



DEFENSE FINANCE AND ACCOUNTING SERVICE

COLUMBUS

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DFAS-BAP/CC

JUN 28 2002

MEMORANDUM FOR DIRECTOR, DFAS-BK/CC

SUBJECT: Interim Guidance 02-PRO-010, Over and Underpayments

In July 2001, the United States General Accounting Office (GAO) released an audit report on DoD canceled appropriations. This audit report (Canceled DoD Appropriations, GAO-01-697) revealed that DoD made what GAO considered to be illegal or improper adjustments against closed accounts. As a result of this audit, a meeting was held on October 4, 2001, with representatives of the Under Secretary of Defense (Comptroller) (USD(C)), GAO, and DFAS to obtain guidance on what are appropriate canceled fund adjustments. Accordingly, our office issued a policy on December 6, 2001, that outlined the guidelines to be followed when processing adjustments to canceled funds.

In order for the information in the above-mentioned policy to be implemented effectively, procedures had to be developed. The attached guidance provides instructions for all personnel involved in the demand/refund process to follow when a reconciliation reveals that over and underpayments exist on a contract against both canceled and non-canceled funds.

Please disseminate this guidance immediately to all Reconciliation personnel. Reconciliation personnel include, but may not be limited to, associates in the Reconciliation Directorate, the DFAS Liaison Offices, and at the DFAS Field Sites. Although this guidance should not change the current process for the Contract Input, Entitlement, Accounts Receivable, and Payment Support Branch, they are included in the attached for information purposes. All personnel within the Contract Pay Product Line can access this guidance (as well as any additional guidance referenced in this procedure) on the **Contract Pay (only)** link of the Commercial Pay Services website at <https://infoweb.dfas.mil/cps/cp/index.htm>. DFAS Liaison Office personnel that wish to have access to this website should contact the Contract Pay Web Administrator at CCO-WEBADMINISTRATOR@dfas.mil. Field Site personnel that need information from this website should contact their respective DFAS Liaison Office in Columbus.

This information will be incorporated as needed, in the next release of the following Contract Pay desk procedures: Desk Procedure 202, Processing Modifications and Corrections; Desk Procedure 401, Contractor Entitlement; Desk Procedure 607, Contract Reconciliation; Desk Procedure 807, Cancelled Appropriation Procedures; Desk Procedure 808, Coding of Adjustments; Desk Procedure 901, Accounts Receivable, and any subsequent procedures issued regarding the current year funding process.

If there are any questions regarding this guidance, please contact Tom Briggs, Staff Accountant, DFAS-BAP/CC, at extension 3-8780.

/S/

Linda Ferguson
Director, Analysis and Customer Support

Attachment
As stated

cc:

DFAS-B/CC
DFAS-BA/CC
DFAS-BK/CC
DFAS-BKF/CC
DFAS-BKJ/CC
DFAS-BKJ Division Chiefs
DFAS-BKJ Branch Chiefs
DFAS-BKR/CC Division Chiefs
DFAS-BKR/CC Branch Chiefs
DFAS-BSP/CC
DFAS-BSPC/CC
DFAS-BT/CC
DFAS-HOFT
Cleveland Liaison Office
Denver Liaison Office
Kansas City Liaison Office
Indianapolis Liaison Office
DCMA Liaison Office
DPPS PMO

Over and Underpayments

FOREWORD

Prior to the GAO Audit on Canceled Appropriations (GAO-01-697), when an audit revealed there were both over and underpayments on a contract a SF1081 adjustment would be done to "offset" the over and underpayment amounts to produce either a "net" refund or "net" demand.

Once the GAO Audit was issued this practice was discontinued.

In December 2001, we issued a policy letter outlining the major changes we needed to implement as a result of the GAO Audit. This memo states,

DFAS-BS/CC
Policy Memo,
02-POL-001,
December 06,
2001

"Netting of Demands and Refunds - If a contract reconciliation results in money owed to the contractor (refund) and money owed to the government (demand), the two amounts are not to be netted for accounting purposes when canceled funds are involved. The refund and the demand are considered to be separate regardless of whether the same appropriation is involved or if the appropriations are different. The refund amount requires obtaining of current year funds before payment can be made to the contractor. As a debt collection matter, the amounts can be offset after the current funds are obtained, and the demand letter can be issued at the net value. The collection of the demand amount from the contractor must be deposited into Treasury Miscellaneous Receipts via an SF1081. The collection of the demand amount will be posted to the contract via an internal SF-1017G Journal Voucher."

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Over and Underpayments

PURPOSE The purpose of this guidance is to provide instructions for processing contract over and underpayments **WITHOUT** performing a SF1081 adjustment to "offset" these amounts.

Proceed to the appropriate page in this guidance according to the table below.

If...	And...	Then...
the over and underpayment does not include Work In Progress (WIP),	<ul style="list-style-type: none"> • the net result is a refund, • the net result is a demand, • the net result is zero, 	<ul style="list-style-type: none"> • go to page IG-4. • go to page IG-12. • go to page IG-22.
the over and underpayment includes Work In Progress (WIP),	<ul style="list-style-type: none"> • the net result is a refund, • the net result is a demand, • the net result is zero, 	<ul style="list-style-type: none"> • go to page IG-30. • go to page IG-41. • go to page IG-56.

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Over and Underpayments



This procedure does not address over and under-recoupments that exist without a corresponding material line. The reason for this is these transactions by themselves **ARE NOT** considered demands and refunds unless the "net" result is an amount due to, or owed from, the contractor. For specific information on adjusting over and under-recoupments, refer to Interim Guidance 02-PRO-009, Processing Accounting Adjustments for Work In Progress (WIP).



When determining the demand and refund amounts, WIP should be considered as long as the WIP is directly related to the over and underpayment. If there is no evidence to the contrary then you should assume that the WIP is related.

For example, if you are issuing a refund for Shipment ABC0005 and there is unrecouped WIP on ACRN AE, which is where the underpayment occurred, it is safe to assume that the WIP is related since this is a material shipment. On the other hand, if you are issuing a demand letter for BVN0005 against ACRN AG and ACRN AG also happens to have a debit WIP, it is not safe to assume that the WIP is related to the demand because recoupment is not typically taken on cost vouchers.

In the "With Work In Progress (WIP)" section of this guidance, WIP is handled both ways.

- In the "Net Refund" and "Net Demand" subsections, we are assuming that the WIP is related; thus, the demands and refunds are issued "net" of WIP.
- In the "Net Zero" subsection, we are assuming that the WIP is not related; thus, the WIP is adjusted prior to the issuance of the demand or refund and the demands and refunds are issued for the "gross" amounts.

Continued on next page

Over and Underpayments

No Work In Progress (WIP)

NET REFUND

A. Both ACRNs are canceled.

When both ACRNs are canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Any Trans Code Other than WIP	\$900.00 ULO	REFUND
ACRN AB	CANCELED	Any Trans Code Other than WIP	<\$700.00> NULO	DEMAND

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$900.00 and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) in order to request current year funding for the amount to be refunded.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the amount of the overpayment (\$700.00).
4 Accounts Receivable will:	Issue a demand letter to the contractor for the amount of the overpayment (\$700.00).
5 Payment Support will:	Submit the request for current year funding to the appropriate funding station.

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Over and Underpayments

No Work In Progress (WIP)

NET REFUND (continued)

A. Both ACRNs are canceled (continued)

NOTE: If current year funding is received prior to receipt of the check from the contractor, perform steps 6 through 11.

