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### **Analysis of DFAS PGI 204.7108: Line-Item Proration Challenges for Cost Vouchers**

June 2026

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**Naval Postgraduate School**

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Prepared for the Naval Postgraduate School, Monterey, CA 93943

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## ABSTRACT

There are multiple Government Accountability Office (GAO) reports that highlight the need for the Department of Defense to resolve ongoing challenges in meeting audit requirements, such as the September 2025 GAO article entitled “Status of Remediation Efforts to Meet Audit Mandates.” Current issues with unmatched disbursements with contractor invoicing contribute to the lack of auditability, underscoring the need for corrective action. This study focuses on addressing line item proration challenges in Cost Plus Fixed Fee (CPFF) contracts. Through data analysis, policy and process reviews, internal controls mapping, and auditability mapping, this study identifies systemic inefficiencies and gaps in current procedures in relation to the automated proration process. The findings indicate that Task Orders that had multi-ACRN (Accounting Classification Reference Number) allocations within a single Contract Line Item Number (CLIN) often led to unmatched disbursement of funds. Potential factors that contributed to unmatched disbursements include weak internal controls and gaps in policy and guidance. This study recommends improvements in contract writing and funding practices, workforce training, and pre-payment and post-payment controls. This research study also recommends establishing an unmatched disbursement prevention structure and modernizing DFARS PGI 204.7108 implementation guidance.



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# TABLE OF CONTENTS

I.	INTRODUCTION .....	1
	A. BACKGROUND .....	1
	B. PURPOSE OF RESEARCH.....	2
	C. RESEARCH QUESTIONS .....	2
	D. METHODOLOGY .....	3
	E. IMPORTANCE OF RESEARCH.....	3
	F. RELEVANCE TO THE DEPARTMENT OF THE NAVY .....	4
	G. BENEFITS OF RESEARCH.....	4
	H. LIMITATIONS OF RESEARCH.....	5
	I. PROBLEM IDENTIFICATION.....	6
	J. THEORETICAL FRAMEWORK .....	6
	K. APPROPRIATE DATA.....	7
	L. ACTIVITIES UNDERTAKEN IN COMPLETING THE PROJECT.....	7
	M. ORGANIZATION OF REPORT.....	8
	N. SUMMARY .....	8
II.	LITERATURE REVIEW .....	9
	A. BACKGROUND INFORMATION .....	9
	B. AUDITABILITY THEORY.....	10
	1. Competent Personnel .....	11
	2. Well-Defined Processes .....	11
	3. Robust Internal Controls .....	12
	C. INTERNAL CONTROL FRAMEWORK.....	12
	1. Control Environment .....	13
	2. Risk Assessment .....	14
	3. Control Activities.....	14
	4. Information and Communication .....	14
	5. Monitoring Activities.....	15
	D. REGULATORY FRAMEWORK .....	15
	1. U.S. Congress.....	16
	2. Office of Management and Budget.....	16
	3. U.S. Government Accountability Office .....	16
	4. Department of Defense .....	17
	5. Federal Acquisition Regulation .....	17
	E. CONTRACT FINANCIAL PROCESS .....	18
	1. Task Order Set Up .....	18
	2. Purchase Request Process .....	18



	3.	Task Order Payment Execution .....	19
F.		ROLES AND RESPONSIBILITIES .....	19
	1.	Contracting Officer .....	20
	2.	Administrative Contracting Officer .....	20
	3.	Program Manager.....	20
	4.	Contracting Officer’s Representative .....	21
	5.	Defense Contract Audit Agency .....	21
G.		PAST RESEARCH.....	21
	1.	Prior Thesis and Research Report.....	21
	2.	Peer-Reviewed Article .....	22
	3.	Evolution of DFARS Payment Guidance .....	23
H.		IDENTIFIED GAPS .....	24
I.		SUMMARY .....	26
III.		METHODOLOGY .....	27
	A.	DATA ACCESS .....	27
	B.	DATA SOURCES .....	27
	C.	SCOPE AND CONSTRAINTS.....	28
	D.	DATA COLLECTION AND ANALYSIS PROCESS.....	28
	E.	SUMMARY .....	29
IV.		ANALYSIS, FINDINGS, AND RECOMMENDATIONS BASED ON FINDINGS.....	31
	A.	ANALYSIS AND FINDINGS .....	31
	B.	DISCUSSION OF ANALYSIS AND FINDINGS.....	31
	1.	Task Orders with Unmatched Disbursements.....	32
	2.	Task Orders with Matched Disbursements.....	35
	3.	Task Orders with Contractor’s Failure to Track Real Time ACRN Balances .....	36
	4.	Summary Table of Findings.....	38
	C.	POTENTIAL FACTORS CONTRIBUTING TO UNMATCHED DISBURSEMENTS.....	39
	1.	Contract Structure and Funding Issues .....	39
	2.	System Limitations .....	40
	3.	Training Gaps.....	40
	4.	Weak Internal Controls.....	40
	5.	Information and Communication Gaps.....	41
	6.	Reconciliation Failures .....	41
	7.	Policy and Guidance Gaps .....	41
	8.	Summary Table of Potential Factors.....	42



D.	COSO FRAMEWORK AND AUDITABILITY TRIANGLE FRAMEWORK ANALYSIS AND FINDINGS .....	43
1.	COSO Internal Control Component Analysis and Findings.....	46
2.	Auditability Triangle Assessment Analysis and Findings .....	47
E.	IMPLICATIONS OF ANALYSIS AND FINDINGS .....	49
1.	Financial and Fiscal Implications .....	49
2.	Operational and Process Implications.....	50
3.	Regulatory and Policy Implications.....	50
4.	Theoretical and Framework Implications .....	50
F.	RECOMMENDATIONS BASED ON FINDINGS .....	51
1.	Strengthen Contract Writing and Funding Practices .....	51
2.	Improve System and Data Interoperability .....	51
3.	Enhance Workforce Training.....	52
4.	Strengthen Pre-Payment and Post Payment Controls .....	52
5.	Improve Government Contractor Information Sharing .....	53
6.	Establish an Unmatched Disbursement Prevention Structure .....	53
7.	Modernize DFARS PGI 204.7108 Implementation Guidance .....	54
G.	SUMMARY .....	54
V.	SUMMARY, CONCLUSIONS, AND AREAS FOR FURTHER RESEARCH .	57
A.	INTRODUCTION .....	57
B.	SUMMARY .....	57
C.	CONCLUSIONS.....	58
D.	AREAS FOR FURTHER RESEARCH.....	59
	APPENDIX A. AS ADPATED FROM DFARS PGI 204.7108 .....	61
	APPENDIX B. SUMMARY OF TASK ORDER FINDINGS.....	65
	LIST OF REFERENCES .....	71



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## LIST OF FIGURES

Figure 1.	Conceptual Framework. Source: Rendon & Rendon (2015, p. 17).....	11
Figure 2.	COSO Internal Control—Integrated Framework (2013) Cube. Source: COSO (2013), p. 5.....	13
Figure 3.	Figure 3. COSO Component Distribution .....	47
Figure 4.	Figure 4. Auditability Triangle Element Distribution.....	49



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## LIST OF TABLES

Table 1. Example of Task Order A.....	35
Table 2. Example of Task Order B.....	36
Table 3. Example of Task Order H.....	38
Table 4. Summary of Findings.....	39
Table 5. Summary of Potential Factors.....	43
Table 6. Factors Mapped to COSO Internal Control Framework Components and Auditability Elements .....	45



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## LIST OF ACRONYMS AND ABBREVIATIONS

ACO	Administrative Contracting Officer
ACRN	Accounting Classification Reference Number
CLIN	Contract Line Item Numbers
COR	Contracting Officer's Representative
COSO	Committee of Sponsoring Organizations of the Treadway Commission
CPFF	Cost-Plus-Fixed-Fee
CTR	Contractor
DCAA	Defense Contract Audit Agency
DFAS	Defense Finance and Accounting Service
DOD	Department of Defense
DON	Department of Navy
DFARS	Defense Federal Acquisition Regulation Supplement
DODAAC	Department of Defense Activity Address Codes
EDA	Electronic Data Access
ERP	Navy Enterprise Resource Planning
FAR	Federal Acquisition Regulations
FY	Fiscal Year
IDIQ	Indefinite Delivery, Indefinite Quantity
IRB	Institutional Review Board
KO	Contracting Officer
MOCAS	Mechanization of Contract Administration Services
NPS	Naval Postgraduate School
OMB	Office of Management and Budget
PGI	Procedures, Guidance, and Information
PIEE	Procurement Integrated Enterprise Environment
PII	Personally Identifiable Information
PM	Program Manager
SDW	Shared Data Warehouse
WAWF	Wide Area Workflow



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## I. INTRODUCTION

This chapter introduces the challenges and inefficiencies in the Defense Federal Acquisition Regulation Supplement (DFARS) payment guidance, with particular emphasis on line item proration in Cost-Plus-Fixed-Fee (CPFF) contracts. The background, purpose of the study, and the research questions are discussed. The methodology utilized is described, as well as the importance of this research and its relevance to the Department of the Navy (DoN), hereafter referred to as the Navy. This study's expected benefits and limitations are addressed. The problem identification and theoretical framework are described, along with the appropriate data and activities expected to be undertaken in completing the study. The chapter concludes with an overview of the research structure and a brief summary.

### A. BACKGROUND

This section provides the background of this study. The Department of Defense (DoD) is the federal government's largest contracting organization, awarding hundreds of billions of dollars each year for goods and services (Government Accountability Office, 2025d). Many service acquisitions, particularly cost-reimbursable efforts, are executed through task orders issued against Indefinite-Delivery/Indefinite-Quantity (IDIQ) contracts. In these structures, Contract Line Item Numbers (CLINs) are predefined at the IDIQ level, but the government may assign multiple funding sources. The multiple funding sources are represented by assigning an Accounting Classification Reference Number (ACRN) to a single CLIN (Defense Federal Acquisition Regulation Supplement Procedures, Guidance, and Information, 2025b). When a CLIN is funded by multiple ACRNs, the guidance typically requires line item-specific proration. The line item-specific proration allocates payments proportionally based on the unliquidated balance of each ACRN rather than the amounts the contractor bills against each ACRN in the cost voucher. As a result, the payment system often misapplies payments between funding sources, leading to commingling of funds and complicating financial tracking and reporting. These systemic inefficiencies undermine the accuracy, reliability, and



auditability of Navy financial statements. This inefficiency creates unmatched disbursements and distorts real-time fund balances.

Due to these inefficiencies, this study seeks to identify the factors contributing to the unmatched disbursements and the financial impacts of invoice inaccuracies in CPFF contracts, specifically focusing on structural and procedural factors driving unmatched disbursements. This study identifies internal control weaknesses, auditability gaps, and oversight deficiencies, and proposes recommendations to improve invoice payment accuracy.

## **B. PURPOSE OF RESEARCH**

The purpose of this study is to research the challenges and inefficiencies associated with the DFARS PGI 204.7108 payment guidance (Appendix A), specifically focusing on line item proration in Cost Plus Fixed Fee (CPFF) contracts. This study employs J. Rendon and R. Rendon's (2015) Auditability Framework and the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework (COSO, 2013) as guiding theoretical and analytical frameworks. This study aims to identify the factors contributing to unmatched disbursements in payments when multiple ACRNs are applied to a single CLIN awarded between fiscal year (FY) 2020–2025. This study presents an analysis of payment guidance content, voucher-level disbursement variances, DFARS policies, procedures, internal controls, and auditability to assess the use of current DFARS Procedures, Guidance, and Information (PGI) 204.7108. It then analyzes the identified variances due to the unmatched disbursements. The goal is to propose actionable solutions for improving the proration process, improve internal controls and auditability, and enhance overall financial accuracy in DoD contracting.

## **C. RESEARCH QUESTIONS**

This study includes the following six research questions:

1. How does the contractor's intended proration differ from the proration required under DFARS PGI 204.7108?
2. How are the sample Task Orders categorized based on disbursements?



3. What factors contributed to unmatched disbursement variances in invoiced deliverables from the intended proration from the contractor versus DFARS PGI 204.7108?
4. How do the identified factors map to the auditability elements?
5. How do the identified factors map to the COSO Internal Control Framework components?
6. What activities can mitigate unmatched disbursements caused by using multiple ACRNs within a single CLIN or line item requiring proration in DFAS and associated contracting/financial offices?

#### **D. METHODOLOGY**

This study employs a mixed-methods case study design that combines publicly available contract award data with primary source documents. This research is guided by J. Rendon and R. Rendon's (2015) Auditability in Public Procurement Conceptual Framework and the COSO Internal Control—Integrated Framework (COSO, 2013) as the primary theoretical and analytical lenses. The data is accessed from various modules within the Procurement Integrated Enterprise Environment (PIEE) and Navy Enterprise Resource Planning (ERP) through the researcher's existing authorization and permissions as a Contracting Officer's Representative (COR). The initial population of Navy CPFF contracts awarded FY2020–2025 are identified using USAspending.gov. From this list, contracts falling under the researcher's accessible DoD Activity Address Codes (DoDAACs) are isolated, yielding the accessible study population (approximately 80–120 awards). A random sample of 12–15 task orders is then drawn, and then the data is filtered by obligated value and the number of ACRNs per CLIN. The Institutional Review Board (IRB) reviewed this methodology and determined this research does not require an IRB protocol.

#### **E. IMPORTANCE OF RESEARCH**

This study is important because it addresses ongoing challenges related to unmatched disbursements within CPFF cost vouchers. This study aims to identify and analyze the underlying factors contributing to unmatched disbursements. The findings may inform policy adjustments within the Navy's acquisition processes, contribute to broader DoD efforts to enhance fiscal responsibility, and help reduce the risk of



unmatched disbursements. Ultimately, this study could lead to improvements in operational effectiveness and foster greater public trust in government contract spending.

#### **F. RELEVANCE TO THE DEPARTMENT OF THE NAVY**

Unmatched disbursements in CPFF contracts, driven by inconsistent proration and ACRN misallocations under PGI 204.7108, undermine Navy readiness and financial credibility. These persistent errors remain a top root cause of the Navy's seven consecutive years of audits resulting in a disclaimer of opinion, generating Notices of Findings and Recommendations each year (Office of Inspector General, U.S. Department of Defense, 2024). They distort real-time funding visibility in Navy ERP, preventing accurate and timely depiction of program expenditures and obligation status. Until standardized, auditable proration controls are enforced, the Navy will continue to risk the Navy's ability to achieve the congressionally mandated clean audit opinion by FY2028. Correcting this weakness in unmatched disbursements from PGI 241.7108 is therefore critical to restoring trust in the Navy's financial execution and returning full focus to operational readiness.

#### **G. BENEFITS OF RESEARCH**

This research delivers direct, high-impact benefits to the U.S. Navy by closing critical gaps in financial execution and audit readiness. Specifically, this study:

**Improves Accountability, Auditability, and Internal Controls:** This research may provide valuable insights into recurring unmatched disbursement issues. This may help the Navy identify gaps in its internal control systems and enabling targeted corrective actions.

**Enhances Data-Driven Decision-Making:** By analyzing CPFF contracts and cost vouchers, this study may equip decision-makers with a comprehensive understanding of processes and challenges. This may facilitate more informed and effective policy decisions.

**Enhances Policy Compliance:** This study may support alignment with regulatory standards and Federal Acquisition Regulations (FAR) clauses. This may ensure enhanced compliance with legal and policy frameworks.



**Contributes to Broader Research:** The research findings could serve as a framework for addressing similar unmatched disbursement issues in other public sector organizations. These insights could extend beyond the Navy to federal and state agencies.

