendors should be reviewed shortly after receiving the requested document(s). There may be instances when the program manager will need to work with the vendor to receive a final accurate invoice.

*There are many aspects to a Permanent Change of Station move. It is understood that each aspect is an estimate. Therefore, if one aspect of the move is completed any remaining balance may be used to offset overages experienced in another aspect of the move. However, a modification may need to be issued. Please contact your Regional Permanent Change of Station coordinator.

BOC	Guidance
252_	These codes are used for a all types of service contracts. Although the length of the service agreement will vary greatly, undelivered orders should not remain on the books after the service has been satisfactorily received. There may be instances when the program manager will need to work with the vendor to receive a final accurate invoice. Training codes are in this series of object codes. All training undelivered orders should be reviewed once the training is received. There may be instances when the program manager will need to work with the vendor to receive a final accurate invoice.
253_	These codes are used for purchases of good and services from other Federal Government agencies, where no other object code exists. Primarily, these codes will be utilized for reimbursable work. Upon delivery of the ordered goods and services, undelivered orders should be reviewed. There may be instances when the program manager will need to work with the agency to receive the final accurate invoice.
255_	These codes are used for research and development contracts. Undelivered orders need to be monitored as the research deliverables are received. There may be instances when the program manger will need to work with the vendor to receive the final accurate invoice.
257_	These codes are utilized primarily for operations and maintenance of equipment. Undelivered orders need to be monitored as the services are rendered. There may be instances when the program manager will need to work with the vendor to receive a final accurate invoice. Obligations for storage of household goods in connection with a Permanent Change of Station* move are in this series. These obligations should be scrutinized after the goods have been moved from storage.
26__	Due to the use of Government credit cards many of these codes are utilized for items that will never be obligated on the books. However, if an undelivered order appears on your report, then it should be closely monitored with respect to the delivery of goods and services. There may be instances when the program manager will need to work with the vendor to receive a final accurate invoice.

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BOC	Guidance
31__	These codes are used for the purchase of personal property of a durable nature (equipment) with an acquisition cost of $25,000 or more. Undelivered orders need to be monitored as the goods are received. There may be instances when the program manager will need to work with the vendor to receive a final accurate invoice.
32__	These codes are used for the purchase of land, buildings, and other structures. These undelivered orders may be on the books for a long period of time. Therefore, these obligations need to be reviewed after each deliverable to determine the accuracy of the dollar amount associated with the undelivered order. There may be instances when the program manager will need to work with the vendor to receive a final accurate invoice.
41__	These codes are primarily used for funding grants. Undelivered orders need to be monitored as the deliverables are received. There may be instances when the program manger will need to work with the cooperator to receive the final accurate invoice.

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