***BY ORDER OF THE COMMANDER***
***AIR FORCE MATERIEL COMMAND***

***AFMC INSTRUCTION 65-604***

***21 FEBRUARY 1997***

***Financial Management***

# *RECORDING NEGATIVE UNLIQUIDATED OBLIGATIONS (NULOS) AND POTENTIAL FOR ANTIDEFICIENCY ACT (ADA) VIOLATIONS*

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This instruction implements AFPD 65-6, *Budget*. The purpose of this instruction is to ensure the procedures for initiating a preliminary investigation are followed if a potential ADA violation is identified during the process of recording an obligation to correct a NULO. Only those obligation adjustments processed to comply with the USD(C) problem disbursement policy are covered within this instruction. These adjustments do not require a change or modification to the contractual document. The authority for processing corrections on aged NULOs is contained in USD(C) Memo, 30 June 1995, endorsed by SAF/AQ/FM Memo, 30 June 1995, and USD(C) Memo, 8 October 1996. This instruction applies to all AFMC bases.

## *SUMMARY OF REVISIONS*

This revision aligns the instruction with AFPD 65-6.

## 1. References, Definitions:

1.1. USD(C) Memo, 30 Jun 95, Subject: Obligation of Amounts for Unmatched Disbursements and Negative Unliquidated Obligations. This memo addresses Department of Defense (DoD) accounting policy and procedures for researching, correcting and clearing unmatched disbursements and negative unliquidated obligation transactions. This policy directs a preliminary investigation be initiated if this process creates a potential ADA violation.

1.2. DoD 7000.14, Volume 14, *Administrative Control of Funds and Antideficiency Act Violations.* This regulation contains information on the Antideficiency Act, potential ADA violations and the reporting and investigative process.

1.3. Title 31, U.S.C., Section 1517, *Obligation and Expenditure Limits.* Section 1517 prohibits the overobligation and over expenditure of an apportionment or an amount permitted by a regulation prescribed for the administrative control of appropriations.

**2. Initiating a Preliminary Investigation:**

2.1. The USD(C) Memo, 30 June 1995 and 8 October 1996 guidance states that it is necessary to record obligations/ reduce unobligated balances for disbursements that are not matched to the proper obligation record. Obligations, obligation adjustments, or reductions in unobligated balances must be recorded for all transactions not matched to the correct obligation within 180 days. In other words, if the original error has been thoroughly researched and still cannot be resolved within 180 days, an obligation will have to be recorded to correct the NULO. The USD(C) memo further states that no future accounts will be allowed to close without obligating funds to cover all unmatched disbursements/negative unliquidated obligations. This action could potentially cause a violation of Title 31, United States Code (U.S.C.), Section 1517 and therefore an ADA violation. A preliminary review will identify those potential violations that are the result of administrative accounting errors (majority of NULOs) as well as valid obligations. Potential ADA violations are more likely to occur as the command complies with the previously stated USD(C) policy. Once a potential violation is identified, an organization must start a preliminary investigation by following Air Force, Command and local procedures .

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## Attachment 1

## ADA INVESTIGATION PROCESS
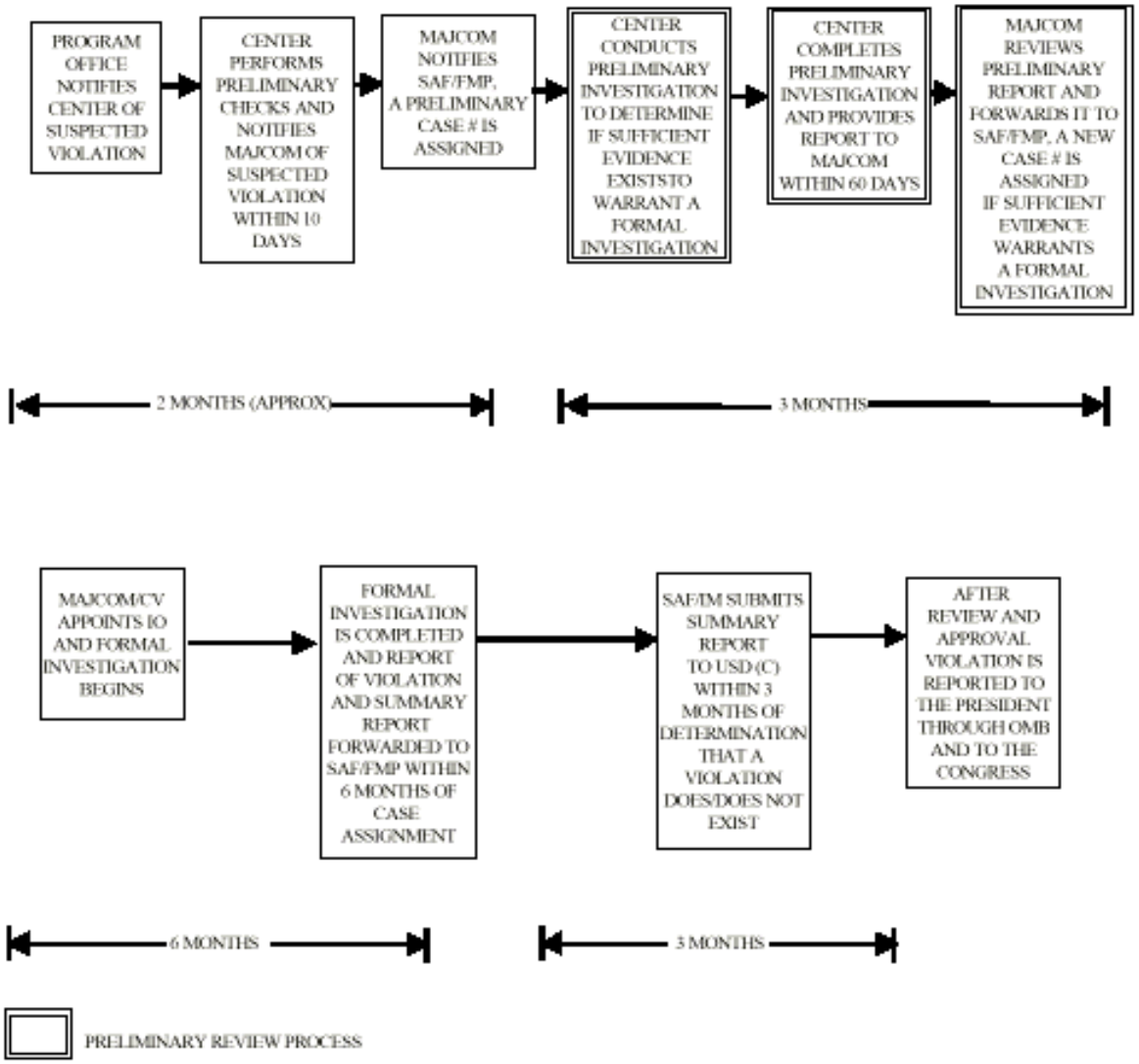
**Figure A1.1. ADA Investigation Process.**