In summary, this research aims to provide significant benefits by enhancing the Navy's internal controls and accountability, particularly regarding recurring unmatched disbursement issues within CPFF contracts. By analyzing cost vouchers and contract processes, it may equip decision-makers with data-driven insights, enabling more informed policy decisions. Additionally, the findings could serve as a framework for addressing similar challenges in other public sector organizations, extending the impact of this research beyond the Navy to help improve unmatched disbursement practices across government agencies.

## **H. LIMITATIONS OF RESEARCH**

This study is subject to limitations. The following limitations are acknowledged to ensure transparency, establish clear boundaries of this study, and strengthen the credibility of the findings.

**Data Collection:** The data was accessed through the researcher's existing authorization and permissions as a Contracting Officer's Representative in PIEE and ERP. Therefore, the study is restricted to department-specific awards and does not include data from other Navy departments or DoD agencies that may face comparable proration and disbursement challenges.

**Sample Study Limited to One Period of Performance:** This study reviewed cost vouchers from Navy CPFF contracts awarded between 2020 and 2025. Consequently, the findings represent proration and unmatched disbursement patterns within a single performance period and may not capture issues that emerge across an entire multi-year contract life cycle.

**Contractor Influences:** Contractor practices such as lack of familiarity with proper invoice allocation or inadequate monitoring of remaining funds per CLIN can lead to billing submissions that do not align with the intended ACRN distribution. Thus, this could contribute to unmatched disbursements outside the Navy's direct control.



**Potential for Missing Unreported Issues:** This study relies on reported cost data submissions and may not capture unreported information. This includes intentional misreporting, unallowable costs not disclosed in vouchers, or other irregularities not reflected in official records.

**Data Restrictions:** This analysis is restricted to accessible data, and no classified, Personally Identifiable Information (PII), or proprietary contract-specific information was reviewed.

In summary, this research has several limitations that should be acknowledged. The study relies on task orders with existing contractor billing data. Additionally, the data are limited to those accessible under the researcher's authorization and organizational permissions.

## **I. PROBLEM IDENTIFICATION**

The Navy has consistently struggled to achieve a clean audit, facing significant deficiencies identified in financial reports. The problem this research addresses is the recurring unmatched disbursement of funds in CPMR contracts within the Navy specifically related to the processing and billing of contractor payments through the use of DFARS PGI 241.7108. Despite established guidance under the DFARS, inefficiencies in internal controls and oversight gaps have led to discrepancies in disbursement payments. These issues not only compromise the accuracy of financial reporting but also undermine accountability, transparency, and auditability in the Navy's contracting processes. Identifying and addressing these inefficiencies is critical to ensuring that funds are disbursed appropriately, enabling more effective program execution and enhancing overall operational integrity.

## **J. THEORETICAL FRAMEWORK**

One of the theoretical frameworks for this study includes auditability theory, which contains the Auditability Triangle (Rendon & Rendon, 2015). The second theoretical framework for this study is the COSO Internal Control–Integrated Framework (COSO, 2013). The auditability theory implies that effective contract oversight and financial accountability depend on the balanced interaction of three core elements:



competent people, well-defined processes, and robust internal controls (Rendon & Rendon, 2015). Given that this research examines systemic unmatched disbursements and payment proration errors in Navy CPFF contracts, the Auditability Triangle provides an organizing structure to analyze deficiencies across these three elements.

Because internal controls constitute a significant component of the Auditability Triangle and are central to the observed deviations between intended and actual fund disbursement, this study further reviews the COSO Internal Control–Integrated Framework (COSO, 2013) as a lens. The five interconnected components of COSO, control environment, risk assessment, control activities, information and communication, and monitoring activities, are applied to evaluate the adequacy of existing financial safeguards to identify specific control weaknesses that permit inaccurate proration across CLINs and ACRNs.

#### **K. APPROPRIATE DATA**

The primary data source for this research is obtained from the Navy ERP financial management system to review the authoritative obligation, expenditure, accrual, and final liquidation data by CLIN/ACRN/SLIN for the sampled contracts. The ERP serves as the Navy’s financial system of record. In addition, this study used data from Naval Air Systems Command contractor cost reports and corresponding Wide Area Workflow (WAWF) invoices (2020–2025) available in PIEE to examine costs drawn from multiple funding sources and how these amounts were ultimately paid by the Defense Finance and Accounting Service (DFAS). Information relevant to this research is also gathered from academic articles, U.S. government websites, and other credible sources. No PII was used in this study. Task orders are identified as Task Order A, Task Order B, etc.

#### **L. ACTIVITIES UNDERTAKEN IN COMPLETING THE PROJECT**

The accomplishments resulting from this study include identifying the key factors contributing to unmatched disbursements in payments when multiple ACRNs are applied to a single CLIN. This study’s findings may enhance internal controls within the Navy’s acquisition processes, improving the accuracy and efficiency of contractor payment processing. It may also develop a framework for better monitoring and validation of



invoices and supporting documentation before payment approval. Additionally, this study aims to strengthen compliance, internal controls, and auditability with regulatory standards such as FAR and DFARS.

## **M. ORGANIZATION OF REPORT**

Chapter I outlined the objectives and research questions related to unmatched disbursements in CPFF contract payments. Chapter II includes the literature review, which provides context that includes existing research, regulatory frameworks, and examples on contractor billing inaccuracies and internal controls. Chapter III includes the methodology, which describes the data and analysis used to identify the factors contributing to unmatched disbursements in CPFF contracts. Chapter IV includes the analysis, findings, discussion of findings, implications of findings, and recommendations based on the findings, which present the results and inefficiencies in the DFARS PGI payment instructions. The recommendations based on findings offer actionable solutions to improve internal controls and enhance payment accuracy. Chapter V includes the summary, conclusions, and areas for further research as well as addressing the research questions. This report also includes references and supplementary materials in the appendices.

## **N. SUMMARY**

Chapter I provided a background on the inefficiencies in the DFARS PGI payment instructions. It presented the problem identification, theoretical framework, this study's research purpose, research questions, and a brief methodology. The importance, relevance, and benefits of the research were discussed. Limitations primarily related to data scope were also discussed. The chapter concluded with an overview of this study's structure. Chapter II reviews the literature relevant to DFAS line item proration challenges in cost-reimbursable contracts.



## II. LITERATURE REVIEW

This chapter presents the literature review, which establishes the conceptual foundation for this study. This chapter begins with background information explaining the context to this research. Then this chapter introduces J. Rendon and R. Rendon's (2015) auditability framework as the primary theoretical lens, which is complimented by the COSO Internal Control—Integrated Framework (COSO, 2013) (hereafter referred to as the COSO Framework). Next, this chapter reviews regulatory frameworks including FAR Part 31 (Contract Cost Principles and Procedures), the DoD Financial Management Regulation (DoD 7000.14-R, Volume 14), Office of Management and Budget (OMB) Circulars, and DFARS PGI 204.7108, with particular focus on line item and multi-ACRN proration. It then describes the contract financial process and delineates the roles and responsibilities of oversight personnel. Subsequent sections address prior research and identify the gaps in proration practices. This chapter concludes with a summary that underscores the need for targeted reforms to enhance auditability and funds control. The following section discusses the background information.

### A. BACKGROUND INFORMATION

This section provides the background of this study. As mentioned in the introduction chapter, the DoD is the federal government's largest contracting entity, obligating hundreds of billions of dollars annually through contracts for goods, services, and research and development (Government Accountability Office, 2025a). IDIQ contracts are commonly used to issue task orders for various types of services. A task order contract is defined as a services contract that does not specify a fixed quantity of work beyond any stated minimum or maximum and allows the government to issue task orders throughout the contract period (41 U.S.C. § 4101(2)). Multiple contract line items may be included when a contract requires separate identification of supplies or services, quantities, units of measure, inspection and acceptance requirements, and delivery or performance details (PGI 204.71, 2024). CPFF task orders are commonly issued under the IDIQ because they provide flexibility for variable labor hours while offering contractors a fixed fee as an incentive for efficient performance (National Contract



Management Association, 2019). For CPFF task orders, DFAS Cost Vouchers serve as the billing instrument, which makes the DFARS PGI Payment Instructions applicable. According to the DFARS PGI 204.7108, the use of Cost Vouchers for payments follows *Line Item Specific Proration*. This guidance provides the default payment instructions for such cases. Specifically, CLINs with multiple ACRNs will be prorated by DFAS across the ACRNs for that CLIN (Defense Federal Acquisition Regulation Supplement Procedures, Guidance, and Information, 2025a).

This proration requirement creates financial management challenges in the contract invoicing process. Since CLINs are predefined at the IDIQ level, payments are automatically prorated based on initial funding distributions rather than the actual billed amounts by contractors entered in the Wide Area Workflow (WAWF) system. As a result, the payment system often misapplies payments between funding sources, leading to commingling of funds and complicating financial tracking and reporting. These systemic inefficiencies undermine financial accuracy, reliability, and auditability of Navy financial statements. This inefficiency creates unmatched disbursements and distorts real-time funding balances. The next section presents auditability theory and analyzes the relationships between robust internal controls, competent people, and well-defined processes as they pertain to this research.

## **B. AUDITABILITY THEORY**

The Defense Contract Audit Agency (DCAA) conducts contract-level audits that contribute to the broader DoD financial oversight and auditability process. The Chief Financial Officers Act of 1990 (as amended) and the annual financial statement audit requirement under 31 U.S.C. § 3521 mandate that the DoD's financial statements be audited (Chief Financial Officers Act of 1990; 31 U.S.C. § 3521). These audits assess the DoD's accountability and transparency in financial reporting and evaluate how effectively it manages funds and identifies financial and operational issues (Government Accountability Office, 2025b).

The Auditability Triangle in the Public Procurement Conceptual Framework developed by J. Rendon and R. Rendon (2015) provides a theoretical foundation for this study (see Figure 1). It structures the analysis of systemic deficiencies in DFARS PGI



204.7108 line item proration around three key elements: (a) competent personnel, (b) well-defined processes, and (c) internal controls capable of producing verifiable, real-time audit trails (Defense Federal Acquisition Regulation Supplement PGI 204.7108, 2025; Rendon & Rendon, 2015).

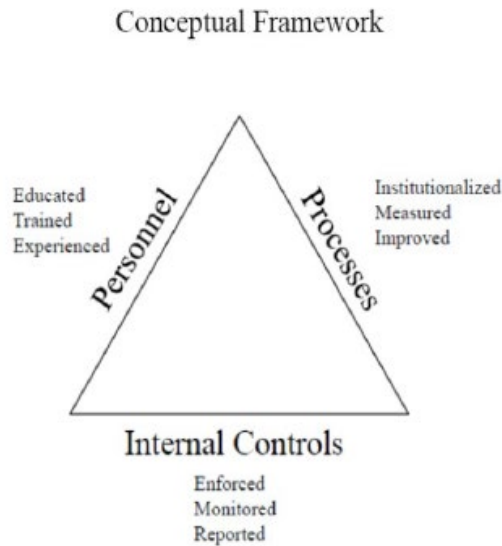


Figure 1. Conceptual Framework. Source: Rendon & Rendon (2015, p. 17).

### 1. Competent Personnel

As noted in Figure 1, the first element, competent personnel, encompasses the individuals involved in administering and monitoring CFFF contracts who require a thorough understanding of line item proration and multi-ACRN allocation. Such competence ensures appropriate fund disbursements and produces reliable, accurate data for audits (Defense Federal Acquisition Regulation Supplement PGI 204.7108, 2025; Rendon & Rendon, 2015). As Grennan and McCrory (2016) stated, contracting competency begins with education, training, and contracting field experience.

### 2. Well-Defined Processes

The second element, well-defined processes, refers to the regulations and procedures governing contract payment, including those established by DFARS PGI 204.7108. Personnel across government roles must be fully aware of these procedures and their significance, as reinforced by FAR cost principles and recurring findings in

GAO and DoD OIG reports (DoD Office of Inspector General, 2024; FAR Part 31, 2025; Government Accountability Office, 2025b; Rendon & Rendon, 2015). J. Rendon and R. Rendon (2015) describe capable contracting processes as those that are “fully-established, institutionalized, mandated, integrated with other organizational processes, periodically measured, and continuously improved” (as cited in Grennan, 2016, p. 12).

### **3. Robust Internal Controls**

The third element, robust internal controls, plays a pivotal role in managing funds in compliance with regulations, and monitoring enforcement (Rendon & Rendon, 2015). This aligns closely with the COSO Framework (COSO, 2013), which comprises five components: control environment, risk assessment, control activities, information and communication, and monitoring activities. Internal controls are vital for organizations to sustain awareness of their operations and to consistently enforce established protocols, thereby ensuring reliable and standardized reporting (Grennan, 2016, p. 16).

J. Rendon and R. Rendon’s (2015) auditability framework may function as the core analytical tool for diagnosing root causes and assessing financial management reforms in the federal agency. The following section extends this discussion by examining the COSO framework.

### **C. INTERNAL CONTROL FRAMEWORK**

Building on J. Rendon and R. Rendon’s (2015) Auditability Triangle, the COSO Framework (COSO, 2013) provides a complementary structure for designing, implementing, and evaluating internal controls. The COSO Framework (COSO, 2013) has been adopted by the U.S. federal government in the GAO report entitled the Standards for Internal Control in the Federal Government also known as the Green Book (Government Accountability Office, 2025e). The COSO Framework supports accurate budget funding allocations and transactional integrity. As illustrated in the COSO cube (Figure 2), the COSO Framework aligns the five internal control components with an organization’s objectives across three categories (operations, reporting, and compliance). As previously stated, the five components include the control environment, risk



assessment, control activities, information and communication, and monitoring activities (COSO, 2013).

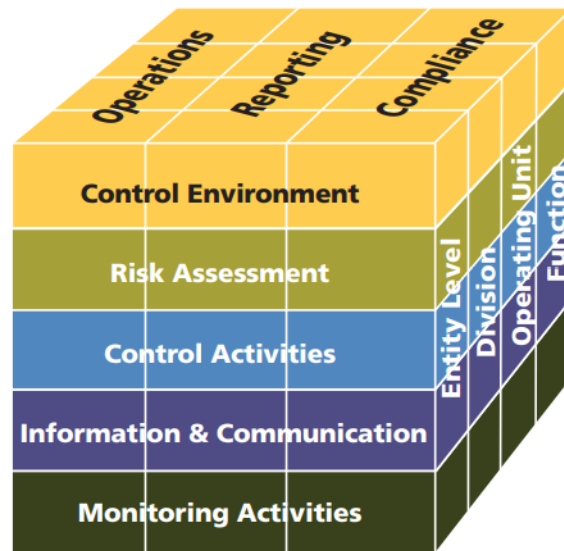


Figure 2. COSO Internal Control—Integrated Framework (2013) Cube.  
Source: COSO (2013), p. 5.

### 1. Control Environment

According to the COSO (2013), the control environment component “is the set of standards, processes, and structures that provide the basis for carrying out internal control across the organization” (p. 12). This component starts with the core principle of internal control, which requires leadership and management to demonstrate “a commitment to integrity and ethical values” (COSO, 2013, p. 32). The guidance on internal control oversight further requires organizations to set clear standards for integrity and ethics, establish expectations for competence, and ensure accountability across the oversight body and major stakeholders (Government Accountability Office, 2025e, p. 33). An effective control environment requires a board of directors that collectively possesses the necessary skills and expertise for proper oversight (COSO, 2011, as cited in Janvrin et al., 2012). The control environment includes a clear understanding of key systems and the organization’s technology-related challenges and opportunities (COSO, 2011, as cited in Janvrin et al., 2012).