Step	Action
6 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
7 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
8 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
9 Entitlement will:	A. Entitle the refund for \$900.00 using the newly established ACRN. B. Deduct the \$700.00 overpayment and post it to the Withhold line of the newly established ACRN. C. Refund the contractor \$200.00 from the newly established ACRN. D. Notify Accounts Receivable that the Demand Letter has been satisfied and that it can be closed.
10 Accounts Receivable will:	A. Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and post the credit to miscellaneous receipts since the debt is on a canceled ACRN. B. Update ACRN AB with a journal voucher (JV) in MOCAS to reflect the amount posted to miscellaneous receipts.
11 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

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Over and Underpayments

No Work In Progress (WIP)

NET REFUND (continued)

A. Both ACRNs are canceled (continued)

NOTE: If the check from the contractor for the \$700.00 overpayment is received prior to receipt of the current year funding, perform steps 12-17.

Step	Action
12 Accounts Receivable will:	A. Post the check to miscellaneous receipts since the indebted ACRN is canceled. B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to miscellaneous receipts.
13 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
14 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
15 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
16 Entitlement will:	Entitle the refund for \$900.00 using the newly established ACRN and issue payment to the contractor.
17 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

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Over and Underpayments

No Work In Progress (WIP)

NET REFUND (continued)

B. Both ACRNs are current

When both ACRNs are current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Any Trans Code Other than WIP	\$900.00 ULO	REFUND
ACRN AB	CURRENT	Any Trans Code Other than WIP	<\$700.00> NULO	DEMAND

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$900.00 against ACRN AA and submit a refund package to the appropriate Entitlement section stating that there is a refund due. Be sure to annotate the refund request that a deduction should be taken for the amount of the overpayment.
2 Entitlement will:	A. If ACRN AA and AB are the same service, deduct the \$700.00 overpayment and post it directly to ACRN AB. B. If ACRN AA and AB are different services, post the deduction against the Withhold line of ACRN AA. C. Issue payment to the contractor for \$200.00.
3 Reconciliation Directorate will:	Perform an SF1081 to debit the withhold line on ACRN AA and credit the appropriate trans code on ACRN AB if ACRN AA and AB are different services.

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Over and Underpayments

No Work In Progress (WIP)

NET REFUND (continued)

C. The payable ACRN is current and indebted ACRN is canceled

When the payable ACRN is current and the indebted ACRN is canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Any Trans Code Other than WIP	\$900.00 ULO	REFUND
ACRN AB	CANCELED	Any Trans Code Other than WIP	<\$700.00> NULO	DEMAND

Step	Action
1 Reconciliation Directorate will:	Write up refund for \$900.00 against the current ACRN and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. Be sure to annotate the refund request that a deduction should be taken for the amount of the overpayment.
2 Entitlement will:	A. Deduct the \$700.00 overpayment and post it to the Withhold line of the current ACRN. B. Issue payment to the contractor for \$200.00.
3 Accounts Receivable will:	A. Perform an SF1081 adjustment to debit the Withhold line of the current ACRN and post the credit to miscellaneous receipts since the debt is on a canceled ACRN. B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to the miscellaneous receipts account.

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Over and Underpayments

No Work In Progress (WIP)

NET REFUND (continued)

D. Payable ACRN is canceled and indebted ACRN is current

When the payable ACRN is canceled and the indebted ACRN is current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Any Trans Code Other than WIP	\$900.00 ULO	REFUND
ACRN AB	CURRENT	Any Trans Code Other than WIP	<\$700.00> NULO	DEMAND

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$900.00 and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the Refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) in order to request current year funding for the amount to be refunded.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the amount of the overpayment (\$700.00).
4 Accounts Receivable will:	Issue a demand letter to the contractor for the amount of the overpayment (\$700.00).
5 Payment Support will:	Submit the request for current year funding to the appropriate funding station.

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Over and Underpayments

No Work In Progress (WIP)

NET REFUND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If current year funding is received prior to receipt of the check from the contractor, perform steps 6 through 11.

Step	Action
6 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
7 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
8 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
9 Entitlement will:	A. Entitle the refund for \$900.00 using the newly established ACRN. B. Deduct the \$700.00 overpayment and post it directly to ACRN AB if ACRNs AA and AB are the same service. C. If ACRN AB is a different service than ACRN AA, post the amount of the deduction against the Withhold line of ACRN AA. D. Refund the contractor \$200.00 from the newly established ACRN. E. Notify Accounts Receivable that the Demand Letter has been satisfied and that it can be closed.
10 Accounts Receivable will:	Perform an SF1081 adjustment to debit the Withhold line of the canceled ACRN and credit the appropriate trans code of the current ACRN.
11 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received. Cancel the demand letter.

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Over and Underpayments

No Work In Progress (WIP)

NET REFUND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If the check from the contractor is received prior to receipt of the current year funding, issue a check to the contractor using steps 12-17.

Step	Action
12 Accounts Receivable will:	Post the amount of the contractor's check directly to ACRN AB.
13 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
14 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
15 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
16 Entitlement will:	Entitle the refund for \$900.00 using the newly established ACRN and issue payment to the contractor.
17 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

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Over and Underpayments

No Work In Progress (WIP)

NET DEMAND

A. Both ACRNs are canceled

When both ACRNs are canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Any Trans Code Other than WIP	\$700.00 ULO	REFUND
ACRN AB	CANCELED	Any Trans Code Other than WIP	<\$900.00> NULO	DEMAND

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$700.00 and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) in order to request current year funding for the amount to be refunded.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the amount of the overpayment (\$900.00).
4 Accounts Receivable will:	Issue a demand letter to the contractor for the amount of the overpayment (\$900.00).
5 Payment Support will:	Submit the request for current year funding to the appropriate funding station.

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Over and Underpayments

No Work In Progress (WIP)

NET DEMAND (continued)

A. Both ACRNs are canceled (continued)

NOTE: If current year funding is received prior to receipt of the check from the contractor, process a zero payment to the contractor using steps 6 through 11.

Step	Action
6 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
7 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
8 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
9 Entitlement will:	A. Entitle the refund for \$700.00 using the newly established ACRN. B. Deduct \$700.00 of the \$900.00 overpayment and post it to the Withhold line of the newly established ACRN. C. The contractor will receive no payment. D. Notify Accounts Receivable that the original Demand Letter has been satisfied and that a new Demand Letter needs to be issued for \$200.00.
10 Accounts Receivable will:	A. Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and post the credit to miscellaneous receipts since the debt is on a canceled ACRN. B. Update ACRN AB with a journal voucher (JV) in MOCAS to reflect the amount posted to miscellaneous receipts.
11 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received. Cancel the demand letter.

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Over and Underpayments

No Work In Progress (WIP)

NET DEMAND (continued)

A. Both ACRNs are canceled (continued)

NOTE: If the check from the contractor is received for the full amount of the demand (\$900.00) prior to receipt of the current year funding, handle the payment to the contractor via the accounts receivable process using steps 12-17.

Step	Action
12 Accounts Receivable will:	A. Post the check to miscellaneous receipts since the indebted ACRN is canceled. B. Update the ACRN with the amount of the demand with a JV in MOCAS to reflect the amount posted to miscellaneous receipts.
13 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
14 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
15 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
16 Entitlement will:	Entitle the refund for \$700.00 using the newly established ACRN and issue payment to the contractor.
17 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

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Over and Underpayments

No Work In Progress (WIP)

NET DEMAND (continued)

A. Both ACRNs are canceled (continued)

NOTE: If the check from the contractor is received for the difference of \$200.00 prior to receipt of current year funding, handle the payment to the contractor via the accounts receivable process using steps 18 through 24.

