

**FDA Staff Manual Guides, Volume III – General Administration**

**Financial Management**

**Budget**

**Undelivered Orders and Obligation Review (UDO and OR)**

Effective Date: 09/08/2021

1. Purpose
2. Background
3. Reference and Authority
4. Definitions
5. Policy
6. Responsibilities
7. Procedures
8. Record Retention
9. Effective Date
10. Document History
11. Appendix A – Sample Certification of Quarterly Reviews of UDOs (Non-Grant UDOs)
12. Appendix B – Sample Certification of Quarterly Reviews of Grants
13. Appendix C – HHS Financial Management Directives Guidance Volume II, Chapter 12: UDOs
14. Appendix D – Detailed Procedures for Centers Deobligate Known Invalid Obligations
15. Appendix E – OAGS Contract Closeout Policy, Procedures and Templates
16. Appendix F – HHS Acquisition Regulations (HHSAR) Closeout Time Standards
17. Appendix G – Sample UDO Report

**1. Purpose**

This Staff Manual Guide (SMG) is intended to provide policies and procedures set forth by the Food and Drug Administration (FDA) for the monitoring of obligations and the review of Undelivered Orders (UDO). This guide establishes requirements for the review and certification of valid obligations and UDOs. The quarterly review of obligations assists the FDA in improving internal controls related to the validation of UDOs and the close-out of invalid obligations.

The procedures and provisions contained in this policy apply to all - Centers and Offices within FDA. Each Center and Office is responsible for monitoring and maintaining supporting evidence of all obligations within their Center and Office's allowances.

Monitoring of obligations and periodic reviews of UDOs is also necessary to properly report obligation balances, certify the validity of the obligation, and reduce the risk of the mismanagement of funds.

This policy identifies program and procurement officials that have responsibility for maintaining accurate obligations. The Executive Officer (EO) (or their designee) for each Center and Office is responsible for providing a quarterly certification of compliance to the FDA Chief Financial Officer (CFO). An example of this certification is included in Appendix A.

## **2. Background**

This policy supplements the Department of Health and Human Services (HHS) Financial Management Directives & Guidance Volume II, Chapter 12: UDOs (see Appendix C), which sets forth the minimum requirements for FDA to monitor obligations and review UDOs.

## **3. Reference and Authority**

FDA policy is consistent with guidance set forth by the following policies regarding the monitoring of UDOs. These include:

A. HHS Financial Management Directives & Guidance Volume II, Chapter 12: UDOs (2016)

<https://intranet.hhs.gov/manual/fmdg/vol-ii-chapter-12>

B. Office of Management and Budget (OMB) Circular No. A-11  
"Preparation, Submission, and Execution of the Budget"

[https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/assets/a11\\_current\\_year/a11\\_2017.pdf](https://www.whitehouse.gov/sites/whitehouse.gov/files/omb/assets/a11_current_year/a11_2017.pdf)

C. Statement of Federal Financial Accounting Standards (SFFAS) 1:  
Accounting for Selected Assets and Liabilities

[http://files.fasab.gov/pdffiles/handbook\\_sffas\\_1.pdf](http://files.fasab.gov/pdffiles/handbook_sffas_1.pdf)

D. SFFAS 5: Accounting for Liabilities of the Federal Government

[http://files.fasab.gov/pdffiles/handbook\\_sffas\\_5.pdf](http://files.fasab.gov/pdffiles/handbook_sffas_5.pdf)

E. "Antideficiency Act" (PL 97-258), codified at Title 31 U.S. Code, Sec. 1341

<https://www.govinfo.gov/content/pkg/USCODE-2017-title31/pdf/USCODE-2017-title31-subtitleII-chap13-subchapIII-sec1341.pdf>

- F. "Federal Managers' Financial Integrity Act of 1982," (PL 97-255, 8 September 1982) <https://www.congress.gov/bill/97th-congress/house-bill/1526>
- G. "Documentary evidence requirement for Government Obligations", Title 31, U.S. Code, Sec. 1501  
<https://www.govinfo.gov/content/pkg/USCODE-2017-title31/pdf/USCODE-2017-title31-subtitleII-chap15-subchapl-sec1501.pdf>
- H. "Balances Available," Title 31, U.S. Code, Sec. 1502  
<https://www.govinfo.gov/content/pkg/USCODE-2017-title31/pdf/USCODE-2017-title31-subtitleII-chap15-subchapl-sec1501.pdf>
- I. "Apportionment and reserves," Title 31, U.S. Code, Sec. 1512  
<https://www.govinfo.gov/content/pkg/USCODE-2017-title31/pdf/USCODE-2017-title31-subtitleII-chap15-subchapl-sec1512.pdf>
- J. "Officials controlling apportionments," Title 31, U.S. Code, Sec. 1513  
<https://www.govinfo.gov/content/pkg/USCODE-2017-title31/pdf/USCODE-2017-title31-subtitleII-chap15-subchapl-sec1513.pdf>
- K. "Administrative division of apportionments," Title 31, U.S. Code, Sec. 1514  
<https://www.govinfo.gov/content/pkg/USCODE-2017-title31/pdf/USCODE-2017-title31-subtitleII-chap15-subchapl-sec1514.pdf>
- L. FAR 4.804 Closeout of Contract Files  
<https://acquisition.gov/content/4804-closeout-contract-files>
- M. HHS Grants Policy Statement  
(<https://www.hhs.gov/sites/default/files/grants/grants/policies-regulations/hhsgps107.pdf?language=es>)
- N. FDA Staff Manual Guides, Volume III - General Administration  
Agreements with Other Government Agencies  
<http://inside.fda.gov:9003/PolicyProcedures/StaffManualGuide/VolumellIIGeneralAdministration/ucm007700.htm>
- O. HHS Acquisition Regulations (HHSAR) Closeout Guide  
<https://intranet.hhs.gov/manual/contract-closeout-guide>