## **2. Risk Assessment**

The risk assessment component “forms the basis for determining how risks will be managed” (COSO, 2013, p. 59). According to the GAO Green Book (2025e), management is responsible for clearly defining objectives so that risks can be identified and risk tolerances established. It also stresses that effective internal control oversight requires the oversight body to monitor “management’s assessment of risks to objectives, including fraud, improper payments, information security, identified and potential changes, and management override of controls” (Government Accountability Office, 2025e, p. 33). Janvrin et al. (2012) suggest examining the COSO Framework to see if it has any missing critical attributes resulting in organizations potentially overlooking more objectives related to controls and relevant to their specific business strategy.

## **3. Control Activities**

The COSO (2013) states that “control activities are the actions established through policies and procedures that help ensure that management’s directives to mitigate risks to the achievement of objectives are carried out” (p. 4). The GAO Green Book (Government Accountability Office, 2025e) describes the oversight role for the internal control system as providing guidance and supervision to management in developing and executing control activities (p. 33). There is an ongoing effort for management to review the effectiveness of the control activities (Government Accountability Office, 2025e). Janvrin et al. (2012) suggest the following attributes: “integrate with risk assessment, determine relevant business processes, consider entity-specific factors, evaluate a mix of control activity types, consider at what level activities are applied, and address segregation of duties” (p. 5). These activities support the mitigation of risks to objectives, maintaining them at acceptable thresholds (Janvrin et al., 2012).

## **4. Information and Communication**

COSO (2013) defines the information and communication component as “information is necessary for the entity to carry out internal control responsibilities to support the achievement of its objectives” (p. 14) and “communication is the continual, iterative process of providing, sharing, and obtaining necessary information” (p. 105).



The GAO Green Book (Government Accountability Office, 2025e) notes that management is responsible for obtaining or producing relevant, high-quality information and using it “to support the functioning of the internal control system” (p. 82). Janvrin et al. (2012) further imply the following attributes of information: “identify information requirements, capture internal and external courses of data, process relevant data into information, maintain quality throughout processing, and consider costs and benefits” (p. 6). These attributes support the operation of the other internal control components (Janvrin et al., 2012).

## **5. Monitoring Activities**

COSO (2013) states that the monitoring activities component involves “ongoing or separate evaluations to ascertain whether each of the five components of internal control is present and functioning” (p. 5). The GAO Green Book (2025e) explains that management is responsible for establishing and carrying out monitoring activities to assess the internal control system and review its results (p. 90). Through continuous auditing, organizations achieve constant monitoring of key operations, providing ongoing assurance on the reliability of controls and financial reporting (Janvrin et al., 2012).

This representation underscores the need for internal controls that identify, mitigate, and monitor risks under DFARS PGI 204.7108 and ensure reliable financial reporting and compliance with appropriation laws. In the DoD context, the COSO Framework directly informs OMB Circular A-123 requirements and DoD Instruction 5010.40 that reinforcing the Auditability Triangle’s emphasis on robust controls may help to achieve the clean-audit mandate under 10 U.S.C. § 240a (10 U.S.C. § 240a; COSO, 2013; Department of Defense, 2024; Office of Management and Budget, 2026). The following section addresses the regulatory framework.

## **D. REGULATORY FRAMEWORK**

This section examines the regulatory framework including pertinent government reports that constitute focusing on the operational details of line item proration. This section further illustrates the broader reasons for improving financial management and accountability in DoD payment processes.



## **1. U.S. Congress**

The federal government requires strict oversight to ensure that funds under CPFF contracts are expended only for authorized purposes, in accordance with contract terms, approved budgets, and appropriations law. The Purpose Statute, 31 U.S.C. § 1301(a), provides that appropriations “shall be applied only to the objects for which the appropriations were made except as otherwise provided by law” (31 U.S.C. § 1301(a), 2025). This principle highlights the critical importance of accurate proration under DFARS PGI 204.7108 to avoid misallocation across ACRNs.

## **2. Office of Management and Budget**

The OMB serves as the central executive branch entity responsible for overseeing federal budget formulation, execution, and oversight. The OMB ensures that appropriated funds are allocated and expended in accordance with congressional intent and statutory restrictions (Office of Management and Budget, 2025). Through its statutory apportionment authority under 31 U.S.C. § 1513, the OMB subdivides appropriations into specific periods, projects, or activities via formal apportionments. Detailed annually in OMB Circular No. A-11, this process prevents premature fund depletion, reduces deficiency risks, and aligns spending with executive priorities while upholding fiscal discipline (Office of Management and Budget, 2025). By requiring budget execution plans and monitoring compliance through platforms such as the MAX Federal Community, the OMB safeguards against unauthorized resource use.

## **3. U.S. Government Accountability Office**

In the context of DoD cost-reimbursable contracts, these regulatory frameworks underscore the importance of precise payment processes, such as line item proration under DFARS PGI 204.7108, to avoid violations that could undermine auditability. The government report from GAO highlights the importance of improving financial management and accountability (Government Accountability Office, 2025c). The GAO has designated DoD financial management as a high-risk area since 1995 and lists “Improving DoD Financial Management” among its Priority Open Recommendations to the department due to persistent audits resulting in a disclaimer of opinion and



noncompliance with key statutory requirements (Government Accountability Office, 2025c). The GAO calls for the DoD to remediate longstanding deficiencies including internal controls, financial systems, and fund balance with Treasury. These recommendations are to produce reliable, auditable financial statements and support effective stewardship (Government Accountability Office, 2025c).

#### **4. Department of Defense**

In addition to the GAO, the DoD reinforces a chain of financial accountability that authorizes funds control, reliable reporting, and auditable systems ensuring proper allocation and execution of budgeted funds. The first authority is the clean audit opinion mandate established in 10 U.S.C. § 240a (as amended) that requires the DoD to achieve and sustain unmodified audit opinions on its financial statements no later than fiscal year 2028. Achieving a clean audit opinion requires accurate recording and allocation of appropriations at the transactional level due to longstanding deficiencies in incomplete universes of transactions and inadequate disbursement controls, which continue to impede DoD auditability (Government Accountability Office, 2025a). The second authority is the day-to-day financial compliance governed by the DoD Financial Management Regulation DoD 7000.14-R (Department of Defense, 2023). The DoD (2023) Financial Management Regulation operationalizes congressional appropriations through enforceable funds control policies and allotment structures. The third authority is the OMB Circular A-123, which is implemented via DoD Instruction 5010.40, requiring enterprise-wide risk management and periodic testing of key internal controls to ensure the proper distribution, obligation, and expenditure of appropriated funds (Department of Defense, 2024; Office of Management and Budget, 2026). Together, these authorities create an accountability chain that links auditability objectives required to allocate and execute budget authority precisely as intended by Congress.

#### **5. Federal Acquisition Regulation**

In addition to high-level financial management directives, the FAR highlights the role of cost principles in contract payment processes. FAR Part 31 establishes the foundational cost principles governing allowable costs on government contracts (FAR



Part 31, 2025). By specifying criteria for allowability, allocability, and reasonableness, FAR Part 31 (2025) ensures that only necessary, properly chargeable, and commercially reasonable costs are reimbursed. FAR Part 31 (2025) complements appropriations law and OMB guidance by imposing micro-level discipline on contract spending, thereby supporting auditability and reducing risks associated with inaccurate proration in cost-reimbursable vouchers. The following section discusses the contract financial process.

## **E. CONTRACT FINANCIAL PROCESS**

This section outlines the contract financial process, which includes the payment documentation and voucher-submission process in DoD cost-reimbursable contracts, with attention to the requirements of DFARS PGI 204.7108. It begins by describing the steps in setting up task orders and how they are funded. Then it describes the contractor payment processing and then traces the origins, intent, and evolution of PGI 204.7108 regarding line item proration and the allocation of multiple ACRNs.

### **1. Task Order Set Up**

In DoD contracting, many CPFF are structured as IDIQ contracts (FAR 16.504, 2026). Unlike firm-fixed-price stand-alone contracts, IDIQ vehicles do not obligate funds at the base award level. Instead, a task order is issued against the IDIQ at the beginning of performance. Funding is then allotted to the task order's CLINs via modifications or incremental funding, which is defined in DFARS 232.001 as "partial funding of a contract or an exercised option, with additional funds anticipated to be provided at a later time." (DFARS 232.001, 2025). Programs frequently draw from multiple funding sources (e.g., different appropriations, fiscal years, or program elements) to support a single effort. In such cases, multiple ACRNs may be applied to one CLIN. This practice of assigning multiple ACRNs to a single CLIN introduces complexity into the financial tracking and invoicing process.

### **2. Purchase Request Process**

The purchase request process begins with the requiring organization preparing an internal document to initiate procurement, partially fund, or fully fund task orders (DFARS PGI 211.7001, 2024). Requiring activities must create and follow written



procedures that allow anyone to clearly track and match every line item listed in the purchase request to the exact same line item in the final contract or task order (DFARS PGI 204.7107, 2025). All purchase requests require review and certification after price agreement but prior to award, confirming funds are currently available and suitable for the purpose. Contracting officers may not obligate funds without this certification. ACRNs are assigned by the contracting office to enable proper fund allocation and compliance throughout the contract life cycle (DFARS PGI 204.7107, 2025).

### **3. Task Order Payment Execution**

Contractors submit cost vouchers (the billing instrument for cost-reimbursement line items) through WAWF. Once certified and submitted, DFAS processes payments via its entitlement systems, historically including the Mechanization of Contract Administration Services (MOCAS) system, which automated obligation recording, invoice matching, and disbursement while applying DFARS PGI 204.7108 instructions (Defense Finance and Accounting Service, 2026). Regardless of the contractor’s submission method in WAWF, DFAS applies payments in accordance with DFARS PGI 204.7108. For CLINs with multiple ACRNs, the default method is line item–specific proration: “If there is more than one ACRN within a deliverable contract line item, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the line item billed” (DFARS PGI 204.7108, 2025). MOCAS’s limitations in handling complex multi-ACRN proration contributed to persistent unmatched disbursements and allocation errors, issues that continue to influence payment integrity even as newer platforms have been introduced. The next section discusses roles and responsibilities.

## **F. ROLES AND RESPONSIBILITIES**

This section discusses the roles and responsibilities of the primary stakeholders. It explains how they oversee cost allowability, invoice validation, payment allocation, and disbursement in CPEF task orders.



## **1. Contracting Officer**

FAR 1.602-1 establishes that the Contracting Officer (KO) is the government's sole authorized representative and is empowered to enter into, manage, and terminate contracts and to obligate public funds within the limits of their warrant (FAR 1.602-1, 2026). In accordance with FAR 1.602-2 (2026), the KO is responsible for ensuring procurement actions comply with applicable laws and regulations, verifying funding availability, and maintaining equitable treatment of contractors. During post award, the KO oversees the full life cycle by first coordinating with technical specialists and appointing Contracting Officer's Representatives (CORs) to identify conflicts of interest and to ensure proper closeout of the contract file.

## **2. Administrative Contracting Officer**

When delegated, an Administrative Contracting Officer (ACO) handles post-award administration, including cost oversight and indirect rate approvals. These responsibilities include monitoring contractor performance, conducting cost oversight, negotiating and approving indirect cost rates, reviewing and approving contractor billing systems, and ensuring compliance with cost principles (FAR 42.302, 2025). In cost-reimbursable contracts such as CPFF task orders, the ACO plays a role in validating incurred costs, approving provisional indirect rates, and coordinating with the DCAA for audit findings (Defense Contract Audit Agency, 2025).

## **3. Program Manager**

The Program Manager (PM) is centrally accountable for the overall life cycle management of a defense program, with primary focus on optimizing cost, schedule, and performance goals (Department of Defense, 2022a). As the leader of the requiring activity, the PM defines mission needs, translates them into actionable purchase requests (DFARS PGI 211.7001, 2025), and develops the acquisition strategy. The PM provides essential technical oversight to ensure deliverables meet operational requirements to ensure funding allocations align with actual work effort, as required for credible cost, schedule, and performance management (Department of Defense, 2020; 2022a).



#### **4. Contracting Officer’s Representative**

The DoD Contracting Officer’s Representative Guidebook outlines the role of CORs in facilitating effective contract surveillance and performance oversight (Department of Defense, 2022b). CORs bear primary responsibility for ongoing monitoring of contract execution. This includes reviewing invoices for compliance, validating deliverables against the statement of work, and monitoring cost performance to support proper budget allocation and prevent unauthorized expenditures.

#### **5. Defense Contract Audit Agency**

The Defense Contract Audit Agency (DCAA) provides independent audits of contractor incurred costs, billing systems, and cost allowability under the authority of 10 U.S.C. § 3841, offering advisory findings and recommendations to the KO (10 U.S.C. § 3841, 2025; Defense Contract Audit Agency, 2025). In CPFF task orders, the DCAA evaluates compliance with FAR Part 31 cost principles and reviews the adequacy of the contractor’s accounting and billing systems (Defense Contract Audit Agency, 2025, CAM Chapter 6). The following section discusses past research related to line item proration mismatches.

### **G. PAST RESEARCH**

This section discusses prior research, including relevant theses, peer-reviewed articles, and the evolution of the DFAS payment guidance.

#### **1. Prior Thesis and Research Report**

In a 1995 Naval Postgraduate School (NPS) thesis, Foley investigated negative unliquidated obligations (NULOs) in Marine Corps Operations and Maintenance appropriations (Foley, 1995). He identified fund administrator errors and disbursement mistakes, particularly mismatches between the ACRN recorded on the obligation document and the ACRN entered during invoice certification, as primary causes of NULOs and unmatched disbursements (Foley, 1995). These findings highlight longstanding challenges with fund citation accuracy and transaction posting, issues that



parallel the allocation difficulties encountered with multi-ACRN CLINs under DFARS PGI 204.7108.

In a 2003 NPS thesis, Dean and Vosters (2003) developed a comprehensive update to the Navy Contract Writing Guide, aimed at reducing problem disbursements through improved contract wording and organization. They identified multi-ACRN CLINs as a significant issue, noting that MOCAS could not automatically process payments for multi-funded CLINs, requiring manual intervention and increasing the risk of errors (Dean & Vosters, 2003). Despite updates to DFARS PGI 204.7108 intended to standardize payment instructions, challenges with multi-ACRN proration and manual processing errors persist, continuing to drive unmatched disbursements in CPFF task orders.

## **2. Peer-Reviewed Article**

Hubbard (2003), in his examination of the DFAS's transformation efforts, highlights the agency's adoption of Lean Thinking principles to enhance operational efficiency and customer service. Central to this approach is the distinction among three categories of organizational activities: (1) value-adding activities, (2) non-value-adding but unavoidable activities (required waste), and (3) pure waste, which are activities that add no value and are not required (Hubbard, 2003, p. 11). Building on these insights into process optimization, Hubbard's Lean Thinking has implications for the accuracy and reliability of budget execution processes governed by the DoD's PGI clauses, notably DFARS PGI 204.7108, which prescribes line item proration and multi-ACRN allocation in cost-reimbursable contracts.

The persistent presence of non-value-added activities has historically contributed to unmatched disbursements, improper fund citations, and allocation errors at the transactional level (Government Accountability Office, 2005). According to the GAO (2005), "it is important that DOD accurately and promptly charge transactions to appropriation accounts since these accounts provide the department with legal authority to incur and pay obligations for goods or services" (p. 1). Therefore, Hubbard's analysis demonstrates that a rigorous application of Lean Thinking to the workflows underlying PGI 204.7108 compliance could offer a proven methodology for substantially reducing



proration-related errors and strengthen fiscal accountability to ensure proper stewardship of appropriated funds.

### **3. Evolution of DFARS Payment Guidance**

The evolution of DFARS PGI 204.7108 began with the Armed Services Procurement Regulation in June 1, 1966 implementing Part 3, 20-304.2(c) “Under certain conditions, line or sub line items under an individual contract may be established with multiple fund accounting classifications when it is determined by the contracting officer that subdivision of the requirement into separately deliverable and identifiable line or subline items, each related to a single fund accounting citation, cannot be accomplished. In such case, the contract shall provide sufficient information under the heading "Payment Instructions for Multiple Fund Accounting Citations" to permit proper payment and fund accounting” (Thomas et al., 2018, p. 2).