Step	Action
18 Accounts Receivable will:	A. Post the check to miscellaneous receipts since the indebted ACRN is canceled. B. Update the ACRN with the amount of the demand with a JV in MOCAS to reflect the amount posted to miscellaneous receipts.
19 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
20 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
21 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor Once the current year funding is received
22 Entitlement will:	A. Entitle the refund for \$700.00 using the newly established ACRN. B. Deduct \$700.00 of the \$900.00 overpayment and post it to the Withhold line of the newly established ACRN. C. Process a zero payment to the contractor.
23 Accounts Receivable will:	A. Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and post the credit to miscellaneous receipts since the debt is on a canceled ACRN. B. Update ACRN AB with a journal voucher (JV) in MOCAS to reflect the amount posted to miscellaneous receipts.
24 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

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Over and Underpayments

No Work In Progress (WIP)

NET DEMAND (continued)

B. Both ACRNs are current

When both ACRNs are current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Any Trans Code Other than WIP	\$700.00 ULO	REFUND
ACRN AB	CURRENT	Any Trans Code Other than WIP	<\$900.00> NULO	DEMAND

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$700.00 against ACRN AA and submit a refund package to the appropriate Entitlement section stating that there is a refund due. Be sure to annotate the refund request that a deduction should be taken for the overpayment.
2 Entitlement will:	A. If ACRN AA and AB are the same service, deduct \$700.00 of the \$900.00 overpayment and post it directly to ACRN AB. B. If ACRN AA and AB are different services, post the deduction against the Withhold line of ACRN AA. C. The contractor will receive no payment.
3 Reconciliation Directorate will:	A. Perform an SF1081 to debit the withhold line on ACRN AA and credit the appropriate trans code on ACRN AB. B. Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the remainder of the overpayment (\$200.00).
4 Accounts Receivable will :	Issue a demand letter to the contractor for the remaining \$200.00.

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Over and Underpayments

No Work In Progress (WIP)

NET DEMAND (continued)

C. Payable ACRN is current and indebted ACRN is canceled

When the payable ACRN is current and the indebted ACRN is canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Any Trans Code Other than WIP	\$700.00 ULO	REFUND
ACRN AB	CANCELED	Any Trans Code Other than WIP	<\$900.00> NULO	DEMAND

Step	Action
1 Reconciliation Directorate will:	Write up refund for \$700.00 against the current ACRN and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. Be sure to annotate the refund request that a deduction should be taken for the overpayment.
2 Entitlement will:	A. Deduct \$700.00 of the \$900.00 overpayment and post it to the Withhold line of the current ACRN. B. The contractor will receive no payment.
3 Accounts Receivable will:	Perform an SF1081 adjustment to debit the Withhold line of the current ACRN and post the credit to miscellaneous receipts since the debt is on a canceled ACRN.
4 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the remainder of the overpayment (\$200.00).
5 Accounts Receivable will:	A. Issue a demand letter to the contractor for the remaining \$200.00. B. Once the check is received, deposit the check into miscellaneous receipts. C. Update ACRN AB with a JV to reflect the amount posted to miscellaneous receipts.

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Over and Underpayments

No Work In Progress (WIP)

NET DEMAND (continued)

D. Payable ACRN is canceled and indebted ACRN is current

When the payable ACRN is canceled and the indebted ACRN is current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Any Trans Code Other than WIP	\$700.00 ULO	REFUND
ACRN AB	CURRENT	Any Trans Code Other than WIP	<\$900.00> NULO	DEMAND

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$700.00 and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) in order to request current year funding for the amount to be refunded.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the amount of the overpayment (\$900.00).
4 Accounts Receivable will:	Issue a demand letter to the contractor for the amount of the overpayment (\$900.00).
5 Payment Support will:	Submit the request for current year funding to the appropriate funding station.

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Over and Underpayments

No Work In Progress (WIP)

NET DEMAND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If current year funding is received prior to receipt of the check from the contractor, process a zero payment to the contractor via the pay and deduct process using steps 6 through 11.

Step	Action
6 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
7 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
8 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
9 Entitlement will:	A. Entitle the refund for \$700.00 using the newly established ACRN. B. If the newly established ACRN and ACRN AB are on the same service, deduct \$700.00 of the \$900.00 overpayment and post it directly to ACRN AB. C. If the newly established ACRN and ACRN AB are on different services, post the amount of the deduction against the Withhold line of the newly established ACRN. D. The contractor will receive no payment.
10 Accounts Receivable will:	Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and credit the appropriate trans code on ACRN AB if ACRNs AA and AB are different services.
11 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

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Over and Underpayments

No Work In Progress (WIP)

NET DEMAND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If the check from the contractor for the full amount of the demand is received prior to receipt of the current year funding, the check from the contractor will be handled via the accounts receivable process using steps 12-17.

Step	Action
12 Accounts Receivable will:	Post the amount of the contractor's check directly to ACRN AB.
13 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
14 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
15 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
16 Entitlement will:	Entitle the refund for \$700.00 using the newly established ACRN and issue payment to the contractor for the full amount.
17 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

Continued on next page

Over and Underpayments

No Work In Progress (WIP)

NET DEMAND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If the check from the contractor is received for the net amount (the difference between the refund and the demand) prior to receipt of the current year funding, the check from the contractor will be handled via the accounts receivable process using steps 18 through 24.

Step	Action
18 Accounts Receivable will:	Post the check directly to ACRN AB.
19 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
20 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
21 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor
22 Entitlement will:	A. Entitle the refund for \$700.00 using the newly established ACRN. B. If the newly established ACRN and ACRN AB are on the same service, deduct \$700.00 of the \$900.00 overpayment and post it directly to ACRN AB. C. If the newly established ACRN and ACRN AB are on different services, post the amount of the deduction against the Withhold line of the newly established ACRN. D. Process a zero payment to the contractor.
23 Accounts Receivable will:	Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and post the credit to the indebted ACRN if the new ACRN and indebted ACRN are different services.
24 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

Continued on next page

Over and Underpayments

No Work In Progress (WIP)

NET ZERO

A. Both ACRNs are canceled

When both ACRNs are canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Any Trans Code Other than WIP	\$700.00 ULO	REFUND
ACRN AB	CANCELED	Any Trans Code Other than WIP	<\$700.00> NULO	DEMAND

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$700.00 and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) in order to request current year funding for the amount to be refunded.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the amount of the overpayment (\$700.00).
4 Accounts Receivable will:	Issue a demand letter to the contractor for the amount of the overpayment (\$700.00).
5 Payment Support will:	Submit the request for current year funding to the appropriate funding station.

Continued on next page

Over and Underpayments

No Work In Progress (WIP)

NET ZERO (continued)

A. Both ACRNs are canceled (continued)

NOTE: If current year funding is received prior to receipt of the check from the contractor, process a zero payment to the contractor using steps 6-11.

Step	Action
6 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
7 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
8 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
9 Entitlement will:	A. Entitle the refund for \$700.00 using the newly established ACRN. B. Deduct the \$700.00 overpayment and post it to the Withhold line of the newly established ACRN. C. The contractor will receive no payment. D. Notify Accounts Receivable that the Demand Letter has been satisfied and that it can be closed.
10 Accounts Receivable will:	A. Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and post the credit to miscellaneous receipts since the debt is on a canceled ACRN. B. Update the ACRN containing the demand with a journal voucher (JV) in MOCAS to reflect the amount posted to miscellaneous receipts.
11 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

Continued on next page

Over and Underpayments

No Work In Progress (WIP)

NET ZERO (continued)

B. Both ACRNs are canceled (continued)

NOTE: If the check from the contractor is received prior to receipt of current year funding, handle the check from the contractor via the accounts receivable process using steps 12-17.

