



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

7000  
Ser FMO/09  
30 Jan 13

MEMORANDUM FOR DISTRIBUTION

Subj: DOCUMENTING RECEIPT AND ACCEPTANCE OF REIMBURSABLE WORK  
ORDER (RWO) GOODS AND SERVICES

- Ref: (a) Department of Defense (DoD) Financial Management  
Regulation (FMR) Volume 4, Chapter 9 "Accounts  
Payable"  
(b) Deputy Assistant Secretary of the Navy (Financial  
Operations) Memo, FMO 21320110076, Immediate  
Retention of All Documentation to Support Current  
and Future Department of the Navy Financial Statement  
Audits, dated 5 October 2011  
(c) OASN(FM&C)(FMB-5) email to Principal Administering  
Organizations (PAOs) dated 30 Nov 2012

1. The purpose of this memorandum is to reiterate financial procedures associated with the subject matter. Recent control testing associated with RWO audit readiness efforts indicate that Department of the Navy (DON) activities are not adequately documenting the receipt and acceptance of RWO goods or services as a basis for payable amounts recorded in the activity's accounting system.

2. As noted in references (a) and (b), transactions must be supported by documentation that clearly shows the basis for the amount recorded (e.g., purchase order or contract, invoices, receiving reports, and proofs of receipt, etc.), and the terms upon which payment is to be made. To help ensure that performing activities provide adequate documentation regarding bills and work performance, reference (c) provides direction that all outgoing RWOs include the following citation:

"In accordance with Treasury Financial Manual Volume I, Part 2, Chapter 4700, Appendix 10, and in support of Department of the Navy audit readiness requirements, by accepting this reimbursable funding action, the performing agency agrees to deliver, upon request, detailed documentation supporting amounts billed and actual performance of work."

3. Proper receipt and acceptance of goods and services provided shall be performed irrespective of whether payment has occurred.

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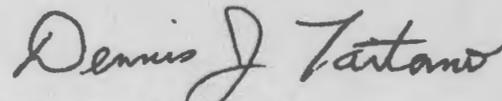
Personnel from the grantor command, with specific knowledge of the order, (or delegated appointee(s)), must perform processes to provide evidence of receipt and acceptance as part of day-to-day business operations. Specifically, to demonstrate auditability and accountability, these processes must occur within 30 calendar days of the receipt of goods and/or services. A receiving report or log that is maintained will suffice to demonstrate proper receipt and acceptance has been performed.

4. If needed to conduct the review, personnel performing receipt and acceptance may request detailed cost and billing information from the performing agency, as needed. Detailed cost and billing information could include invoices, receiving reports or time and attendance documentation.

5. As part of the receipt and acceptance process, personnel with specific knowledge of the order from the grantor command shall determine whether the costs are reasonable based upon the services performed and/or goods provided by the performing agency as outlined in the agreement between the entities. To facilitate proper recording of transactions, a copy of the supporting documentation along with the evidence demonstrating receipt and acceptance shall be provided to the grantor command requisitioning office.

6. In accordance with DON and local document retention policies, DON activities must ensure recordation of adequate documentation to demonstrate the proper receipt and acceptance of goods and services provided by a federal entity irrespective of whether payment has occurred. DON activities must further ensure required documentation is available upon request to support financial statement audits and validate recorded amounts in accordance with DoD guidance.

7. My point of contact is Kyle Fugate at [kyle.fugate@navy.mil](mailto:kyle.fugate@navy.mil) or (202) 685-6727.



DENNIS J. TAITANO  
Deputy Assistant Secretary of the  
Navy (Financial Operations)

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