- P. FDA Policy and Procedures Memorandum on Contract Closeout Procedures  
<https://fda.sharepoint.com/sites/OC-Intranet-OC-OO-OFBA-FMM/file/Contract%20Closeout.pdf>

#### 4. Definitions

- A. **2-way Match** – A method for verifying that the vendor invoice and purchase order match prior to processing a payment.
- B. **3-way Match** – A method for verifying that the vendor invoice, the purchase order, and the receiving report match prior to processing a payment.
- C. **Deobligation** – An action in the financial system of record which reduces the amount of funding available for expenditure because the funding is no longer needed or could not be liquidated in accordance with federal appropriations law. Such adjustments may be attributable to cancellation of a project or contract before completion, project or contract price reductions during the period of performance, or actual project or contract costs being below the obligated amount after all required goods and services have been delivered at the end of the period of performance.
- D. **Financial Activity** – Activity consisting of invoice payment, receiving, or a modification to funding on an obligation.
- E. **Obligation** – In general, an action that creates a legal liability to disburse funds, immediately or in the future. Except for rare exceptions that require the Office of General Counsel concurrence, budgetary resources must be available before obligating actions can be legally made.
- F. **Undelivered Orders (UDO)** – Goods or services ordered that have not been received. This includes any orders for which advance payment has been made, but for which delivery or performance has not yet occurred.
1. **Valid UDOs** – Obligations that must remain open because legal liability to disburse funds immediately or in the future still exists due to required goods or services not having been delivered and accepted.
  2. **Invalid UDOs** – Outstanding balances on open obligations for which goods and services have been received or are no longer required. These balances should be deobligated.

**G. Unliquidated Obligations** – For reports prepared on an accrued expenditure basis, they represent the amount of obligations incurred by the recipient for which an outlay has not been recorded.

## **5. Policy**

The Office of Financial Management's (OFM) manages the process for monitoring and managing undelivered orders (UDOs). Centers and Offices must continuously monitor obligations throughout the fiscal year by taking actions outlined below:

1. Review, investigate, close-out and deobligate obligations that are no longer needed.
2. Review Non-Contract and Non-Grant UDOs identified as having no financial activity for 90 days and requiring review within the UDO Report that is distributed to Centers/Offices by OFM.
3. Review Contract UDOs that are no longer within the active Period of Performance (POP).
4. Review Grant UDOs via the Federal Financial Report (FFR) review process.
5. Review obligations flagged for potential deobligation and provide approval for deobligation or provide justification to retain the obligation as still valid.

Additionally, it is the responsibility of the Center and Office which funded the UDO to maintain all supporting documentation related to direct obligations. Similarly, it is the responsibility of the Office of Acquisition and Grants Services (OAGS) to maintain all supporting documentation related to Contracts, Grants, Interagency Agreements, and other PRISM awarded documents. All supporting documentation, including working documents, reports, forms, and spreadsheets, must be maintained and readily available upon request for six (6) years.

### **A. Review Process for Non-Grant UDOs**

Each Center and Office must determine if an obligation line item of an undelivered order is valid. This involves verifying and reconciling the undelivered obligations to supporting documents and ensuring the obligations satisfy criteria for validity referenced in Section 7.B. Obligations that do not meet the criteria are considered invalid and should be deobligated.

A brief comment must be provided for each unique UDO record identified on the UDO Report sent by the OFM Division of Accounting (DA) UDO POC as

requiring review. During the quarterly review period, each Center Office must take appropriate action within UFMS to deobligate all non-Grant and non-Contract UDOs identified as invalid.

For Contracts which are PRISM awarded obligations, OAGS will adhere to the standards provided in the FAR 4.801 and 4.804 for Contract closeout. Invalid Contract UDOs must be submitted to OAGS for deobligation once the period of performance for the task order has expired. For the closeout of Interagency Agreements (IAAs) which are PRISM awarded obligations, OAGS will adhere to the applicable rules and regulations set forth by HHS and FDA.

All Non-Contract and Non-Grant obligations should be reviewed at least once quarterly. This functions as a key component in determining the net amount of obligations outstanding reported on the financial statements. Further, the UDO and OR process assists in:

- Properly recording obligations in the financial system of record;
- Properly reporting obligation balances;
- Certifying the validity of obligated balances;
- Making funds available that otherwise would not be used to fully execute its mission and or fairly present its financial statements;
- Reducing the risk of the mismanagement of funds; and
- Improving the U.S. Department of the Treasury's (Treasury) ability to forecast outlay and borrowing needs.

OFM DA UDO POC will conduct an independent review of files submitted by the Centers and Offices to validate the review was performed in a timely manner and that the deobligation of invalid funds was executed accordingly.

