

## ATTACHMENT 1 OPEN ITEM VALIDATION

Reference DFAS-DE 7000.4-R, Accounting for Obligations, para 38.  
AFR 177-11, Accounting and Reporting for Accrued Expenditures and Revenues, para 13(c)  
DFAS-DE 7010.1-R, General Accounting and Finance Systems at Base Level, various chapters  
DFAS-DE 7010.2-R, Commercial Transactions at Base Level, chap 10-22  
DFAS-DE 7077.7-M, Integrated Accounts Payable System (IAPS)

Current DFAS/Air Force regulations require validation of unpaid commitments, obligation, accrued expenditures unpaid, unfilled orders, and filled orders uncollected of hard copy documents to accounting system open entries. The need to perform this reconciliation becomes an extremely important function since OPLOC directors and DFAS-DE director must provide assurances to Air Force customers that DFAS is properly accounting for their share appropriated funds. These instructions are to be used as a guide in performing the open item validation function.

### **General Method/Validation Procedures:**

1. The validation of the BQ system Open Document List (ODL) or IAPS system products require an immense expense of effort when dealing the huge numbers of open items requiring validation.
2. OPLOCs should develop a schedule of how to "attack" the validation process. For merging DAOs it should be ascertained as to the completeness or lack there of the certification. It is a requirement that the DAO has performed a thorough one hundred percent validation prior to their consolidation, If this is accomplished, no review of those records would be required for that base for the next three months. A schedule of reviews for what system and base should be developed, with specific starting and completion dates for each base/site code and items requiring validation.
3. Regulations allow for valid statistical sampling techniques when a one hundred percent validation is not practical due to the volume of open items. The regulation, specifically DFAS-DE 7000.4-R, states a complete validation of files and balances is required at least once during the fiscal year.
  - a. To qualify for a valid statistical sampling program the minimum required elements to include in a review.
  - b. All open files and accounting system balances must be included in the environment for possible review.

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c. Select items for review based upon type of documents, dollar value, age of document, or based upon a set percentage of the open items that will yield a high confidence level that obligations are being recorded correctly and liquidation's are accomplished in a reasonable amount of time.

d. As a minimum no less than twenty five percent of all documents should be included in the sample that would yield at least a confidence level of ninety eight percent that all obligations are valid.

e. If significant problems are found with sample population discontinue sampling and perform a complete review.

4. For IAPS maintained open items the various listings available from the system can be used as a substitute for a complete ODL validation. Each of the lists identified in the Open Items Maintained in IAPS section listed below must be worked completely in order to satisfy this requirement.

5. The method used for an ODL validation should not just be a check that a document exists for a given accounting line, the process must be taken a step further with a more critical view of each open item.

a. Accounting data elements must be matched to ensure agreement between hard copy and how they are recorded in the accounting system i.e. Fund code, fiscal year, RC/CC.

b. A determination must be made as to the obligation's validity as to the anticipated delivery time-frame and age of the obligation. For example, a maintenance contract that was for only 1 fiscal year should generally have no remaining funds in December or January, like-wise if an item was to be delivered in July and the contract remains not received/unpaid until the next December, something should be checked. Dormant obligations where no action or activity has taken place for a reasonable period of time such as a past due delivery dates, non receipt of by-others transactions, etc., requires action. Contact the specific contracting office, paying activities, and/or resource managers to determine reason for inactivity. Use the FSO as the main point of contact when dealing with base resource advisors.

c. Validation of small residual amounts, which have resulted from improper handling of voluntary price reductions (VPRs) determine if posting errors resulted in creating the balance, if a contract has single line items remains unpaid or undelivered by checking with contracting office/paying station, determine if any missing receipt/posting of contract modifications. Process may reveal incorrect processing of invoices by not properly processing VPRs in IAPS.

**Open Items Maintained in IAPS:**

1. Per DFAS-DE 7010.2-R validation of open balances can be accomplished if IAPS computer listings are worked to their fullest extent.
2. Efforts should be taken to obtain connectivity to each support base's BCAS system. Dial-up modem connectivity can be established that can assist in the validation of aged obligation documents to determine if contract was possibly canceled and copy of modification was not received.
3. The IAPS/BQ Reconciliation list (TQ00058/59/60) each section must be reviewed to clear the reconciliation difference. Refer to the Desk Top instruction under Reconciliation and Reports for additional specific procedures.
  - a. Reconciliation Exception Report shows items that are found in both BQ and IAPS but the document ID, dollar amounts, stage of accountability, or possible addresses that do not match. Some of the more common causes for problems identified by this list are making direct posting to BQ not IAPS, suppressing IAPS transactions, QD transactions not processing correctly in BQ, not running Address Consolidation or QF/QP Change program immediately following the BQ programs to properly capture address changes within IAPS, among many others.
  - b. BQ Records Not Found in IAPS. Items listed on TQ000059 require research to determine if commitments/obligations are being processed directly into BQ and by-passing IAPS. It should be taken into account contracts paid By-Others that appear on the list.
  - c. IAPS Records Not Found in BQ. This list shows potential problems such as ICI interface by not properly passing transactions to BQ, invalid BQ suppression in IAPS, or erroneous deletions of BQ records.
4. Dormant Obligation Follow-up List (TQ000057). This option produces obligation follow-up letters for contracts and calls that have had no activity for 75 days. A determination must be made to see if obligations are still valid. Prior to mailing this list it should be validated and purged by the OPLOC to eliminate an old obligations not properly deobligated due to posting errors such as not taking a VPR correctly. This process is repeated every 90 days. The follow-up address is accomplished by using the addressee in the Receipt Follow-up Variable file.
5. Inactive Contracts List (TQ000006). The Inactive Contract List provides a listing of IAPS stock fund contract records that have had no activity against the item record since being added to the database. Item records with no invoices and receiving reports posted and an EDD date less than the current date or no EDD date with 60 days lapsed since the award date are considered inactive. Forward this listing to the Base Contracting Office to request status on these contracts. An OPLOC user may limit the report to a specific site-ID, or

