

NATIONAL WEATHER SERVICE INSTRUCTION 70-205

AUGUST 24, 2021

Financial Management

Financial Management Policy, NWSPD 70-2

CERTIFICATION OF OBLIGATIONS

NOTICE: This publication is available at: <http://www.nws.noaa.gov/directives/>.

OPR: W/CFO1 (D. McClure)

Certified by: W/CFO1 (J. Potts)

Type of Issuance: Routine

SUMMARY OF REVISIONS: This directive supersedes directive NWSI 70-205

“Certification of Obligation” dated April 24, 2018.

Changes include:

- Updated outdated and broken URL links throughout document
 - Replaced Microsoft Suited documents with Google Docs for ease of access
 - Added links to all google documents
- Updated references on page
 - Added google documents to references page
- Added Purpose line noting support documentation for de-obligating UDO in appendix.

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John E. Potts
Chief Financial Officer/
Chief Administrative Officer

Date

Certification of Obligations

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1. Purpose

This policy establishes minimum guidance for the review, validation, and certification of obligations to substantiate the accuracy of open obligations.

2. Scope

This applies to all NWS offices having responsibility for controlling and monitoring the use of financial resources.

3. Definitions

3.1 Criteria for Valid Obligations:

Per [Department of Commerce Policy for Undelivered Orders](#), a valid obligation exists when evidenced by:

- A binding agreement between an agency and another party (including an agency) A) in writing, in a way and form, and for a purpose authorized by law; and B) executed before the end of the period of availability for obligation of the appropriation or fund concerned for specific goods to be delivered, real property to be purchased or leased, or work or services to be performed;

- A loan agreement showing the amount and terms of repayment;
- An order required by law to be placed with a Government agency;
- An order issued under a law authorizing purchases without advertising when necessary by public exigency; B) for perishable subsistence supplies; C) within specific monetary limitations;
- A grant or subsidy payable A) from appropriations made for payment of, or contributions to, amounts required to be paid in specific amounts fixed by law or under formulas prescribed by law; B) under an agreement authorized by law; or C) under plans approved consistent with and authorized by law;
- A liability that may result from pending litigation;
- Employment or services of persons or expenses of travel under law;
- Services provided by public utilities;
- Other legal liability of the Government against an available appropriation or fund.
- **Cancelled-** Obligations that have exceeded the five year expiration date. These funds can have no activity of any kind. These types of obligations are not included in this metric, but action should be taken to clear unneeded Undelivered Order's (UDO) as time allows.
- **Cancelling-** Obligations of funds that are in the fifth year of expiration.

These funds can be expanded for costs incurred during their period of availability but will not be available for any action after the end of the current fiscal year.

- **Current-** A contract that includes obligations of funds that are within their period of availability and have the potential for reuse once deobligated. These are the priority.
- **Expired-** Obligations of funds that are beyond their period of availability but are within five years of cancellation. Upon de-obligation, these funds could not be used for new obligations but would be available to disburse and/or refund expenses for valid prior year upward costs incurred during the period of availability.
- **Interfaced-** A type of document obligated using a program interfaced with the Core Financial System such as C-Request or Grant-On-line and that is processed by the Acquisition and Grants office. The Finance Office is unable to process deobligations on this type of document; they are processed in coordination with the Acquisitions and Grants Office. Interfaced acquisitions are most likely to contain current UDOs, the priority for deobligation.
- **Non-interfaced-** Documents that are processed using undelivered orders and are not processed by the Acquisition and Grants office. Examples include: interagency agreements, training documents, travel documents, recurring utilities etc. The Finance Office can process this type of deobligation with a request from the Line Office or Staff Office (LO/SO).
- **Undelivered Order Balance-** Unexpended funds on a document. This is also the name of the field in Discoverer that provides the dollar value available for

deobligation. These terms “UDO”, “undelivered orders”, and “unexpended” are used interchangeably.

