



U.S. Department of the Interior

***Policy on Appropriate Uses of
Miscellaneous Obligations***

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1. Purpose

This document establishes the U.S. Department of the Interior's (DOI, the Department) policy for the use of miscellaneous obligations in the agency's financial systems (e.g., Financial and Business Management System (FBMS), Federal Financial System (FFS) or both). This policy is effective upon issuance.

2. Introduction

A **miscellaneous obligation** in FBMS and FFS is defined as a type of document not processed through acquisition. This may include items such as inter/intra-agency agreements, travel, training, charge card and other authorized purchases. Since these documents are recorded in DOI's financial system of record without an approval workflow, it is important to note that the use of miscellaneous obligations is only appropriate under limited circumstances, which require external approvals and supporting documentation attached to the transaction. Guidance on determining which documents are considered appropriate to use as miscellaneous obligations is outlined in Section 5.

FBMS and/or FFS limit the ability to create miscellaneous obligation documents to specific system roles. Personnel assigned these roles in FBMS have the ability to create standard and customized miscellaneous obligation documents (known as ZMOBs in FBMS). In FFS, users cannot create standard and customized obligations.

This policy covers all miscellaneous obligation types. Due to the unique nature of each bureau's business process, the use and need of miscellaneous obligations may vary from bureau to bureau. Guidance must be established by bureaus to incorporate the requirements set forth below. Employees assigned these roles must refer to this policy, as well as applicable bureau guidance when creating miscellaneous obligations.

3. Roles and Responsibilities

This policy sets the minimum requirements for the use of miscellaneous obligations. The Office of Financial Management (PFM) is responsible for monitoring the Department's compliance with this policy, and will give final approval for any policy updates requested by the bureaus or Departmental offices. The Bureau Chief Financial Officers (CFOs), in conjunction with the Bureau Heads of Budgeting Activity and Bureau Heads of Contracting Activity are responsible for implementing a bureau-level guidance which includes sufficient controls to govern the review and use of miscellaneous obligations.

Each bureau must establish additional guidance to govern the use of miscellaneous obligations within its offices. At a minimum, the guidance must address the following topics:

- Types of miscellaneous obligation documents, which are considered necessary to assist in the execution of the bureau's day-to-day operations.
- The method and levels of approval required before processing miscellaneous obligation documents. The approval process for miscellaneous obligations must occur outside of the financial system (e.g., FBMS/FFS) since system approval for these documents is not automatic. The bureaus must either name specific positions or establish a general level of approval (e.g., the approving official must be a designated employee authorized to approve miscellaneous obligations documents).

- The level of approval required for granting waivers, as referenced in [Section 5.3](#).
- A process for oversight and review of miscellaneous obligations that is in line with Departmental guidance (e.g., reviews and certifications). These processes may also include a plan for sampling miscellaneous obligations over a specific dollar threshold or level of risk, included in OMB Circular A-123 *Management's Responsibility for Internal Control, Appendix A (Internal Control over Financial Reporting)* testing, or other forms of regular reconciliation.

The bureaus are responsible for keeping their policies current with guidance released from the Department, and must inform their employees of future policy updates.

4. Processes and Procedures

4.1 Creating / Entering a Miscellaneous Obligation

Users with a financial system (e.g., FBMS/FFS) role containing authority to create miscellaneous obligations can enter new obligations without receiving approval(s) (e.g., Warranted Contracting Officer and/or delegated Approving/Authorizing Official).

Therefore, at a minimum, bureaus must provide guidance in creating/entering the following information for each approved miscellaneous obligation document:

- The appropriate Budget Object Class (BOC) code(s);
- A clearly documented period of performance, including start and end dates where possible;
- The name of the vendor providing the good(s) or service(s);
- A description of the good(s) or service(s) that the vendor is providing; and
- Authorized approving signatures.

Bureau guidance may include additional information requirements. Employees who authorize and create miscellaneous obligations are expected to comply with the additional requirements established by their bureau.

4.2 Approving a Miscellaneous Obligation

Bureau guidance must identify officials authorized to approve each allowable miscellaneous obligation document. Bureaus may determine if levels of approval are required for different types of miscellaneous obligations. The approving official must be a Federal employee. If a user with the authority to create a miscellaneous obligation is also delegated external approval authority, the user may not complete the external approval for a document that he/she created. In this situation, the document must be approved by a different individual than the creator, generally the designated employee granted the specific authority. This control is instituted to ensure the appropriate segregation of duties (SoD). For more information on approving authority, refer to the DOI SoD policy guidance, Financial Management Memorandum (FMM) 2011-005.