Step	Action
12 Accounts Receivable will:	A. Post the check to miscellaneous receipts since the indebted ACRN is canceled. B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to miscellaneous receipts.
13 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
14 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
15 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
16 Entitlement will:	Entitle the refund for the full amount using the newly established ACRN and issue payment to the contractor.
17 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

Continued on next page

Over and Underpayments

No Work In Progress (WIP)

NET ZERO (continued)

B. Both ACRNs are current

When both ACRNs are current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Any Trans Code Other than WIP	\$700.00 ULO	REFUND
ACRN AB	CURRENT	Any Trans Code Other than WIP	<\$700.00> NULO	DEMAND

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$700.00 against ACRN AA and submit a refund package to the appropriate Entitlement section stating that there is a refund due. Be sure to annotate the refund request that a deduction should be taken for the overpayment.
2 Entitlement will:	<p>A. If ACRN AA and AB are the same service, deduct the \$700.00 overpayment and post it directly to ACRN AB.</p> <p>B. If ACRN AA and AB are different services, post the deduction against the Withhold line of ACRN AA.</p> <p>C. The contractor will receive no payment.</p>
3 Reconciliation Directorate will:	Perform an SF1081 to debit the withhold line on ACRN AA and credit the appropriate trans code on ACRN AB if ACRN AA and AB are different services.

Continued on next page

Over and Underpayments

No Work In Progress (WIP)

NET ZERO (continued)

C. Payable ACRN is current and indebted ACRN is canceled

When the payable ACRN is current and the indebted ACRN is canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Any Trans Code Other than WIP	\$700.00 ULO	REFUND
ACRN AB	CANCELED	Any Trans Code Other than WIP	<\$700.00> NULO	DEMAND

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$700.00 against the current ACRN and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. Be sure to annotate the refund request that a deduction should be taken for the overpayment.
2 Entitlement will:	A. Deduct the \$700.00 overpayment and post it to the Withhold line of the current ACRN. B. The contractor will receive no payment.
3 Accounts Receivable will:	A. Perform an SF1081 adjustment to debit the Withhold line of the current ACRN and post the credit to miscellaneous receipts since the debt is on a canceled ACRN. B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to the miscellaneous receipts account.

Continued on next page

Over and Underpayments

No Work In Progress (WIP)

NET ZERO (continued)

D. Payable ACRN is canceled and indebted ACRN is current

When the payable ACRN is canceled and the indebted ACRN is current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Any Trans Code Other than WIP	\$700.00 ULO	REFUND
ACRN AB	CURRENT	Any Trans Code Other than WIP	<\$700.00> NULO	DEMAND

1 Reconciliation Directorate will:	Write up the refund for \$700.00 and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) in order to request current year funding for the amount to be refunded.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the amount of the overpayment (\$700.00).
4 Accounts Receivable will:	Issue a demand letter to the contractor for the amount of the overpayment (\$700.00)
5 Payment Support will:	Submit the request for current year funding to the appropriate funding station.

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Over and Underpayments

No Work In Progress (WIP)

NET ZERO (continued)

D. Payable ACRN is canceled and indebted ACRN is current(cont.)

NOTE: If current year funding is received prior to receipt of the check from the contractor, process a zero payment to the contractor using steps 6-11.

Step	Action
6 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
7 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
8 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
9 Entitlement will:	A. Entitle the refund for \$700.00 using the newly established ACRN. B. If the newly established ACRN and ACRN AB are on the same service, deduct the \$700.00 overpayment and post it directly to ACRN AB. C. If the newly established ACRN and ACRN AB are on different services, post the overpayment against the Withhold line of the newly established ACRN. D. The contractor will receive no payment. E. Notify Accounts Receivable that the Demand Letter has been satisfied and that it can be closed.
10 Accounts Receivable will:	Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and credit the appropriate trans code on ACRN AB if the new ACRN and ACRN AB are different services.
11 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

Continued on next page

Over and Underpayments

No Work In Progress (WIP)

NET ZERO (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If the check from the contractor is received prior to receipt of the current year funding, the check from the contractor will be handled via the accounts receivable process using steps 12-17.

Step	Action
12 Accounts Receivable will:	Post the amount of the contractor's check directly to ACRN AB.
13 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
14 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
15 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
16 Entitlement will:	Entitle the refund for \$700.00 using the newly established ACRN and issue payment to the contractor.
17 Reconciliation Directorate will:	De-obligate a corresponding amount from the canceled year ACRN for the amount of the current year funds received.

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Over and Underpayments

With Work In Progress (WIP)

NET REFUND

A. Both ACRNs are canceled

When both ACRNs are canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Control Line (C)	\$1000.00 ULO	REFUND
ACRN AA	CANCELED	WIP Line (W)	<\$700.00>	
ACRN AB	CANCELED	Control Line (C)	<\$900.00> NULO	DEMAND
ACRN AB	CANCELED	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	Write up the refund for the net amount of \$300.00 on ACRN AA (material less unrecouped WIP) and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) to request current year funding for the net amount of \$300.00 (material less unrecouped WIP) on ACRN AA.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the amount of the overpayment (\$200.00) on ACRN AB.
4 Accounts Receivable will:	Issue a demand letter to the contractor for the amount of the overpayment (\$200.00).
5 Payment Support will:	Submit the request for current year funding to the appropriate funding station.

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET REFUND (continued)

A. Both ACRNs are canceled (continued)

NOTE: If current year funding is received prior to receipt of the check from the contractor, handle the payment to the contractor via the pay and deduct process using steps 6-11.

Step	Action
6 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
7 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
8 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
9 Entitlement will:	A. Write up the refund on the Advice of Payment for \$1000.00 minus the <\$700.00> recoupment to get a net payment of \$300.00 on the newly established ACRN. The \$1000.00 and \$700.00 are shown for reference purposes only. The \$300.00 is the only amount actually being charged to the current ACRN. B. Deduct the <\$200.00> overpayment on ACRN AB from the net payment of \$300.00 and post it to the Withhold line of the newly established ACRN. C. Refund the contractor \$100.00 (\$300.00 in current year funding minus the <\$200.00> overpayment) from the newly established ACRN. D. Notify Accounts Receivable that the Demand Letter has been satisfied and that it can be closed.

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET REFUND (continued)

A. Both ACRNs are canceled (continued)

Step	Action
10 Accounts Receivable will:	<p>A. Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN \$200.00 and post the credit to miscellaneous receipts since the debt is on a canceled ACRN.</p> <p>B. Process a journal voucher (JV) in MOCAS to reflect the amount posted to miscellaneous receipts. The JV would credit the material line for <\$900.00> and debit the WIP line for \$700.00 for a total credit of <\$200.00> (which is the same amount deposited into miscellaneous receipts).</p>
11 Reconciliation Directorate will:	<p>A. Perform an SF1081 adjustment to credit the WIP line of ACRN AA <\$700.00> and debit the material line of ACRN AA \$700.00 to reflect the recoupment that was applied on this payment (This will eliminate the WIP line on ACRN AA and reduce the ULO to \$300.00).</p> <p>B. De-obligate ACRN AA by \$300.00 to reflect the amount of current year funds received.</p>

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET REFUND (continued)

A. Both ACRNs are canceled (continued)

NOTE: If the check from the contractor is received prior to receipt of the current year funding, the check from the contractor will be handled via the accounts receivable process using steps 12-17.

