

**BY ORDER OF THE COMMANDER
96TH TEST WING**

**96TH TEST WING INSTRUCTION
65-604**



29 DECEMBER 2015

Financial Management

DEFERRALS

COMPLIANCE WITH THIS PUBLICATION IS MANDATORY

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This instruction implements AAFP 65-6, *Budget*, and establishes procedures for the write-off of deferrals. It applies to Operating Budget Accounting Numbers (OBAN) managed by the Financial Analysis Division (96 TW/FMA). Refer recommended changes and questions about this publication to the Office of Primary Responsibility (OPR) using the AF Form 847, *Recommendation for Change of Publication*; route AF Forms 847 from the field through the appropriate functional's chain of command. Ensure all records created as a result of processes prescribed in this publication are maintained IAW Air Force Manual (AFMAN) 33-363, *Management of Records*, and disposed of IAW Air Force Records Information Management System (AFRIMS) Records Disposition Schedule (RDS). This 96th Test Wing Instruction will apply to the Civil Air Patrol, the Air National Guard and the Air Force Reserve. If the agency is requesting support from the 96 TW (the performing agency) and their programs have a cost overrun that results in a deferral, they will need to provide funds to clear the deferral. No waiver shall be granted for any part of this publication.

SUMMARY OF CHANGES

This document includes the following modifications: (1) changes references to AAC to the 96th Test Wing; (2) includes Holloman Air Force Base budget program activity code for their direct budget authority and reimbursable budget authority; (3) removes the requirement to have a miscellaneous obligation reimbursement document in place for each deferral; and (4) updates formatting per Air Force Instruction 33-360, *Publications and Forms Management*.

1. Deferral. A deferral is the consequence of actions that result in an over-commitment, over-obligation, or over-expenditure of customer funds available for the testing effort at hand. This shows as a negative balance on the Job Order Status Report and means that direct budget authority (DBA) has been used to cover a customer requirement. Deferrals should be avoided at all costs as they reduce our ability to fund DBA requirements. The 96 TW/Financial Management Planning (FMP) office provides monthly listings of job order numbers (JON) in deferral to ensure program and financial managers are aware of this condition and can work to gain customer funding. Additionally, a listing of projects/JONs within the final 25% of funding received can be pulled from the Funding Balance Report by responsibility center cost center (RCCC) with the search criteria of RCCC, Fiscal Year, and Balance % < 25; this can be provided to program engineers as a preventative measure.

2. Customer Funds. Customer funds must be received prior to initiating work. Reimbursable work should not be started before an order is known to exist and reimbursable work should not continue against an existing order when there is a lack of customer funds. In an emergency, for **Department of Defense (DoD) customers only**, work may continue based upon the customer's promise of funds. This may be required under Continuing Resolution Authority (CRA) while the customer is awaiting release of funds. In this situation, and any other that requires work in excess of funding received, the performing activity commander or at the commander's designation, the comptroller or comparable official may approve continuing work in excess of customer funds by completing a deferral letter in LiveLink which contains JON and justification of why customer funding has not been received, test has exceeded customer funding, when funding is expected and the estimated dollar amount. Once signed by the commander or designee, the letter should be submitted to the applicable group/wing budget office and 96 TW/FMP. [Ref Air Force Materiel Command Instruction (AFMCI) 65-602, 2.1.1, *Uniformed Reimbursement and Pricing Procedures*, and AFMCI 65-603, para 1.18, *Appropriation Reimbursement Procedures*.] **No work will be started or continued for Foreign Military Sales (FMS) or Commercial customers without funds provided. At no time should DoD funds be used to cover expenses incurred for FMS or Commercial customers.**

3. 57*3600 Appropriation Deferrals.

