



DEPARTMENT OF DEFENSE
Defense Contract Management Agency

INSTRUCTION

Canceling Funds

Contracts Directorate
OPR: DCMA-AQCF

DCMA-INST 112
August 20, 2013

Validated Current with Administrative Changes, August 4, 2014

1. PURPOSE. This Instruction:

- a. Reissues and updates DCMA Instruction (DCMA-INST) 112, "Canceling Funds" (Reference (a)).
- b. Establishes policy, assigns roles and responsibilities, and provides procedures for administration and oversight of actions taken to resolve identified canceling funds.
- c. ~~Complies with~~ *Is established in accordance with the authority in* DoD Directive (DoDD) 5105.64, "*Defense Contract Management Agency (DCMA)*" (Reference (b)).

2. APPLICABILITY. This Instruction applies to all DCMA ~~Components as stated~~ *activities that prepare, manage, review, validate, approve, and use DCMA policies.*

3. MANAGERS' INTERNAL CONTROL PROGRAM. This Instruction contains internal management control provisions subject to evaluation and testing required by DCMA-INST 710, "Managers' Internal Control Program" (Reference (c)). ~~Flowcharts for primary processes are at Appendix A.~~ *The process flowchart is located at the resource Web page of this Instruction.*

4. RELEASABILITY – UNLIMITED. This Instruction is approved for public release.

5. PLAS CODE(S):

- a. Process: 148 – Canceling Funds
- b. Programs: ACAT/Other Customers (when applicable)
- c. Other National; Training and Travel; Local Programs (when applicable)

6. POLICY RESOURCE WEB PAGE. <https://home.dcma.mil/POLICY/112r>

7. EFFECTIVE DATE. By order of the Director, DCMA, this Instruction is effective immediately.



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REFERENCES

- (a) DCMA-INST 112, "Canceling Funds," October 2009 (hereby canceled)
- (b) DoD Directive 5105.64, "Defense Contract Management Agency (DCMA)," January 10, 2013
- (c) DCMA-INST 710, "Managers' Internal Control Program," *April 21, 2014*
- (d) Section 1552 of **T**itle 31, United States Code, "Procedure for appropriation accounts available or definite periods" (Public Law 101-510)
- (e) Federal Acquisition Regulation (FAR) 42.302, Contract Administration Functions
- (f) Title 31, United States Code, Money and Finance
- (g) DoD 7000.14-R, "DoD Financial Management Regulation (FMR)"
- (h) FAR 1.603, Selection, Appointment, and Termination of Appointment for Contracting Officers
- (i) Defense Federal Acquisition Regulation Supplement (DFARS) 201.603, Selection, Appointment, and Termination of Appointment
- (j) DCMA-INST 129, "Warrants and Other Official Appointments," *August 5, 2013*
- (k) DCMA-INST 973, ~~"IBM Cognos Metric Studio," January 31, 2011~~ *"Performance Architecture," February 10, 2014*
- (l) DoD Security Cooperation Agency (DSCA) Policy 11-06, "Execution and Closure Guidance for Pseudo Letters of Offer and Acceptance (Pseudo Cases) Financed with U.S. Appropriated Funds that have a Limited Period of Availability," January 11, 2011
- (m) DCMA-INST 806, "Networks and Application Access," June 4, 2013
- (n) FAR 4.804-5, Procedures for closing out contract files
- (o) Office of the Undersecretary of Defense, Acquisition, Technology and Logistics (AT&L) Memorandum, "Improper Adjustments to Cancelled Department of Defense Appropriations," December 4, 2001
- (p) DCMA-INST 103, "Contract Modifications," *May 13, 2014*
- (q) Sections 1341, 1342, 350, 1351, and 1511-1519 of **T**itle 31, United States Code, Antideficiency Act (ADA) (Public Law 97-258)
- (r) DoD Financial Management Regulation (FMR) Volume 3, Chapter 10, "Accounting Requirements for Expired and Canceled Accounts," June 2012

CHAPTER 1

POLICY

1.1. POLICY. It is DCMA policy to ensure that:

1.1.1. There is minimum need for DCMA customers to find an alternate appropriations source to replace canceled funds. The National Defense Authorization Act for 1991 (Public Law 101-510, section 1552 of **T**itle 31, United States Code (Reference (d))) established a canceled phase for funding. Funds are canceled 5 years after the date last available for obligation and may no longer be paid out, even if already obligated. Therefore, if all contract obligations using those funds are not paid by that date, our customers must find an alternative source of funds, usually from their current appropriations.