Step	Action
12 Accounts Receivable will:	A. Post the check to miscellaneous receipts (since the indebted ACRN is canceled). B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to miscellaneous receipts. The JV would credit the material line for <\$900.00> and debit the WIP line for \$700.00 for a net credit of <\$200.00>, which is the amount deposited into miscellaneous receipts.
13 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
14 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
15 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET REFUND (continued)

A. Both ACRNs are canceled (continued)

Step	Action
16 Entitlement will:	<p>A. When the \$300.00 in current year funding is received and the new ACRN is established, write up the refund on the Advice of Payment for \$1000.00 minus the <\$700.00> recoupment to get to a net payment of \$300.00 on the newly established ACRN. The \$1000.00 and \$700.00 figures are shown only for reference purposes. The \$300.00 is the only amount actually charged to the newly established ACRN.</p> <p>B. The contractor will receive the refund of \$300.00.</p>
17 Reconciliation Directorate will:	<p>A. Perform an SF1081 adjustment to credit the WIP line of ACRN AA <\$700.00> and debit the material line of ACRN AA \$700.00 to reflect the recoupment that was applied on this payment. This eliminates the WIP line on ACRN AA and reduces the ULO to \$300.00.</p> <p>B. De-obligate ACRN AA by \$300.00, which was the amount received in current year funding.</p>

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET REFUND (continued)

B. Both ACRNs are current

When both ACRNs are current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Control Line (C)	\$1000.00 ULO	REFUND
ACRN AA	CURRENT	WIP Line (W)	<\$700.00>	
ACRN AB	CURRENT	Control Line (C)	<\$900.00> NULO	DEMAND
ACRN AB	CURRENT	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	<p>A. Write up the refund for \$1000.00 against ACRN AA and apply the recoupment of <\$700.00> that is on ACRN AA. Be sure to annotate the refund request that a deduction should be taken for the overpayment.</p> <p>B. Submit the refund package to the appropriate Entitlement section stating that there is a refund due.</p>
2 Entitlement will:	<p>A. If ACRN AA and AB are the same service, write up the refund for the \$700.00 debit on ACRN AB and take a deduction for the <\$900.00> overpayment on ACRN AB.</p> <p>B. If ACRN AB is a different service than ACRN AA, then post the net deduction of <\$200.00> (<\$900.00> overpayment minus the \$700.00 debit WIP) to the Withhold line on ACRN AA.</p> <p>C. Issue the contractor a net payment of \$100.00.</p>
3 Reconciliation Directorate will:	<p>Perform an SF1081 adjustment to debit the Withhold line on ACRN AA \$200.00, credit ACRN AB material line <\$900.00> and debit ACRN AB WIP line \$700.00 if ACRN AA and AB are different services.</p>

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET REFUND (continued)

C. Payable ACRN is current and indebted ACRN is canceled

When the payable ACRN is current and the indebted ACRN is canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Control Line (C)	\$1000.00 ULO	REFUND
ACRN AA	CURRENT	WIP Line (W)	<\$700.00>	
ACRN AB	CANCELED	Control Line (C)	<\$900.00> NULO	DEMAND
ACRN AB	CANCELED	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$1000.00 against ACRN AA, apply the recoupment of <\$700.00> that is on ACRN AA and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor.
2 Entitlement will:	A. Deduct the net overpayment of <\$200.00> (<\$900.00> minus \$700.00) on ARN AB and post it to the Withhold line on ACRN AA. B. Issue payment to the contractor for \$100.00.
3 Accounts Receivable will:	A. Perform an SF1081 adjustment to debit the Withhold line on ACRN AA \$200.00 and credit miscellaneous receipts <\$200.00> since ACRN AB is canceled. B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to the miscellaneous receipts account. The JV would credit the material line for <\$900.00> and debit the WIP line for \$700.00 for a net credit of <\$200.00>, which is the amount deposited into miscellaneous receipts.

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET REFUND (continued)

D. Payable ACRN is canceled and indebted ACRN is current

When the payable ACRN is canceled and the indebted ACRN is current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Control Line (C)	\$1000.00 ULO	REFUND
ACRN AA	CANCELED	WIP Line (W)	<\$700.00>	
ACRN AB	CURRENT	Control Line (C)	<\$900.00> NULO	DEMAND
ACRN AB	CURRENT	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	Write up the refund for the net amount of \$300.00 on ACRN AA (material less unrecouped WIP) and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) to request current year funding for the net amount of \$300.00 (material less unrecouped WIP) on ACRN AA.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the net amount of \$200.00 (material less unrecouped WIP) on ACRN AB.
4 Accounts Receivable will:	Issue a demand letter to the contractor for the \$200.00 (material less unrecouped WIP) on ACRN AB.
5 Payment Support will:	Submit the request for current year funding for \$300.00 to the appropriate funding station.

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Over and Underpayments

With Work In Progress (WIP)

NET REFUND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If current year funding is received prior to receipt of the check from the contractor, handle the payment to the contractor via the pay and deduct process using steps 6-11.

Step	Action
6 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
7 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
8 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
9 Entitlement will:	A. Write up the refund on the Advice of Payment for \$1000.00 minus the <\$700.00> recoupment to get a net payment of \$300.00 on the newly established ACRN. The \$1000.00 and \$700.00 are shown for reference purposes only. The \$300.00 is the only amount actually being charged to the current ACRN. B. Write up the refund for the \$700.00 debit WIP on ACRN AB if the newly established year ACRN and ACRN AB are the same service C. Deduct the <\$900.00> overpayment on ACRN AB if the newly established ACRN and ACRN AB are the same service or D. If ACRN AB is a different service than the newly established ACRN, post the net deduction of <\$200.00> (<\$900.00> overpayment minus the \$700.00 debit WIP) to the Withhold line of the newly established ACRN. E. Refund the contractor \$100.00 (\$300.00 in current year funding minus the <\$200.00> overpayment) from the newly established ACRN.

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Over and Underpayments

With Work In Progress (WIP)

NET REFUND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

Step	Action
9 Entitlement will (cont.):	F. Notify Accounts Receivable that the Demand Letter has been satisfied and that it can be closed.
10 Accounts Receivable will:	If the newly established ACRN and ACRN AB are different services, perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN \$200.00, credit the material line on ACRN AB <\$900.00> and debit ACRN AB WIP line \$700.00.
11 Reconciliation Directorate will:	A. Perform an SF1081 adjustment to credit the WIP line of ACRN AA <\$700.00> and debit the material line of ACRN AA \$700.00 to reflect the recoupment that was applied on this payment. This will eliminate the WIP line on ACRN AA and reduce the ULO to \$300.00. B. De-obligate ACRN AA by \$300.00 to reflect the amount of current year funding received.

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Over and Underpayments

With Work In Progress (WIP)

NET REFUND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If the check from the contractor is received prior to the current year funding, handle the check from the contractor via the accounts receivable process using steps 12-17.