On October 11, 2005, the Department of Defense’s DFARS Transformation final rule became effective (Federal Register, 2005). The DFARS transformation contained “requirements of law, DoD-wide policies, delegations of FAR authorities, deviations from FAR requirements, and policies/procedures that have a significant effect beyond the internal operating procedures of DoD or a significant cost or administrative impact on contractors or offerors” (Federal Register, 2005, pp. 2-3). This effort moved detailed procedural guidance from DFARS into the newly created PGI framework. The regulatory authority for this section was established in the Federal Register at 70 FR 58983 (48 CFR § 204.7108, 2005).

A significant update occurred on December 1, 2017, via DFARS PGI Case 2018-P001. The DFARS PGI Publication Notice 20171201 introduced revisions to PGI 204.7108 that standardized the selection of payment instructions by aligning them with the contract’s payment clause (Office of the Under Secretary of Defense for Acquisition & Sustainment, 2017). This update was followed by a Procure-to-Pay Capability Summary on May 7, 2018, which drew on historical data revealing inconsistencies in payment instructions that did not comply with Generally Accepted Accounting Principles (Department of Defense, 2018).



On March 11, 2020, the DFAS Special Payment Instructions Overview presented updates to the PGI 204.7108 based on the DFARS Case 2018-P001. This presentation explained that the PGI decreased from 12 to 6 PGI payment instructions and clarification to the PGI matrix (Keglovich). The “Pay as Billed” method was disapproved, stating it “does not meet the intent of GAAP and Fiscal Law” and could be perceived as allowing contractors to determine execution of government funds (Keglovich, 2020, p. 11). This payment instruction reinforces reliance on standardized, government-controlled proration, particularly for multi-ACRN CLINs, leading to unmatched disbursements.

According to Hensler and Guarnero (2023), the former PGI 204.7108 payment-instruction option “Other (custom) proration,” previously listed as subsection (d)(12), was removed as part of DFARS Case 2017-D036. The former PGI 204.7108(d)(12) option, “Other (custom) proration,” allowed contracting offices to specify a non-standard proration method when necessary. This option provided “a significantly better reflection of how funds will be expended in support of contract performance” and “agreed to by the payment office (DFAS) and the contract administration (DCMA) office” (Keglovich, 2020, p. 7).

As evidenced in the many updates, practical application continues to produce variability in contracts with CLINs with multiple ACRNs. While PGI 204.7108 is intended to enhance fiscal accuracy in contract payments, further refinement of the line item proration mechanism is needed. The following section addresses identified gaps in inefficiencies in unmatched disbursements.

## **H. IDENTIFIED GAPS**

In this study, gaps are also explored as to what contributes to inefficiencies in maintaining or tracking unmatched disbursements. It starts with not enough guidance on the critical step of reconciling invoices or cost vouchers to the actual appropriation of each funding line. The COR Guidebook (Department of Defense, 2022b) states the COR responsibilities of reviewing and verifying invoices, but it does not specify reviewing the invoices against the budget, expended balances, or the funding profile by ACRN/CLIN/SLIN. It is not clear who specifically performs this function, whether it is the requiring



activity/program office financial analyst, the ACO, or DCAA during incremental funding audits, or the paying office at DFAS.

In practice, this reconciliation gap falls into a void. CORs or the requiring activity typically verify contractor cost reports but do not have access into approving cost vouchers in Entitlement systems such as WAWF. As a result, proration errors, over-liquidations, and expired-fund violations, and Anti-Deficiency Act risks are often discovered only during post-payment reviews. As recent oversight findings show, GAO and DoD IG reports consistently identify this “funding reconciliation gap” as a root cause of improper payments, underscoring the need for clear policy assigning budget-to-voucher reconciliation responsibility and requiring automated fund-status checks before DFAS disbursement (DoD Office of Inspector General, 2025; Government Accountability Office, 2025b).

In addition, a recurring gap in the current regulatory framework is the interpretive ambiguity surrounding the application of payment instructions under DFARS PGI 204.7108 and related regulations. These inconsistencies across DoD components exacerbate persistent issues such as unmatched disbursements, improper fund allocation, and post-payment adjustments (Government Accountability Office, 2025b; Office of Inspector General, U.S. Department of Defense, 2024). This underscores the need for clearer guidance and uniform implementation to enhance payment integrity and auditability across the Department.

Further, the use of multiple legacy systems, such as DFAS MOCAS, ERP, and PIEE, cause a lack of real time synchronization and consistency between the systems. Contractors do not have the ability to view real time remaining balances at the ACRN or CLIN level when submitting cost vouchers in WAWF because PIEE does not receive live funding data from DFAS or ERP (Office of the Under Secretary of Defense for Acquisition & Sustainment, 2022). Many DoD business systems operate as legacy applications, which are difficult to maintain, costly to operate, and poorly integrated with modern platforms (Clark & Schmidt, 2023). As an example, MOCAS has served as a contract administration system since 1958 (Fossbytes, 2017) and is documented as containing data inaccuracies, limited system integration, and require manual input for



updating payment information (Government Accountability Office, 1998, as cited in Clark & Schmidt, 2023). The following section provides a summary.

## **I. SUMMARY**

This literature review establishes the foundation for the study. It first examined auditability theory and internal control frameworks as the theoretical foundation for this study. The chapter then reviewed key regulatory authorities, including FAR Part 31 (Contract Cost Principles and Procedures), the DoD Financial Management Regulation (DoD 7000.14-R), OMB Circulars, and DFARS PGI 204.7108, with particular emphasis on line item and multi-ACRN proration. Subsequent sections addressed the contract payment process, roles and responsibilities, persistent challenges in cost-reimbursement voucher execution, prior research, and identified gaps. The following chapter discusses the methodology utilized in this study.



### III. METHODOLOGY

The purpose of this chapter is to provide an overview of the methodology used in this study of line item proration challenges. This chapter discusses the data access, the data sources, and the scope and constraints. This chapter also discusses how the data was collected and analyzed and how the findings are presented. This chapter ends with a summary. The next section discusses the data access.

#### A. DATA ACCESS

The data utilized in this study comes from three sources. USA Spending is publicly available and retrieved from their website (USAspending.gov, n.d.). Invoice and payment data were accessed through existing authorizations and permissions in the researcher's role as a COR via Navy ERP and the PIEE. No new system access was requested or granted for this study. The following section discusses the data sources.

#### B. DATA SOURCES

The primary data source for this study was obtained from the Navy ERP financial management system as it serves as the Navy's financial system of record (Defense Finance and Accounting Service, n.d.). This study uses the funds management report transaction code in ERP to show detailed information such as obligations, expenditures, accruals, and final liquidation data by CLIN/ACRN/SLIN for the sampled contracts.

The sampled contracts were pulled from USAspending.gov for contracts falling under the researcher's accessible DoDAACs. A random sample of 12–15 task orders was drawn, and then the data was filtered by obligated value and the number of ACRNs per CLIN for a single one-year period of performance of accepted cost vouchers per sampled contract.

Then, data sources from the PIEE modules were utilized. The Electronic Data Access (EDA) module within PIEE "is a web-based system that provides secure online access, storage, and retrieval of contracts and contract modifications to authorized users throughout the DoD" (Procurement Integrated Enterprise Environment, n.d.). EDA was used to search for award documents and modifications for the sampled contracts. The



WAWF module within PIEE is “a secure Web-based system for electronic invoicing, receipt and acceptance” (Procurement Integrated Enterprise Environment, n.d.). WAWF was used to search for contractor cost reports and respective WAWF invoices for the sampled contracts. The Shared Data Warehouse (SDW) module within PIEE “provides a database environment where standardized, shared, cross-functional contracting data is available to the DoD to improve the procurement of supplies, services, and contract payments necessary to maintain the military readiness of the Armed Services” (Procurement Integrated Enterprise Environment, n.d.). SDW was used to access disbursement history for the sampled contracts and how it was ultimately paid out by DFAS. The IRB reviewed this methodology and determined this research does not require an IRB protocol. The following section discusses the scope and constraints.

### **C. SCOPE AND CONSTRAINTS**

There were several considerations when selecting task orders for this analysis. Data from FY 2020–2025 was used because the most recent relevant guidance appeared in the October 2019 Federal Register update to the DFARS (Federal Register, 2019). Task orders with significant de-obligations during the one-year period of performance were excluded to maintain consistency in the data. Task orders that reused the same ACRNs during incremental funding were also omitted to avoid deviating from the purpose of this study. In addition, task orders with Administrative Contracting Office modifications were not used because they did not provide funding information. Only one task order per IDIQ was selected, and different task order numbers were used to ensure variety. Although all CLINs were entered into the database, only CLINs with multiple ACRNs were included in the final analysis.

### **D. DATA COLLECTION AND ANALYSIS PROCESS**

The researcher created a database from the data sources. The data was analyzed for line item prorations as previously discussed. This study compared the variances between contractor-submitted vs. DFAS-paid ACRN allocations and then analyzed the extent to which DFAS payments differ from the contractor-submitted invoices. For this analysis, it was assumed that the government correctly assigned ACRNs and that



contractors understood proper billing against those ACRNs. The database included the collected data with columns for contractors, CLIN, SubCLIN, ACRN, contract budget, contractor-submitted amounts, and DFAS-paid amounts. No PII was used in this study. Task orders were identified as Task Order A, Task Order B, etc.

In addition, a separate database was created to map the factors contributing to the unmatched disbursements and cross-reference the unmatched disbursements to the five components of the COSO Framework (COSO, 2013) and to the three elements of J. Rendon and R. Rendon's (2015) Auditability Triangle. This alignment aided in the identification of gaps, overlaps, and misalignments between the two frameworks. This enabled a structured analysis of how deficiencies in specific internal control areas contribute to unmatched disbursements and auditability challenges in the sampled CPFF task orders.

## **E. SUMMARY**

In summary, this chapter detailed the data access, data sources, scope and constraints, and data collection, and analysis process used in this study. The next chapter presents the results of the data analysis, including observed proration variances and their implications.



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## **IV. ANALYSIS, FINDINGS, AND RECOMMENDATIONS BASED ON FINDINGS**

The purpose of this chapter is to present the analysis and findings of the line item proration challenges. It begins by discussing the analysis from these task orders and examines the potential contributing factors. Next, the chapter discusses the findings in relation to the COSO Framework and J. Rendon and R. Rendon's Auditability Triangle, including the implications of these findings. Finally, the chapter offers recommendations based on the findings and concludes with a brief summary.

### **A. ANALYSIS AND FINDINGS**

The analysis and findings of this study are derived from a database, constructed by the researcher. The database was developed by reviewing 14 sample CPFF task orders within a single one-year period of performance, documenting each task order, its associated CLINs with multiple ACRNs, contractor-billed amounts, and corresponding DFAS disbursements. For this analysis, it was assumed that the government correctly assigned ACRNs and that contractors understood proper billing against those ACRNs.

Appendix B summarizes the task orders and their multi-ACRN CLINs. The columns are structured as follows: (1) Task Order identifier, (2) Period of Performance, (3) CLIN, (4) ACRNs, (5) Budgeted Amount (6) Contractor-invoiced amount, (7) DFAS-disbursed amount, (8) Variance (\$), (9) Variance (%), (10) Matching determination, and (11) Analysis and findings for each task order. This summary enables comparison of billing intent against actual payment execution under DFARS PGI 204.7108, highlighting patterns of proration mismatches.

### **B. DISCUSSION OF ANALYSIS AND FINDINGS**

This section discusses the analysis for the 14 sample task orders. This section is divided into three subsections that explore differences in the analysis and findings across the sampled task orders, followed by a subsection that provides a summary table of the findings.



## 1. Task Orders with Unmatched Disbursements

Task Orders A, C, D, E, G, I, and K from Appendix B exhibited unmatched disbursements in the financial records. This discrepancy arises from the application of proration rules as prescribed in DFARS PGI 204.7108.

Appendix B suggests that Task Order A demonstrates a net-zero variance at the CLIN level, but ACRN-level unmatched disbursements persist due to proration under PGI 204.7108. Task Order A includes three CLINs, which are all funded by multiple ACRNs. CLIN 0002, which includes three ACRNs, shows a slight variance of \$0.01, which is typically resolved through administrative adjustments during contract reconciliation (Department of Defense, 2025, Volume 10, Chapter 20). CLIN 0003, which includes three ACRNs, nets to a zero variance at the CLIN level, but ACRN AB is over-disbursed by -\$13,249.55, while ACRN AE is under-disbursed by +\$13,249.55. Similarly, CLIN 0005, which includes two ACRNs, nets to zero at the CLIN level, but ACRN AA is over-disbursed by -\$0.31, and ACRN AD is under-disbursed by +\$0.31.

Appendix B suggests that Task Order C demonstrates ACRN-level unmatched disbursements persist due to proration under PGI 204.7108. Task Order C includes three CLINs, which are all funded by multiple ACRNs. CLIN 2000, which includes two ACRNs, shows a \$.02 net variance, with ACRN AA over-disbursed by -\$31,795.57, while ACRN AL is under-disbursed by +\$31,795.59. CLIN 2002, which includes six ACRNs, has a \$41.83 net variance, that may be attributable to minor invoicing or reconciliation discrepancies. Under CLIN 2002, several ACRNs show offsetting variances. ACRN AB is over-disbursed by -\$802.67. ACRN AC is under-disbursed by +\$39.88. ACRN AD is under-disbursed by +\$1,518.51. ACRN AE is over-disbursed by -\$674.23. ACRN AG is over-disbursed by -\$50.99. ACRN AJ is under-disbursed by +\$11.33. For CLIN 3002, the net variance at the CLIN level is zero. However, ACRN AG is over-disbursed by -\$44.74, and ACRN AK is under-disbursed by +\$44.74.

Appendix B suggests that Task Order D demonstrates fully matched disbursements for CLINs 2001 and 2004. However, CLIN 2003 showed ACRN-level unmatched disbursements despite net-zero variance at the CLIN level. This unmatched disbursement illustrates the impact of PGI 204.7108 proration when billed amounts



deviate from unliquidated funding balances. Task Order D includes three CLINs, each funded with multiple ACRNs. CLINs 2001, which includes 12 ACRNs, and 2004, which includes 10 ACRNs, resulted in fully matched disbursements, with DFAS payments ultimately aligning with contractor-billed amounts despite initial proration differences. In contrast, CLIN 2003, which includes four ACRNs, zero net variance at the CLIN level. ACRN AB is over-disbursed by -\$71,729.00. ACRN AC is under-disbursed by +\$64,352.00. ACRN AD is matched with a \$0 variance. ACRN AE is under-disbursed by +\$7,377.00.

Appendix B suggests that Task Order E demonstrates ACRN-level unmatched disbursements persist due to proration under PGI 204.7108. Task Order E consists of a single CLIN 0005 funded with multiple ACRNs, resulting in a zero net variance at the CLIN level. However, ACRN-level variances are present. ACRN AA is under-disbursed by +\$1,539.41. ACRN AC is under-disbursed by +\$3,078.76. ACRN AE is under-disbursed by +\$9,207.03. ACRN AG is under-disbursed by +\$646.67. ACRN AL is under-disbursed by +\$1,539.41. ACRN AN is under-disbursed by +\$1,539.41. ACRN AJ is over-disbursed by -\$5,235.47. ACRN AQ is over-disbursed by -\$12,315.22.