1.1.2. Canceling funds data is accurate and available for use by DCMA personnel and external customers.

1.1.3. DCMA is not designated as a funds manager for the contracts delegated to DCMA for administration. In relation to delegated duties under Federal Acquisition Regulation (FAR) 42.302 (Reference (e)), it is imperative that DCMA personnel be constantly cognizant of their obligations under **T**itle 31 United States Code (Reference (f)) and DoD Financial Management Regulations (Reference (g)) to avoid unauthorized commitments and/or approval of requests for payment.

1.1.4. Administrative contracting officers (ACO) work to reduce canceling funds throughout the life of the contract but take immediate action when obligated funds are identified **by** ***Mechanization of Contract Administration Services (MOCAS)*** to cancel within the current fiscal year.

1.1.5. DCMA contracting personnel provide our customers the status of all unliquidated funds identified as being 'at risk' of canceling. This Instruction applies to all contracts and non-procurement instruments administered by DCMA.

1.1.6. This process is performed on a fiscal year cycle.

CHAPTER 2

ROLES AND RESPONSIBILITIES

2.1. HEADQUARTERS (HQ) PERFORMANCE ADVOCATE FOR CANCELING FUNDS. The HQ performance advocate shall:

2.1.1. Monitor this policy for accuracy and update as needed by monitoring FAR, Defense Federal Acquisition Regulation Supplement (DFARS), Defense Procurement and Acquisition Policy (DPAP), Public Law, etc. for decisions affecting DCMA policies and procedures for handling canceling funds.

2.1.2. Verify scheduled downloads of program data on canceling funds are properly posted into eTools and Metrics Studio.

2.1.3. Ensure related canceling funds programs/reports (eTools reports, eTools cube, eTools performance indicator cube, Metrics Studio scorecards, etc) reflect matching values.

2.1.4. Combine and reformat eTools canceling funds reports data into monthly reports posted to the Canceling Funds Latest Data Web page for use by internal and external customers.

2.1.5. Formulate the DCMA Agency Canceling Funds Burn Down Plan for the current fiscal year using compiled contract management office (CMO) burn down estimates of canceling funds resolution in monthly increments.

2.1.6. Provide status regarding CMO/Region/Agency resolution of canceling funds at scheduled intervals and/or upon request.

2.1.7. Develop training presentations regarding canceling funds and assist with updates, background documentation, question and answer sessions, brown-bag sessions, etc. as requested.

2.1.8. Ensure the metadata sheet for performance indicator (PI) #049, titled AQ-Canceling Funds, is current, updated as needed, available via the resource page, linked to the Performance Indicator Status Web page (link posted to the resource page) and available for view in the Reports section of each Metrics Studio PI #049 Canceling Funds scorecard monitored by HQ.

2.1.9. Take corrective action to solve irregularities in data, data transmission, data reporting, policy, coding, etc., identified at the HQ/agency level.

2.2. OPERATIONS DIRECTORATE (DCMAO) PERFORMANCE ADVOCATE FOR CANCELING FUNDS. The DCMAO-AQ performance advocate for canceling funds shall:

2.2.1. Interface directly with identified CMO canceling funds performance advocates regarding reported data.

2.2.2. Work with CMO ACOs, as needed, to resolve issues regarding identified canceling funds data and coding.

2.2.3. Issue C-Note advice regarding canceling funds procedures as needed.

2.2.4. Compile CMO burn down plan estimates into a DCMAO burn down plan.

2.2.5. Issue monthly canceling funds status reports for use by CMOs and DCMAO personnel.

2.2.6. Provide status of resolved funds for management review/use at scheduled intervals and/or upon request.

2.3. INTERNATIONAL DIRECTORATE (DCMAI) PERFORMANCE ADVOCATE FOR CANCELING FUNDS. The DCMAI performance advocate for canceling funds shall:

2.3.1. Interface directly with identified CMO canceling funds performance advocates regarding reported data.

2.3.2. Work with CMO ACOs, as needed, to resolve issues regarding identified canceling funds data and coding.

2.3.3. Compile CMO burn down plan estimates for the resolution of ~~Mechanization of Contract Administration Services (MOCAS)~~ funds into a DCMAI burn down plan posted to the DCMAI 049 AQ Canceling Funds scorecard in Metrics Studio.