Bureau guidance must establish the minimum supporting documentation required before approval can occur. Employees who create miscellaneous obligations are responsible for obtaining the appropriate level of approval based on their bureaus' policies and attaching the approved supporting documentation to the miscellaneous obligation document in FBMS system. For FFS bureaus, the documents must be available for review during an audit or

internal sampling process. Guidance on identifying supporting documentation is discussed in [Section 5.2](#).

4.3 Certifying and Approving Payment of a Miscellaneous Obligation

In accordance with the Government Accountability Office requirement, a certifying officer, or equivalent bureau-level position, must review supporting documents prior to disbursing payments. In order to maintain the SoD, the certifying officer or other official must be a separate individual than the approving official and the creator. For more information on the review and approval of documents, please refer to the applicable DOI SoD policy, FMM 2011-005.

4.4 Managing Oversight of Miscellaneous Obligations

At a minimum, bureaus must comply with the Department's quarterly reviews and annual certification requirements on obligations. These requirements include completion of the following:

- Annual certification reports on the status of un-liquidated obligations (Undelivered Orders (UDOs)), as required by the Updated Undelivered Orders Policy, October 12, 2011;
- A quarterly scorecard of bureau obligations, which includes a review of UDOs; and
- Annual A-123 internal control testing.

Bureaus must include miscellaneous obligations specifically when conducting these reviews and certifications (e.g., use of miscellaneous obligations should be specifically included in testing related to A-123 assessment of internal control), and may implement additional levels of review tailored to these types of documents. For example, additional bureau-level reviews could address a certain dollar threshold or target highly scrutinized types of miscellaneous obligations.

5. Appropriate Uses of Miscellaneous Obligations

5.1 Determining the Appropriate Uses

In order to determine the appropriate use, employees who create, approve or certify miscellaneous obligations must refer to the decision matrix below as a guide.

Question	Take the following action if the answer is...	
	"Yes"	"No"
1. Is the document covered under Federal Acquisition Regulations (FAR)?	Do not process the document as a miscellaneous obligation.*	The document may qualify as an appropriate miscellaneous obligation. Proceed to the next question.
2. Is the document covered under a contract?	Do not process the document as a miscellaneous obligation.*	The document may qualify as an appropriate miscellaneous obligation. Proceed to the next question.
3. Is it standard practice for the document to be processed through PRISM (for FBMS) or PD-IDEAS (for FFS)?	Do not process the document as a miscellaneous obligation.*	The document may qualify as an appropriate miscellaneous obligation if it is allowed under bureau guidance. Refer to Section 5.2 for common uses and associated requirements.
4. Is this document covered under a financial assistance program?	Do not process the document as a miscellaneous obligation.*	The document may qualify as an appropriate miscellaneous obligation. Review the Catalog of Federal Domestic Assistance for a synopsis of each grant and cooperative

		agreement program to ensure the document is not covered under a financial assistance program.
5. Is the document covered under regulations that govern space leases?	Do not process the document as a miscellaneous obligation.*	The document may qualify as an appropriate miscellaneous obligation.
6. Is the document covered under a module in FBMS?	Do not process the document as a miscellaneous obligation.*	The document may qualify as an appropriate miscellaneous obligation.
7. Is the document an inter-agency agreement under the Economy Act with a Federal agency other than the Government Printing Office (GPO)?	Do not process the document as a miscellaneous obligation since inter-agency agreements under the Economy Act are covered under FAR.	The document may qualify as an appropriate miscellaneous obligation.
8. Is the document associated with a land acquisition (e.g., appraisal or title services)?	Do not process the document as a miscellaneous obligation. These types of related transactions should be handled as a contract.	The document may qualify as an appropriate miscellaneous obligation.

*See [Section 5.3](#) for an explanation of waivers to these requirements.

WAIVER NOTE: If a user answers "yes" to **all** of these questions, and the waivers explained in [Section 5.3](#) do not apply, the user **may not** process the document as a miscellaneous obligation.

5.2 Identifying Common Uses and Understanding Documentation Requirements

If a user answers "no" to all of the questions in [Section 5.1](#) above, the document may qualify as an appropriate use. The chart below lists common types of miscellaneous obligations, justifications for the use of this document type, and required supporting documentation. This list is not all-inclusive. See the FAR for additional items that may also be included not listed below. The bureaus must define the additional items within their guidance.