Appendix B suggests that Task Order G demonstrates ACRN-level unmatched disbursements persist due to proration under PGI 204.7108. Task Order G consists of a single CLIN 0001, which is funded with multiple ACRNs, resulting in a \$944.00 variance, which could be attributable to minor invoicing or reconciliation discrepancies. ACRN AA is under-disbursed by +\$81,891.47. ACRN AB is over-disbursed by -\$57,028.24. ACRN AC is under-disbursed by +\$56,509.87. ACRN AD is over-disbursed by -\$80,429.10.

Appendix B suggests that Task Order I demonstrates ACRN-level unmatched disbursements persist due to proration under PGI 204.7108. Task Order I consists of a single CLIN 0001, which is funded with multiple ACRNs, resulting in a net-zero variance at the CLIN level. However, ACRN-level variances are present. ACRN AA is under-disbursed by +\$1,596.65. ACRN AB is under-disbursed by +\$1,702.83. ACRN AC is under-disbursed by +\$6,681.58. ACRN AD is under-disbursed by +\$486.28. ACRN AE is over-disbursed by -\$31,867.51. ACRN AF is under-disbursed by



+\$7,899.26. ACRN AG is under-disbursed by +\$1,465.92. ACRN AH is under-disbursed by +\$3,647.17. ACRN AJ is under-disbursed by +\$527.74. ACRN AK is under-disbursed by +\$2,346.00. ACRN AL is under-disbursed by +\$6,154.57. ACRN AM is over-disbursed by -\$640.49.

Appendix B suggests that Task Order K demonstrates ACRN-level unmatched disbursements persist due to proration under PGI 204.7108. Task Order K includes two CLINs, each funded with multiple ACRNs. CLIN 0001, which includes three ACRNs, shows a net-zero variance at the CLIN level. However, ACRN-level variances are present. Under CLIN 0001, ACRN AA is under-disbursed by +\$9,644.55, ACRN AB is under-disbursed by +\$5,260.66, and ACRN AC is over-disbursed by -\$14,905.21. Under CLIN 0002, ACRN AA is under-disbursed by +\$8,551.40, and ACRN AB is over-disbursed by -\$8,551.40.

Table 1 illustrates Task Order A as an example of a task order with unmatched disbursements. The variances can be seen in the highlighted columns showing the Actual Disbursements (DFAS), Contractor (CTR) Invoiced (WAWF), and Variance (DFAS-CTR). These variances are evident under CLIN 0003 with ACRNs AB and AE, and CLIN 0005 with ACRNs AA and AD. CLIN 0003, which includes three ACRNs, nets to zero variance at the CLIN level as shown in the Variance (DFAS-CTR) column. However, ACRN AB is over-disbursed by -\$13,249.55, while ACRN AE is under-disbursed by +\$13,249.55. Similarly, CLIN 0005, which includes two ACRNs, nets to zero at the CLIN level as shown in the Variance (DFAS-CTR) column. However, ACRN AA is over-disbursed by -\$0.31, and ACRN AD is under-disbursed by +\$0.31.



Table 1. Example of Task Order A

CLIN	ACRN	Budgeted Amount	Actual Disbursements (DFAS)	CTR Invoiced (WAWF)	Variance (DFAS – CTR)	Variance (CTR – Budget)
0002	AA	770,916.62	770,916.62	770,916.62	-	-
0002	AC	469,749.88	469,749.87	469,749.88	0.01	-
0002	AD	394,363.00	394,363.00	394,363.00	-	-
0003	AB	989,668.10	676,276.31	663,026.76	(13,249.55)	326,641.34
0003	AE	114,053.12	63,206.58	76,456.13	13,249.55	37,596.99
0005	AA	5,000.00	4,979.85	4,979.54	(0.31)	20.46
0005	AD	5,000.00	4,999.69	5,000.00	0.31	-
	Total	2,748,750.72	2,384,491.92	2,384,491.93	0.01	364,258.79

**2. Task Orders with Matched Disbursements**

Task Orders B, F, L, and N from Appendix B demonstrated matched disbursements where DFARS PGI 204.7108 proration functioned effectively. A common factor across these task orders was the limited number of ACRNs assigned to each CLIN, which had no more than three. Another factor may be that incremental funding occurred minimally during the period of performance, which reduced disruptions to proration logic.

Appendix B suggests that Task Order B demonstrated a net-zero variance at the CLIN level. Task Order B includes two CLINs, each funded with two ACRNs. The disbursements in each CLINs were completely matched since each ACRN was fully and accurately liquidated.

Appendix B suggests that Task Order F demonstrated a net-zero variance at the CLIN level. Task Order F includes a single CLIN with two ACRNs. The disbursements were completely matched since each ACRN was fully and accurately liquidated.

Appendix B suggests that Task Order L mostly demonstrated a net-zero variance at the CLIN level. Task Order L includes a single CLIN with three ACRNs. ACRN AA and AC were completely matched since each ACRN was fully and accurately liquidated. ACRN AB was over-disbursed by -\$0.01. Although there was a slight variance of \$0.01, this is typically resolved through administrative adjustments during contract reconciliation (Department of Defense, 2025, Volume 10, Chapter 20).



Appendix B suggests that Task Order N demonstrated a net-zero variance at the CLIN level. Task Order N includes two CLINs, each funded with multiple ACRNs. The disbursements were completely matched since each ACRN was fully and accurately liquidated.

Table 2 illustrates Task Order B as an example of a task order in which disbursements and invoiced amounts were properly matched. The matched disbursements can be seen in the highlighted columns shown in the Actual Disbursements (DFAS), CTR Invoiced (WAWF) and Variance (DFAS-CTR). Note that the Actual Disbursements (DFAS) and CTR Invoiced (WAWF) columns reflect identical amounts, resulting in a \$0 value in the Variance (DFAS-CTR) column.

Table 2. Example of Task Order B

CLIN	ACRN	Budgeted Amount	Actual Disbursements (DFAS)	CTR Invoiced (WAWF)	Variance (DFAS – CTR)	Variance (CTR – Budget)
0001	AA	123,780.80	123,780.80	123,780.80	-	-
0001	AB	107,877.04	68,391.97	68,391.97	-	39,485.07
0002	AA	5,000.00	5,000.00	5,000.00	-	-
0002	AB	7,107.70	3,477.61	3,477.61	-	3,630.09
	Total	243,765.54	200,650.38	200,650.38	-	43,115.16

### 3. Task Orders with Contractor’s Failure to Track Real Time ACRN Balances

Task Orders H, J, and M from Appendix B showed unmatched disbursements at the ACRN level. In each case, the contractor did not track real-time unliquidated balances per ACRN before submitting vouchers, which led to over-billing on some ACRNs.

Appendix B suggests that Task Order H includes CLIN 0001, which are funded by nine ACRNs. ACRN AA is over-disbursed by -\$0.01. ACRN AB and AC demonstrate a matched disbursement. ACRN AD shows the contractor attempted to bill \$257,456.75, but DFAS disbursed only up to the funded amount of \$200,000.00, resulting in a contractor-billing variance of \$57,456.65. ACRN AE shows the contractor attempted to bill \$374,486.49, but DFAS disbursed only up to the funded amount of \$240,046.65, resulting in a contractor-billing variance of \$134,439.84. ACRN AF shows the contractor



attempted to bill \$1,031,650.35, but DFAS disbursed only up to the funded amount of \$750,000.00, resulting in a contractor-billing variance of \$281,650.35. ACRN AG shows the contractor attempted to bill \$696,972.60, but DFAS disbursed only up to the funded amount of \$450,000.00, resulting in a contractor-billing variance of \$246,972.60. ACRN AH was over-disbursed by -\$719,295.31. ACRN AJ was over-disbursed by -\$1,224.22. Because of the contractors billing over the unliquidated balance on certain ACRNs, the unmatched disbursements could not be analyzed beyond the recorded variances. This pattern suggests that DFARS PGI 204.7108's line item-specific proration rule may act as a compensating control to reduce billing delays or errors.

Appendix B suggests that Task Order J includes CLIN 0001, which are funded by eight ACRNs. ACRN AA shows the contractor attempted to bill \$1,245,716.37, but DFAS disbursed only up to the funded amount of \$1,244,185.62, resulting in a contractor-billing variance of \$1,530.75. ACRN AB shows the contractor attempted to bill \$695,841.18, but DFAS disbursed only up the funded amount of \$694,986.14, resulting in a contractor-billing variance of \$855.04. ACRN AC shows the contractor attempted to bill \$84,495.00, but DFAS disbursed only up to the funded amount of \$84,391.17, resulting in a contractor-billing variance of \$103.83. ACRN AD shows the contractor attempted to bill \$397,623.53, but DFAS disbursed only up to the funded amount of \$397,134.94, resulting in a contractor-billing variance of \$488.59. ACRN AG was over-disbursed by -\$2,978.21. ACRN AE was over-disbursed by -\$96.67. ACRN AF shows the contractor attempted to bill \$1,500,105.51, but DFAS disbursed only up to the funded amount of \$1,500,000.00, resulting in a contractor-billing variance of \$105.51. ACRN AH was over-disbursed by -\$128,763.86. Because of the contractors billing over the unliquidated balance on certain ACRNs, the unmatched disbursements could not be analyzed beyond the recorded variances. This pattern suggests that DFARS PGI 204.7108's line item-specific proration rule may act as a compensating control to reduce billing delays or errors.

Appendix B suggests that Task Order M includes two CLINs, which are all funded by multiple ACRNs. Under CLIN 0001, several ACRNs show the contractor attempted to bill beyond the funded amount. ACRN AB shows the contractor attempted to bill \$314,293.69, but DFAS disbursed only up to the funded amount of \$98,550.00,



resulting in a contractor-billing variance of \$215,743.69. ACRN AC was over-disbursed by -\$53,843.75. ACRN AD was over-disbursed by -\$23,622.86. ACRN AA was over-disbursed by -\$9,258.00. ACRN AE was over-disbursed by -\$129,019.08. ACRN AA was under-disbursed by +\$11,442.88. ACRN AB was over-disbursed by -\$11,442.86. Because of the contractors billing over the unliquidated balance on certain ACRNs, the unmatched disbursements could not be analyzed beyond the recorded variances. This pattern suggests that DFARS PGI 204.7108’s line item–specific proration rule may act as a compensating control to reduce billing delays or errors.

Table 3 illustrates Task Order H as an example of the contractor’s failure to track real-time unliquidated balances at the ACRN level prior to voucher submission. The contractor’s over-billing discrepancy is shown in the highlighted columns Budgeted Amount, CTR Invoiced (WAWF), and Variance (CTR-Budget). This discrepancy is observed under ACRNs AD, AE, AF, and AG.

Table 3. Example of Task Order H

CLIN	ACRN	Budgeted Amount	Actual Disbursements (DFAS)	CTR Invoiced (WAWF)	Variance (DFAS – CTR)	Variance (CTR – Budget)
0001	AA	800,000.00	800,000.00	799,999.99	(0.01)	(0.01)
0001	AB	490,000.00	490,000.00	490,000.00	-	-
0001	AC	200,000.00	200,000.00	200,000.00	-	-
0001	AD	200,000.00	200,000.00	257,456.75	57,456.75	57,456.75
0001	AE	240,046.65	240,046.65	374,486.49	134,439.84	134,439.84
0001	AF	1,000,000.00	750,000.00	1,031,650.35	281,650.35	31,650.35
0001	AG	500,000.00	450,000.00	696,972.60	246,972.60	196,972.60
0001	AH	1,000,000.00	749,872.81	30,577.50	(719,295.31)	(969,422.50)
0001	AJ	1,224.22	1,224.22	-	(1,224.22)	(1,224.22)
	Total	4,431,270.87	3,881,143.68	3,881,143.68	(0.00)	(550,127.19)

#### 4. Summary Table of Findings

Table 4 illustrates a summary of the task order categories by listing each Task Order and identifying the category in which it was observed. The three task order categories included unmatched disbursements, matched disbursements, and contractor



failure to track real-time ACRN balances. The following section discusses potential factors contributing to unmatched disbursements.

Table 4. Summary of Findings

Task Order	Task Order Categories		
	Unmatched Disbursements	Matched Disbursements	Contractor Failure to Track Real-Time ACRN Balances
A	x		
B		x	
C	x		
D	x		
E	x		
F		x	
G	x		
H			x
I	x		
J			x
K	x		
L		x	
M			x
N		x	

**C. POTENTIAL FACTORS CONTRIBUTING TO UNMATCHED DISBURSEMENTS**

Based on the findings of this study, seven factors have been identified that potentially contribute to unmatched disbursements. These factors help explain the underlying conditions that lead to unmatched disbursements observed in the sample task orders. The following section outlines these factors and explains how each one affects the accuracy of disbursement matching, followed by a subsection that provides a summary table of the potential factors.

**1. Contract Structure and Funding Issues**

As previously discussed in the literature review and based on the analysis and findings, a likely contributing factor is the contract structure and its influence on the occurrence of unmatched disbursements. When multiple ACRNs are assigned to a single CLIN, the complexity makes DFARS PGI 204.7108 proration rules difficult to apply consistently, which increases the risk of unmatched disbursements. In addition,



incremental funding that does not align with actual expenditure patterns can lead to ACRNs being prematurely exhausted. When an ACRN is prematurely exhausted, subsequent vouchers draw against funding that is no longer available, resulting in unmatched disbursements.

## **2. System Limitations**

As previously discussed in the literature review, another likely contributing factor is the system limitations contributing to the occurrence of unmatched disbursements. Government and contractor systems lack real-time synchronization, resulting in outdated or inconsistent ACRN balances. This suggests that contractors may also be unable to view remaining funding at the ACRN or CLIN level when preparing cost vouchers, which increases the likelihood of invoicing against depleted or incorrect funding lines.

## **3. Training Gaps**

As previously discussed in the literature review, gaps in training for personnel could also contribute to unmatched disbursements. As evidenced in Appendix B for Task Orders H, J, and M, personnel may lack sufficient understanding of multi-ACRN environments and have limited knowledge of how payment systems apply proration logic under DFARS PGI 204.7108. These gaps increase the likelihood of errors such as failing to track available ACRN balances in real time, which can result in invoices being submitted against depleted or incorrect funding lines.

## **4. Weak Internal Controls**

As previously discussed in the literature review, another contributing factor is the absence of automated pre-payment validation controls. Based on the way invoices are paid out, it seems likely that the absence of automated pre-payment validation controls contributes to unmatched disbursements. The current process does not seem to verify ACRN sufficiency, confirm accurate CLIN-to-ACRN mapping, or detect expired or invalid ACRNs before a voucher is processed. It is also unclear whether organizations consistently perform manual checks to compensate for these system limitations, creating additional risk that errors will go undetected prior to disbursement.



## **5. Information and Communication Gaps**

As previously discussed in the literature review, breakdowns in information flow between the government and the contractor represent another contributing factor. Contractors may be unaware of funding changes or the exhaustion of specific ACRNs, while the government may lack accurate insight into the contractor's burn-rate projections or spending patterns. As a result, neither party may be consistently tracking funding status in real time, increasing the likelihood of invoicing against depleted or incorrect ACRNs.

## **6. Reconciliation Failures**

As previously discussed in the literature review, reconciliation failures also contribute to unmatched disbursements. Neither the government nor contractors typically have dashboards or automated alerts that identify emerging unmatched disbursements, resulting in reactive rather than proactive oversight. Based on government and contractors not having real-time reconciliation capabilities, it is likely that discrepancies are often discovered only after the fact, which allows errors to persist and accumulate across multiple vouchers.

## **7. Policy and Guidance Gaps**

As previously discussed in the literature review, another contributing factor is the complexity of DFARS PGI 204.7108 proration guidance. Although DFARS PGI 204.7108 is intended to standardize the allocation of payments across multiple ACRNs, the line item-specific proration guidance can inadvertently contribute to unmatched disbursements. The proration rules can be difficult to apply consistently in complex multi-ACRN environments, especially when funding is incrementally added or modified at different points in the performance period. These inconsistencies can cause vouchers to be charged against incorrect ACRNs, ultimately leading to unmatched disbursements.