- **Valid UDOS Versus Invalid UDOS-** Valid UDOS are those that are within their period of performance and that have activity regularly on a current contract/Grants etc. Invalid UDOS are past their period of performance and have had no activity for over a year.

For additional definitions see [Department of Commerce Policy for Undelivered Orders](#)

4. Policy

All NWS obligations must be continuously monitored. Open obligations must be reviewed and validated regularly by Financial Management Center (FMC).

4.1 Utilization of Funds:

The optimum utilization of funds requires that all current and prior year obligations be continuously reviewed to ensure that obligated balances are not over or under stated and that the obligations are properly documented and reported.

4.2 FMC Annual Formal Review and Certification:

Formal review and certification of obligations shall be made once yearly by each Financial Management Center (FMC). Obligations found to be unnecessary will be promptly adjusted. All adjusting transactions shall be properly documented and all documentation shall be retained for audit purposes. The FMC Director certifies and signs FMC Certification memo Attachment 1 in Appendix A. As part of the FMC annual certification submission, each FMC will review and validate all open UDO obligations.

Open obligations that have had no activity for over the last twelve months must either be deobligated or supporting documentation retained to support the remaining obligation balance. These comments will be noted on the NOAA Finance provided listing and submitted with FMC certification memo.

All other open obligations should be marked invalid and any remaining balances should be deobligated. Non-interfaced documents will be identified in the FMC certification submission; these will be deobligated by NOAA Finance. Interfaced documents such as contracts and grants will be identified in the FMC certification process but will have to be deobligated via the requisition or grants on line process. The LO/SO will assemble and review all FMC certifications, countersign, and forward a consolidated LO/SO package to the Director, NOAA Finance Office (FO)/Comptroller or designee.

4.3 Discoverer Workbook:

FMCs have access to the NOAA Commerce Business System (CBS) Data Warehouse Discoverer workbook identified as certification of obligations. FMCs should use this report to verify against the records and copies of source documents maintained by the FMC. FMCs should continuously monitor for correctness and validity.

4.4 Requests for Deobligation:

Procedures for initiating actions to correct errors found in the reports are contained in Chapter 15 of the NOAA Finance Handbook located at:

<http://www.corporateservices.noaa.gov/finance/docs/Policy/Chapter15rev12-19-16.pdf>.

Requests for deobligation of invalid undelivered orders or removal of invalid accounts payable must be made in writing to the servicing Accounting Operations Division (AOD). For additional information on deobligations see [15-04.03 deobligation process in chapter 15 of the NOAA Finance Handbook](#). For a step by step guide and training documentation for deobligation of undelivered orders please see here: [UDO De-Obligation Guide](#), [UDO De-Obligation Instructions](#).

4.5 Processing of Requests:

The servicing AOD will take prompt action to process all annual FMC deobligation requests. They will retain and file copies of FMC requests for audit purposes in the official AOD document folders.

4.6 Tracking:

On a continuous basis, each FMC will ensure that all transactions recorded in CBS (where they originate) are accurate and supported by proper documentation retained in their files.

4.7 Line Office formal review:

Once yearly, the heads of the Line and Staff Offices (LO/SO) shall conduct a formal review, through their FMCs, of all obligations and provide a certification statement to the Director, NOAA Finance Office (FO)/Comptroller or designee. The reviews shall be performed by each FMC using Certification of Obligations report as of June 30 (see appendix A).

5. Responsibilities:

5.1 FMC Director:

The FMC Director is responsible for continuously verifying that all obligations are properly recorded and will report once yearly through his/her LO/CO to the Director, FO/Comptroller or designee that all obligations have been reviewed, and adjustments made where necessary, and that all known transactions meeting the criteria of 31 U.S.C. 1501 have been obligated and reported.

5.2 Head of AOD:

The head of AOD will ensure that obligations, accounts payable, disbursement cost accruals, advances, and collections are supported by proper documentation and accurately recorded in the CBS. They will also ensure that non-interfaced deobligations identified by the annual FMC certification are processed promptly and recorded accurately in CBS. For interfaced documents the FMC will need to complete via c.request or grants online documents to deobligate the funds.

