



DEFENSE LOGISTICS AGENCY
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IN REPLY
REFER TO J627

October, 14, 2011

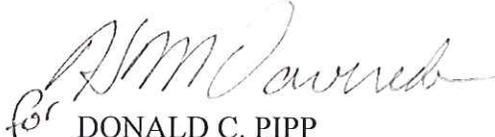
MEMORANDUM FOR FINANCE PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Proposed Defense Logistics Management System (DLMS) Change (PDC) 491,
Consolidating MILSBILLS into DLMS Volume 5, Finance – Chapter 2
(Finance/MILSBILLS)

We are forwarding the attached revised proposed changes to DOD 4000.25-M, Defense Logistics Management System (DLMS), Volume 5 for evaluation and submission of a single coordinated Component position. It is the Component Finance PRC representative's responsibility to ensure full coordination of this proposal within your Component.

Request you review the attached proposed change and provide your comments/ concurrence to DLA Logistics Management Standards not later than **30** days from the date of this memorandum. If nonconcurrence is provided, please provide an alternate method to meet the requirement being addressed.

Addressees may direct questions to Mr. Robert Hammond, 703-767-2117; DSN 427-2117; email: Robert.Hammond@dla.mil. Others must contact their Component designated Finance Process Review Committee representative.


for DONALD C. PIPP
Director
DLA Logistics Management Standards

Attachment
PDC 491

cc:
ODASD(SCI)

PDC 491
Consolidating MILSBILLS into DLMS Volume 5, Finance – Chapter 2

1. ORIGINATOR: DLA Logistics Management Standards

2. FUNCTIONAL AREA: Primary: Finance

3. REFERENCES:

- a. DOD 7000.14-R, DOD Financial Regulation
- b. DOD 4000.25-7-M, Military Standard Billing System (MILSBILLS)
- c. DOD 4000.25-M, Volume 5 – Finance
- d. Proposed DLMS Change (PDC) 488, Consolidating MILSBILLS into DLMS Volume 5, Finance (Finance/MILSBILLS)
- e. Proposed DLMS Change (PDC) 490, Consolidating MILSBILLS into DLMS Volume 5, Finance – Chapter 6 (Finance/MILSBILLS)
- f. DODI 4140.01, DOD Supply Chain Materiel Management Policy

4. REQUESTED CHANGE:

a. Description of Change: This change consolidates Chapter 2 of MILSBILLS with DLMS Volume 5 to enable DLMS Volume 5 to be a single manual for DLMS/MILS logistics billing. Enclosure 1 presents the proposed consolidated Chapter 2. PDC 488 addresses consolidation of Chapters 1, 3, 5 and the appendices, as well as administrative edits to DLMS Chapter 7. PDC 490 addresses consolidation of Chapter 6. Consolidation of DLMS/MILSBILLS Chapter 4 will be addressed in a future PDC. The merged files in DLMS Volume 5 incorporate all ADCs issued since the last publication of MILSBILLS and DLMS.

b. Background:

(1) The November 2010 meeting of the Finance Process Review Committee (PRC) discussed consolidating the MILSBILLS and DLMS Volume 5 manuals as part of the next publication of the DLMS manuals. A single manual would be easier to maintain and provide a common source for implementers. Upon full incorporation of MILSBILLS into DLMS Volume 5, it may be possible in the future for DLMS Volume 5 to supersede MILSBILLS to become the single reference for logistics billing.

(2) The ASD (L&MR) is nearing the release of DODI 4140.01 (reference f). DODI 4140.01 proposes to designate the MILS/DLMS manuals as Defense Logistics Manuals (DLMs). The DLA Logistics Management Standards office would be required to publish the updated DLMs volumes within six months of the instruction being signed out. Should that occur, the changes in this proposal will be incorporated into the superseding DLM.

c. Detailed Procedures: The existing DLMS version of Chapter 2 is organized differently than MILSBILLS and does not always align on procedures. Highlighted text in enclosure 1 shows MILSBILLS text incorporated into DLMS, Volume 5, and renumbering of existing DLMS text. Enclosure 2 provides a side-by-side comparison of MILSBILLS sections to the DLMS equivalent language and includes notes regarding recommendations and requests for verifications from Components of procedures. Enclosure 2 is color coded to show the basis for recommendations contained in enclosure 1.

5. ALTERNATIVES: Continue maintaining separate manuals. This alternative results in inconsistent wording and is resource intensive. It is rejected.

6. REASON FOR CHANGE:

a. Provide a single manual for DLMS Logistics Finance Policy to achieve consistency and administrative efficiency.

