



REPLY TO
ATTENTION OF

DEPARTMENT OF THE ARMY
ASSISTANT SECRETARY OF THE ARMY
FINANCIAL MANAGEMENT AND COMPTROLLER
109 ARMY PENTAGON
WASHINGTON DC 20310-0109

APR 19 2010

MEMORANDUM FOR SEE DISTRIBUTION

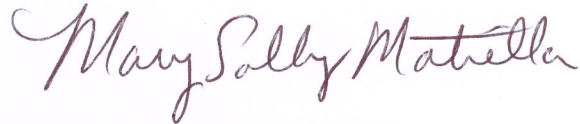
SUBJECT: Triannual Joint Reconciliation Program

1. I want to take this opportunity to remind and emphasize the importance of the Triannual Joint Reconciliation Program in establishing proper internal controls and management oversight to ensure the Army's accounting records are correct and properly documented.
2. Good stewardship of appropriated funds demands the Triannual Joint Reconciliation reviews be conducted in accordance with the Department of Defense Financial Management Regulation (DoDFMR) and the Defense Finance and Accounting Service-Indianapolis (DFAS-IN) Regulation 37-1. Specifically, the triannual review should:
 - a. Ensure accounting records are correct and properly documented;
 - b. Ensure unpaid obligations represent valid requirements;
 - c. Validate and document the continuing need of unliquidated obligations with requiring activity;
 - d. Ensure obligation adjustments are supported with proper documentation and
 - e. Deobligate unliquidated balances that do not support valid requirements and harvest these funds, where applicable, for other approved requirements.
3. Timely and thorough reviews of all unliquidated obligations result in funds availability to support mission requirements, and reduce potential liabilities from canceled appropriations that will impact your current year funds. Ensuring the reviews and accounting records are properly documented is vital to enabling the Army to obtain an unqualified audit opinion on the Statement of Budgetary Resources.
4. The enclosed standing operating procedure provides detailed guidance on conducting each phase of the review. Any additional guidance you provide to subordinate commands and organizations should address specific procedures and documentation requirements unique to your mission, and should adhere to the time lines of each reconciliation phase outlined in the DODFMR, DFAS-IN 37-1, Office of the Secretary of Defense and Army annual guidance.

SUBJECT: Triannual Joint Reconciliation Program

5. The Deputy Assistant Secretary of the Army-Financial Operations (DASA-FO), will continue to host a video teleconference to review results of each phase of the triannual reviews. Commands will be given the opportunity to identify results of their reviews. The command's senior financial managers should attend these video teleconferences.

6. If you have any questions or need additional information, please contact Mr. Jorge F. Roca, Director for Management Services at (703) 693-2770 or e-mail Jorge.F.Roca@us.army.mil.



Mary Sally Matiella, CPA

Encl

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SUBJECT: Triannual Joint Reconciliation Program

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Joint Review Standing Operating Procedures

Conducting Joint Reviews

Purpose: To prescribe standard guidance to Commands while conducting Joint Reviews (Triannual reviews).

References: DFAS-IN Regulation 37-1, Chapter 27, Paragraph 2708
<http://asafm.army.mil/offices/BU/Dfas371.aspx?OfficeCode=1200>

DoDFMR Volume 3, Chapter 8, Paragraph 0804
http://comptroller.defense.gov/fmr/03/03_08.pdf

DFAS-IN Regulation 37-1, Chapter 7
<http://asafm.army.mil/offices/BU/Dfas371.aspx?OfficeCode=1200>

DFAS-IN Regulation 37-1, Chapter 8
<http://asafm.army.mil/offices/BU/Dfas371.aspx?OfficeCode=1200>

NOTE 1: According to the DoDFMR Volume 3, Chapter 8, section 080401, triannual reviews of commitments and obligations are to be conducted at least three times each fiscal year. Also DFAS-IN Regulation 37-1, Chapter 27, section 270801 states that reviews of commitments and obligations applies to all appropriations and funds of all DoD appropriations. This requirement applies to direct appropriations, and all reimbursable transactions, as well as the Department's revolving and trust funds.

NOTE 2: Even though the requirement is to conduct reviews three times per year, Commands should conduct reviews more frequently (i.e. every two months or monthly). Special emphasis should be placed on canceling and expired years. According to the DoDFMR Volume 3, Chapter 8, section 080404(E), all commitments and obligations shall be reviewed, whether current or dormant, at least annually in order to substantiate the year-end certification requirements.

NOTE 3: Reviews must be conducted jointly with all stakeholders including budget personnel, accounting personnel, contracting personnel, logistics personnel, and supporting Defense Finance and Accounting (DFAS) personnel.

TIMEFRAME AND SCOPE OF REVIEWS

At a minimum reviews should be conducted (in accordance with the DoDFMR Volume 3, Chapter 8, section 080401) for the four month period ending January 31, May 31, and September 30 of each year.

DFAS-IN Regulation 37-1, Chapter 27, section 270805 lays out the scope of each time frame as such:

Phase I (October - January). (Period ending January 31st.)

1. Review transactions funded by appropriations that are expired and will cancel on September 30th of the current fiscal year. At the end of this phase, the only unliquidated obligations remaining in support of appropriations that will cancel on October 1st of the next fiscal year will be for contracts (object class '25') that represent firm liabilities for which there is substantial evidence of work in process, and that will require payment. Take action during this phase to ensure the initiation of quick close-out or interim payment procedures for contracts funded by expired appropriations due to cancel by fiscal year-end. When there must be an external audit prior to contract closure, initiate action to ensure audits are requested and completed to enable final payment prior to close of the fiscal year.
2. Verify the validity of unexpired obligations and the amount recorded, with priority given to significant dollar amounts and aged transactions.
3. Commands shall validate as of 31 January the only remaining unliquidated obligation (ULO) balances are support items in object class '25'.
4. Commands should contact requiring units to confirm the continued need for goods and services not delivered.
5. Contracting Office Representatives shall provide written confirmation of work in progress and undelivered orders as documentary evidence to validate the ULO balance still remaining.
6. The DASA-FO will review results and follow up with fund holders reporting ULO balances other than object class 25 after 31 January.