Step	Action
12 Accounts Receivable will:	Post the contractor's check directly to ACRN AB by debiting the WIP line \$700.00 and crediting the material line <\$900.00> to reflect the net collection of <\$200.00>.
13 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
14 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
15 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
16 Entitlement will:	A. Write up the refund on the Advice of Payment for \$1000.00 minus the <\$700.00> recoupment to get a net payment of \$300.00 on the newly established ACRN. Note: The \$1000.00 and \$700.00 figures are shown for reference purposes only. The \$300.00 is the only amount actually being charged to the newly established ACRN. B. The contractor will receive the refund for the \$300.00.
17 Reconciliation Directorate will:	A. Perform an SF1081 adjustment to credit the WIP line of ACRN AA <\$700.00> and debit the material line of ACRN AA \$700.00 to reflect the recoupment that was applied on the payment. This will eliminate the WIP line on ACRN AA and reduce the ULO to \$300.00. B. De-obligate \$300.00 from ACRN AA for the amount of the current year funds received.

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET DEMAND

A. Both ACRNs are canceled

When both ACRNs are canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Control Line (C)	\$900.00 ULO	REFUND
ACRN AA	CANCELED	WIP Line (W)	<\$700.00>	
ACRN AB	CANCELED	Control Line (C)	<1,000.00>NULO	DEMAND
ACRN AB	CANCELED	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$200.00 (material less unrecouped WIP) on ACRN AA and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) in order to request \$200.00 in current year funding for the amount to be refunded on ACRN AA.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the amount of the overpayment (\$300.00) on ACRN AB.
4 Accounts Receivable will:	Issue a demand letter to the contractor for the amount of the overpayment (\$300.00).
5 Payment Support will:	Submit the request for current year funding to the appropriate funding station.

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Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

A. Both ACRNs are canceled (continued)

NOTE: If current year funding is received prior to receipt of the check from the contractor, process a zero payment to the contractor via the pay and deduct process using steps 6-11.

Step	Action
6 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriation Entitlement area.
7 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
8 Contract Input will:	Input the current year funding on the contract using the ACRN provided. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
9 Entitlement will:	<p>A. Write up the refund on the Advice of Payment for \$900.00 minus the <\$700.00> recoupment to get a net payment of \$200.00 on the newly established ACRN. Note: The \$900.00 and \$700.00 are shown for reference purposes only. The \$200.00 is the only amount actually being charged to the newly established ACRN.</p> <p>B. Deduct <\$200.00> of the <\$300.00> overpayment on ACRN AB and post it to the Withhold line of the newly established ACRN.</p> <p>C. The contractor will receive no payment.</p> <p>D. Notify Accounts Receivable that the Demand Letter has been satisfied and that a new Demand Letter needs to be issued for \$100.00</p>

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

A. Both ACRNs are canceled (continued)

Step	Action
10 Accounts Receivable will:	<p>A. Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and post the credit to miscellaneous receipts since the debt is on a canceled ACRN.</p> <p>B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to miscellaneous receipts. The JV would credit the material line for <\$900.00> and debit the WIP line for \$700.00 for a total credit of <\$200.00> (which is the same amount deposited into miscellaneous receipts).</p>
11 Reconciliation Directorate will:	<p>A. Perform an SF1081 adjustment to credit the WIP line of ACRN AA <\$700.00> and debit the material line of ACRN AA \$700.00 to reflect the recoupment that was applied on the payment. This will eliminate the WIP line on ACRN AA and reduce the ULO to \$200.00.</p> <p>B. De-obligate \$200.00 from ACRN AA for the amount of the current year funds received.</p>

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Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

A. Both ACRNs are canceled (continued)

NOTE: If the check from the contractor is received for the full amount of the demand (\$300.00) prior to receipt of the current year funding, handle the check from the contractor via the accounts receivable process using steps 12-17.

Step	Action
12 Accounts Receivable will:	A. Post the check to miscellaneous receipts since the indebted ACRN is canceled. B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to miscellaneous receipts. The JV would credit the material line on ACRB AB <\$1000.00> and debit the WIP line on ACRN AB for \$700.00 for the net check of <\$300.00>.
13 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
14 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
15 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
16 Entitlement will:	A. When the \$200.00 in current year funding is received the refund will be written up on the Advice of Payment for \$900.00 minus the <\$700.00> recoupment to get a net payment of \$200.00 on the newly established ACRN. The \$900.00 and \$700.00 are shown for reference purposes only. The \$200.00 is the only amount actually being charged to the newly established ACRN. B. The contractor will receive a payment of \$200.00.
17 Reconciliation Directorate will:	A. Perform an SF1081 adjustment to credit the WIP line of ACRN AA <\$700.00> and debit the material line of ACRN AA \$700.00 to reflect the recoupment that was applied on the payment. This will eliminate the WIP line on ACRN AA and reduce the ULO to \$200.00. B. De-obligate \$200.00 from ACRN AA for the amount of the current year funds received.

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Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

A. Both ACRNs are canceled (continued)

NOTE: If the check from the contractor is received for the difference of \$100.00 prior to receipt of the current year funding, handle the check from the contractor via the accounts receivable process using steps 18-24.

Step	Action
18 Accounts Receivable will:	A. Post the check to miscellaneous receipts since the indebted ACRN is canceled. B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to miscellaneous receipts.
19 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
20 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
21 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
22 Entitlement will:	A. Write up the refund on the Advice of Payment for \$900.00 minus the <\$700.00> recoupment to get a net payment of \$200.00 on the newly established ACRN. Note: The \$900.00 and \$700.00 are shown for reference purposes only. The \$200.00 is the only amount actually being charged to the newly established ACRN. B. Deduct <\$200.00> of the <\$300.00> overpayment on ACRN AB and post it to the Withhold line of the newly established ACRN. C. The contractor will receive no payment.

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

A. Both ACRNs are canceled (continued)

Step	Action
23 Accounts Receivable will:	<p>A. Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and post the credit into miscellaneous receipts since the debit is on a canceled ACRN.</p> <p>B. Update ACRN AB with a journal voucher (JV) in MOCAS to reflect the amount posted to miscellaneous receipts.</p>
24 Reconciliation Directorate will:	<p>A. Perform an SF1081 adjustment to credit the WIP line of ACRN AA <\$700.00> and debit the material line of ACRN AA \$700.00 to reflect the recoupment that was applied on the payment. This will eliminate the WIP line on ACRN AA and reduce the ULO to \$200.00.</p> <p>B. De-obligate \$200.00 from ACRN AA for the amount of the current year funds received.</p>

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

B. Both ACRNs are current

When both ACRNs are current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Control Line (C)	\$900.00 ULO	REFUND
ACRN AA	CURRENT	WIP Line (W)	<\$700.00>	
ACRN AB	CURRENT	Control Line (C)	<\$1000.00>NULO	DEMAND
ACRN AB	CURRENT	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$900.00 against ACRN AA, apply the recoupment of <\$700.00> that is on ACRN AA, and submit a refund package to the appropriate Entitlement section stating that there is a refund due. Be sure to annotate the refund request that a deduction should be taken for the overpayment.
2 Entitlement will:	A. If ACRN AA and AB are the same service, write up the refund for the \$700.00 debit WIP on ACRN AB and take a deduction for <\$900.00> of the <\$1000.00> overpayment on ACRN AB and post it directly to the material line of ACRN AB. B. If ACRN AB is a different service than ACRN AA, post the net deduction of <\$200.00> (<\$900.00> overpayment available to collect on this refund minus the \$700.00 debit WIP) to the Withhold line on ACRN AA. C. The contractor will receive no payment.
3 Reconciliation Directorate will:	A. Perform an SF1081 adjustment to debit the Withhold line on ACRN AA \$200.00, credit ACRN AB material line <\$900.00> and debit ACRN AB WIP line \$700.00 if ACRN AA and AB are different services. B. Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the remainder of the overpayment (\$100.00).
4 Accounts Receivable will	Issue a demand letter to the contractor for the remaining \$100.00.