### 3. **UDO Report Parameters**

The UDO Report must, at a minimum, contain the following fields:

- Obligation or Document Number
- Budget Fiscal Year;
- Object Class Code;
- Obligation Amount;
- Billed Amount;
- Undelivered Order Amount;
- Last Financial Activity Date;
- Number of Days with No Financial Activity
- A column in which to mark the UDO as valid or deobligate

- Identified as requiring review

**4. UDO Report Distribution**

No later than the 15<sup>th</sup> of the month following quarter end, OFM DA UDO POC will distribute the UDO Report to the Centers and Offices as outlined in the table below:

UDO Report Data Date	OFBA generates UDO Report	OFBA Distributes UDO Report to Centers and Offices*	Centers and Offices Review UDO Report	Centers and Offices Submits Report & Cert. to OFBA
As of Sept. 30	Oct. 1-14	By Oct. 15	Oct. 15 – Dec. 31	Jan. 8
As of Dec. 31	Jan. 2-14	By Jan. 15	Jan. 15 – Mar. 31	Apr. 8
As of Mar. 31	Apr. 1-14	By Apr. 15	Apr. 15 – Jun. 30	Jul. 8
As of Jun. 30	Jul. 1-14	By Jul. 15	Jul. 15 – Sept. 30	Oct. 8

**5. Review Process for Grant UDOs**

The OAGS Division of State Acquisition, Assistance Agreements, and Grants (DSAAG) Grants Management Branch must review Grant UDOs via the FFR process. FFR SF-425 is a cumulative statement of expenditures associated with a grant. FFRs are submitted to the FDA at the end of the budget period for the award. Grantees are required to report the financial status of grants to the OAGS DSAAG Grants Management Branch using the electronic Research Administration (eRA), the National Institute of Health (NIH) IT system used to manage the receipt, processing, review, award, and monitoring of research and non-research Grants.

FFRs must be submitted to the FDA within 90 days after the end of the calendar quarter in which the budget period ends as outlined in the table below:

Month of Budget End Date	FFR Due Date
Jan. – Mar.	Jun. 30
Apr. – Jun.	Sept. 30
Jul. – Sept.	Dec. 31
Oct. – Dec.	Mar. 31

Each quarter, DSAAG Grants Management Branch must review each submitted FFR SF-425 for completeness to ensure that the required fields have been completed by the grantee and determine if the remaining Grant UDO is valid.

**6. Quarterly Review Certification**

Each quarter, each FDA Center and OAGS is required to certify compliance with this policy. Certifications submitted by FDA Centers must be signed by the EO (or his or her designee). Certifications submitted by OAGS must be signed by the Director of OAGS.

For non-Grant UDOs, the certification must be accompanied with the return of the original UDO Report of unliquidated obligations with brief comments and additional comments if applicable, provided for each UDO line identified as requiring review. See Appendix B for a sample of the Certification of Quarterly Reviews of Non-Grant UDOs. The Center and Office is responsible for maintaining the signed certification and supporting evidence of all obligations within their Center's allowances and sub-allowances. For Grant UDOs, the certification must include the population of Grant UDOs that were reviewed in the quarter. See Appendix C for a sample of the Certification of Quarterly Reviews of Grant UDOs.

Certifications are due to the OFM DA UDO POC within 8 calendar days after the close of each quarter. When the 8<sup>th</sup> falls on a Saturday, Sunday, or Federal Holiday, the certifications are due on the next working business day.

## **6. Responsibilities**

The primary roles and responsibilities for the policy directives and required procedures within this SMG are as follows.

### **A. Responsibilities of OFBA Chief Financial Officer (CFO) and Deputy CFO (DCFO)**

1. Establish policies and procedures to ensure FDA maintains sound financial management practices and operations.
2. Sign Certification of Quarterly Review of UDO Report to HHS Deputy CFO (DCFO) through the Assistant Secretary for Financial Resources, Office of Finance (ASFR OF).
3. Sign Certification of Quarterly Review of Grant and Contract UDOs to HHS DCFO through ASFR OF.

### **B. Responsibilities of OFM Director or designee**

1. Direct, supervise, and provide oversight for the review and monitoring of UDOs.
2. Review and approve requests to deobligate PRISM-awarded documents for amounts less than \$500.

### **C. Responsibilities of the Office of Budget (OB) Division of Budget Execution and Control (DBEC)**

1. Review and approve prior year deobligations greater than \$5,000 submitted by the Center and Office via email.



2. Monitor the availability of funds to guard against violation of the Anti-deficiency Act.

#### **D. Responsibilities of the OFM Division of Accounting (DA)**

1. Generate the quarterly review UDO Report from FBIS, process and distribute to FDA Center UDO Certification POCs according to distribution schedule
  - a. Receive the ATS Active Awards Report from OAGS to incorporate into the UDO Report.
2. Assist Centers and Offices with the continuous review of undelivered orders and follow-up with Centers and Offices on corrective action associated with the quarterly review of unliquidated obligations.
3. Schedule and hold optional monthly UDO "Office Hours" during which Centers and Offices UDO POCs can contact OFM DA UDO POC for UDO related questions, escalate issues or to request assistance with any UDO matter. As needed or per Center request, schedule and conduct a conference call meeting with relevant POCs to discuss UDO issues within a Center and Office.
  - a. OFM DA UDO POC will review and identify appropriate OFBA POCs who need to attend the meeting to assist in resolution of the questions and issues.
  - b. If OFM DA UDO POC initiates a conference call separate from the monthly "Office Hours", OFM DA UDO POC will provide an agenda and relevant attachments which include but is not limited to:
    - (1) UDOs requiring review which may not have been included in UDO report populations because FBIS report does not include UDO balances in UFMS of less than \$0.00.
    - (2) UDOs previously identified as Invalid but still not deobligated by Center and Office.
    - (3) UDOs identified as "Researching" in consecutive quarters by Center and Office.
  - c. Based on the meeting discussion, DA will maintain a list of "action items", parties responsible for completing action items, and due dates action items.