Phase II (February - May). Period ending May 31st

1. Review all transactions funded by expired appropriations, which will not be canceled at the end of the current fiscal year. By the end of this phase, the only remaining unliquidated obligations supported by expired appropriations will be for contracts and long lead time supply and equipment items for which there is a continuing bona fide need (Object class 25, 26 and 31).

2. Follow-up on Phase I efforts to ensure corrective actions are being taken as planned.
3. Verify the validity of unexpired year obligations and amount recorded, with priority given to significant dollar amounts and aged transactions.
4. Commands shall validate as of 31 May the only remaining ULO balances are in object class 25, 26 and 31.
5. The DASA-FO will review results and follow up with fund holders reporting ULO balances other than object class 25, 26 and 31 after 31 May.

Phase III (June - September). Period ending September 30th.

It is vital that Commands rigorously review all unexpired ULOs to ensure those transactions are for continuing requirements and valid needs.

If requiring activities cannot document and support the continued need for the requirement, the ULO amount should be de-obligated (with appropriate documentation) and reapplied to unfunded requirements based on established priorities. This phase of the triannual reviews provides commands the opportunity to harvest and obligate funds to meet validated unfunded requirements.

1. Review all unexpired year unliquidated obligations and the amount recorded, with priority given to significant dollar amounts and aged transactions. Adjust all orders, contracts and requisitions, to ensure that the unliquidated obligation amount is correct.
2. Follow-up on Phase I and II efforts to ensure corrective actions are being taken as planned.

VALIDATING ACCURACY OF ACCOUNTING RECORDS

Triannual reviews will ensure that all known commitments, obligations, orders, earnings, disbursements, collections, accounts payable, and accounts receivable are properly recorded, and that the amounts reported are correct and in agreement with subsidiary records. The reviews will also validate individual documents comprising the subsidiary records at least once during the fiscal year. All phases of the triannual reviews will also ensure the following is accomplished:

- a. Full verification and validation of the dollar amount of all unliquidated obligations and unfilled orders recorded in the accounting records.
- b. Complete verification of the continuing bona fide need of undelivered goods and services.

c. Verification of billing status to ensure that payments are in accordance with contract requirements (both frequency and amount).

d. Identification and cancellation of nonessential goods and services, and subsequent deobligation of associated unliquidated obligations.

e. Initiation of actions to implement quick close-out or interim payment procedures for contracts funded by expired appropriations due to cancel by fiscal year-end. This will ensure that valid payments against these contracts are made prior to cancellation of funds.

f. Review of all delinquent travel advances to ensure that appropriate collection actions are initiated.

g. Validation of individual documents comprising the subsidiary records at least once during the fiscal year. Maintain work papers and records supporting the above in a manner that facilitates subsequent audit and reconciliation.

h. Reconcile and match to an obligation or obligate all known outstanding problem disbursements.

i. Aged Advances (Sample transactions of travel and contractor advances to ensure timely reduction of the obligation when travel is complete or progress on contracts warrant reduction).

j. Sample prepayments to ensure timely reduction of the prepaid amount when goods or services are received.

k. Properly document all adjustments.

Types of documentation to substantiate adjustments:

DFAS-IN Regulation 37-1, Chapter 8, section 0812, lists the types of obligation documentation and also provides suggested ways to control and/or validate the information on the obligation document. Examples of substantiating documentation included:

- DD Form 2406 Miscellaneous Obligation Document (MOD),
- Standard Form (SF) 50 (Notification of Personnel Actions),
- Department of the Army (DA) Form 1256 (Incentive Awards Nomination and Approval), DA Form 2441 (Suggestion Award Certificate),
- DD Form 1614 (Request and Authorization for DoD Civilian Permanent Duty Travel),
- DD Form 1610 (Request and Authorization for TDY Travel of DoD Personnel),
- SF 1103 (U.S. Government Bill of Lading (GBL)).

- SF 1203 (U.S. Government Bill of Lading-Privately Owned Personal Property),
- SF 1169 (U.S. Government Transportation Request),
- DD Form 1155 (Order for Supplies or Services),
- DD Form 1348-1 (DoD Single Line Item Release/Receipt Document),
- DD Form 1155 (contract),
- SF 33 (Solicitation, Offer, and Award),
- SF 30 (Amendment of Solicitation/Modification of Contract),
- DD Form 448-2 (Acceptance of Military Interdepartmental Purchase Request),
- DD Form 1144 (Support Agreement),
- Memorandum of Agreement (MOA),
- Memorandum of Understanding (MOU).

Please refer to DFAS-IN Regulation 37-1, Chapter 8, section 0812 for the complete information on obligating documents. Additional information can be found on reducing liabilities and obligations in DFAS-IN Regulation 37-1, Chapter 8, section 0820. Review this information carefully and ensure that when deobligating funds you are in compliance.

DOCUMENT RETENTION

According to DFAS-IN Regulation 37-1, Chapter 27, section 270807(F)": Fund holders will maintain, for a period of 24 months following the completion of the review, documentation that is sufficient to permit independent organizations to verify that the review was accomplished as required.

Commands should consult the regulations referenced in this document to ensure they are in compliance when conducting the Triannual Joint Reconciliation Reviews. Contact the office of the DASA-FO for further clarification.