2.3.4. Compile CMO burn down plan estimates for the resolution of System for Integrated Contract Management (SICM) funds into a burn down plan for the DCMAI Canceling Funds (SICM/MOCAS) Metrics Studio scorecard. Additional status reports regarding SICM funds identified to cancel within the current fiscal year are maintained in accordance with DCMAI procedures.

2.3.5. Provide status of resolved funds for management review/use at scheduled intervals and/or upon request.

2.4. CONTRACT MANAGEMENT OFFICE (CMO) COMMANDER/DIRECTOR. The CMO Commander/Director shall ensure:

2.4.1. Actions taken to resolve identified canceling funds comply with this Instruction.

2.4.2. Personnel working to resolve canceling funds meet their applicable Defense Acquisition Workforce Improvement Act (DAWIA) certification levels and receive additional training in canceling funds as available and/or as needed.

2.4.3. ACO working to resolve canceling funds are warranted in accordance with FAR 1.603 (Reference (h)), DFARS 201.603 (Reference (i)) and DCMA-INST 129, “Warrants and Other Official Appointments” (Reference (j)).

2.5. ADMINISTRATIVE CONTRACTING OFFICER (ACO). The ACO shall:

2.5.1. Reduce excess and/or unliquidated obligated (ULO) funds throughout the life of the contract but take immediate action as identified in Chapter 3 when obligated funds are identified to cancel within the current fiscal year.

2.5.2. Review listing(s) of funds identified to cancel upon receipt during the first quarter of the fiscal year and use preliminary investigation results to create an estimate of his/her anticipated rate of resolution from January to September of the current fiscal year (burn down plan).

2.5.3. Review updated canceling funds data for new additions and to verify actions previously taken to resolve funds are complete.

2.5.4. Delegate Chapter 3 Procedures that do not require contracting officer warrant authority to the contract administrator or procurement technician, as appropriate.

CHAPTER 3

PROCEDURES

3.1. HQ PERFORMANCE ADVOCATE FOR CANCELING FUNDS. HQ performance advocate duties include but are not limited to:

3.1.1. Verify scheduled, first-of-the-month download of Defense Finance and Accounting Service (DFAS)/MOCAS canceling funds data via Shared Data Warehouse (SDW) did post to the Static Monthly Canceling Funds Summary Report and Monthly Canceling Funds Static Ad-Hoc Report View located in eTools – Reports – Canceling Funds.

3.1.1.1. Ensure data is current and shows progression (not a repeat) from the previous month's figures. Missing, incorrect, or questionable entries will be reviewed and corrected via Help Desk ticket with a copy of the ticket emailed to IT/EBiz/Skunkworks for expedited corrective action. Provide courtesy notification to directorate performance advocates.

3.1.1.2. Ensure monthly 'Actuals' in the Metrics Studio PI #049 Canceling Funds scorecards, for primary and tertiary CMOs identified as having funds scheduled to cancel within the current fiscal year, match monthly percentages of resolved funds identified in the eTools canceling funds report 'Static Monthly Canceling Funds Summary Report.' Questionable entries will be reviewed and corrected via Help Desk ticket or email to the directorate performance advocate(s) requesting assistance with CMO errors. To allow ACOs time to investigate funds status, there are no 'Actuals' reported for October, November, and December of each fiscal year.

3.1.1.3. Verify eTools PI #049 Canceling Funds cube data is updated to match. Errors in data will be corrected via Help Desk ticket with copies of the ticket provided to Information Technology personnel to expedite corrective action. Provide courtesy notification to directorate performance advocates.

3.1.1.4. Input monthly remarks/status updates to the Metrics Studio Canceling Funds scorecard Comments option regarding CMO management of canceling funds. In accordance with DCMA-INST 973, *IBM Cognos Metric Studio Performance Architecture* (Reference (k)), paragraphs ~~5.1 through 5.2. 3.3.~~, a concise comment is input regardless of green, yellow, or red status.

