

Revised 9/10/2012

## CHAPTER 15.

### COST AND OBLIGATION ADJUSTMENTS

#### SECTIONS

|                                |    |
|--------------------------------|----|
| PURPOSE.....                   | 01 |
| SCOPE.....                     | 02 |
| AUTHORITY.....                 | 03 |
| POLICY.....                    | 04 |
| EFFECT ON OTHER ISSUANCES..... | 05 |

#### 15-01 PURPOSE.

NOAA Administrative Order No. 203-34 requires that all current and prior year obligations be continuously reviewed to ensure that obligated balances are not overstated or understated and that obligations are properly documented and reported. The head of each NOAA Line/Staff Office, NOAA Financial Management Center (FMC), and those agencies with which NOAA has cross-servicing arrangements (e.g., Bureau of Industry and Security) have the responsibility for verifying these obligations.

The purpose of this chapter is to provide procedures for correcting erroneously recorded cost or obligation data and/or to process deobligation requests so that accurate information will be reflected in the accounting system and reports.

#### 15-02 SCOPE.

This policy is applicable to all components of NOAA/cross-serviced agencies to which funds are available.

#### 15-03 AUTHORITY.

NOAA Administrative Order No. 203-34 requires that all current and prior year obligations be continuously reviewed to ensure that obligated balances are not overstated or understated and that obligations are properly documented and reported.

#### 15-04 POLICY.

##### 15-04.01 GENERAL:

1. The head of each NOAA Line/Staff Office, FMC, and those agencies with which NOAA has cross-servicing arrangements shall continuously review all obligations to ensure that obligated balances are not overstated or understated and that obligations are properly documented and reported.
2. Formal review and certification of obligations shall be made once yearly by each NOAA Line/Staff Office, FMC, and those agencies with which NOAA has cross-servicing arrangements when so directed and in accordance with the guidance provided by the Director, NOAA Finance Office/Comptroller.
3. Within the NOAA Commerce Business System (CBS) there are three methods to make cost adjustments of erroneously recorded accounting information for paid transactions:
  - Document Level Adjustments: allow changes to transactions in the CBS Accounts Payable (AP) Module. See section 15-04.02.1 below for further information.
  - Detail Labor Adjustments: allow changes to transactions from the National Finance Center (NFC) and the NOAA Corps payroll from the Coast Guard. See section 15-04.02.2 below for further information.
  - Summary Level Transfers: in limited situations allow changes to line items of summary information. **Effective August 1, 2012, new business rules for Summary Level Transfers require approval at the Line/Staff Office headquarters level for all Summary Level Transfers, and additional levels of approvals based on dollar thresholds and/or program transfer.** See section 15-04.02.3 below for further information.
4. Corrections/changes to erroneously recorded accounting information for unpaid obligations must be made at the document level.
5. Deobligation requests must be made at the document level.
6. Within the CBS Data Warehouse, the following reports or queries will aid in identifying which transactions are associated with an obligation or disbursement:
  - a. Navigator Menu:
    - *Transaction Activity Report (AP500D)*: provides all of the individual transactions for a specific organization for a specific time period.
    - *Budget and Expenditure Query* application: allows identification of specific transactions when some accounting information is known, but does not provide history of the document.

b. Discoverer:

- *NOA118 Detail* workbook: provides the individual transactions which make up the charges on an accounting information string (similar to the *Budget and Expenditure Query* Application above) and includes prior year recovery information.
- *CBS Active Document* workbook: provides information on the overall status of all documents for a specific organization and is not related to obligations within a specific time period.
- *Document Status* workbook: provides information on the history of the document for all accounting regardless of year.

7. The Management Analysis and Reporting system (MARS) is an enterprise budget execution and financial reporting application for line offices, staff offices, and FMCs. MARS provides functionality which allows users to track commitments, forecast labor, plan execution-year budgets, and conduct financial reporting and analysis. The primary data source MARS uses is CBS. The *MARS Reporting and Querying* module is a web-delivered application that allows users to report, query, and analyze budgetary and financial management information. Further information on MARS can be obtained from <https://mars.rdc.noaa.gov/>.

15-04.02 ADJUSTMENT PROCEDURES:

1. Document Level Adjustments.

a. Document level cost adjustments can be used to:

- Change the Accounting Code Classification Structure (ACCS), or
- Correct any paid transactions at the document level which were entered through the CBS AP module and charged to the current fund code fiscal year.

b. Adjustments may be made to all or any of the ACCS elements (e.g., project/task number, organization code, object class).

c. Adjustments should be requested as soon as possible. They should be forwarded for processing as they are prepared and not held or accumulated for submission as a single package.

d. To request a document level adjustment, the NOAA Line/Staff Office, FMC, or cross-serviced agency should complete and submit a *CBS Document Level Adjustment Form* (available online at [http://www.corporateservices.noaa.gov/finance/doc\\_level\\_adjust\\_form.html](http://www.corporateservices.noaa.gov/finance/doc_level_adjust_form.html)).

