



United States Department of the Interior
OFFICE OF THE ASSISTANT SECRETARY - INDIAN AFFAIRS

Washington, D.C. 20240



IN REPLY REFER TO:

National Policy Memorandum

Assistant Secretary - Indian Affairs
Deputy Assistant Secretary – Management

Effective: 01/27/14

Expires: 01/27/15

Number: NPM-FIN-11

Title: Undelivered Orders Policy

1. Purpose

This memorandum establishes Indian Affairs (IA) policy and requirements for validating and certifying Undelivered Orders.

2. Scope

This policy applies to all IA headquarters, field and program staff under the authority of the Assistant Secretary – Indian Affairs (AS-IA), including the Bureau of Indian Affairs (BIA) and the Bureau of Indian Education (BIE.)

3. Policy

It is the policy of Indian Affairs to comply with federal regulations and policy and direction from the Department of the Interior (DOI) and the Office of Management and Budget (OMB) to ensure adequate internal controls measures and reviews are established and implemented. IA has implemented these procedures to ensure proper internal controls in compliance with OMB Circular A123.

4. Procedures

IA has prepared Interim Guidance titled *Interim Guidance on Undelivered Orders Review and Certification* (February 21, 2012). This guidance was prepared to comply with Departmental Guidance *Updated Undelivered Orders Policy* issued on October 12, 2011. Both documents are attached.

5. Authorities

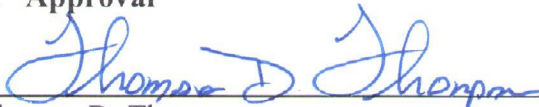
A. Statues and Regulations

- 1) Federal Acquisition Regulation (FAR):
<http://www.acquisition.gov/far/html/FARTOCP07.html>
- 2) DOI Departmental Manual: <http://elips.doi.gov/elips/0/fo1/1338/Row1.aspx>
- 3) General Services Administration Acquisition Regulation (GSAR):
<http://www.acquisition.gov/gsam/current/html/GSAMTOC501.html#wp436256>
- 4) Principles of Federal Appropriations Law, Vol. I, Chapter 5: Bona Fide Needs Rule:
<http://www.gao.gov/assets/210/202437.pdf>
- 5) OMB Circular A-123:
http://www.whitehouse.gov/sites/default/files/omb/assets/agencyinformation_circulars_pdf/a123_appendix_b.pdf

B. Guidance

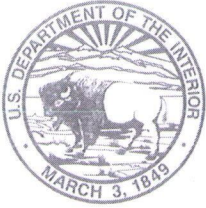
- 1) FBMS Segregation of Duties (SoD) Policy: <http://www.doi.gov/pfm/fmm/upload/FMM-2011-005-FBMS-SoD-Policy.pdf>
- 2) DOI Policy for Undelivered Orders (attached).

6. Approval



Thomas D. Thompson
Deputy Assistant Secretary – Indian Affairs (Management)

1/31/2014
Date



United States Department of the Interior

OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20240



OCT 12 2011

Memorandum

To: Bureau Chief Financial Officers
Bureau Heads of Contracting Activity

From: Douglas A. Glenn *D.A. Glenn*
Deputy Chief Financial Officer and Director
Office of Financial Management

Denise A. Flanagan *Denise Flanagan*
Director, Office of Budget

Debra E. Sonderman *Debra E. Sonderman*
Director, Office of Acquisition and Property Management

Subject: Updated Undelivered Orders Policy

In order to prevent a repeat significant deficiency related to UDOs, the Office of Financial Management (PFM) is issuing new policy requiring that the Bureau/Office Chief Financial Officers, in conjunction with the Head of Contracting Activity, implement proper procedures to ensure the timely review of, and reporting on, the status of UDO balances. At minimum, the Bureau/Office procedures should include:

- Annual Certification Reports on the status of UDOs, based on June 30 data, due to the Director, PFM by July 31;
- Annual documented reviews and reconciliations of UDOs for reference and annual audit;
- Reviews and validations of all UDOs for which more than 90 days have elapsed since the period of performance ended. If no period of performances is indicated, then a review and validation of UDOs that are greater than 90 days with no activity is needed; and
- Reasons why an open obligation has not been de-obligated after the period of performance date.

Once each Bureau/Office has updated their UDO procedures based on the new policy, please provide a copy to Michael Anthony. Bureau/Offices should direct questions and comments on the new UDO policy to Michael at (202) 208-6824 or via e-mail at Michael_Anthony@ios.doi.gov.

Attachment

cc: Finance Officers Partnership
Bureau Procurement Chiefs

DEPARTMENT OF THE INTERIOR POLICY FOR UNDELIVERED ORDERS

I. PURPOSE

This document establishes the Department of the Interior policy for the review and certification of Undelivered Orders (UDO). The timely expenditure of obligated funds is a fundamental principle of sound financial management. Excess undelivered orders serve as an indicator that a manager may not be effectively using allocated funds. Recurring reviews of undelivered orders, that result in cancellation or de-obligation of excess obligations, increases funds available for annual, multi-year, or no-year appropriations, if the funds availability has not yet expired.