3.1.2. Combine and reformat CMO performance data (eTools Canceling Funds Reports - Static Monthly Canceling Funds Summary Report) and contract/accounting classification reference number (ACRN)/code data (eTools Canceling Funds Reports - Monthly Canceling Funds Static Ad-Hoc Report View) once a month following scheduled, first-of-the-month downloads of DFAS/MOCAS data via SDW to be posted to the Canceling Funds Latest Data Web page as Monthly Data (*example*: January 2013).

3.1.2.1. The Static Monthly Canceling Funds Summary Report for an individual month and year (*example*: Static Monthly Canceling Funds Summary Report for April 2013) CMO

Status Summary tab (located at the bottom of the spreadsheet screen view) should be formatted as follows:

- Region (Eastern, Central + Western) and International
 - Primary CMO
 - Tertiary CMO(s)
- Region Totals

3.1.2.2. The percentage of resolved funds shown in column H of the monthly CMO Status Summary view shall match the percentage of resolved funds shown in the Metrics Studio CMO PI #049 Canceling Funds scorecard History Tab/List Option as **actual** percentages for the months of January through September only. See the Metadata Sheet posted to the resource page for data collection instructions.

3.1.2.3. The Static Monthly Canceling Funds Summary Report for an individual month and year /At Risk ULO month and year (ex: At Risk ULO Dec 2012r) tab (located at the bottom of the spreadsheet screen view) should contain the most recent list of contract, ACRN, ULO, and status code data copied from the eTools Canceling Funds Report - Monthly Canceling Funds Static Ad-Hoc Report View with the following format changes:

- Any reference to Special Programs Directorate should be deleted
- Column T **blank** entries should be re-identified as Not Reported
- Not Reported entries in Column U should be cleared/deleted
- Remove ULO total at the bottom of the spreadsheet
- Retain download information at top and bottom of spreadsheet for future reference

3.1.2.4. The Static Monthly Canceling Funds Summary Report for an individual month and year - At Risk ULO month and year tab (~~example~~: At Risk ULO Dec 2012r) (located at the bottom of the spreadsheet screen view):

3.1.2.4.1. Does not include negative entries. The eTools Application accepts Status and Reason Code inputs for ACRNs showing as negative in MOCAS. ACRNs with negative ULO values require the same analysis as the positive entries provided via monthly reports to the Canceling Funds Latest Data Web page. Negative entries can be seen by checking the 'Show records with ULO values of zero' option on the application 'Welcome' screen.

3.1.2.4.2. Shall have any reference to Special Programs Directorate deleted before report is finalized and posted to the Canceling Funds Latest Data Web page.

3.1.2.5. The Static Monthly Canceling Funds Summary Report for an individual month and year - DCMAI Pay-Only Tab (located at the bottom of the spreadsheet screen view) should contain data manually drawn from the REVEAL program, Report UNFA690B. Instructions for pulling data from 'Reveal' are posted to the resource page of this Instruction.

3.1.2.5.1. For DCMAI contracts coded G, DCMAI is the administration office – administration has **not** been retained by the buying activity. DCMAI contracts with an ACO code of ‘Pay’ do not fall within the requirements of Information Memorandum 06-139 and Information Memorandum 07-106 which identified the MOCAS generic code ‘Pay,’ for either ACO or industrial specialist, available for CMO use in reassigning Payment Only contracts (copies linked to the resource page for reference). DCMAI ACOs are responsible for all payment, administration, and funds-resolution issues on contracts with an ACO code of ‘Pay.’

3.1.2.5.2. Baseline, amount resolved, and percent-of-resolution figures will be updated monthly. These figures will remain separate from balances shown in the Static Monthly Canceling Funds Summary Report/CMO Status Summary tab.

3.1.3. Format and post a Pseudo Foreign Military Sales (FMS) report to the Canceling Funds Latest Data Web page as FYxx FMS Funds. Pseudo FMS data is manually drawn from eTools Finance and Management cube data. Instructions on how the data is pulled are posted to the resource page.

3.1.3.1. This report does show both positive and negative ULO balances.

3.1.3.2. These are **not** FMS funds. The contracts/ACRNs listed are financed with U.S. appropriated funds that have a limited period of availability. A copy of DoD Security Cooperation Agency (DSCA) Policy 11-06 (Reference (l)) is posted to the resource page for reference.

3.1.4. Monitor canceling funds data posted to eTools reports, eTools cube(s), and Metrics Studio PI #049 scorecards for CMOs with funds identified to cancel within the current fiscal year throughout the month to ensure the data remains static.