## **8. Summary Table of Potential Factors**

Table 5 provides a summary of the potential factors, the associated issues, and their supporting references. The following section discusses the COSO Framework and the Auditability Triangle Framework analysis and findings.



Table 5. Summary of Potential Factors

#	Potential Factors	Issue	Reference
1	Contract Structure and Funding Issues	Contract structures that require multiple ACRNs under a single CLIN make DFARS PGI 204.7108 proration rules difficult to apply consistently. Misaligned incremental funding can also prematurely exhaust ACRNs, causing subsequent vouchers to draw against unavailable funds and resulting in unmatched disbursements.	Foley, 1995; Dean & Vosters, 2003
2	System Limitations	System limitations contribute to unmatched disbursements, as government and contractor systems do not synchronize in real time, leading to outdated or inconsistent ACRN balances. Without real-time visibility into remaining ACRN or CLIN funding when preparing vouchers, contractors are likely to invoice against depleted or incorrect funding lines.	Clark & Schmidt, 2023
3	Training Gaps	Personnel may lack sufficient understanding of multi-ACRN instructions and have limited knowledge of payment systems applying proration logic under DFARS PGI 204.7108.	Grennan & McCrory, 2016
4	Weak Internal Controls	The current process does not seem to verify ACRN sufficiency, confirm accurate CLIN-to-ACRN mapping, or detect expired or invalid ACRNs before a voucher is processed. It is also unclear whether organizations consistently perform manual checks to compensate for these system limitations.	Rendon & Rendon, 2015
5	Information and Communication Gaps	Contractors may be unaware of funding changes or the exhaustion of specific ACRNs, while the government may lack accurate insight into the contractor’s burn-rate projections or spending patterns.	COSO, 2013
6	Reconciliation Failures	Neither the government nor contractors typically have dashboards or automated alerts that identify emerging unmatched disbursements. It is likely that discrepancies are often discovered only after the fact, which allows errors to persist and accumulate across multiple vouchers.	DoD Office of Inspector General, 2025; Government Accountability Office, 2025b
7	Policy and Guidance Gaps	The line item proration is difficult to apply in multi-ACRN environments due to the complexity of DFARS PGI 204.7108 proration guidance. When funding is incrementally added or modified, these inconsistencies can result in vouchers being charged to incorrect ACRNs.	Government Accountability Office, 2025b; Office of Inspector General, U.S. Department of Defense, 2024

**D. COSO FRAMEWORK AND AUDITABILITY TRIANGLE FRAMEWORK ANALYSIS AND FINDINGS**

This section examines the analysis and findings from the 14 sample task orders in relation to the COSO Internal Control—Integrated Framework (COSO, 2013) and J.



Rendon and R. Rendon's (2015) Auditability Triangle. A database was created by the researcher to map the identified potential factors contributing to unmatched disbursements against the five COSO components and the three Auditability Triangle elements. Table 6 presents this mapping, with a "1" indicating a relevant linkage between each factor and the corresponding COSO components or auditability elements.



Table 6. Factors Mapped to COSO Internal Control Framework Components and Auditability Elements

Potential Factors Contributing to Unmatched Disbursements	COSO Internal Control Framework Components					Auditability Elements		
	Control Environment	Risk Assessment	Control Activities	Information and Communications	Monitoring Activities	Personnel	Processes	Internal Controls
Contract structure and funding issues		1	1			1	1	
System limitations		1	1	1	1			1
Training gaps	1	1	1	1		1	1	
Weak internal controls	1	1	1	1	1	1	1	1
Information and communication gaps	1	1		1	1	1	1	
Reconciliation failures		1	1			1	1	
Policy and guidance gaps	1	1	1				1	1
Total	4	7	6	4	3	5	6	3
Percentage	17%	29%	25%	17%	13%	36%	43%	21%



## 1. COSO Internal Control Component Analysis and Findings

As shown in Table 6, the Control Environment component scored 4 linkages (17%). The factors contributing to this rating included training gaps, weak internal controls, information and communication gaps, and policy and guidance gaps, indicating a deficiency in prioritizing accurate funds proration. This percentage suggests that while foundational elements are implicated, they are not the dominant driver of unmatched disbursements in the sampled task orders. These linkages highlight the opportunities for strengthening leadership oversight and ethical training to mitigate risks.

As shown in Table 6, the Risk Assessment component scored the highest rating with 7 linkages (29%). All of the factors contributed to this score, which consisted of contract structure and funding issues, system limitations, training gaps, weak internal controls, information and communication gaps, reconciliation failures, and policy and guidance gaps. This rating underscores a gap in proactively evaluating risks associated with multi-ACRN proration under DFARS PGI 204.7108. These linkages exacerbate unmatched disbursements and emphasize the need for enhanced risk forecasting in DoD acquisition processes.

As shown in Table 6, the Control Activities component scored 6 linkages (25%). The factors contributing to this rating included contract structure and funding issues, system limitations, training gaps, weak internal controls, reconciliation failures, and policy and guidance gaps. This rating indicates that the deficiencies in operational controls limit the prevention of unmatched disbursements. These linkages suggest that strengthening action-oriented controls could reduce variance occurrences in CPFF task orders.

As shown in Table 6, the Information and Communications component scored 4 linkages (17%). The factors contributing to this rating included system limitations, training gaps, weak internal controls, and information and communication gaps. These factors contributed to inconsistencies in how funding and disbursement information is shared across stakeholders. This rating highlights gaps in data flow, which led to unmatched disbursements. These linkages suggest improving this component could enhance transparency and timely decision-making in payment processes.



As shown in Table 6, the Monitoring Activities component scored 3 linkages (13%). The factors contributing to this rating included system limitations, weak internal controls, and information and communication gaps contributed to inconsistencies in identifying and correcting proration errors. This rating for the linkages suggests that insufficient routine oversight allows proration errors to persist undetected. These linkages underscore a need for increased proactive monitoring to reduce unmatched disbursements.

Figure 3 depicts the percentages of the COSO component distribution.

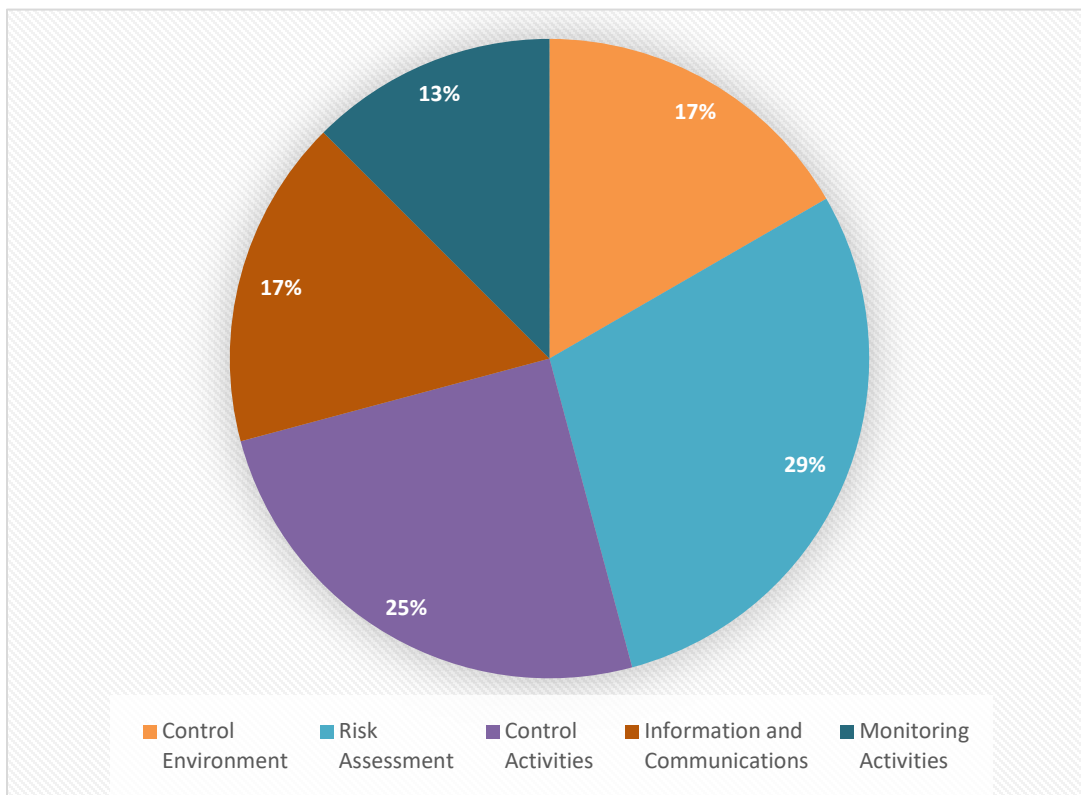


Figure 3. Figure 3. COSO Component Distribution

## 2. Auditability Triangle Assessment Analysis and Findings

As shown in Table 6, the Competent Personnel element of J. Rendon and R. Rendon’s (2015) Auditability Triangle scored 5 linkages (36%). The factors contributing to this rating included contract structure and funding issues, training gaps, weak internal controls, information and communication gaps, and reconciliation failures. This rating indicates that personnel shortcomings play a role in unmatched disbursements and highlights the importance of investing in training to build competence across acquisition

teams. Improved training would not only increase technical proficiency but may also enhance coordination and improve the accuracy of voucher submissions. This could lower the incidence of unmatched disbursements.

As shown in Table 6, the Capable Processes element scored 6 linkages (43%). The factors contributing to this score included contract structure and funding issues, training gaps, weak internal controls, information and communication gaps, reconciliation failures, and policy and guidance gaps. This rating reflects systemic process weaknesses that exacerbate unmatched disbursements under DFARS PGI 204.7108. The findings suggest that current processes do not reliably support the proration requirements. Process improvements could help ensure that proration logic is applied correctly and consistently, which could reduce unmatched disbursements.

As shown in Table 6, the robust Internal Controls element scored 3 linkages (21%). The factors contributing to this score included system limitations, weak internal controls, and policy and guidance gaps. These factors contributed to controls not operating as intended in detecting and preventing proration errors. This rating implies that while controls exist, they are insufficient for preventing proration mismatches leading to persistent unmatched disbursements. The findings suggest that ACRN balances are not validated before payment, and discrepancies are not identified earlier in the process. Improved internal controls could help ensure that proration logic is applied consistently and could support auditability by reducing the need for corrective actions after disbursement.

Figure 4 depicts the percentages of the Auditability triangle element distribution. The following section discusses the implications of the analysis and findings in this research study.



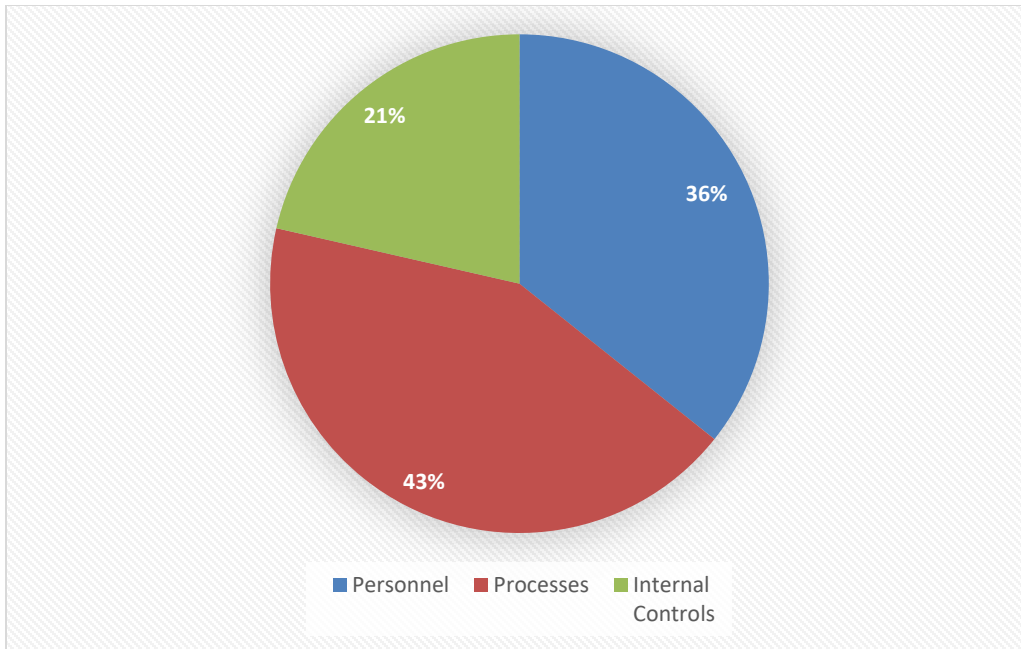


Figure 4. Figure 4. Auditability Triangle Element Distribution

## E. IMPLICATIONS OF ANALYSIS AND FINDINGS

The findings of this study reveal inconsistencies in unmatched disbursements across the sampled CPFF task orders, even when net-zero variances are achieved at the CLIN level. Among the 14 task orders analyzed, seven task orders exhibited unmatched disbursements at the ACRN level, four task orders showed fully matched disbursements, and three task orders were excluded from detailed variance analysis due to the contractor’s failure to track real-time ACRN unliquidated balances prior to voucher submission. These patterns have implications for fiscal compliance, auditability, and internal control effectiveness in DoD acquisition. The following sections examine the financial, operational, regulatory, and theoretical implications.

### 1. Financial and Fiscal Implications

The analysis and findings indicate ACRN-level mismatches create unmatched disbursements that distort real-time funding balances and complicate reconciliation. Even when net CLIN variances are zero, misallocations risk violating the Purpose Statute (31 U.S.C. § 1301(a)) or the Antideficiency Act (31 U.S.C. §§ 1341) if funds are applied to unintended appropriations or fiscal years. These issues likely contribute to the Department’s ongoing material weaknesses in disbursement activity and funds control, as

repeatedly noted in DoD OIG financial statement audits and GAO High-Risk Series reports (DoD Office of Inspector General, 2024; Government Accountability Office, 2025c). The persistence of such variances increases the likelihood of improper payments and undermines the reliability of DoD financial statements.

## **2. Operational and Process Implications**

The analysis and findings identify coordination gaps between contractors, CORs, PMs, and DFAS. Contractors' failure to track balances before billing, combined with government incremental funding modifications, forces reliance on post-submission proration corrections. This implication highlights deficiencies in capable processes and competent personnel within the Auditability Triangle (Rendon & Rendon, 2015) and in COSO's Information & Communication and Monitoring Activities components (COSO, 2013), limiting timely detection and correction of mismatches.

## **3. Regulatory and Policy Implications**

The analysis and findings indicate that DFARS PGI 204.7108 offers a standardized proration framework. Yet, its dependence on unliquidated balances, rather than billed intent, can exacerbate mismatches when funding distributions or contractor billing do not align with actual effort. This ambiguity and lack of mandated pre-disbursement reconciliation indicate a need for clearer guidance, enhanced system integration, and stronger controls to prevent unmatched disbursements and improve auditability across DoD components.

## **4. Theoretical and Framework Implications**

The analysis and findings illustrate how the COSO Framework components and Auditability Triangle elements operate as interdependent constructs rather than isolated controls. Weaknesses in Risk Assessment and Control Activities (e.g., inadequate forecasting of funding needs) compound gaps in Information & Communication (poor balance visibility) and Monitoring Activities (limited reconciliation), while deficiencies in Competent Personnel (training gaps) and Capable Processes (system limitations) undermine robust Internal Controls. The analysis and findings validate J. Rendon and R. Rendon's (2015) assertion that auditability requires fully institutionalized, measured, and



continuously improved processes. The following section discusses the recommendations based on the findings of this study.