II. AUTHORITIES

- Section 1311 of Public Law 83-663 (68 Stat. 830), Documentary evidence of obligation
- 31 U.S.C. 1501, Documentary evidence requirement for Government obligations
- Treasury Financial Manual, Volume I, Part 2, Chapter 4200, Section 4225.60d, Undelivered Orders and Contracts (FMS 2108, Column 9)
- Federal Acquisition Regulation (FAR), 4.804-1, Closeout by the office administering the contract
- OMB Circular A-11, Preparation, Submission, and Execution of the Budget
- OMB Circular A-123, Management's Responsibility for Internal Budget
- The "Antideficiency Act," 31 U.S.C. 1341
- GAO Policy and Procedures Manual for Guidance of Federal Agencies, Title 7, Chapter 3, Obligations

III. RESPONSIBILITIES

The Bureau Chief Financial Officers in conjunction with the Head of Contracting Activity (HCA) are responsible for implementing proper procedures to ensure the timely review of, and reporting on, the status of undelivered orders.

IV. EFFECTIVE DATE

This policy is effective upon issuance.

V. DEFINITIONS

Undelivered Orders – Contract or orders issued by the ordering activity for goods and services that have not been received. No expense or accounts payable is incurred for undelivered orders.

Obligations – A definite commitment that creates legal liability of the government for the payment of goods and services ordered or received, or a legal duty on the part of the United States that could mature into a legal liability by virtue of actions on the part of the other party beyond the control of the United States.

Valid Obligations – Under 31 U.S.C. 1501(a), a valid obligation exists only when supported by documentary evidence of:

- (1) A binding agreement between an agency and another person (including an agency) that is (A) in writing, in a way and form, and for a purpose authorized by law; and (B) executed before the end of the period of availability for obligation of the appropriation or fund used for specific goods to be delivered, real property to be bought or leased, or work or service to be provided;
- (2) a loan agreement showing the amount and terms of repayment;
- (3) an order required by law to be placed with an agency;
- (4) an order issued under a law authorizing purchases without advertising—(A) when necessary because of a public exigency; (B) for perishable subsistence supplies; or (C) within specific monetary limits;
- (5) a grant or subsidy payable—(A) from appropriations made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law; (B) under an agreement authorized by law; or (C) under plans approved consistent with and authorized by law;
- (6) a liability that may result from pending litigation;
- (7) employment or services of persons or expenses of travel under law;
- (8) services provided by public utilities; or
- (9) other legal liability of the Government against an available appropriation or fund.

De-obligations – A downward adjustment or deletion of previously recorded obligations. Such adjustments may be attributable to cancellation of a project or contract, price revisions, corrections of amounts previously recorded, or differences between obligations previously recorded and payments made.

Unliquidated Obligations – The obligated balance remaining for the amount of orders placed, contracts awarded, services rendered, or other binding agreements made by Government agencies after making any payments or de-obligations. Reports to the Treasury for an appropriation or fund account consider unliquidated obligations as the sum of undelivered orders plus accounts payable less reimbursements earned and refunds.

Period of Performance – Contractually specified timeframe for delivery or performance of a contract awarded for goods and services.

Period of Service – Timeframe when the vendor performs or provides the service(s), within contractually specified period of performance.

VI. MINIMUM REVIEW REQUIREMENTS

- Prepare Annual Certification Report on status of Undelivered Orders, based on June 30 data due to the Director, Office of Financial Management by July 31.
- Retain the annual documented review and reconciliation of undelivered orders for reference and annual audit.
- Review and validate all UDO for which more than 90 days have elapsed since the period of performance ended. If no period of performance is indicated, then review and validate UDO with no activity for greater than 90 days

- Document the reason why an open obligation has not been de-obligated after period of performance date. Possible reasons for no de-obligation are:
 - Period of Performance ended, final invoice not received;
 - Period of Performance ended, final invoice received, contract close-out begun;
 - Period of Performance ended, contract close completed, awaiting contract modification for final de-obligation;
 - Obligation subject to litigation, valid;
 - Final close-out of obligation subject to DCAA audit of final indirect rates;
 - Waiting for Period of Performance to be extended;
 - Erroneous obligation, working with contracting for de-obligation;
 - De-obligation due from contracting within 30 days; and
 - Waiting for acceptance from vendor to de-obligate

(Letterhead)

National Policy Memorandum

Assistant Secretary – Indian Affairs
Deputy Assistant Secretary for Management

Effective:

Expires:

Number:

Title: Undelivered Orders Policy

1. Purpose

The purpose of this memorandum is to establish the requirements for the appropriate procedure to follow to validate and certify Undelivered Orders.

2. Scope

This policy applies to all Indian Affairs (IA) headquarters, field and program staff under the authority of the Assistant Secretary – Indian Affairs (AS-IA), including the Bureau of Indian Affairs (BIA) and the Bureau of Indian Education (BIE.)

3. Policy

It is the policy of Indian Affairs to comply with federal regulations and policy and direction from the Department of the Interior (DOI) and the Office of Management and Budget (OMB) to ensure adequate internal controls measures and reviews are established and implemented. IA has implemented these procedures to ensure proper internal controls in compliance with OMB Circular A123.

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- 5) OMB Circular A-123:
http://www.whitehouse.gov/sites/default/files/omb/assets/agencyinformation_circulars_pdf/a123_appendix_b.pdf

B. Guidance

- 1) FBMS SoD Policy: <http://www.doi.gov/pfm/fmm/upload/FMM-2011-005-FBMS-SoD-Policy.pdf>
- 2) DOI Policy for Undelivered Orders: Attached.

6. Approval

Deputy Assistant Secretary for Management

Date

Release #
New