- e. A separate request must be prepared for each document type and approved by a NOAA Line/Staff Office, FMC, or cross-serviced agency official. The written request/form should be submitted to the Accounting Operations Division (AOD).
- f. AOD will enter the adjustments on the CBS *PM006 Advice of Correction Transaction* screen. When the adjustment has been accepted in CBS, it will be posted to the trial table. NOAA and cross-serviced agency end users may review the posted adjustment transactions in:
  - the CBS Data Warehouse through the *DWFM001 Budget and Expenditure Query* application,
  - the *AP500D Transaction Activity Report*, or
  - the Discoverer *Document Status* workbook

## 2. Detail Labor Adjustments.

- a. After labor costs have been processed, they may be changed at the detail level per line item as reported by the NFC and the Time and Attendance (T&A) System by way of a Detail Labor Adjustment. Adjustments will be entered by end users and approved by the Financial Reporting Division Funds Management Branch (FMB).
- b. The *LAB710 Pay Period Labor Cost Detail Report by Employee* or the equivalent CBS office report (alternative approved format) shows the payroll details for every employee and should be reviewed for correctness.
- c. The *LAB750 Labor Data Defaulted Project and Task Codes* report shows all NFC labor transactions for the current pay period where the project and/or task were defaulted.
  - When the project is valid and the task is invalid, the task defaults to "P00" and is shown on the *LAB750* with an asterisk.
  - When the project is invalid, the project and task default to the organizational default task number.
  - If the organizational default is invalid, it then defaults to the overall bureau default (09WGALB/PLB for NOAA and 96A9202/P00 for BIS).
- d. It is the responsibility of the NOAA Line/Staff Office, FMC, or cross-serviced agency to correct all time and attendance reporting errors and to transfer all labor costs charged to a default task number to the correct project/task number each pay period. Note that access to LAB reports in CBS requires additional access rights.
- e. If an organization code is being incorrectly charged with an employee's labor cost, the NOAA Line/Staff Office, FMC, or cross-serviced agency must review personnel actions

pertaining to that employee. The organization code recorded in the employee's master personnel record is obtained from the latest *SF-50-B Notification of Personnel Action* provided by the servicing Human Resource Division (HRD) and is the organization code to which the individual's labor costs are charged. If investigation reveals that the personnel documents contain an incorrect organization code for an employee, the servicing HRD should be advised to make the corrections. For costs that have been recorded erroneously under the wrong organization code, the NOAA Line/Staff Office, FMC, or cross-serviced agency must either request that the servicing HRD process a retroactive correction or request a labor cost adjustment.

- f. To request adjustments to fund code fiscal year, organization code, project/task number, or object class, offices should use the CBS *NFC005 Detail Labor Adjustments* screen or the CBS *NFC045 Multiple Detail Labor Adjustments* screen to enter the adjustment and then e-mail the FMB to ask them to approve the transaction. Adjustments affecting more than one FMC must have e-mail routing through each FMC involved. Adjustments for types of absences and/or pay (e.g., annual leave, sick leave, regular hours worked, overtime, compensatory time, holiday, etc.) must be made on a corrected *Time and Attendance Report* in accordance with the *DOC Timekeeper's Guide*.
- g. The *NFC005* and *NFC045* screens allow changes to the records that came from the NFC or the Coast Guard. To record a change, the ACCS fields must match exactly or the adjustment will not process. The screens reverse the original ACCS entry data exactly as it came from the NFC, and record the charge in the new ACCS. *NFC045* allows the option of correcting multiple transactions in one batch while *NFC005* is limited to one transaction at a time. Overheads and surcharges are recalculated at the current rates when the next overhead process is run.
- h. For current fiscal year labor cost adjustments, the applicable leave and employer contribution surcharges and the various NOAA support charges will be automatically generated and adjusted by the Labor Cost subsystem when the cost accumulation surcharge process is run. Cross-serviced agencies must adjust employer contribution object classes. NOAA support charges and contribution surcharges will not be generated for prior year adjustments. Also, surcharges only apply to reimbursable funding.

### 3. Summary Level Transfers.

- a. To correct erroneously recorded cost and obligation data, adjustments should be made at the document or detail level to provide an adequate audit trail. In limited situations, (e.g., if the organization or project/task codes were modified during the year) the NOAA Line/Staff Office, FMC, or cross-serviced agency may request adjustments to line items of summary data using the Summary Level Transfer (SLT) process.
- b. SLTs should be used as a means to correct erroneous obligations once ALL other methods have been utilized. Other methods include, but are not limited to: WEB T&A Corrections, Grants On-Line Administrative Correction, Requisition for Change to

Correct ACCS through CSTARs, Monthly Bankcard Reconciliation, Document Level Adjustments through the *FM040*, Advice of Correction through the *PM006*, etc.