7. ADVANTAGES AND DISADVANTAGES:

a. Advantages: Provide processors of logistics bills a single source for the procedures. Eliminate risks of confusion from any differences in the language between the manuals.

b. Disadvantages: None

8. NOTE ANY REGULATIONS OR GUIDANCE:

a. DODI 4041.01, DOD Supply Chain Materiel Management Policy (Pending signature)

b. DOD 4041.01-R, DOD Supply Chain Materiel Management Regulation

c. DOD 7000.14-R, DOD Financial Regulation

9. IMPACT:

a. Policy Impact: None

b. Publications: DLMS Volume 5 is modified to incorporate the changes of the enclosures.

c. Data: None

C2. CHAPTER 2

BILLING PROCEDURES

C2.1. CRITERIA FOR BILLING

C2.1.1. Shipments From Stock. Billing shall be effected on the basis of drop from inventory or performance of services. Exceptions are as follows:

C2.1.1.1. Security Assistance. Billings for security assistance shall be effected upon constructive delivery.

C2.1.2.2. Petroleum, Oil, and Lubricants (POL). Billings for bulk POL shipments may be billed after notification of receipt or 15 calendar days after the date of shipment or issue, whichever occurs first.

C2.1.1.3. Perishable Subsistence Chill and Freeze Items. Billings for perishable subsistence chill and freeze items shall be effected upon drop from inventory. Billings for fresh fruits and vegetables shall be effected upon receipt of an issue transaction from DLA Troop Support.

C2.1.1.4. Draw Downs.

C2.1.2.4.1. Materiel requisitioned under authority of Section 506 of the Foreign Assistance Act that is, when the FMS/Grant Aid (GA) type of assistance code is C, may not be billed until funds are appropriated, with the exception of Working Capital Fund activities. Although Section 506 does not provide obligation or disbursing authority it does permit the draw down of existing DoD stocks subject to an appropriation to be made at a later date. Since there is no assurance that defense accounts will be reimbursed, the transfers cannot be recorded as accounts receivable. Therefore, issues under Section 506 will be treated as transfers without reimbursement. The transfer without reimbursement will be reversed when appropriations are received to reimburse the DoD account for the transfer. Section 506 draw downs of General Services Administration (GSA) or other non-DoD stocks are not authorized.¹

C2.1.2.4.2. All requests for Defense Working Capital Fund (DWCF) activities (to include transportation), shall include a funding source, allowing DWCF activities to be reimbursed by the military departments without delay. Orders will not be accepted without a funding source. [DoD 7000.14-R](#), Vol. 12, paragraph 230502 and Vol. 11B, paragraph 110106.A.).

¹Section 552 of the Foreign Assistance Act of 1961 allows the President to "direct the draw down of commodities and services from the inventory and resources of any agency of the United States Government". Under DLMS, except for the use of DoD (Section 506) or any agency (Section 552) assets, draw downs under both sections are identified and treated similarly.

C2.1.2. Direct Deliveries of Materiel From Contractors. When an inventory manager is out of stock, does not carry an item, or otherwise requests direct delivery of materiel from a vendor, the billing shall be effected upon notification of receipt of materiel by the customer or notification of shipment by the vendor.

C2.1.3. In-Storage Visibility (ISV) Lateral Redistributions. When an Integrated Materiel Manager/Inventory Control Point (IMM/ICP) laterally redistributes materiel, reimbursement to the reporting activity and billing to the requisitioning activity shall be effected upon notification of receipt by the requisitioning activity.

C2.1.4. ISV Procurement Offset. When materiel is returned to the IMM/ICP to offset or preclude procurement, reimbursement to the returning activity is authorized upon receipt, inspection, and acceptance of materiel as evidenced by the IMM/ICP's generation of a creditable Materiel Receipt Status.

C2.1.5. Customer Asset Report (MRP) Credits. Materiel Return Program (MRP) credits are authorized upon receiving notification that materiel, authorized for return under creditable procedures, has been received in the offered condition and quantity.

C2.1.6. Materiel Services. Billings for services related to materiel shipments and returns not included in the materiel price are authorized after the services are rendered.

C2.2. PREPARATION OF BILLS

C2.2.1. General. Bills shall be prepared within 30 calendar days of the criteria provided in section C2.2 and must identify each shipment, delivery, service performed, or refund earned.

C2.2.2. Material Billing And Credit Amounts. In general, billings for materiel shall be at the standard price in effect at the time of shipment and credit adjustment (refunds) shall be at the price originally billed. Exceptions are identified in the following subparagraphs. Billings and credits for services or allowances related to materiel shipments shall be processed as prescribed by section C2.5.

C2.2.2.1. Lateral Redistribution Credits. Reimbursements for materiel laterally redistributed shall be processed at the standard price in effect at the time of shipment. Credits may be fully or partially reversed by the IMM/ICP when a validated discrepancy report documents the materiel was not shipped in a condition or quantity warranting full credit.