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Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

C. Payable ACRN is current and indebted ACRN is canceled

When the payable ACRN is current and the indebted ACRN is canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Control Line (C)	\$900.00 ULO	REFUND
ACRN AA	CURRENT	WIP Line (W)	<\$700.00>	
ACRN AB	CANCELED	Control Line (C)	<\$1000.00>NULO	DEMAND
ACRN AB	CANCELED	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	Write up the refund for \$900.00 against ACRN AA, apply the recoupment of <\$700.00> that is on ACRN AA and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. Be sure to annotate the refund request that a deduction should be taken for the overpayment.
2 Entitlement will:	A. Take a deduction for <\$200.00> of the total <\$300.00> overpayment on ACRN AB and post it to the Withhold line on ACRN AA. B. The contractor will receive no payment.

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

C. Payable ACRN is current and indebted ACRN is canceled

Step	Action
3 Accounts Receivable will:	<p>A. Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and post the credit to miscellaneous receipts since the debt is on a canceled ACRN.</p> <p>B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to the miscellaneous receipts account. The JV would credit the material line for <\$900.00> and debit the WIP line for \$700.00 for a net credit of <\$200.00>, which is the amount deposited into miscellaneous receipts.</p>
4 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the remainder of the overpayment (\$100.00).
5 Accounts Receivable will:	Issue a demand letter to the contractor for the remaining <\$100.00>

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Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

D. Payable ACRN is canceled and indebted ACRN is current

When the payable ACRN is canceled and the indebted ACRN is current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Control Line (C)	\$900.00 ULO	REFUND
ACRN AA	CANCELED	WIP Line (W)	<\$700.00>	
ACRN AB	CURRENT	Control Line (C)	<\$1000.00>NULO	DEMAND
ACRN AB	CURRENT	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	Write up the refund for the net amount of \$200.00 on ACRN AA (material less unrecouped WIP) and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) to request current year funding for the net amount of \$200.00 (material less unrecouped WIP) on ACRN AA.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the net amount of \$300.00 (material less unrecouped WIP) on ACRN AB.
4 Accounts Receivable will:	Issue a demand letter to the contractor for the \$300.00 (material less unrecouped WIP) on ACRN AB.
5 Payment Support will:	Submit the request for current year funding for \$200.00 to the appropriate funding station.

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Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If the current year funding is received prior to receipt of the check from the contractor, process a zero payment to the contractor via the pay and deduct process using steps 6-11.

Step	Action
6 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
7 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
8 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
9 Entitlement will:	A. Write up the refund on the Advice of Payment for \$900.00 minus the <\$700.00> recoupment to get a net payment of \$200.00 on the newly established ACRN. The \$900.00 and \$700.00 are shown for reference purposes only. The \$200.00 is the only amount actually being charged to the current ACRN. B. Take a deduction for the available overpayment amount and post it directly to ACRN AB if the newly established ACRN and ACRN AB are the same service. The deduction would be <\$200.00> of the <\$300.00> overpayment on ACRN AB. C. If ACRN AB is a different service than the newly established ACRN, post the net deduction of <\$200.00> (<\$900.00> overpayment minus the \$700.00 debit WIP) to the Withhold line of the newly established ACRN. D. The contractor will receive no payment.

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Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

Step	Action
9 Entitlement will (cont.)	E. Notify Accounts Receivable that the Demand Letter has been satisfied and that it can be closed.
10 Accounts Receivable will:	A. Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN \$200.00 and credit the material line on ACRN AB <\$900.00> and debit ACRN AB WIP line \$700.00 if the newly established ACRN is a different service than ACRN AB. B. Send a demand letter to the contractor for the remaining <\$100.00>.
11 Reconciliation Directorate will:	A. Perform an SF1081 adjustment to credit the WIP line of ACRN AA <\$700.00> and debit the material line of ACRN AA \$700.00 to reflect the recoupment that was applied on the payment. This will eliminate the WIP line on ACRN AA and reduce the ULO to \$200.00. B. De-obligate \$200.00 from ACRN AA for the amount of the current year funds received.

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If the check from the contractor is received for the full \$300.00 prior to receipt of the current year funding, handle the check from the contractor via the accounts receivable process using steps 12-17.

Step	Action
12 Accounts Receivable will:	Post the contractor's check directly to ACRN AB by crediting the material line <\$1000.00> and debiting the WIP line \$700.00.
13 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
14 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
15 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
16 Entitlement will:	Write up the refund on the Advice of Payment for \$900.00 minus the <\$700.00> recoupment to get a net payment of \$200.00 on the newly established ACRN. Note: The \$900.00 and \$700.00 figures are shown for reference purposes only. The \$200.00 is the only amount actually being charged to the newly established ACRN. The contractor will receive the refund for the \$200.00.
17 Reconciliation Directorate will:	A. Perform an SF1081 adjustment to credit the WIP line of ACRN AA <\$700.00> and debit the material line of ACRN AA \$700.00 to reflect the recoupment that was applied on the payment. This will eliminate the WIP line on ACRN AA and reduce the ULO to \$200.00. B. De-obligate \$200.00 from ACRN AA for the amount of the current year funds received.

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Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If the check from the contractor is received for the difference of \$100.00 prior to receipt of the current year funding, handle the check from the contractor via the accounts receivable process using steps 18-24.

Step	Action
18 Accounts Receivable will:	Post the check directly to the ACRN AB material line.
19 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
20 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
21 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
22 Entitlement will:	A. Write up the refund on the Advice of Payment for \$900.00 minus the <\$700.00> recoupment to get a net payment of \$200.00 on the newly established ACRN. Note: The \$900.00 and \$700.00 figures are shown for reference purposes only. The \$200.00 is the only amount actually being charged to the newly established ACRN. B. Deduct <\$200.00> of the <\$300.00> overpayment on ACRN AB and post it to the Withhold line of the newly established ACRN. C. The contractor will receive no payment.

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET DEMAND (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

Step	Action
23 Accounts Receivable will:	Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and post the credit directly to ACRN AB.
24 Reconciliation Directorate will:	<p>A. Perform an SF1081 adjustment to credit the WIP line of ACRN AA <\$700.00> and debit the material line of ACRN AA \$700.00 to reflect the recoupment that was applied on the payment. This will eliminate the WIP line on ACRN AA and reduce the ULO to \$200.00.</p> <p>B. De-obligate \$200.00 from ACRN AA for the amount of the current year funds received.</p>

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Over and Underpayments

With Work In Progress (WIP)

NET ZERO

A. Both ACRNs are canceled

When both ACRNs are canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Control Line (C)	\$700.00 ULO	REFUND
ACRN AA	CANCELED	WIP Line (W)	<\$700.00>	
ACRN AB	CANCELED	Control Line (C)	<\$700.00> NULO	DEMAND
ACRN AB	CANCELED	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	Process an SF1081 to offset the WIP lines by debiting ACRN AB WIP line for \$700.00 and crediting ACRN AA WIP line <\$700.00>. Write up the refund for \$700.00 on ACRN AA and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) to request current year funding for \$700.00 on ACRN AA.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for \$700.00 on ACRN AB.
4 Accounts Receivable will:	Issue a demand letter to the contractor for \$700.00 on ACRN AB.
5 Payment Support will:	Submit the request for current year funding to the appropriate funding station.

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Over and Underpayments

With Work In Progress (WIP)

NET ZERO (continued)

A. Both ACRNs are canceled (continued)

NOTE: If current year funding is received prior to receipt of the check from the contractor, process a zero payment to the contractor via the pay and deduct process using steps 6-8.