In addition, bureau guidance must reference the common uses listed below and include a list of acceptable supporting documentation. In general, each bureau's guidance must outline the following:

- Types of allowable miscellaneous obligations;
- Justification required for each type of miscellaneous obligation; and
- Required supporting documents / forms for each type of use.

<i>Appropriate Use of Miscellaneous Obligations</i>	<i>Example Justification / Reasoning</i>	<i>Example Required Supporting Documentation*</i>
AutoChoice	Unless the document can be processed through PRISM/PD-IDEAS, FBMS/FFS is not configured to handle these transactions.	Purchase request or delivery order
General Services Administration (GSA) Reimbursable Work Agreement (RWA)	This type of agreement is for GSA owned and managed space.	Signed RWA (Form 2957)
GPO requests	This type of inter-agency agreement cannot be sent through normal business processes.	Printing request forms
Intra-Agency Agreements	Intra-agency agreements are not subject to the FAR and can be approved by an authorized official	Signed agreement

<i>Appropriate Use of Miscellaneous Obligations</i>	<i>Example Justification / Reasoning</i>	<i>Example Required Supporting Documentation*</i>
	(AO). The AO may or may not be a Contracting Officer (CO) depending on the bureau's business process. Inter-agency agreements citing the Economy Act must be approved by a CO.	
Training	Reimbursements for training are paid to employees, and are not subject to procurement regulations. <i>Example:</i> Entry fees for approved training courses.	Signed SF-182
Land acquisition	The land management bureaus have the authority to obligate funds for land acquisitions. This authority does not fall under the FAR and is covered under another legal authority/statute. <i>Note:</i> Transactions related to land acquisitions, like appraisal services or title services, should be procured in accordance with FAR.	Real estate contract
Legal authority / statute	These documents may require that payments/settlements are made outside of normal business processes. These guidelines are established within the statutes. <i>Example:</i> Settlement payments under the White Earth Land Settlement Act are obligated as miscellaneous obligations because the court order is not a contract.	Legal authority/statute document, signed court order, or other form of support
Tort claims and Equal Employment Opportunities settlements	There is no contract or acquisition activity for these claims. The amount of the payment to the payee/vendor cannot be determined in advance of a court decision. <i>Example:</i> A judgment on a workers' compensation dispute handed down by the Department of Justice to a bureau.	Legal statement and/or judgment
Emergency situations	The need to process payments quickly in emergency situations necessitates the use of miscellaneous obligations.	Statement declaring the situation as an emergency from the President or the Department.
Payments to vendors without DUNS	ZMOBs are the only documents in FBMS where a user can create a custom vendor. All other document types require a vendor to have a DUNS.	Purchase order or receipt of good/service.

* Documentation is not required if it contains sensitive information. However, bureaus must maintain the supporting documentation in accordance with their respective procedures for handling sensitive information.

5.3 Understanding Waivers Related to the Appropriate Use of Miscellaneous Obligations

"Document Not Covered Under Policy" Waiver

If the Department and bureau policies/guidance do not identify a type of transaction that the user believes is an appropriate use of miscellaneous obligations, the user may seek an "exception" waiver to the policy. The waiver request needs to include the document type, justification for use of the miscellaneous obligation document, and the associated supporting documentation. When the bureau approves the request, the details of the waiver need to be communicated to PFM. A copy of the approved waiver must then be sent to Michael Anthony, Staff Accountant in PFM at (202) 208-6824 or via e-mail at Michael_Anthony@ios.doi.gov.

"Blackout" Waiver for FFS Bureaus

During the deployments to FBMS, the bureaus or Departmental offices undergo financial system outages. A period of time is experienced when users may not be able to use the acquisition processes. This instance of down time is known as a "blackout" period. The Department may grant waivers on the requirements for the appropriate uses of miscellaneous obligations referenced in [Section 5.1](#) during the FBMS conversion blackout. In order to receive a waiver, bureaus must prepare a plan for the time period and present it to PFM at least one month prior to the start date of the FBMS "blackout" period.

At a minimum, FFS bureaus must include the following information in their FBMS "blackout" plans:

- The expected time period for the "blackout," plus the grace period required to catch up with payments. PFM may grant part or all of this time period under the waiver.
- An approach to documenting and monitoring transactions that occur during the "blackout" outside of FBMS.
- An explanation of additional controls on miscellaneous obligation documents that the bureau will use during the "blackout."