4. Submit Quarterly UDO Certifications to HHS Deputy CFO (DCFO) through the Assistant Secretary for Financial Resources, Office of Finance (ASFR OF).
5. Monitors the [FDAUDOCert@fdas.hhs.gov](mailto:FDAUDOCert@fdas.hhs.gov) inbox and responds timely to inquiries from FDA Centers.

**E. Responsibilities of the OFM Division of Financial Systems Support (DFSS)**

1. Complete manual deobligations within UFMS for PRISM-awarded UDOs under \$500 submitted to [FDAUFMSObligationIssues@fda.hhs.gov](mailto:FDAUFMSObligationIssues@fda.hhs.gov).
2. Complete manual deobligations within UFMS for PRISM-awarded UDOs greater than \$500 that did not successfully interface to UFMS from PRISM.
3. Complete manual deobligations within UFMS for Relocation UDOs.
4. Notifies OAGS once manual deobligations of PRISM-awarded UDOs have been completed.

**F. Responsibilities of the Office of Acquisitions and Grants Services (OAGS) Director**

1. Direct, supervise, and provide oversight for the review and monitoring of Contract UDOs closeout and deobligations.
2. Direct, supervise, and provide oversight for the review and monitoring of Grant UDOs as part of the FFR review process.
3. Review and approve the deobligation of invalid Contract and Grant UDOs.
4. Review the Centers and Offices Executive Summary Report quarterly.
5. Review and sign the quarterly Grant UDO Certification form for submission to OFM DA UDO POC.

**G. Responsibilities of OAGS**

1. Review, validate, closeout and deobligate IAAs, Grants and Contracts that are no longer within the active POP.

2. Send OFM DA UDO POC the Acquisition Tracking System (ATS) Active Awards Report at the end of each quarter for integration with the quarterly UDO Report.
3. Perform closeout of Contracts in accordance with the FAR 4.804 Closeout of Contract files, HHS Acquisition Regulations (HHSAR) Closeout Time Standards and HHS Contract Closeout Guide, and FDA Policy and Procedures Memorandum on Contract Closeout Procedures; Perform closeout of Interagency Agreements in accordance with the FDA Agreement with Other Government Agencies Staff Manual Guide.
  - a. Perform final review of Contract close-out for compliance and completeness to ensure that FDA has no further liability to the contractor or vendor.
  - b. Create and approve a final modification to the Contract in PRISM which will interface and deobligate the remaining funds in UFMS for unliquidated obligations greater than \$500. For unliquidated obligations less than \$500, OAGS sends an email to OFM DFSS team at [FDAUFMSObligationIssues@fda.hhs.gov](mailto:FDAUFMSObligationIssues@fda.hhs.gov) for manual deobligation of the invalid obligation in UFMS.
4. Respond to Center and Office inquiries on the status of Contract deobligations/closeouts.
5. Retain all supporting documentation to verify the review of Contract UDOs for examination during the current year audit in accordance with the NARA General Records Schedule (GRS) and for six years thereafter.

**H. Responsibilities of the OAGS Division of State Acquisition, Assistance Agreements, and Grants (DSAAG) Grants Management Branch**

1. Review Grant UDO balances in Federal Financial Report (FFR) SF-425 that are submitted by grantees via the eRA.
2. Confirm the accuracy and completeness of submitted Grant FFRs.
3. For Grant UDOs that have a remaining balance that will not be used by the grantees, complete the deobligation of the UDO.
4. Store FFRs in a folder that is accessible to DA.
5. Store Grantees' requests to roll-over remaining funds to next budget

year in a folder that is accessible to DA.

6. Provide the population of the Grant UDOs that were reviewed in the applicable quarter to DA.
7. Retain all supporting documentation to verify the review of Grant UDOs for examination during the current year audit in accordance with the NARA General Records Schedule (GRS) and for six years thereafter.

#### **I. Responsibilities of the Centers and Offices**

1. Receive the quarterly UDO Report from OFM UDO DA POC and review all UDO Report items identified as requiring review. Provide a status within the Brief Comments Section in the UDO Report for each line item (see Appendix H).
  - a. Submit completed UDO Report back to OFM DA UDO POC by the 8<sup>th</sup> of the month following the end of the quarter.
  - b. For Contract UDOs, follow up with Contracting Officer's Representative (COR) to determine the status of a Contract.
2. Identify as invalid and deobligate Non-Contract, Non-Grant UDOs.
3. For Contract and IAA UDOs that are completed or cancelled before the period of performance ends, identify as invalid and submit closeout and deobligation request to OAGS.
  - a. Upon determination that a Contract UDO is invalid, complete the standardized deobligation request template (see Appendix F) and send to OAGS once the POP has expired.
    - (1) Contact the COR, Project Officer, or Technical Representative to obtain POP and Contract status.
  - b. To obtain the status of a Contract closeout/deobligation, follow up with the OAGS Closeout Specialist that was assigned the deobligation.
4. Utilize Monthly Office Hours with OFM DA UDO POC to escalate and seek resolution of UDO issues.
  - a. Centers and Offices will send their questions or issues to OFBA two business days prior to the meeting.