5.3 Head of LO/SO:

The head of each LO/SO will ensure compliance by his/her organizations with the policies, procedures and reporting requirements set forth in this order.

5.4 Director, NOAA FO/Comptroller:

The Director, NOAA FO/Comptroller or designee will provide reports to LO/CO and ensure compliance with the policy set forth in Section 4. The Director, FO/Comptroller or other designee of the Under Secretary/Administrator will certify and transmit the Year-End Closing Statement (TFS Form 2108) required by 31 U.S.C. 1108(c) on behalf of NOAA.¹

6. References:

- 31 U.S.C 1501 provides criteria for valid obligations
- 31 U.S.C 1108(c) requires the certification of agency obligations and requires obligations to be properly supported
- Office of Management and Budget (OMB) Circular A-34, Section 21.2, defines obligations incurred
- General Accounting Office (GAO) Policy and Procedures Manual for Guidance of Federal Agencies, Title 7, Fiscal Procedures, sub-section 16.3, specifies responsibility for assuring that all recorded obligations are valid
- [Department of Commerce Policy for Undelivered Orders](#) Google Document
- [UDO De-Obligation Instructions](#) Google Document
- [UDO De-Obligation Guide](#) PowerPoint
- [Certification of Obligations User Instructions](#) PowerPoint
- NOAA Finance Handbook Chapter 15:
<http://www.corporateservices.noaa.gov/finance/docs/Policy/Chapter15rev12-1916.pdf>

¹ 02 31 U.S.C. 1108(c) requires the certification of agency obligations and requires obligations to be properly supported.

Appendix A- Certification of Obligations Memorandum



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
OFFICE OF THE CHIEF FINANCIAL OFFICER

July 13, 2020

MEMORANDUM FOR: Distribution
 FROM: Mark Seiler,
 Chief Financial Officer

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SUBJECT: Review and Certification of Obligations

NOAA Administrative Order 203-34 requires a review and certification of obligations to be performed once a year. The certification of obligations will be reviewed as of June 30, 2020. The certification is required to allow the OCFO to certify that accuracy of NOAA’s financial statements and to comply with the Department of Commerce Policy for Undelivered Obligations (UDOs).

The obligation reviews, deobligation requests and certifications (Attachment 2) should all be completed and the documents submitted and returned to Phan Ma (Phan.Ma@noaa.gov) in the Accounting Operations Division (AOD), by COB Friday, August 14, 2020.

In July 2014, the Department of Commerce (DOC) Deputy Chief Financial Officer and Director for Financial Management sent out a memo entitled “Policy for Monitoring of Undelivered Orders” implementing the Office of Inspector General (OIG) audit report no. OIG-13-026. The memo implemented procedures to ensure the timely review of, and reporting on the status of, undelivered orders. The memo also prescribes the DOC’s policy and minimum required procedures for review, validation and certification of all undelivered obligations. The policy requires the NOAA CFO and Procurement Official to certify that all open obligations have been reviewed and applicable open obligations have been deobligated or adjusted. Open obligations that have had no activity for over a year must either be deobligated or supporting documentation retained to support the remaining obligation balance. **As part of the certification submission, each FMC must include a written explanation to the Finance Office for all the UDOs not closed that meet the criteria above. As a reminder, a valid open obligation only exists when goods or services are still expected to be performed, are still actively being performed, or when goods or services have been performed but have not yet been invoiced.** All other open obligations should be marked invalid and any remaining balance should be deobligated.

For the purpose of this certification each line office will be provided a list of documents that must be reviewed for validity. The listing is limited to documents which originated as an undelivered order, such as purchase orders, contracts, travel, interagency agreements, training and grants. For interfaced documents (e.g. contracts and purchase orders) the process of requisition submission is still required. Grants must go through the normal process in Grants on Line, as well. Non-interfaced documents, as identified by a line office in their certification submission, will be deobligated by the Finance Office. In addition, the Finance Office will initiate corrective actions to adjust any unrecorded or improperly recorded obligations for non-CSTAR and non-GOL documents.