Please submit a copy of the "blackout" waiver to Melanie Navarro, PFM Chief - Policy Collaboration and Operations, via e-mail at Melanie_Navarro@ios.doi.gov.

NOTE: Transactions automatically converted to miscellaneous obligations, as a result of the FBMS deployments, are considered out of the scope of this policy. This policy covers those documents entered into FBMS after the system comes back online, not those that are created as a direct result of the system conversion.

6. Authorities and References

In addition to this policy, authorizing officials should refer to the following authorities:

- Federal Acquisition Regulation (FAR): <http://www.acquisition.gov/far/html/FARTOCP07.html>;
- DOI Departmental Manual: <http://elips.doi.gov/elips/0/fol/1338/Row1.aspx>;
- DOI Acquisition Policy Release (DIAPR): <http://www.doi.gov/pam/programs/acquisition/diapr.cfm>;
- FBMS SoD Policy: <http://www.doi.gov/pfm/fmm/upload/FMM-2011-005-FBMS-SoD-Policy.pdf>;
- FBMS Inherently Governmental Functions, currently in draft to be issued;
- General Services Administration Acquisition Regulation (GSAR):
 - <http://www.acquisition.gov/gsam/current/html/GSAMTOC501.html#wp436256>
- Principles of Federal Appropriations Law, Vol. I, Chapter 5: Bona Fide Needs Rule: <http://www.gao.gov/assets/210/202437.pdf>; and
- Principles of Federal Appropriations Law, Vol. II, Chapter 7: Obligation of Appropriations: <http://www.gao.gov/assets/210/202819.pdf>.

Appendix A: Glossary of Terms

This glossary includes definitions for the miscellaneous obligations terms referenced in this policy.

Term	Definition	Reference
<i>Approving Official (AO)</i>	An employee chosen by the bureau who has been authorized to approve miscellaneous obligations documents.	
<i>"Blackout" Period</i>	A time period when a bureau or Departmental office does not have access to FBMS due to a system outage or upgrade.	
<i>Budget Object Class (BOC)</i>	Codes which drive the general ledger posting of individual transactions. The codes describe the nature of the service or article for which obligations are first incurred, regardless of the purpose, function or program served. Users should refer to the Department's BOC definitions list and choose the code that best fits the transaction.	http://www.doi.gov/pfm/other-resources.cfm
<i>Department</i>	The Department of the Interior (DOI).	
<i>Federal Acquisition Regulation (FAR)</i>	A set of regulations which governs acquisitions processes for Federal Government agencies.	http://www.acquisition.gov/far/html/FARTOCP07.html
<i>Financial and Business Management System (FBMS)</i>	DOI's integrated financial management system. The system includes common processes, a common technology platform and integrated real-time data across bureaus and offices.	http://www.doi.gov/pmb/fbms/index.cfm
<i>Federal Financial System (FFS)</i>	DOI's legacy financial management system in place when bureaus have not been converted to FBMS.	http://www.doi.gov/pmb/fbms/index.cfm
<i>General Services Administration Acquisition Regulation (GSAR)</i>	The GSAR contains agency acquisition policies and practices, contract clauses, solicitation provisions, and forms that control the relationship between GSA and contractors and prospective contractors.	http://www.acquisition.gov/gsam/current/html/GSAMTOC501.html#wp436256
<i>Legal Statute</i>	An act of a legislature that declares, prescribes, or commands a requirement or a settlement handed down to DOI or one of its bureaus.	
<i>Miscellaneous Obligation</i>	A valid obligation not utilizing the acquisition process in DOI's financial system of record (i.e., charge card, travel, training, inter-agency agreements, etc.) Only under authorized situations, can a miscellaneous obligation be used for typical acquisition transactions (i.e., contract, grant, financial assistance, intra-agency agreements under the Economy Act, etc.)	
<i>PD-IDEAS</i>	DOI's legacy contract management system.	
<i>PRISM</i>	DOI's contract management system.	
<i>Sensitive Information</i>	Documentation that contains personal information or information that relates to national security. Bureaus need to define sensitive information in their policies.	
<i>ZMOB</i>	A specific type of miscellaneous obligation transaction created in a custom form in FBMS. ZMOB is not restricted to specific vendors. This type of miscellaneous transaction includes all obligations not recorded through the acquisition process.	