- b. Centers and Offices will escalate issues that are outstanding and unresolved.
  - c. Centers and Offices are responsible for tracking any unresolved issues escalated to OFBA during Monthly Office Hours.
5. Document and maintain evidence of both continuous and quarterly reviews for all obligating transactions for six (6) years.
  6. Obtain certification of UDO monitoring from Executive Officer or official designee of the Center and Office (see Appendix B) and submit to OFM DA UDO POC with the completed UDO Report by the 8<sup>th</sup> of the month following the end of the quarter.

**J. Responsibilities of the Center's and Office's Executive Officer (EO), Deputy Executive Officer or delegated authority**

1. Review and sign the quarterly UDO Certification form for submission to OFM DA UDO POC.
2. Review the Executive Summary Report generated quarterly by OFM DA UDO POC that shows Centers and Offices key performance metrics. Take appropriate action to resolve performance metrics not meeting the established targets. Key performance metrics include:
  - a. Percentage of Centers and Offices that have not submitted comments and certifications by the stated deadline.
  - b. Total number, dollar amount, and percentage of invalid UDOs that are pending Center/Office actions.
  - c. Total number, dollar amount, and percentage of invalid UDOs that are pending OFBA actions.
  - d. Total number, dollar amount, and percentage of invalid UDOs that are pending OFBA actions via contract closeout.
  - e. Total number, dollar amount, percentage of UDOs that have been marked for deobligation but remain on the report in consecutive quarters.
  - f. Total number, dollar amount, percentage of UDOs having a "Researching" or "blank" status in consecutive quarters.

**7. Procedures**

## **A. Procedure for Quarterly Review of Non-Grant UDOs**

1. At the end of each quarter, the OFM DA UDO POC will run the FBIS UDO report and export the report file.
2. During the UDO assessment and clean-up period in the following quarter, the Centers and Offices will review each line item included on the quarterly UDO Report spreadsheet and provide comments regarding actions that have been or will be taken on each UDO line item which is identified as requiring review. The Centers and Offices should act on each item as outlined in Section 7.B below.
3. At the end of the UDO review and clean-up period, the Centers and Offices completes the Certification of Quarterly Reviews of UDOs (Appendix B and maintain all supporting documentation of the quarterly UDO review. A signed Certification by the Center and Office EO and the UDO Report updated with comments are due to OFM DA UDO POC per the schedule outlined in Section 5.B of this policy.

## **B. Guidelines for Quarterly Review of Non-Contract and Non-Grant UDOs (includes IAAs)**

Upon receipt of the UDO Report, each Center and Office must review all non-Grant and non-Contract UDOs (including IAAs).

1. The minimum UDO review requirements include:
  - a. Reviewing and investigating UDOs with no financial activity for 90 days or longer;
  - b. Ensuring obligations were properly recorded in the financial system of record;
  - c. Notifying OFBA or applicable Center and Office Budget Execution Team to deobligate or adjust invalid obligations;
  - d. Retaining supporting documentation of review, correspondence, corrective actions, and certification for reference and audit purposes;
  - e. Reviewing actions taken by OFBA or applicable Center and Office Budget Execution Team to confirm accuracy of a deobligation or adjustment, if applicable; and
  - f. Providing the Certification of Quarterly Review of UDO Report to OFM DA UDO POC on time.

2. The following are scenarios where non-Contract and non-Grant UDOs (including IAAs) may be valid and deobligation or adjustment is not warranted:
  - a. Final invoice has not been received;
  - b. Obligation is subject to litigation; or
  - c. All goods and services have not been delivered or performed.

### **C. Guidelines for Quarterly Review of Contract UDOs**

At a minimum, Centers and Offices must review Contract UDOs to determine the validity of balances.

1. The minimum review requirements include:
  - a. Reviewing and investigating Contract UDOs with an expired period of performance;
  - b. Ensuring obligations were properly recorded in the financial system of record;
  - c. Notifying the Contracting Officer to initiate the deobligation or adjust invalid obligations;
  - d. Retaining supporting documentation of review, correspondence, corrective actions, and certification for reference and audit purposes;
  - e. Reviewing actions taken by the OFBA or applicable Center and Office Budget Execution Team to confirm accuracy of a deobligation or adjustment, if applicable; and
  - f. Providing review certification signed by the Center and Office EO or designee to the FDA CFO.
2. The following are scenarios when Contract UDOs may be valid and deobligation or adjustment is not warranted:
  - a. Period of performance has not ended;
  - b. Obligation subject to litigation;
  - c. Extension of period of performance has been initiated; or
  - d. Delivery not yet performed

### **D. Procedures for Quarterly Review of Grant UDOs**

1. At the end of the project period for the grant, the Grantee submits the Final FFR, Final Invention Statement (FIS), and Final Research

Performance Progress (FRPP) via the eRA.

2. Center and Office Program Officer reviews the Final FFR, FIS, and FRPPR to determine if the Grant requirements have been fulfilled.
3. OAGS DSAAG Grants Management Branch reviews the Final FFR, FIS, FRPPR.
4. For invalid Grant UDOs, OAGS DSAAG completes deobligation request.
5. At the end of the UDO review and clean-up period, the OAGS Grants Management Branch stores Final FFRs, population of Grant UDOs reviewed, and all supporting documentation of the UDO review in folder accessible to DA.
6. Director of OAGS signs certification (Appendix C) with comments (if applicable) and submits to OFM DA UDO POC per the schedule outlined in Section 5.B of this policy.

