



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
1000 NAVY PENTAGON  
WASHINGTON, D.C. 20350-1000

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MEMORANDUM FOR DISTRIBUTION

Subj: PROPER ADMINISTRATION OF APPROPRIATIONS

Ref: (a) NAVCOMPTINST 7040.37B of 10 Apr 91  
(b) NAVCOMPT memo NCB-32 of 30 Sep 91  
(c) OASN(FM&C) memo 7155 FMO-224 of 29 Jul 96

Over a period of time, a pattern has developed that shows inadequate attention being paid to the provisions of references (a) through (c), which ensure the Department properly administers closed and expired accounts and reimburses the Department of the Treasury for payment of contract dispute claims. We need to guard against a view that the financial management community cannot properly manage the resources provided to the Department. The following is a partial list of observed problems that illustrate this lack of attention to fiscal matters:

- documentation inadequate to the purposes
- fund availability not available to process adjustments
- accounts in moratorium status
- lack of proper legal opinion or insufficient legal opinion to process the adjustment
- obligation adjustments prior to receiving authorization
- assumption that requisite approval authorization to have been provided
- obligation adjustments greater than \$1,000,000 that involve multiple claimants (whose individual pieces are less than \$1,000,000) without authorization
- failure to reimburse the judgment fund in a timely manner

While attaching appropriation controls to the provisions of references (a) through (c), is the normal bureaucratic response to this kind of lack of attention, I do not believe that is the most useful approach. However, appropriate changes to your internal processes must be made and observed in order to avoid

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restrictions (i.e. 31 USC 1517) necessary to ensure that the resources entrusted to the Department are properly executed.

My point of contact is Ms. Linda J. Meadows, FMB-5, who can be reached at 703-693-6590, DSN 223-6590, or by email at meadows.linda@hq.navy.mil.



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