3.1.4.1. Overnight updates of ACO/procurement contracting officer (PCO) actions in MOCAS (adjustments, posted mods, etc.) can be verified via SDW.

3.1.4.2. Missing, invalid, or amended data input by CMO personnel will be reported to the directorate performance advocate(s) for corrective action. Other missing, incorrect, or questionable entries will be reviewed and corrected via Help Desk ticket with copy of the ticket emailed to IT/EBiz/Skunkworks for expedited corrective action. Provide courtesy notification to directorate performance advocates.

3.1.4.3. The HQ performance advocate for canceling funds may correct/amend scorecard inputs as needed with notification sent to the directorate performance advocate.

3.1.5. During first quarter of the current fiscal year, verify initial download does not contain previous fiscal year data and review current fiscal year Canceling Appropriation Table data available upon request from DFAS. Each appropriation is identified by individual service/department (Army, Navy, Air Force, Defense Logistics Agency), program year, appropriation type, and fund code.

3.1.5.1. Upon receipt, compare the list against MOCAS Table 44 by opening any of the three regions ('H' for the East Payment Division, 'G' for South, or 'L' for West), select YCA1, option L, option K, and input TB0044 for Table 44. The table is the same for FC0MOCG, FC0MOCH and FC0MOCL. Entry discrepancies should be emailed back to DFAS for correction.

3.1.5.2. Upon completion of review, post the list to the Canceling Funds Latest Data Web page for review/use by internal and external customers.

3.1.6. By mid-January, verify CMO burn down plans for the current fiscal year posted to Metrics Studio comply with PI #049 Metadata Sheet requirements. Changes in metadata sheet requirements affecting CMO burn down plans will be incorporated as necessary.

3.1.7. No later than mid-February, compile CMO burn down plans into an agency level burn down plan structured to meet the agency goal for the current fiscal year and input the agency level burn down plan to the Metrics Studio Agency PI #049 scorecard HISTORY Tab - List Option as TARGET percentages. See the Metadata Sheet posted to the resource page and/or Metrics Studio PI #049 scorecard(s) Reports Tab for data collection instructions.

3.1.8. Review external customer requests for access to DCMA Canceling Funds Customer Reports. External customers can view limited canceling funds information via request through the External Web Access Program (EWAM) (DCMA-INST 806, "Networks and Application Access" (Reference (m))).

3.1.9. Provide CMO/Agency performance status updates at scheduled intervals and/or upon request.

3.2 DCMAO PERFORMANCE ADVOCATE FOR CANCELING FUNDS. DCMAO-AQ performance advocate duties include but are not limited to:

3.2.1. By early to mid-December, reviews CMO status and reason detail codes in the Canceling Funds eTool Application to ensure that all contracts with At-Risk dollars have been coded.

3.2.2. Reviews CMO burn down estimates for compliance with PI #049 metadata sheet requirements and formulates DCMAO-burn down plan. See the Metadata Sheet posted to the resource page and/or Metrics Studio PI #049 scorecard(s) Reports Tab for data collection instructions.

3.2.3. Tracks Monthly "At Risk" ULO Reports. Monthly canceling funds status is tracked to ensure performance is commensurate with the CMO burn down plans. Monthly surveillance allows for early identification and review of new 'at risk' ULO balances.

3.2.4. Monitors and reviews monthly remarks/status updates to Metrics Studio Canceling Funds scorecard comments when CMO(s) is/are coded 'red' or 'yellow' to ensure comments are in accordance with DCMA-INST 973 (Reference (k)) paragraphs ~~5.1 through 5.2~~ **3.3.**

3.2.5. Issues C-Note(s) containing DCMAO level guidance regarding the canceling funds process, procedures, status codes, tools, etc.

3.2.6. Works with HQ, Directorate, and CMO personnel to reconcile questions, data issues, data errors, etc.

3.2.7. Provides performance status updates (charts, spreadsheets, etc.) for field and management use at scheduled intervals and/or upon request.

3.3. DCMAI PERFORMANCE ADVOCATE FOR CANCELING FUNDS. The DCMAI performance advocate duties include but are not limited to:

3.3.1. By early to mid-December, reviews CMO status and reason detail codes in the Canceling Funds eTool Application to ensure that all contracts with At-Risk dollars have been coded.