3.1. Direct Budget Authority (DBA) Budget Program Activity Code (BPAC) 6606TS (Eglin) and 6606TG (Holloman). Deferrals are labeled as BPAC 6606TS or 6606TG when DBA has been used to cover the customer requirement and the customer funding is insufficient to fully reimburse the DBA. Financial managers should limit deferrals in BPAC 6606TS or 6606TG because DBA funds are required to cover deferrals in this BPAC. All efforts should be made to collect the funds from the customer and if they cannot be collected, the organization's DBA funds will be used to cover the deferred JON.

3.2. Reimbursable Budget Authority (RBA) BPAC 696997 (Eglin) and 696999 (Holloman). Deferrals are labeled as BPAC 696997 or 696999 when the customer's funds are cited directly on the obligation document, but the customer funding is insufficient to cover the obligations. RBA BPAC 696997 or 696999 deferrals are covered with institutional DBA funding by identifying the total current deferral amount on the squadron or group's monthly Anticipated Earnings Miscellaneous Obligation Reimbursement Document (AE MORD). Once a JON is in deferral, the squadron- or group-level DBA funds will be held on the AE MORD for up to 120 days. If the RBA deferral cannot be cleared by obtaining customer funds within this time period, it should be cleared by processing an AFMC Form

277, *Reimbursable Order/Request for Support from Other Agencies*, funding document to the deferred JON, citing the organization's DBA funds (reference AFMCI 65-603, Para 1.18).

3.3. **RBA BPAC 694939 and 695001.** RBA BPACs 694939 and 695001 are 100% reimbursable. Any deferrals in a 100% reimbursable BPAC should be cleared as soon as possible because this BPAC is 100% funded with customer funds, i.e., there are no DBA funds. Funding to cover the deferral should come from the customer who funded the JON; however, any deferrals still existing after 90 days must be covered by DBA funds (reference AFMCI 65-603). Since these BPACs are 100% customer funded, the DBA funds used will be those of the organization doing the work.

4. Foreign Military Sales (FMS) and Commercial Customers. For FMS, commercial customers and organizations outside the Federal Government, charges and fees will be collected in advance in all cases. Therefore, there should be no deferrals created against these JONs and at no time should DBA funds be used to cover expenses for FMS or Commercial customers.

5. The Job Order Cost Accounting System (JOCAS) will not produce a bill if there are not enough customer funds to cover the bill and will be deferred until sufficient funds are loaded. The performing organization must request additional funds from the customer or provide their DBA funds to cover the expenses. When deferrals are incurred the performing organization will set aside their DBA on their AE MORD and also reflect on their monthly status of funds. Each group can retrieve this data from the Reimbursable Earnings Report under the 'deferred unbilled' column by their RCCC, for the purpose of covering the expenditure if customer orders are not secured. Refer to AFMCI 65-602, Para 2.1.1 and AFMCI 65-603.

CHRISTOPHER P. AZZANO, Brigadier General, USAF
Commander

Attachment 1**GLOSSARY OF REFERENCES AND SUPPORTING INFORMATION*****References***

AFPD 65-6, *Budget*, 1 May 1998

AFMAN 33-363, *Management of Records*, 1 March 2008

AFMCI 65-602, *Uniform Reimbursement and Pricing Procedures*, 21 February 2006

AFMCI 65-603, *Appropriation Reimbursement Procedures*, 18 December 2003

Forms Adopted

AF Form 847, *Recommendation for Change of Publication*, 22 September 2009

AFMC Form 277, *Reimbursable Order/Request for Support from Other Agencies*, November 1992

Abbreviations and Acronyms

AE MORD —Anticipated Earnings Miscellaneous Obligation Reimbursement Document

AFMCI —Air Force Materiel Command Instruction

BPAC —Budget Program Activity Code

DBA —Direct Budget Authority

DoD —Department of Defense

FMP —Financial Management Planning

FMS —Foreign Military Sales

JOCAS —Job Order Cost Accounting System

JON —Job Order Number

RBA —Reimbursable Budget Authority

RCCC —Responsibility Center Cost Center

OBAN —Operating Budget Accounting Number