#### **E. Guidelines for Quarterly Review of Grant UDOs**

At a minimum, OAGS DSAAG must review Grant UDOs as part of the FFR review process to determine the validity of balances.

1. The minimum review requirements include:
  - a. Reviewing and monitoring Grant UDOs that are indicated in an FFR at the end of each budget period for the award;
  - b. Ensuring obligations were properly recorded in the financial system of record;
  - c. Retaining supporting documentation of review, correspondence, corrective actions, and certification for reference and audit purposes;
  - d. Providing review certification signed by the Director of OAGS or designee to the FDA CFO.
2. In addition to the scenarios described in Section 7.C.2, the following scenario may indicate that the Grant UDO is valid and deobligation or adjustment is not warranted:
  - a. Grantee requested an extension to complete the services indicated in the grant.



**8. Record Retention**

According to HHS Financial Management Directives & Guidance Volume II, Chapter 15: UDOs, Centers and Offices are required to retain copies of the quarterly review reports, the Certifications of Quarterly Review, and all other supporting documents relating to the review of UDOs for the current fiscal year and for five years thereafter. In addition, source documentation for all obligations should be readily available for audit purposes.

**9. Effective Date**

The guide was signed by Sahra I. Torres-Rivera, Director, Office of Financial Management, and is effective September 08, 2021.

**10. Document History – SMG 2310.14, Undelivered Orders and Obligation Review (UDO and OR)**

<b>Status (I, R, C)</b>	<b>Date Approved</b>	<b>Location of Change History</b>	<b>Contact</b>	<b>Approving Official</b>
Initial	12/23/2016	N/A	OC/OO/ OFBA/OFM	Peter Kelchner, Acting Director, OFM
Revision	03/31/2017	N/A	OC/OO/ OFBA/OFM	Sahra I. Torres-Rivera, Director, OFM
Revision	09/01/2021	N/A	OC/OO/ OFBA/OFM	Sahra I. Torres-Rivera, Director, OFM

## 11. Appendix A – Sample Certification of Quarterly Reviews of UDOs

DATE: {mm/dd/yy}

FROM: {Name}

TO: {Name}

SUBJECT: Review of Undelivered Orders (UDOs)

I certify that the FDA has reviewed the Undelivered Order (UDO) Report as of {DATE}, provided by the Office of Financial Management and the list of Grant UDOs provided by the Office of Acquisitions and Grants Services, for the review period ended {DATE}. We have researched the UDOs within the reports and have provided instructions for all items that require deobligations.

**Signed:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**12. Appendix B – Sample Certification of Quarterly Reviews of UDOs (Non-Grant UDOs)**

DATE: {mm/dd/yy}

FROM: {Name}

TO: {Name}

SUBJECT: Review of Undelivered Orders (UDOs) – Non-Grants

I hereby certify that we have reviewed {CENTER NAME} open obligations document reports (undelivered orders – non-grants) for the quarter ending {STATE PERIOD}.

I certify that the amounts shown on undelivered order report as of {DATE} are correct except for the exceptions noted in the list attached. All appropriate personnel have reviewed the underlying support for obligations to determine the validity of the obligations. All obligations identified for deobligation have been identified and deobligated by the appropriate personnel. All other obligations are valid and should remain open.

Supporting documentation for these open obligations has been obtained and available upon request.

**Signed:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

### 13. Appendix C – Sample Certification of Quarterly Reviews of Grants

DATE: {mm/dd/yy}

FROM: {Name}

TO: {Name}

SUBJECT: Review of Grant Federal Financial Reports (FFR) for Undelivered Orders (UDOs)

I hereby certify that we have reviewed and accepted the Federal Financial Reports (FFR) SF-425 received for the quarter ending {STATE PERIOD}.

I certify that the amounts shown on FFRs are correct except for the exceptions noted in the list attached. All appropriate personnel have reviewed the underlying support for grant obligations to determine the validity of the obligations. All grant obligations identified for deobligation have been identified and deobligated by the appropriate personnel. All other grant obligations are valid and should remain open.

Supporting documentation for these open obligations has been obtained and available upon request.

**Signed:** \_\_\_\_\_

**Name:** \_\_\_\_\_

**Title:** \_\_\_\_\_

**14. Appendix D – HHS Financial Management Directives Guidance Volume II, Chapter 12: UDOs**

HHS Financial Management Directives Guidance Volume II, Chapter 12: UDOs may be located here:

<https://intranet.hhs.gov/abouthhs/manuals/financialpolicy/vol-15-undelivered-orders.html>

## **15. Appendix E – Detailed Procedures for Centers to Deobligate Known Invalid Obligations**

### **A. Direct Obligations – Current Year**

1. Deobligate immediately once determined the UDO is invalid to make those funds available for other commitments and obligations.
2. Document by providing detailed comments on the UDO report.

### **B. Direct Obligations – Prior Year**

1. If 3-way matched, be sure nothing has been received on the amount that is to be deobligated.
2. Make necessary returns within iProcurement.
3. For all deobligations under \$5,000.00, and current year funds over \$5,000.00, deobligate as appropriate.
4. For deobligations of prior year funds \$5,000.00 or greater, send email to your DBEC Budget Analyst for review and approval. Upon receipt of email approval from DBEC Analyst, deobligate accordingly.
5. Document by providing detailed comments on the UDO report and attaching the approval email from DBEC to the purchase order within PO Module.
6. Follow up on the status of those purchase orders submitted to OFM to ensure the deobligation occurs in a timely manner.