3.3.2. Reviewing CMO burn down plan estimates for the resolution of MOCAS funds for accuracy and formulates DCMAI burn down plan. See the Metadata Sheet posted to the resource page and/or Metrics Studio PI #049 scorecard(s) Report Tab for data collection instructions.

3.3.3. Monitors/reports status of SICM funds identified to cancel within the current fiscal year using spreadsheets, Metrics Studio scorecards, burn down plans, etc., as required by internal DCMAI direction.

3.3.4. Tracks Monthly “At Risk” ULO Reports. Monthly canceling funds status is tracked to ensure performance is commensurate with the CMO burn down plans. Monthly surveillance allows for early identification and review of new ‘at risk’ ULO balances.

3.3.5. Monitors and reviews monthly remarks/status updates to the Metrics Studio Canceling Funds scorecard comments when CMO(s) is/are coded ‘red’ or ‘yellow’ to ensure comments are in accordance with DCMA-INST 973 (Reference (k)) paragraph paragraphs ~~5.1 through 5.2~~ **3.3..**

3.3.6. Works with HQ and CMO personnel to reconcile questions, data issues, data errors, etc.

3.3.7. Provides performance status updates (charts, spreadsheets, etc.) for field and management use at scheduled intervals and/or upon request.

3.4. ADMINISTRATIVE CONTRACTING OFFICER (ACO). ACO duties include but are not limited to:

3.4.1. ACOs shall proactively manage contracts so all contract obligations are paid before the funds cancel. ~~Contracts/Electronic Document Workflow (EDW)~~ **Official record management system** should contain authorization and rationale for administrative efforts taken to prevent obligated funds from canceling.

3.4.1.1. Attention to funds status through timely contract receipt and review of the contract and modifications, along with early contract/ACRN reconciliation, may prevent funds from canceling. When contracts initially become physically complete, a bottom-line comparison of contractor claimed previous paid amounts versus MOCAS total disbursed amounts may reveal that funds reconciliation is required.

3.4.1.2. Excess funds identified during contract administration should be communicated to the customer and the funds holder (FAR 4.804-5(a) Reference (n))). Excess funds are funds relating to a specific line item or deliverable that was not performed on the contract and can result from the following:

- When contract effort/scope is reduced
- After partial termination is issued
- The work-in-progress (WIP) unliquidated balance is less than \$0.00
- When significant cost reductions are identified on cost-reimbursement contracts
- After final price determination
- Due to unperformed work (ex: funds for warranty repairs)
- At the time of physical completion

3.4.1.2.1. Excess funds may be used by the buying activity to fund other program requirements as long as the funds have not expired or canceled.

3.4.1.2.2. The ACO shall obtain written authorization prior to issuing a bilateral deobligation modification (Office of the Undersecretary of Defense for Acquisition, Technology & Logistics (USD(AT&L)) Memorandum, Subject: Improper Adjustments to Cancelled Department of Defense Appropriations (Reference (o))).

3.4.1.2.3. Contract modification will be *executed* by use of the Modification and Delivery Order (MDO) eTool unless an exception to manually process the deobligation using a Standard Form (SF) 30, Amendment of Solicitation/Modification of Contract exists (DCMA-INST 103, "Contract Modifications" (Reference (p))).

3.4.2. ACOs should periodically check the System for Award Management (SAM) to ensure contractor information is current. This will help prevent invoices from being rejected due to inaccurate/incomplete information.

3.4.3. ACOs shall carefully consider actions taken to prevent funds from canceling. Canceled appropriations are subject to the provisions of the Antideficiency Act (Reference (q)) and improper adjustments may violate appropriations law (Office of the Undersecretary of Defense Memorandum (*Reference* (o)) and FMR Vol 03, Chapter 10 (Reference (r))). Examples of improper adjustments include:

3.4.3.1. Any modification or adjustment request that results in charging an appropriation account that has already canceled before the disbursement was made. This could occur in

situations such as requests for adjustments to pay “oldest funds first” or requests for offsetting one ACRN against another.

3.4.3.2. Any modification or adjustment request that results in charging an appropriation account that had not been enacted at the time the disbursement was actually made.