- c. The SLT process transfers costs, not resources. The process transfers dollar amounts as paid costs. Only amounts which have been expended to date should be included in SLTs. Amounts in undelivered orders should not be transferred using the SLT process.
- d. Effective August 1, 2012, new business rules for SLTs require approval at the Line/Staff Office headquarters level for all SLTs, and additional levels of approvals based on dollar thresholds and/or program transfer.
- e. Under the new business rules, prior to being submitted to the NOAA Finance Office for posting, all SLTs must be reviewed and approved by the LO Lead Budget Execution Analyst or equivalent. Additionally, all SLTs that transfer costs between two different program codes regardless of amount, or any adjustment of \$500,000 or more, must be reviewed and approved by the LO Chief Financial Officer or Staff Office Director, and the NOAA Budget Office. The new procedures also identify the supporting documentation required that must be submitted with SLT requests. The new SLT Business Rules are available at <http://www.corporateservices.noaa.gov/finance/slt.html>.

#### 15-04.03 DEOBLIGATION PROCEDURES:

##### 1. Timing of Deobligations

Each NOAA Line/Staff Office, FMC, and cross-serviced agency should periodically review obligations to ensure that only those amounts meeting the criteria of 31 U.S.C. 1501 (available online at <http://uscode.house.gov/>) remain recorded as obligations. All other amounts should be deobligated. However, arbitrary deobligation action should be avoided due to the risk of a future Antideficiency Act violation if subsequent payment or charges should disclose an over-obligation.

##### 2. Deobligation Requests

If a NOAA Line/Staff Office, FMC, or cross-serviced agency determines that part or all of remaining obligated funds for a document need to be deobligated, a request to deobligate funds, approved by a NOAA Line/Staff Office, FMC, or cross-serviced agency official, should be prepared and submitted as follows:

- a. The CBS Discoverer *Active Document* workbook will provide information on the overall status of all documents for a specific organization and aid in determining which can or should be deobligated. The workbook also includes information on the history of the document.
- b. To request CBS processing of a deobligation, the NOAA Line/Staff Office, FMC, or cross-serviced agency should complete and submit either:

- a written signed request,
  - *CD-435 Procurement Request* (available online at [http://ocio.os.doc.gov/ITPolicyandPrograms/Electronic\\_Forms/index.htm](http://ocio.os.doc.gov/ITPolicyandPrograms/Electronic_Forms/index.htm)), or
  - *OF347-GSA Optional Form* (available online at <http://www.gsa.gov/portal/forms/download/115378>)
- c. A separate request must be prepared for each document type and approved by a NOAA Line/Staff Office, FMC, or cross-serviced agency official.
- d. Deobligation requests should be made as soon as it is determined that part or all of remaining obligated funds for a document are no longer required to satisfy the obligation. Deobligation requests should be forwarded for processing as they are prepared and not held or accumulated for submission as a single package.
- e. For deobligation of contracts or purchase orders, the request should be submitted to the applicable NOAA Acquisition and Grants Office, Acquisition Division. Note: Requests for deobligation of CSTARS interfaced documents must be made through C.REQUEST.
- f. For deobligation of grant documents, the request should be submitted to the NOAA Acquisition and Grants Office, Grants Management Division.
- g. For deobligation of all other document types, the request should be submitted to AOD.
3. Deobligations in Canceling Fund Codes
- a. There are three phases that make up the life cycle of budget authority:
- **Unexpired phase:** During this time period the budget authority is available for incurring new obligations and making disbursements to liquidate the obligations. Annual budget authority lasts for up to one fiscal year. Multi-year authority lasts for longer periods, and no-year authority lasts indefinitely. No-year authority usually stays in the unexpired phase until fully obligated and disbursed. When the purposes for which the authority was made available have been achieved, the account may be closed and the authority canceled.
  - **Expired phase:** During this time period, the budget authority is no longer available for new obligations but is still available for disbursement. This phase lasts five years after the last unexpired year unless the expiration period has been lengthened by legislation. You may not incur new obligations against expired budget authority, but you may liquidate existing obligations by making disbursements.
  - **Canceled phase:** After the last expired year, the account is closed, and the balances are canceled. The authority to disburse is canceled and is no longer available for any purpose. Any offsetting collections credited to the account after the account is

canceled must be transferred to miscellaneous receipts in the Treasury. Any old bills with valid obligations that show up after the account is closed must be obligated against and disbursed from budget authority that is available for the same general purpose, but still in the unexpired phase.

- b. The following procedures have been established for removing obligated balances in, and subsequently closing, the funds cancelling at the end of a fiscal year:
- Each October, the NOAA Finance Office will notify the head of each NOAA Line/Staff Office, FMC, and those agencies with which NOAA has cross-servicing arrangements of the fund codes that are cancelling at the end of that fiscal year.
  - Each October, the NOAA Finance Office will provide to the head of each NOAA Line/Staff Office, FMC, and those agencies with which NOAA has cross-servicing arrangements a list of the obligations in the fund codes that are cancelling at the end of that fiscal year.
  - The NOAA Finance Office, in cooperation with the head of each NOAA Line/Staff Office, FMC, and those agencies with which NOAA has cross-servicing arrangements, will develop a work plan and timetable to ensure the deobligation of obligations in, and the subsequent closure of, the fund codes that are cancelling at the end of that fiscal year.

#### 15-05 EFFECT ON OTHER ISSUANCES.

This chapter supersedes NOAA Finance Handbook Chapter 15, dated September 24, 2010.