## **F. RECOMMENDATIONS BASED ON FINDINGS**

This section presents recommendations for how the government can improve its processes based on the findings for the line item proration challenges. This study outlines seven recommendations that are associated with the underlying potential factors contributing to proration mismatches. These recommendations seek to reduce unmatched disbursements by strengthening existing frameworks and reinforcing key internal control components, as well as addressing auditability.

### **1. Strengthen Contract Writing and Funding Practices**

Based on the findings of the sample task order analysis, contract structure should be strengthened to reduce the likelihood of unmatched disbursements. As shown in Table 5 and Table 6, this study found that assigning multiple ACRNs to a single CLIN increases funding complexity and makes the DFARS PGI 204.7108 proration rules difficult to apply consistently. Incremental funding practices that do not align with actual expenditure patterns further compound this risk by causing ACRNs to be prematurely exhausted. Once an ACRN is depleted, subsequent vouchers attempt to charge that same ACRN but the entitlement system cannot match the disbursement to a valid funding line, resulting in unmatched disbursements. To mitigate these issues, the government should promote clearer ACRN-to-CLIN alignment and ensure incremental funding reflects expenditure projections. The government should reconsider CPFF contracts when a fixed-price structure is feasible and avoid multi-ACRN CLINs when possible to reduce unmatched disbursements. These improvements may reduce proration-related discrepancies and strengthen the integrity of disbursement processing.

### **2. Improve System and Data Interoperability**

As evidenced in this study's findings, system limitations should be addressed to reduce the occurrence of unmatched disbursements. As shown in Table 5 and Table 6, government and contractor financial systems often lack real-time synchronization, which result in outdated or inconsistent ACRN balances being used during voucher preparation



and payment processing. Contractors may also be unable to view remaining funding at the ACRN or CLIN level when preparing cost vouchers, increasing the likelihood of invoicing against depleted or incorrect funding lines as shown in task orders H, J, and M in Appendix B. To mitigate these risks, the government should prioritize improving system interoperability, enabling real-time visibility of ACRN balances, and ensure that contractors have access to accurate funding data at the point of voucher submission. Enhancing these capabilities may reduce system-driven discrepancies and strengthen the accuracy and reliability of disbursement processing.

### **3. Enhance Workforce Training**

The findings of this study demonstrate that training gaps play a role in proration mismatches, making enhanced training essential. As shown in Table 5 and Table 6, both government and contractor personnel may lack sufficient understanding of multi-ACRN environments and have limited knowledge of how payment systems apply proration logic under DFARS PGI 204.7108. These gaps increase the likelihood of errors such as failing to track available ACRN balances in real time, which can result in invoices being submitted against depleted or incorrect funding lines. To address these vulnerabilities, the government should implement targeted training on ACRN structure, funding sufficiency, and system-applied proration rules, supported by practical examples and scenario-based exercises.

### **4. Strengthen Pre-Payment and Post Payment Controls**

This study's findings show that gaps in pre-payment validation controls contribute to unmatched disbursements, which supports the need for stronger automated internal controls. As shown in Table 5 and Table 6, the current system does not verify ACRN sufficiency, confirm accurate CLIN-to-ACRN mapping, or detect expired or invalid ACRNs prior to voucher processing, which increases the likelihood of unmatched disbursements. It is also unclear whether organizations consistently perform manual checks to compensate for these system gaps, creating additional risk that errors will go undetected until after funds have been disbursed. To address these vulnerabilities, the government should implement processes that confirm funding availability, verify correct



ACRN assignments, and flag invalid or expired ACRNs before a voucher is accepted. Establishing these controls may reduce preventable errors and strengthen the reliability of the disbursement process.

## **5. Improve Government Contractor Information Sharing**

Based on the findings of this research, weak information-sharing practices may increase the risk of unmatched disbursements, which makes stronger communication mechanisms necessary. As shown in Table 5 and Table 6, breakdowns in information flow between the government and contractor could result in contractors being unaware of funding changes or the exhaustion of specific ACRNs, while the government may lack accurate insight into contractor burn-rate projections or spending patterns. Without timely and accurate communication, neither party consistently tracks funding status in real time. This could increase the likelihood that invoices will be submitted against depleted or incorrect ACRNs, which leads to unmatched disbursements. To address these vulnerabilities, the government should establish more robust mechanisms for sharing funding updates, require timely communication of ACRN changes, and promote greater transparency into contractor expenditure forecasts. Enhancing the accuracy and timeliness of information exchange may reduce preventable funding discrepancies and strengthen the reliability of the disbursement process.

## **6. Establish an Unmatched Disbursement Prevention Structure**

This study's findings show that weaknesses in reconciliation practices contribute to unmatched disbursements, which supports the need to strengthen reconciliation processes. As shown in Table 5 and Table 6, neither the government nor contractors typically have dashboards or automated alerts that identify emerging discrepancies, resulting in reactive rather than proactive oversight. Without real-time reconciliation capabilities, errors are often discovered only after multiple vouchers have been processed, allowing mismatches to persist and compound. Strengthening reconciliation also requires systematically researching and identifying the root causes of recurring discrepancies so that underlying process, system, or data issues can be corrected rather than repeatedly addressed after the fact. To address these weaknesses, the government



should implement automated exception-monitoring tools, establish real-time reconciliation dashboards, and require routine reviews of ACRN balances and voucher-level funding allocations. Improving the timeliness, visibility, and diagnostic capability of reconciliation activities could reduce preventable errors and enhance the overall integrity of the disbursement process.

## **7. Modernize DFARS PGI 204.7108 Implementation Guidance**

This study's findings show that gaps in DFARS PGI 204.7108 contribute to proration-related discrepancies, which supports the need to strengthen policy and guidance. Although the guidance is intended to standardize the allocation of payments across multiple ACRNs, aspects of the proration rules can inadvertently contribute to funding discrepancies. As shown in Table 5 and Table 6, the rules are difficult to apply consistently in complex multi-ACRN environments, particularly when funding is incrementally added or modified at different points in the performance period. These conditions increase the likelihood that vouchers will be charged against incorrect ACRNs, ultimately resulting in unmatched disbursements. To address these vulnerabilities, the government should refine and clarify the proration guidance, provide examples tailored to multi-ACRN cost-reimbursement contracts, and ensure that system logic aligns with the intended policy. Strengthening the clarity and usability of DFARS PGI 204.7108 may reduce misinterpretation, improve consistency in payment allocation, and enhance overall auditability.

## **G. SUMMARY**

The purpose of this chapter was to present the analysis and findings related to the DFARS PGI 204.7108 line item proration challenges. The chapter began with a discussion of the analysis and findings, followed by a discussion of the potential factors contributing to unmatched disbursements. It then provided the analysis and findings of identified factors mapped to the COSO Framework components and the Auditability Triangle elements. Furthermore, the implications of the analysis and findings were discussed. Finally, the chapter outlined recommendations derived from the research



findings. The next chapter presents the study's summary, conclusions, and areas for future research.



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## **V. SUMMARY, CONCLUSIONS, AND AREAS FOR FURTHER RESEARCH**

### **A. INTRODUCTION**

The purpose of this chapter is to summarize this study's findings. It begins with an overview of the research, followed by the conclusions and answers to the research questions. The chapter closes with a discussion of areas for future research.

### **B. SUMMARY**

This research examined line item proration under DFARS PGI 204.7108. The background of the study showed that this guidance often results in misallocated funds when multiple ACRNs are assigned to a single CLIN. Although DFARS PGI 204.7108 was intended to standardize how payments are distributed across multiple funding sources, the line item proration requirements can inadvertently contribute to unmatched disbursements.

The problem that motivated this study is the Navy's ongoing difficulty in achieving a clean audit, which reflects persistent weaknesses in its financial management practices. This study analyzed recurring unmatched disbursements in CPFF contracts processed under DFARS PGI 204.7108. Despite established guidance, gaps in internal controls, process execution, and oversight continue to allow disbursement discrepancies. These weaknesses undermine financial accuracy, accountability, and auditability across the Navy's contracting and payment processes. Addressing these weaknesses is essential to ensuring proper fund stewardship, improving program execution, and strengthening overall operational integrity.

The purpose of this study was to examine the challenges associated with DFARS PGI 204.7108, focusing specifically on line item proration in CPFF contracts between FY2020 and 2025. Using J. Rendon and R. Rendon's (2015) Auditability Triangle and the COSO (2013) Internal Control Framework, this research identified the potential factors contributing to unmatched disbursements when multiple ACRNs were applied to a single CLIN. The analysis reviewed payment guidance, voucher-level variances,



DFARS policies, internal controls, and auditability elements to assess how current proration practices contribute to these discrepancies. This study's objective was to propose actionable improvements to strengthen the proration process, enhance internal controls, increase auditability, and improve financial accuracy in DoD contracting.

### C. CONCLUSIONS

Based on the findings and analysis of the line item proration challenges, this research provides answers to this study's research questions.

7. How does the contractor's intended proration differ from the proration required under DFARS PGI 204.7108?

This research study showed consistent differences between contractor-intended proration and DFARS-required proration, primarily due to how DFARS PGI 204.7108 allocates costs across multiple ACRNs. As shown in Appendix B, these variances resulted in mismatched amounts between how the contractor applies funding and how the government's payment systems expect proration to occur.

8. How are the sample Task Orders categorized based on disbursements?

As shown in Table 4, the sample Task Orders are categorized based on whether disbursements were matched or unmatched. Task Orders with accurate ACRN application were classified as having matched disbursements, while those exhibiting proration inconsistencies were categorized as having unmatched disbursements. Task Orders showing invoicing against depleted funding lines were categorized as contractor failure to track real time balances.

9. What factors contributed to unmatched disbursement variances in invoiced deliverables from the intended proration from the contractor versus DFARS PGI 204.7108?

As shown in Table 5, the potential factors that contributed to unmatched disbursements included complex multi-ACRN contract structures, incremental funding actions that alter available balances over time, system limitations that prevent real-time synchronization of ACRN data, and inconsistent application or interpretation of DFARS PGI 204.7108 proration rules. Gaps in training and unclear guidance further contribute to contractors and government applying line item proration differently than required, which resulted in discrepancies between intended and DFARS PGI 204.7108 applications.



10. How do the identified factors map to the auditability elements?

As shown in Table 6, the identified factors for the auditability elements map mostly to Processes (43%) and Personnel (36%). These factors indicate that there are weaknesses in procedures and training. Fewer mappings to Internal Controls (21%) reflected gaps in verifications, system checks, and limited oversight that allow errors in line item proration errors to persist.

11. How do the identified factors map to the COSO Internal Control Framework components?

As shown in Table 6, the identified factors for the COSO Internal Control Framework components map mostly to Risk Assessment (29%) and Control Activities (25%). These factors indicate weaknesses in identifying funding-related risks and executing controls during voucher processing as the primary drivers of unmatched disbursements. Additional components in Information and Communication (17%) and Control Environment (17%) show that inconsistent funding information, unclear guidance, and personnel competence contribute to errors. Fewer mappings to Monitoring Activities (13%) suggest limited oversight and reconciliation processes that allow discrepancies to persist.

12. What activities can mitigate unmatched disbursements caused by the use of multiple ACRNs within a single CLIN or line item requiring proration in DFAS and associated contracting/financial offices?

The activities that can assist with effective mitigation align with the potential factors summarized in Table 5. These activities include standardizing proration procedures, strengthening reconciliation controls, improving system interoperability, enhancing workforce training, and implementing clearer guidance for managing multiple ACRNs within a single CLIN. Enhancing coordination between DFAS and contracting offices and conducting routine reconciliations to identify discrepancies early may reduce the likelihood of unmatched disbursements.

#### **D. AREAS FOR FURTHER RESEARCH**

This research focused on the line item proration challenges within the Navy. The limitations of research hindered the potential of finding other factors surrounding this issue. Potential areas for further research are discussed next.



First, a review of available data revealed that other Navy organizations also experience similar proration-related issues. However, limited access prevented their inclusion in this research study. Future research should examine how these proration challenges affect other Navy departments and branches to determine whether the underlying causes are systemic across the enterprise or unique to specific organizations.

Second, future research should apply these auditability frameworks in other DoD financial environments to compare organizations with different levels of process maturity. Studying how personnel, processes, and internal controls interact over time would help clarify what drives stronger auditability. Future studies could explore how employee capability, control quality, and process clarity influence proration accuracy.

Third, future research could use quantitative methods such as statistical modeling or longitudinal studies to examine the relationship between the number of ACRNs assigned to a CLIN and the likelihood of proration mismatches. This type of analysis would help quantify the risks associated with complex funding structures and provide empirical evidence to support improvements in policy and process.



## APPENDIX A. AS ADPATED FROM DFARS PGI 204.7108

For Government Use Only					
Contract/Order Payment Clause	Type of Payment Request	Supply	Service	Construction	Payment Office Allocation Method
52.212-4 (Alt I), Contract Terms and Conditions— Commercial Products and Commercial Services;	Cost Voucher	X	X	N/A	Line item specific proration. If there is more than one ACRN within a deliverable contract line item, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the line item billed.
52.216-7, Allowable Cost and Payment;					
52.232-7, Payments Under Time-and-Materials and Labor-Hour Contracts					
52.232-1, Payments; 252.217-7007, Payments (vessel repair and alterations)	Navy Shipbuilding Invoice (Fixed Price)	X	X	N/A	Line item specific by fiscal year. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated using the oldest funds first. In the event of a deliverable line or deliverable subline item with two or more ACRNs with the same fiscal year, those amounts will be prorated to the available unliquidated funds for that year.
52.232-1, Payments;	Invoice	X	X	N/A	Line item specific proration. If there is more than one ACRN within a deliverable line item or deliverable subline item, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the deliverable line or deliverable subline item for which payment is requested.
52.232-2, Payments under Fixed-Price Research and Development Contracts;					
52.232-3, Payments under Personal Services Contracts;					
52.232-4, Payments under Transportation Contracts and Transportation-Related					



For Government Use Only					
Contract/Order Payment Clause	Type of Payment Request	Supply	Service	Construction	Payment Office Allocation Method
Services Contracts; and  52.232-6, Payments under Communication Service Contracts with Common Carriers					
52.232-5, Payments Under Fixed-Price Construction Contracts	Construction and Facilities Management Invoice	N/A	N/A	X	Line item specific by fiscal year. If there is more than one ACRN within a deliverable line or deliverable subline item, the funds will be allocated using the oldest funds first. In the event of a deliverable line or deliverable subline item with two or more ACRNs with the same fiscal year, those amounts will be prorated to the available unliquidated funds for that year.
52.232-16, Progress Payments (excluding contracts with multiple lot progress payments)	Progress Payment*	X	X	N/A	Contract-wide proration. Funds shall be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN. Progress payments are considered contract level financing, and the “contract price” shall reflect the fixed-price portion of the contract per FAR 32.501-3.
52.232-16, Progress Payments  252.232-7018, Progress Payments-Multiple Lots	Progress Payment*	X	X	N/A	Lot-wide proration (applies to lots specifically identified in the contract).  If there is more than one ACRN within a lot, the funds will be allocated in the same proportion as the amount of funding currently unliquidated for each ACRN on the



For Government Use Only					
Contract/Order Payment Clause	Type of Payment Request	Supply	Service	Construction	Payment Office Allocation Method
					lot for which payment is requested.  See paragraph (c) of this section for multiple lot CLIN structure.
52.232-29, Terms for Financing of Purchases of Commercial Products and Commercial Services;;  52.232-30, Installment Payments for Commercial Products and Commercial Services	Commercial Product and Commercial Service; Financing*	X	X	N/A	Specified in approved payment. The contracting officer shall specify the amount to be paid and the account(s) to be charged for each payment approval in accordance with FAR 32.207(b)(2).
52.232-32, Performance-Based Payments	Performance-Based Payments*	X	X	N/A	Specified in approved payment. The contracting officer shall specify the amount to be paid and the account(s) to be charged for each payment approval in accordance with FAR 32.1007(b)(2).
252.232-7002, Progress Payments for Foreign Military Sales Acquisitions	Progress Payment*	X	X	N/A	Allocate costs among line items and countries in a manner acceptable to the Administrative Contracting Officer.
*Liquidation of Financing Payments. Liquidation will be applied by the payment office against those ACRNs which are identified by the payment instructions for the delivery payment and in keeping with the liquidation provision of the applicable contract financing clause (i.e., progress payment, performance-based payment, or commercial product and commercial service financing).					