3.4.4. ACOs may use any of the following options and methods to prevent the cancellation of ‘at risk’ funds and to correct erroneous accounting records:

3.4.4.1. Establish the contractor’s intent to invoice for the canceling funds.

3.4.4.2. Determine whether payment requests will be submitted promptly to ensure processing before the funds cancel.

3.4.4.3. Obtain final vouchers to close the contract(s).

3.4.4.4. Use Wide Area Work Flow (WAWF) to transmit ACO approved payment requests.

3.4.4.5. Deobligate funds considered to be excess to contractual requirements with written authorization from the PCO.

3.4.4.6. The written authorization should confirm the appropriate funds holder has approved the deobligation action (USD(AT&L) Memorandum (Reference (o))).

3.4.4.7. Deobligation shall be done using the Modification and Delivery Order (MDO) eTool unless an exception to manually process the deobligation using a SF 30 exists (DCMA-INST 103, Contract Modifications (Reference (p))).

3.4.4.8. Initiate a request for proper disbursement adjustments by submitting the DCMA Form 1797, Request for MOCAS Action/Information, to DFAS when errors in accounting data are found.

3.4.4.9. Modifications are not used to adjust disbursement records (USD(AT&L)) Memorandum (Reference (o)).

3.4.4.10. When submitting via email, add the appropriate indicator so DFAS can identify the DFAS payment division responsible for the reconciliation action. Use either ‘H’ for the East Payment Division, ‘G’ for South, or ‘L’ for West. The email subject line should read “1797 -- MOCAS Database MOC_”.

3.4.4.11. Get written, prior approval by the PCO to let the funds cancel.

3.4.4.12. Authorize early release of fee withholds before funds cancel where appropriate in accordance with applicable FAR and contract terms.

3.4.4.13. Locate/obtain/forward missing ACO and/or PCO modifications for input.

3.4.4.14. Get written concurrence from the PCO and DCMA Counsel regarding pending legal issues.

3.4.4.15. Contact the PCO to discuss/advise, for closeout of firm-fixed price contracts with remaining funds due to price variance, quantity variation, contractor underbilling, or rounding, that the ACO has verified the contractor has shipped, been paid, and the government has accepted the final item on contract thus giving the ACO the option to Q-Final the identified monies. To Q-Final the remaining monies, the ACO will annotate the amount of remaining funds in the ACO Notebook remarks field in MOCAS, the official file copy of the Notice of last Action (NLA), and then process the Final Pay NLA (F NLA) in MOCAS. This will notify DFAS not to reopen the contract and will allow the mechanical removal of remaining funds by MOCAS which generates a PK9 transaction notification to the PCO that the contract was administratively closed with remaining funds in the official accounting records (vs MOCAS payment records). It is then the PCO's responsibility to proceed with final closeout, including notification to their funding station.

3.4.5. In the first quarter of each fiscal year (preferably October), ACOs will begin investigating initial canceling funds data provided by the HQ performance advocate. ACOs will use the eTools Canceling Funds Application to input Status and Reason Codes, posted to the Canceling Funds Latest Data Web page, as follows:

3.4.5.1. Initially code each contract/ACRN identified as at risk of canceling no later than the beginning of the second quarter of the current fiscal year.

3.4.5.2. Update coding to reflect funds status changes throughout the fiscal year.

3.4.5.3. Input codes for new (Not Reported) contracts received throughout the fiscal year.

3.4.6. ACOs shall work with their CMO technical specialists to prepare an annual reduction plan (Burn Down Plan) by January 30th of each calendar year. The plan will specify a cumulative percent of resolved funds, using end of first quarter (December) data as a fiscal year baseline, to achieve the HQ performance indicator goal for the current fiscal year. To accomplish this, ACOs will use the 'Monthly Data' reports posted to the Canceling Funds Latest Data Web page and/or eTools Canceling Funds Reports source data.

3.4.6.1. A designated CMO performance advocate for canceling funds shall input the consolidated CMO burn down plan to the Metrics Studio CMO PI #049 scorecard HISTORY Tab - List Option as TARGET percentages for the months of January through September only. See the Metadata Sheet posted to the resource page and/or Metrics Studio PI #049 scorecard(s) Reports Tab for data collection instructions.

3.4.6.2. Burn down plans are required for all CMOs identified as contract receipt points (CRP) and tertiary CMOs with funds identified at risk of canceling. See the canceling funds

Metadata Sheet posted to the resource page for primary CMO versus tertiary CMO data reporting responsibilities.