Each line office and AGO are also responsible for updating the “Certification of Obligations: AGO Interfaced Documents to Deobligate” Google spreadsheet. The Finance Office will consolidate the list of interfaced contracts and purchase orders identified by the line office to deobligate and update the “Certification of Obligations: AGO Interfaced Documents to Deobligate.” If the requisition number is not included on the certification submission, the Line Office should enter the requisition number to deobligate the funds to this list within 14 days of the certification deadline. Finally AGO is responsible for completing the deobligations and updating the status of each requisition on the list. Note the AGO deadline for regular deobligation requests is 7/24/20. However, if an award appears on the canceling list as part of this Certification process to be deobligated, the PR can be submitted to the close out team (CCT) by 8/28/20. Those requisitions should state on the cover that it is part of the 2020 certification of obligation effort and include a copy of the list in the PR package. If requisitions are not submitted by this date with proper documentation they will not be processed this fiscal year.

It is essential that all obligations be continuously monitored for correctness and validity, and the following is a valuable tool to be used by each Financial Management Center (FMC). FMCs should conduct the continuous review by using the NOAA CBS Data Warehouse *Discoverer workbook* identified *as Certification-of-Obligations* which was specifically developed for this review. If you need assistance obtaining access to the CBS Data Warehouse Discoverer for FMC or LO Business Area or in executing the query, please contact the NOAA CBS Client Services Help Desk by calling (301)-444-3400. The Accounting Operations Division (AOD) can provide limited training in how these queries run and respond to any questions. If you are interested in help from AOD please contact Phan Ma by calling 301-444-2346. There is also a class available in Commerce Learning Center specifically designed to assist with this process.

In this package are items that must be sent to the FMCs to complete the FY2020 certification of obligations. Please distribute the following to the FMCs:

1. Memo to the FMCs explaining the certification of obligation
2. FMC Certification (Attachment 1)
3. Copy of the Excel Spreadsheet which contains possible deobligations

Attachments (2)



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
OFFICE OF THE CHIEF FINANCIAL OFFICER

Distribution:

FO: Chris Cartwright
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Eric Locklear
OMAO: Dana FlowerLake
Patricia Baxter
Angela Chu
Tonya Coleman
NESDIS: James Donnellon
Hong Le
Marcin Skomial
Joel Perloth



Attachment 1

U.S. Department of
Commerce

National Oceanic and Atmospheric
Administration

Certification of

Obligations for

Financial Management Center Number _____

I hereby certify that the amounts shown in our FM Certification of Obligations Reports as of June 30, 2020 are correct, except for the amounts where I requested deobligation by the Accounting Operations Division or have submitted requests to AGO or GMD.

Proper documentation for all transactions are retained in official document files for review and/or audit purposes.

All known transactions meeting the criteria have been requested to be deobligated or reported as valid.

FMC Certification:

LO/SO Review:

Signature Date

Signature Date

Typed Name

Typed Name

Line/Staff Office

Please send this completed form to your respective Line/Staff Office (LO/SO). The LO/SO requires this form for review, certification, and consolidated reporting to the Finance Office.

Attachment 2



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
OFFICE OF THE CHIEF FINANCIAL OFFICER

U.S. Department of
Commerce

National Oceanic and Atmospheric Administration

Certification of Obligations for

Line/Staff Office _____

I hereby certify that the amounts shown in our Line/Staff Office Certification of Obligations Reports as of June 30, 2020 are correct, except for the amounts where I requested deobligation by the Accounting Operations Division or have submitted requests to AGO or GMD.

Proper documentation for all transactions is retained in official document files for review and/or audit purposes.

All known transactions meeting the criteria have been requested to be deobligated or reported as valid.

This consolidation certification includes all FMCs of the above Line or Staff Office.

LO/SO Certification:

Signature Date

Typed Name

Send this completed form to:

Email: Phan.Ma@noaa.gov