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leave Site-ID blank for all sites. A FSO is limited to those contracts identified to the user's site-ID.

6. Over Received Follow-up to Supply Listing (TQ000018). The Over Received Follow-up to Supply listing is a record of all RNB details for stock fund contracts that have a quantity received greater than the quantity ordered. The listing may should be used to follow-up with base stock fund for reports of item discrepancy (RODs) are received.

7. SBSS Reconciliation List, (TQ000012) This list shows local purchase RNB, BNR, and status details (unreceived quantities) for stock fund contracts. It should be used to reconcile and validate the local purchase stock fund contract details to those maintained in the SBSS using the M37, Local Purchase Open Item list.

**Intergovernmental (By-Others):**

1. Recorded obligations, MORDs, contracts, etc., that will be liquidated via a By-Others transaction, should be separately identified within the BQ system by either of two methods; PSRs that have a Processing Center Code of "G" or the DSRs (with PC of S) are loaded with a QD transaction to place the obligation in a clearly identifiable sub-PC code designated specifically for by-others obligations. Similarly, all By-Others open obligation documents need to be filled separately for other contract files. Before beginning any review the number of unprocessed by-others cycles should be at the lowest possible level.

2. Reconciliation of manually maintained contract file balances to the balances recorded in the accounting system are a key reconciliation item. An intense effort should general be accomplished once a year for following-up with the paying locations on determining the status of unpaid/old balances. If paid amounts are in agreement, contract MODS, amendments to MIPRS or other such deobligation documents should be requested to de-obligate any remaining amounts that are not required.

3. Develop form letters to correspond with various paying locations to help obtain status of unpaid items. All items in excess of 1-year from obligation date should have follow-up performed. Reconciliation of balances should not just be a passive process, that is not just an exercise in making check marks on an ODL. Efforts should be made to validate contract file to accounting system balances, written or verbal contacts should be made with paying offices and/or funding offices to determine status of aged obligations. The entire process should be aggressive and have have positive impact on reducing the number of dormant obligations thus improving the reported obligation balances.

4. Included with this reconciliation should be the validation of the RCS: HAF-ACF(M)7140 report showing status of all contracts paid by MOCAS.

5. For locations that utilize the Automated Reconciliation System (ARS) for MOCAS follow system instructions provided by DFAS-DE/ANBC.

**Commitment Open Items (FSO):**

1. Outstanding Purchase Request List (TQ000047). This IAPS optional product is the key listing that the FSO should use to perform validation of all AF Form 9's.

2. In conjunction with validating what Purchase Requests are outstanding, efforts must be made to the use BCAS system or contact the Contracting office to obtain a current status. This should be an ongoing process through-out the fiscal year not just in the last few months. If as a result of the commitment validations it is apparent the OPLOC is missing a particular obligation document obtain a copy and clearly mark as past due obligation and forward to the OPLOC. This annotation is needed to alert the OPLOC as to a potential duplicate.

3. Commitments for contract modifications need to be reviewed very closely. A majority of contracting offices fail to annotate the AF 9 number on the hard copy which makes it difficult for the OPLOC to match. The OPLOCs are instructed not to post any modifications that increases funding without having a corresponding commitment already recorded. OPLOCs must ensure the associated de-commitment occurs, however, during the commitment reconciliation process if it can identify that the commitment was not de-committed or obligation not posted , notify the OPLOC to take corrective action, either have the OPLOC record the missing obligation or if it is apparent the obligation was posted drop the corresponding commitment.

4. AF Form 616 Obligation Recon List (TQ000052). This IAPS optional product should be the primary reconciliation tool to validate AF 616 balances.

**Air Nation Guard Validations:**

1. Open Document validation will continue to be performed by the ANG unit.

2. Some of the reconciliation difference between IAPS and BQ will be identified by the OPLOC for sent to the ANG unit for corrective action. (IAPS/BQ Recon List TQ000058/59/60)

3. The ANG unit must request the other IAPS optional products as indicated above for their particular site and perform necessary validations and actions, including the outstanding commitment balances.

4. All by-others reconciliation's using the ODL are the responsibility of the ANG unit.