3.4.6.3. CMO/lower level agency performance indicator owners **will not**:

- Modify the 'Target' data following required January 30th input
- Input locally generated monthly 'Actuals' when metric is 'gray'
- Overwrite automatically downloaded data

3.4.6.4. Requests to modify a posted CMO burn down plan shall be forwarded to the HQ canceling funds performance advocate for determination.

3.4.7. The ACO shall provide status updates for input, by the designated CMO performance advocate for canceling funds, to the PI #049 canceling funds scorecard Comment block. In accordance with DCMA-INST 973 (Reference (k)), paragraphs ~~5.1 through 5.2~~ **3.3.**, concise monthly comments providing specific details are required when the variation between the CMO Burn Down Plan (Target) and monthly percentages (Actuals) results in a 'red' or 'yellow' status indicator. Monthly comments regarding CMO status of actions or strategies to resolve funds while in a green indicator status are optional.

3.4.8. ACOs will verify changes in obligation values of the ACRNs considered to be at risk of canceling and identify recently assigned contracts/ACRNs using:

- Monthly data posted to the Canceling Funds Latest Data Web page
- eTools Canceling Funds Reports
- SDW

3.4.9. The ACO should consult the DFAS Merged Account (DMACT) Outstanding Invoices For Which DFAS-CO Has Requested Current Funds Report, posted to the Canceling Funds Latest Data Web page, provided mid-month by DFAS for status of invoices awaiting current year funds.

3.4.10. For non-MOCAS contracts administered by DCMA, ACOs may use the current year Canceling Appropriation/Fund Codes Report posted to the Canceling Funds Latest Data Web page to identify funds at risk of canceling.

3.4.11. Individual DCMAI CMOs shall maintain data for SICM contracts. This data is not included in the Agency performance goal. Canceling funds status is reported separately using spreadsheets and Metrics Studio scorecards maintained by DCMAI CMO personnel.

3.4.12. Upon request, ACOs shall provide status of canceling funds actions and notify customers, including DoD buying activities or other Government agencies, that customer reports for canceling funds are accessible through the eTools EWAM application on the agency's public Web site.

3.4.12.1. The reports provide the amount, status, and reasons for all unliquidated funds identified as being at risk of canceling within the current fiscal year and are available to the customer no later than the beginning of the second quarter of the current fiscal year.

3.4.12.2. Customer Access to EWAM is available via the DCMA Homepage where a customer can sign in to register, download the Quick Reference Guide, and view training videos.

3.4.12.3. EWAM access is limited to employees of customer agencies and/or military personnel (with .mil email extensions). Civilian and agency hired contractor personnel are denied access. DCMA employees requesting access are denied because all data is available via eTools.

3.4.13. ACOs should make every effort to resolve data discrepancies at the CMO level by use of the DCMA Help Desk, subject matter experts, etc. before elevating their issue(s). Questions regarding data, data errors, policy/process changes, etc. should be forwarded to the directorate performance advocate for canceling funds and only elevated to the HQ performance advocate for canceling funds if not resolved.

3.4.14. ACOs shall compile, format and provide data (charts, spreadsheets, etc.) as required and/or as requested.

ACRONYMS

ACO	administrative contracting officer
ACRN	Accounting Classification Reference Number
CA	contract administrator
CMO	contract management office
DAWIA	Defense Acquisition Workforce Improvement Act
DCMA	Defense Contract Management Agency
DCMA-INST	DCMA Instruction
DCMAI	DCMA International Directorate
DCMAO	DCMA Operations Directorate
DFARS	Defense Federal Acquisition Regulation Supplement
DFAS	Defense Finance and Accounting Services
DSCA	DoD Security Cooperation Agency
EBiz	Electronic Business Directorate
EWAM	External Web Access Management
FAR	Federal Acquisition Regulation
FMR	Financial Management Regulation
FMS	Foreign Military Sales
MOCAS	Mechanization of Contract Administration Services
NLA	notice of last action
PCO	procuring contracting officer
PI	performance indicator
SDW	Shared Data Warehouse
SF	standard form
SICM	System for Integrated Contract Management
ULO	unliquidated obligation amount/funds
USD(AT&L)	Undersecretary of Defense for Acquisition, Technology & Logistics
WAWF	Wide Area Workflow