### **C. Contracts and PRISM Awards**

1. For all Contract obligations listed in the FBIS UDO report, compare the “Amount Billed” to the “Amount Received.”
2. If the PO is a 3-way match and the “Amount Billed” is greater than the “Amount Received,” “Receiving” must occur to bring the “Amount Received” equal to that of the “Amount Billed”.
3. If the PO is a 3-way match and the “Amount Billed” is less than the “Amount Received”, verify that the goods and services have been received and follow up with the vendor prior to creating the receipt within UFMS. If goods and services have not been received, complete “Return Receiving” within UFMS to bring the “Amount Received” equal to that of the “Amount Billed.”

4. If the obligation is a Simplified Acquisition and or Contract with an unliquidated obligation balance less than \$500, complete the following:
  - a. Verify that the Contract POP has expired.
    - (1) If the POP has not, expired, update the UDO Report with status of “Deobligate – Pending Expiration of POP” in Brief Comments.
    - (2) If the POP has expired, complete the standardized deobligation request email (See Appendix F) and send to: [CONTRACT-CLOSEOUT-UNDER-500@fda.hhs.gov](mailto:CONTRACT-CLOSEOUT-UNDER-500@fda.hhs.gov).
5. When the award has been officially closed, the Closeout Lead will submit an email to OFM DFSS team at [FDAUFMSObligationIssues@fda.hhs.gov](mailto:FDAUFMSObligationIssues@fda.hhs.gov) to manually deobligate the obligation in UFMS.
6. If the obligation is a Simplified Acquisition and or Contract with an unliquidated obligation greater than \$500, the Contracting Officer’s Representative (COR) of the Contract (or other Center representative in the absence of a COR) initiates the closeout process as follows:
  - a. Submit a \$0 Requisition in iProcurement (submit as a “Y” Type Requisition) requesting the deobligation and close-out of the award referencing the PRISM award number.
    - (1) In the Requisition line, include the Contract Number/PO Number, and Release Number if applicable.
    - (2) Only one requisition should be submitted for the Simplified Acquisition and Contract that is being requested to close out. OAGS will follow contract closeout guidelines and close out and deobligate these obligations in accordance to their rules and regulations.
  - b. Centers and Offices should refer to the ATS Report for status of \$0 requisitions modifications.
7. The COR, or the party responsible for the obligation in the absence of a COR, should provide detailed comments back to the Center and Office Budget Analyst to properly document the findings on the UDO report.
8. The Center and Office’s Budget Analyst should follow up with the COR on the status to ensure action is taken in a timely manner.

9. Centers and Offices should follow up with the assigned OAGS Close-out Specialist for any inquiry on the deobligation status.

#### **D. Inter-agency Agreements (IAA)**

1. For IAA obligations, compare the “Amount Billed” to the “Amount Received.” Receiving is not required on IAAs as they are set up as 2-way matching; however, some users choose to receive in iProcurement.
2. If 3-way matched and the “Amount Billed” is greater than the “Amount Received,” “Receiving” must occur to bring the “Amount Received” equal to that of the “Amount Billed.”
3. If 3-way matched and the “Amount Billed” is less than the “Amount Received”, verify that the goods and services have been received to justify the receipt within UFMS (For example, are there any pending unpaid invoices?). If goods and services have not been properly received, “Return Receiving” should occur within UFMS to bring the “Amount Received” equal to that of the “Amount Billed.”
4. If obligation has an unliquidated obligation of under \$500, send email to [IAA-CLOSEOUT@fda.hhs.gov](mailto:IAA-CLOSEOUT@fda.hhs.gov). When the award has been officially closed, the IAA Team Lead will submit an email to OFM to manually deobligate the unliquidated obligation in UFMS.
5. If obligation has an unliquidated obligation greater than \$500 and expired after 12 months, contact the Contracting Officer’s Representative (COR) of the IAA listed on the 7600B form in the Requesting Agency block 37; and or the funding official listed in block 38 on the 7600B form. Submit a zero-dollar requisition requesting the deobligation and closeout of the award – include the IAA number, the 7600B form and the Participating Agency point of contact information. Only one requisition should be submitted for the IAA that is being requested to close out.
6. OFM should provide financial status reports of IAAs as required to include confirmation that all IPAC charges and credits have been posted in UFMS.
7. OAGS will follow IAA closeout guidelines to close out and deobligate these obligations in accordance to HHS and FDA rules and regulations.
8. The COR should provide detailed comments back to the Center and Office Budget Analyst to properly document the findings on the UDO report.



9. The Center and Office Budget Analyst should follow up with the COR on the status to ensure action is taken in a timely manner.
10. If Center and Office Budget Analyst requires a status, follow up with an email to [IAA-CLOSEOUT@fda.hhs.gov](mailto:IAA-CLOSEOUT@fda.hhs.gov).

#### **E. Grants**

1. Review and accept FFRs submitted by the Grantees to determine if the requirements of the Grant have been fulfilled and if an extension has been requested.
2. If the requirements of the Grant have been fulfilled and an extension has not been requested, OAGS DSAAG Grants Management branch should submit a deobligation request to OFM DA.