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## APPENDIX B. SUMMARY OF TASK ORDER FINDINGS

Task Order	Period of Performance	CLIN	ACRN	Budgeted Amount	Contractor Billed	DFAS Disbursed	Variance \$	Variance %	Determination	Analysis and Findings:
A	November 2021 through October 2022	0002	AA	770,916.62	770,916.62	770,916.62	0.00	0%	matched disbursement	Analysis of A demonstrates a net zero variance at the CLIN level (\$0 total, 0.0%), but ACRN-level unmatched disbursements persist due to proration under PGI 204.7108, where offsets mask underlying mismatches.
A		0002	AC	469,749.88	469,749.88	469,749.87	0.01	0%	under disbursed	
A		0002	AD	394,363.00	394,363.00	394,363.00	0.00	0%	matched disbursement	
A		0003	AB	989,668.10	663,026.76	676,276.31	-13,249.55	-2%	over disbursed	
A		0003	AE	114,053.12	76,456.13	63,206.58	13,249.55	17%	under disbursed	
A		0005	AA	5,000.00	4,979.54	4,979.85	-0.31	0%	over disbursed	
A		0005	AD	5,000.00	5,000.00	4,999.69	0.31	0%	under disbursed	
B	April 2022 through March 2023	0001	AA	123,780.80	123,780.80	123,780.80	0.00	0%	matched disbursement	100% matched disbursement. N billing aligned with the current unliquidated funding proportions.
B		0001	AB	107,877.04	68,391.97	68,391.97	0.00	0%	matched disbursement	
B		0002	AA	5,000.00	5,000.00	5,000.00	0.00	0%	matched disbursement	
B		0002	AB	7,107.70	3,477.61	3,477.61	0.00	0%	matched disbursement	
C	January 2022 through January 2023	2000	AA	1,100,000.00	1,040,339.59	1,072,135.16	-31,795.57	-3%	over disbursed	Analysis of C demonstrates a \$41.85 variance at the CLIN level, but ACRN-level unmatched disbursements persist due to proration under PGI 204.7108, where offsets mask underlying mismatches.
C		2000	AL	154,245.00	31,795.59	0.00	31,795.59	100%	under disbursed	
C		2002	AB	2,000.00	242.55	1,045.22	-802.67	-331%	over disbursed	
C		2002	AC	7,000.00	3,145.02	3,105.14	39.88	1%	under disbursed	
C		2002	AD	10,000.00	5,085.13	3,566.62	1,518.51	30%	under disbursed	
C		2002	AE	2,000.00	371.00	1,045.23	-674.23	-182%	over disbursed	
C		2002	AG	900.00	70.39	121.38	-50.99	-72%	over disbursed	
C		2002	AJ	3,250.56	449.71	438.38	11.33	3%	under disbursed	



Task Order	Period of Performance	CLIN	ACRN	Budgeted Amount	Contractor Billed	DFAS Disbursed	Variance \$	Variance %	Determination	Analysis and Findings:
C		3002	AG	100.00	0.00	44.74	-44.74	0%	over disbursed	
C		3002	AK	123.50	100.00	55.26	44.74	45%	under disbursed	
D	February 2023 through February 2024	2001	AH	90,000.00	90,000.00	90,000.00	0.00	0%	matched disbursement	CLINs 2001 and 2004 exhibited fully matched disbursements (zero variance across all ACRNs), while CLIN 2003 showed ACRN-level unmatched disbursements despite net zero variance at the CLIN level, illustrating the impact of PGI 204.7108 proration when billed amounts diverge from unliquidated funding balances.
D		2001	AF	106,572.09	106,572.09	106,572.09	0.00	0%	matched disbursement	
D		2001	AP	116,416.66	116,416.66	116,416.66	0.00	0%	matched disbursement	
D		2001	AQ	20,000.00	20,000.00	20,000.00	0.00	0%	matched disbursement	
D		2001	AV	77,805.91	77,805.91	77,805.91	0.00	0%	matched disbursement	
D		2001	AW	24,103.82	24,103.82	24,103.82	0.00	0%	matched disbursement	
D		2001	AX	50,000.00	50,000.00	50,000.00	0.00	0%	matched disbursement	
D		2001	AY	267,254.63	267,254.63	267,254.63	0.00	0%	matched disbursement	
D		2001	AZ	401,630.98	401,630.98	401,630.98	0.00	0%	matched disbursement	
D		2001	BA	100,000.00	100,000.00	100,000.00	0.00	0%	matched disbursement	
D		2001	BB	30,000.00	30,000.00	30,000.00	0.00	0%	matched disbursement	
D		2001	BC	138,890.47	138,890.47	138,890.47	0.00	0%	matched disbursement	
D		2003	AB	243,977.43	162,651.62	234,380.89	-71,729.00	-44%	over disbursed	
D		2003	AC	1,553,677.02	1,547,501.73	1,483,149.86	64,352.00	4%	under disbursed	
D		2003	AD	272,488.18	272,488.18	272,488.18	0.00	0%	matched disbursement	
D		2003	AE	187,559.26	187,559.26	180,181.86	7,377.00	4%	under disbursed	
D		2004	AG	90,000.00	90,000.00	90,000.00	0.00	0%	matched disbursement	
D		2004	AJ	239,572.23	239,572.23	239,572.23	0.00	0%	matched disbursement	
D		2004	AK	375,000.00	375,000.00	375,000.00	0.00	0%	matched disbursement	



Task Order	Period of Performance	CLIN	ACRN	Budgeted Amount	Contractor Billed	DFAS Disbursed	Variance \$	Variance %	Determination	Analysis and Findings:
D		2004	AL	38,000.00	38,000.00	38,000.00	0.00	0%	matched disbursement	
D		2004	AM	193,000.00	193,000.00	193,000.00	0.00	0%	matched disbursement	
D		2004	AN	85,000.00	85,000.00	85,000.00	0.00	0%	matched disbursement	
D		2004	AR	624,493.83	624,493.83	624,493.83	0.00	0%	matched disbursement	
D		2004	AS	30,000.00	30,000.00	30,000.00	0.00	0%	matched disbursement	
D		2004	AT	559,177.91	559,177.91	559,177.91	0.00	0%	matched disbursement	
D		2004	AU	586,844.90	586,844.90	586,844.90	0.00	0%	matched disbursement	
E		January 2024 through January 2025	0005	AA	17,700.24	17,700.24	16,160.83	1,539.41	9%	
E	0005		AC	35,400.48	35,400.48	32,321.72	3,078.76	9%	under disbursed	
E	0005		AE	17,700.24	25,367.86	16,160.83	9,207.03	36%	under disbursed	
E	0005		AG	17,700.24	16,807.50	16,160.83	646.67	4%	under disbursed	
E	0005		AJ	17,700.24	10,925.36	16,160.83	-5,235.47	-48%	over disbursed	
E	0005		AL	17,700.24	17,700.24	16,160.83	1,539.41	9%	under disbursed	
E	0005		AN	17,700.24	17,700.24	16,160.83	1,539.41	9%	under disbursed	
E	0005		AQ	17,700.24	3,845.61	16,160.83	-12,315.22	-320%	over disbursed	
F	March 2021 through August 2022	0001	AA	156,500.00	122,951.32	122,951.32	0.00	0%	matched disbursement	100% matched disbursement. N billing aligned with the current unliquidated funding proportions.
F		0001	AB	140,202.18	110,147.22	110,147.22	0.00	0%	matched disbursement	
G	July 2022 through July 2022	0001	AA	985,811.10	1,066,224.00	984,332.53	81,891.47	8%	under disbursed	Analysis of G demonstrates a \$944 variance at the CLIN level, but ACRN-level unmatched disbursements persist
G		0001	AB	193,722.00	135,324.00	192,352.24	-57,028.24	-42%	over disbursed	
G		0001	AC	850,000.00	827,985.00	771,475.13	56,509.87	7%	under disbursed	



Task Order	Period of Performance	CLIN	ACRN	Budgeted Amount	Contractor Billed	DFAS Disbursed	Variance \$	Variance %	Determination	Analysis and Findings:
G		0001	AD	400,000.00	165,089.00	245,518.10	-80,429.10	-49%	over disbursed	due to proration under PGI 204.7108, where offsets mask underlying mismatches.
H	October 2021 through September 2022	0001	AA	800,000.00	799,999.99	800,000.00	-0.01	0%	over disbursed	Contractor did not track real-time ACRN unliquidated balances prior to voucher submission, leading to over-billing on affected ACRNs. DFAS proration under PGI 204.7108 mitigated the overcharge by reallocating based on available funds.
H		0001	AB	490,000.00	490,000.00	490,000.00	0.00	0%	matched disbursement	
H		0001	AC	200,000.00	200,000.00	200,000.00	0.00	0%	matched disbursement	
H		0001	AD	200,000.00	257,456.75	200,000.00	57,456.75	22%	under disbursed	
H		0001	AE	240,046.65	374,486.49	240,046.65	134,439.84	36%	under disbursed	
H		0001	AF	1,000,000.00	1,031,650.35	750,000.00	281,650.35	27%	under disbursed	
H		0001	AG	500,000.00	696,972.60	450,000.00	246,972.60	35%	under disbursed	
H		0001	AH	1,000,000.00	30,577.50	749,872.81	719,295.31	-2352%	over disbursed	
H		0001	AJ	1,224.22	0.00	1,224.22	-1,224.22	0%	over disbursed	
I		April 2022 through March 2023	0001	AA	197,000.00	197,000.00	195,403.35	1,596.65	1%	
I	0001		AB	210,099.43	210,099.43	208,396.60	1,702.83	1%	under disbursed	
I	0001		AC	824,393.72	824,393.72	817,712.14	6,681.58	1%	under disbursed	
I	0001		AD	60,000.00	60,000.00	59,513.72	486.28	1%	under disbursed	
I	0001		AE	305,381.51	271,038.93	302,906.44	-31,867.51	-12%	over disbursed	
I	0001		AF	1,400,000.00	1,396,815.84	1,388,916.58	7,899.26	1%	under disbursed	
I	0001		AG	180,869.48	180,869.48	179,403.56	1,465.92	1%	under disbursed	



Task Order	Period of Performance	CLIN	ACRN	Budgeted Amount	Contractor Billed	DFAS Disbursed	Variance \$	Variance %	Determination	Analysis and Findings:
I		0001	AH	450,000.00	450,000.00	446,352.83	3,647.17	1%	under disbursed	
I		0001	AJ	44,990.00	44,990.00	44,462.26	527.74	1%	under disbursed	
I		0001	AK	200,000.00	200,000.00	197,654.00	2,346.00	1%	under disbursed	
I		0001	AL	539,000.00	538,832.12	532,677.55	6,154.57	1%	under disbursed	
I		0001	AM	1,260,000.00	1,244,579.74	1,245,220.23	-640.49	0%	over disbursed	
J	April 2022 through April 2023	0001	AA	1,253,161.60	1,245,716.37	1,244,185.62	1,530.75	0%	under disbursed	Contractor did not track real-time ACRN unliquidated balances prior to voucher submission, leading to over-billing on affected ACRNs. DFAS proration under PGI 204.7108 mitigated the overcharge by reallocating based on available funds.
J		0001	AB	700,000.00	695,841.18	694,986.14	855.04	0%	under disbursed	
J		0001	AC	85,000.00	84,495.00	84,391.17	103.83	0%	under disbursed	
J		0001	AD	400,000.00	397,623.53	397,134.94	488.59	0%	under disbursed	
J		0001	AG	136,620.55	130,326.71	133,304.92	-2,978.21	-2%	over disbursed	
J		0001	AE	25,000.00	25,001.76	24,905.09	96.67	0%	under disbursed	
J		0001	AF	1,500,000.00	1,500,105.51	1,494,305.15	5,800.36	0%	under disbursed	
J		0001	AH	166,415.89	128,763.86	134,660.89	-5,897.03	-5%	over disbursed	
K	May 2022 through May 2023	0001	AA	550,000.00	550,000.00	540,355.45	9,644.55	2%	under disbursed	Analysis of K demonstrates a net zero variance at the CLIN level, but ACRN-level unmatched disbursements persist due to proration under PGI 204.7108, where offsets mask underlying mismatches.
K		0001	AB	300,000.00	300,000.00	294,739.34	5,260.66	2%	under disbursed	
K		0001	AC	55,000.00	16,829.71	31,734.92	-14,905.21	-89%	over disbursed	
K		0002	AA	20,000.00	18,838.16	10,286.76	8,551.40	45%	under disbursed	
K		0002	AB	16,626.00	0.00	8,551.40	-8,551.40	0%	over disbursed	
L	April 2023 through April 2024	0005	AA	87,019.86	76,333.87	76,333.86	0.01	0%	under disbursed	100% matched disbursement. L billing aligned with
L		0005	AB	87,019.85	76,333.85	76,333.86	-0.01	0%	over disbursed	



Task Order	Period of Performance	CLIN	ACRN	Budgeted Amount	Contractor Billed	DFAS Disbursed	Variance \$	Variance %	Determination	Analysis and Findings:
L		0005	AC	87,019.84	76,333.85	76,333.85	0.00	0%	matched disbursement	the current unliquidated funding proportions. (Disbursements of \$0.01 are considered negligible and does not trigger formal action.)
M	February 2023 through February 2024	0001	AB	98,550.00	314,293.69	98,550.00	215,743.69	69%	under disbursed	Contractor did not track real-time ACRN unliquidated balances prior to voucher submission, leading to over-billing on affected ACRNs. DFAS proration under PGI 204.7108 mitigated the overcharge by reallocating based on available funds.
M		0001	AC	72,862.00	18,805.48	72,649.23	-53,843.75	-286%	over disbursed	
M		0001	AD	23,652.00	0.00	23,622.86	-23,622.86	0%	over disbursed	
M		0001	AA	9,258.00	0.00	9,258.00	-9,258.00	0%	over disbursed	
M		0001	AE	129,706.00	0.00	129,019.08	-686.92	0%	over disbursed	
M		0002	AA	49,583.00	25,356.56	13,913.68	-11,442.88	45%	under disbursed	
M		0002	AB	49,521.00	0.00	11,442.86	-11,442.86	0%	over disbursed	
N	May 2023 through May 2024	0002	AA	680,000.00	510,272.26	510,272.26	0.00	0%	matched disbursement	100% matched disbursement. N billing aligned with the current unliquidated funding proportions.
N		0002	AB	454,012.00	454,012.00	454,012.00	0.00	0%	matched disbursement	
N		0012	AC	289,544.00	272,137.98	272,137.98	0.00	0%	matched disbursement	
N		0012	AD	454,012.00	454,012.00	454,012.00	0.00	0%	matched disbursement	
N		0022	AE	963,000.00	696,831.78	696,831.78	0.00	0%	matched disbursement	
N		0022	AF	600,000.00	100,000.00	100,000.00	0.00	0%	matched disbursement	



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