

30 March 2004

CERM-F

MEMORANDUM for MSC, DISTRICTS, LABS, CENTERS AND FOA

SUBJECT: Pre-validation Policy for MOCAS Contracts

1. References. DFAS-IN37-1, Chapter 9 and Department of Defense Financial Management Regulation, Volume 3, Chapter 8.
2. **General.** Pre-validation is a procedure that requires the line(s) of accounting cited on a proposed payment to be identified and matched to its applicable proper supporting obligation recorded in the official accounting system. This policy will be incorporated into ER-37-1-30.
3. **Purpose.** The purpose of this policy guidance is to implement procedures to ensure proper obligations are recorded for Mechanization of Contract Administration System (MOCAS) contracts before payment is made by DFAS Columbus (DFAS-CO) and subsequent disbursement is processed by the UFC. The office designated responsibility for recording obligations must record obligations in the accounting system at the time they are incurred, or as close to the time of incurrence as is feasible. In no instance may obligations be recorded later than 10 calendar days following the day that an obligation is incurred. Refer to Volume 3, Chapter 8 of the "Department of Defense Financial Management Regulation" for specific requirements.
4. **Procedures.** Currently, all MOCAS payments greater than \$15,000.00 must be pre-validated (this amount will gradually be reduced to \$0) by DFAS-CO. Pre-validation requires that a sufficient balance exists on the obligation for DFAS-CO to make the contractor payment.
 - a. DFAS-CO will fax or email invoice and pre-validation request to field activities.
 - i. Pre-validation requests will include document number, ACRN (ex. AA, AB) and purchase request and commitment number.
 - ii. Response time to DFAS-CO pre-validation request is 24 hours. The "24-hour clock" starts upon receipt of the faxed or emailed pre-validation request. USACE recipients must respond with an approval or denial to the individual in DFAS-CO from who they were received the request within this time period. If pre-validation is not completed in a timely manner, invoices may be held up for payment resulting in interest charges, Congressional inquiries, or other negative action taken by the vendor.

b. USACE field activities will validate obligation and funding exist.

i. If obligation and funding is available USACE personnel will record an accrual in the Corps of Engineers Financial Management System (CEFMS), send the pre-validation approval to DFAS-CO and fax a copy of the invoice and accrual print screen to the UFC, Cash Reports Division, attn: Brenda Carter at fax # 901-874-8568 or 8569.

ii. If no obligation is recorded in CEFMS, but funds are available, the USACE POC will contact DFAS-CO or query the Electronic Data Administration (EDA) system (to obtain access to EDA go to <http://eda.ogden.disa.mil>) for a copy of the contract. The USACE activity will then verify accounting classification information and record the obligation immediately. Finally, the USACE POC will record an accrual in CEFMS, notify DFAS-CO of approval and fax a copy of the invoice and accrual print screen to the UFC, Cash Reports Division, attn: Brenda Carter.

iii. If no obligation is recorded and no funds are available in CEFMS, the USACE field activity will contact DFAS-CO or query EDA for a copy of the contract and verify the accounting classification. If obligation should be recorded in CEFMS and funds are not available, the USACE POC will notify customer regarding insufficient funds. Customer will be allowed 10 calendar days either to provide funds or demonstrate that the obligation has been previously recorded. When additional funds are provided, the USACE POC will record the obligation, record an accrual and submit the invoice and accrual print screen to UFC, attn: Brenda Carter.

c. Upon receipt of the pre-validation invoice and accrual print screen the UFC will keep these records until the charge from DFAS-CO is reflected on the TBO uncleared listing. Once the charge appears on the TBO uncleared listing, the UFC will reverse the accrual in CEFMS and record the actual payable transaction.

d. Every Tuesday, Wednesday and Thursday DFAS-CO e-mails the MOCAS Pre-validation Request Aging Report to HQUSACE, JoAnn Evans, CERM-F. The report shows lines awaiting approval by age, i.e. awaiting approval for 5 days, awaiting approval 6 to 10 days, awaiting approval 11 to 15 days, etc. HQUSACE will distribute this report to activities on the list. USACE activities on this report are required to attend the weekly teleconference held by DFAS-CO on Thursdays at 1400 CST time and provide a status of their lines. The number for the teleconference is (614) 692-0992 and the access code number is 1638#. If you are unable to attend the teleconference, you must provide the status of your lines to JoAnn Evans, CERM-F, by 0900 CST on the morning of the teleconference.

5. Some possible causes for insufficient balances and their recommended solutions are as follows:

a. Obligation not recorded in accounting records (Solution: Query EDA for contract documentation)

b. Obligation recorded in accounting records under a different contract number (Solution: Query CEFMS for a match)

c. Obligation recorded in accounting records is too low (Solution: Ensure all contract modifications are recorded in CEFMS and query EDA for contract info.)

d. Over-disbursed (Solution: Request payment history from DFAS-CO or EDA).

e. Wrong activity being charged (Solution: Contact DFAS-CO for verification and correction if necessary).

6. **Benefits.** Implementation of this policy will eliminate Unmatched Disbursements for MOCAS payments and assist USACE in meeting the Joint Reconciliation Program goals. USACE complies with the CFO Act by providing timely, accurate financial data and adheres to the DoD FMR's obligation and payment requirements. USACE ensures timely payment of contractors, keeps project going and customers happy, reduces PPA interest and minimizes Congressional scrutiny.

/s/

MICHAEL E. WALSH, CPA
Chief, Finance and Accounting
Policy Division