Step	Action
6 Entitlement will:	<ul style="list-style-type: none"> A. Write up the refund for \$700.00 using the newly established ACRN. B. Deduct the \$700.00 overpayment and post it to the Withhold line of the newly established ACRN. C. The contractor will receive no payment. D. Notify Accounts Receivable that the Demand Letter has been satisfied and that it can be closed.
7 Accounts Receivable will:	<ul style="list-style-type: none"> A. Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and post the credit to miscellaneous receipts since the debt is on a canceled ACRN. B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to miscellaneous receipts.
8 Reconciliation Directorate will:	De-obligate \$700.00 from ACRN AA for the amount of the current year funds received.

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Over and Underpayments

With Work In Progress (WIP)

NET ZERO (continued)

A. Both ACRNs are canceled (continued)

NOTE: If the check from the contractor is received prior to the current year funding, handle the check from the contractor via the accounts receivable process using steps 9-14.

Step	Action
9 Accounts Receivable will:	A. Post the check to miscellaneous receipts (since the indebted ACRN is canceled). B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to miscellaneous receipts.
10 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
11 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
12 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
13 Entitlement will:	When the \$700.00 in current year funding is received and the new ACRN is established, write up the refund and the contractor will receive the full \$700.00.
14 Reconciliation Directorate will:	De-obligate ACRN AA by \$700.00, which was the amount received in current year funding.

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Over and Underpayments

With Work In Progress (WIP)

NET ZERO (continued)

B. Both ACRNs are current

When both ACRNs are current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Control Line (C)	\$700.00 ULO	REFUND
ACRN AA	CURRENT	WIP Line (W)	<\$700.00>	
ACRN AB	CURRENT	Control Line (C)	<\$700.00>NULO	DEMAND
ACRN AB	CURRENT	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	Process an SF1081 to offset the WIP lines by debiting ACRN AB WIP line for \$700.00 and crediting ACRN AA WIP line <\$700.00>. Write up the refund for \$700.00 against ACRN AA and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. Be sure to annotate the refund request that a deduction needs to be taken for the overpayment.
2 Entitlement will:	A. If ACRN AA and AB are the same service, deduct the \$700.00 overpayment and post it directly to ACRN AB. B. If ACRN AA and AB are different services, post the deduction against the Withhold line of ACRN AA. C. The contractor will receive no payment.
3 Reconciliation Directorate will:	Perform an SF1081 to debit the Withhold line on ACRN AA and credit the appropriate trans code on ACRN AB if ACRN AA and AB are different services.

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Over and Underpayments

With Work In Progress (WIP)

NET ZERO (continued)

C. Payable ACRN is current and indebted ACRN is canceled

When the payable ACRN is current and the indebted ACRN is canceled, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CURRENT	Control Line (C)	\$700.00	REFUND
ACRN AA	CURRENT	WIP Line (W)	<\$700.00>	
ACRN AB	CANCELED	Control Line (C)	<\$700.00>NULO	DEMAND
ACRN AB	CANCELED	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	<p>A. Perform an SF1081 adjustment to offset the WIP lines by debiting ACRN AB WIP line and crediting ACRN AA WIP line.</p> <p>B. Write up the refund for \$700.00 against ACRN AA and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. Be sure to annotate the refund request that a deduction needs to be taken for the overpayment.</p>
2 Entitlement will:	<p>A. Process the refund for \$700.00 against ACRN AA, deduct the <\$700.00> overpayment and post it to the Withhold line of ACRN AA.</p> <p>B. The contractor will receive no payment.</p>
3 Accounts Receivable will:	<p>A. Perform an SF1081 adjustment to debit the Withhold line of ACRN AA and post the credit to miscellaneous receipts since the debt is on a canceled ACRN.</p> <p>B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to miscellaneous receipts.</p>

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Over and Underpayments

With Work In Progress (WIP)

NET ZERO (continued)

D. Payable ACRN is canceled and indebted ACRN is current

When the payable ACRN is canceled and the indebted ACRN is current, the following steps are to be followed. **Note:** The information in the table below is provided for illustration purposes only.

ACRN AA	CANCELED	Control Line (C)	\$700.00 ULO	REFUND
ACRN AA	CANCELED	WIP Line (W)	<\$700.00>	
ACRN AB	CURRENT	Control Line (C)	<\$700.00>NULO	DEMAND
ACRN AB	CURRENT	WIP Line (W)	\$700.00	

Step	Action
1 Reconciliation Directorate will:	A. Perform an SF1081 adjustment to offset the WIP lines by debiting ACRN AB WIP line \$700.00 and crediting ACRN AA WIP line <\$700.00>. B. Write up a refund for \$700.00 on ACRN AA and submit a refund package to the appropriate Entitlement section stating that there is a refund due the contractor. The refund package will include a copy of the original invoice, a copy of the contract or modification for the ACRN requiring current year funding, and various MOCAS screenprints.
2 Entitlement will:	Review the refund package for completeness. If the proper documentation has been provided, Entitlement will forward the package to Payment Support (BKFD) to request current year funding for the amount of \$700.00 on ACRN AA.
3 Reconciliation Directorate will:	Submit a request to Accounts Receivable (BKRRB) to issue a demand letter to the contractor for the amount of \$700.00 on ACRN AB.
4 Accounts Receivable will:	Issue a demand letter to the contractor for the \$700.00 on ACRN AB.
5 Payment Support will:	Submit the request for current year funding for \$700.00 to the appropriate funding station.

Continued on next page

Over and Underpayments

With Work In Progress (WIP)

NET ZERO (continued)

D. Payable ACRN is canceled and indebted ACRN is current

NOTE: If current year funding is received prior to receipt of the check from the contractor, process a zero payment to the contractor via the pay and deduct process using steps 6-11.

Step	Action
6 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
7 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
8 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
9 Entitlement will:	A. Write up the refund for \$700.00 using the newly established ACRN. Deduct the <\$700.00> overpayment and post it to the Withhold line of the current ACRN. B. The contractor will receive no payment. C. Notify Accounts Receivable that the Demand Letter has been satisfied and that it can be closed.
10 Accounts Receivable will:	A. Perform an SF1081 adjustment to debit the Withhold line of the newly established ACRN and post the credit to miscellaneous receipts since the debt is on a canceled ACRN. B. Update ACRN AB with a JV in MOCAS to reflect the amount posted to miscellaneous receipts.
11 Reconciliation Directorate will:	De-obligate ACRN AA by \$300.00 to reflect the amount of current year funding received.

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Over and Underpayments

With Work In Progress (WIP)

NET ZERO (continued)

D. Payable ACRN is canceled and indebted ACRN is current (cont.)

NOTE: If the check from the contractor is received prior to the current year funding, handle the check from the contractor via the accounts receivable process using steps 12-17.

Step	Action
12 Accounts Receivable will:	Post the contractor's check directly to ACRN AB.
13 Payment Support will:	Once current year funding has been received, forward a copy of the obligating document to the appropriate Entitlement area.
14 Entitlement will:	Forward a copy of the obligating document to contract input so the current year funding can be input on the contract.
15 Contract Input will:	A. Input the current year funding on the contract using the ACRN provided. B. Once the new ACRN has been established, notify Entitlement that payment can be made to the contractor.
16 Entitlement will:	Write up the refund for \$700.00 using the newly established ACRN.
17 Reconciliation Directorate will:	De-obligate \$700.00 from ACRN AA for the amount of the current year funds received.

End of Interim Guidance