#### **F. IMPAC Obligations**

1. Check with the DBEC Budget Analyst to ensure that all suspense items for IMPAC schedules have been posted, cleared, and reconciled for that budget fiscal year.
2. Once confirmation has been received, the Center and Office Budget Analyst can deobligate all IMPAC obligations for that budget fiscal year.
3. Document by providing detailed comments on the UDO report.

#### **G. IPAC Obligations – Direct obligations (does not include IAAs)**

1. Check with the DBEC Budget Analyst to ensure that all suspense items for IPAC schedules have been posted, cleared, and reconciled for that budget fiscal year.
2. Once confirmation has been received, the Center and Office Budget Analyst should deobligate as appropriate.
3. If 3-way matched, ensure nothing has been received on the amount that is to be deobligated.
4. Make the necessary returns within iProcurement.
5. Document by providing detailed comments on the UDO report.

#### **H. Travel Obligations**

1. For Prior Year travel obligations, check with the DBEC Budget Analyst to ensure that all suspense items for travel schedules have been posted, cleared, and reconciled for that budget fiscal year.
2. Once confirmation has been received, the Center and Office Budget Analyst can deobligate all travel obligations for that budget fiscal year directly within UFMS PO Modification Responsibility.
3. For Current Year travel obligations, make necessary adjustments within Concur Government Edition (CGE) where needed and where possible.
4. If ConcurGov did not interface properly to UFMS to liquidate the UDO balance when the travel authorization was properly paid within ConcurGov, the travel obligation will need to be manually adjusted directly within UFMS using the PO Modification Responsibility.
5. Document by providing detailed comments on the UDO report.

#### **I. Relocation Obligations**

1. For relocation obligations with recent activity, make note on the UDO report that the employee is still making withdrawals.
2. For relocation obligations with no activity in the past twenty-four months, contact Bureau of the Fiscal Service to find out if they anticipate any further invoices.
3. If no further invoicing is anticipated, send an email to the Program Support Specialist within OFM to review for possible close-out.
4. Document by providing detailed comments on the UDO report.
5. Follow up on the status to ensure the deobligation occurs in a timely manner.

## 17. Appendix F – OAGS Contract Closeout Policy, Procedures, and Templates

OAGS Contract Closeout Policy, Procedures and Templates, are located here:  
<https://fda.sharepoint.com/sites/OC-Intranet-OC-OO-OFBA-FMM/SitePages/Topic/Acquisitions.aspx>

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### Contract Deobligation Checklist

1. Has the contract period of performance (POP) expired? (Y/N).
  - a. If no, update the UDO Report with status of “Deobligate – Pending Expiration of POP” in Brief Comments.
  - b. If yes, review the following:
    - If the total remaining balance less than \$500, complete the email template below and send to: [CONTRACT-CLOSEOUT-UNDER-500@fda.hhs.gov](mailto:CONTRACT-CLOSEOUT-UNDER-500@fda.hhs.gov)
    - If the total remaining balance is greater than \$500, submit a \$0 Requisition in iProcurement (submit as a “Y” Type Requisition)
      1. In the Requisition line, include the Contract Number/PO Number, and Release Number if applicable.
2. Does Received Amount and Billed Amount match? (Y/N). If no, adjust the Receiving in iProcurement or determine if there are invoice payments pending and follow up with the vendor.

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### Standardized Contract Deobligation Request Email Template to OAGS

**Subject Line:** Closeout Award Number \_\_\_\_\_

Dear OAGS,

The below Award Number (s) have expired. Please closeout:

Contract Number/PO Number	Release Number (If a Contract)

## 18. Appendix G – HHS Acquisition Regulations (HHSAR) Closeout Time Standards

The Contract Officer/Contract Specialist (CO/CS) should closeout the Contract files within the specified timeframes outlined below and found in FAR 4.804-1:

<b>Type of Contract</b>	<b>Closeout Time Standard</b>
Purchase card order at or below the micro-purchase threshold	Within 30 days after physical completion
Simplified acquisitions, including purchase card orders exceeding the micro-purchase threshold, and orders awarding using simplified acquisition procedures	Within 6 months after CO receives evidence of receipt of property (or services) and final payment
Firm Fixed Price (FFP) Contracts (other than simplified acquisitions and awards made using simplified acquisition procedures)	Within 6 months after the date on which the CO receives evidence of physical completion
Contracts requiring settlement of indirect cost rates	Within 36 months of the month in which the CO receives evidence of physical completion
Indefinite – delivery and indefinite-quantity (IDIQ) Contract	Within 3 months after the date the CO closes the files for all task or delivery orders issued. {Note: This is an HHS requirement to ensure that the base indefinite-delivery and indefinite-quantity (IDIQ) Contracts are closed}
All other Contracts	Within 20 months of the month in which the contracting officer receives evidence of physical completion

## 19. Appendix H – Sample UDO Report

Sample UDO Report can be located here:



Sample UDO OC  
Report.xlsx

## **20. Appendix I – Federal Financial Report (FFR) Expenditure Data User Guide**

FFR Expenditure Data User Guide can be located here:

[http://sharepoint.fda.gov/orgs/OC-OO-OFBA/apob/Resources/Grant%20Resources%20-%20Reporting/Federal%20Financial%20Report%20\(FFR\)%20Guide.pdf](http://sharepoint.fda.gov/orgs/OC-OO-OFBA/apob/Resources/Grant%20Resources%20-%20Reporting/Federal%20Financial%20Report%20(FFR)%20Guide.pdf)