C2.2.2.2. ISV Procurement Offset and MRP Credits. Credits shall be processed at the acquisition cost in effect at the time of receipt. Credits may be less if, in the opinion of the IMM/ICP, the materiel received is not in a condition and or quantity to warrant full credit.

C2.2.2.3. Quality Deficiency Reports. When the original requisition number cannot be identified, the credits shall be at the current standard price.

C2.2.2.4. Material Returns to DLA from Industrial Sites under Base Realignment and Closure (BRAC) Retail Storage and Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP), and National Inventory Management Strategy². A variation of the MRP program is used for processing materiel returns to DLA from selected sites in support of the BRAC SS&D/IMSP and NIMS. Standard MRP DLMS/MILSTRIP transactions do not apply. No credit for packaging, crating, handling, or transportation shall be provided.

C2.2.2.4.1. Industrial Sites. DLA-managed materiel returned by an industrial customer at BRAC industrial sites will be accepted into DLA inventory regardless of DLA wholesale asset stock position. Credit shall be processed based upon a receipt of the returned materiel corresponding to a sale to Service maintenance (identified by DoDAAC series/internal customer group) for the same materiel and condition which was completed within the 60-day period prior to the date on the return. Credit shall be processed at the full selling price of the item on the original order(s) used as reference, up to 100% credit for return quantity less than or equal to the quantity on the order(s) used a reference. DLMS/MILSBILLS Billing for Issue from Stock (810L/DI FA2) shall be used to provide credit under modified business rules. Credit for any quantity returned over the original amount, in a different condition code than the original sale, or unmatched is subject to DLA ICP stock position using business rules equivalent to the MRP for determining whether to provide credit/credit amount contained in DoD 4140.01-M. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (810L/DI FD2).

C2.2.2.4.2. NIMS Sites. Credit for materiel returns from a NIMS site customer will be processed based upon the return receipt. The DLA ICP shall process the receipt and determine if a sale has occurred for the same materiel, condition code, and customer within a 60-day time frame reflecting the exact same document number as the receipt (return) document. If there is an exact matching sale, the customer shall receive credit equal to the original sale. Credit for any quantity return over the original amount, in different condition code than the original sale, or unmatched is subject to credit/credit amount. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (810L/DI FD2)

C2.2.3. Method of Billing

C2.2.3.1. Billings to DoD offices must be under interfund procedures except as provided below.

C2.2.3.2. Billing shall be under noninterfund procedures when:

C2.2.3.2.1. The bill-to office is non-DoD (Bill-To Service Code is numeric, G, or Z),

² DLA is required to request approval of new procedures supporting BRAC/NIMS allowing full materiel credit for returns regardless of asset position with no credit for PCH&T.

C2.2.3.2.2. The bill-to office is a DoD contractor (Bill-To Service Code is C, E, HG, L, Q, SD or U),

C2.2.3.2.3. The bill-to office is DoD (bill-to service code is alpha other than C, E, G, HG, L, Q, SD, U or Z) and the fund code requires noninterfund billing (normally XP fund code),

C2.2.3.2.4. The bill-to office is another-DoD Component (Bill-To Service Code is H) and the fund code is not identified as a valid fund code,

C2.2.3.2.5. The bill-to office is Army & Air Force Exchange Service (AAFES) (Bill-To Service Code is H followed by an X),

C2.2.3.2.6. DLA Transaction Services will reject bills when they fail any of the edits. See Chapter 6.2 for information about the routing and editing of bills processed through DLA Transaction Services. Rejected bills will be returned to the originating communications center with a narrative description indicating the reason for rejection. Billing offices will correct the rejected bills and resubmit them to the DLA Transaction Services. Billing offices will ensure that all appropriate adjustments for rejected billings and interfund collections are made to seller accounting records.

C2.2.3.3. Method of Billing Summary. Billing methods are summarized in the table below:

Table C2.T.1. Method of Billing

Condition Number	Billed DoDAAC Begins With:	And Fund Code is:	Then the Billing Method is:
1	C, E, G, HG, HX, L, Q, SD, U, Z, or numeric	Any	NON INTERFUND
2	Any Service code	XP or otherwise designates noninterfund	NON INTERFUND
3	H	Not identified as eligible for interfund billing	NON INTERFUND
4	Anything other than conditions described by 1, 2, or 3		INTERFUND

C2.2.4. Determining Bill-To Parties

C2.2.4.1. Billed Party. Ordering activities shall identify a billed party DoDAAC for all requisitions or other orders, including nonreimbursable orders.

C2.2.4.2. Billed Party Not Identified. Item managers or other providers of goods and services shall reject requisitions or other orders when a valid billed party is not identified. Billing offices will designate the ordering or submitting activity as the bill-to party if, for whatever reason, they are unable to identify a valid billed party. The Service Security Assistance Control Office shall be designated as the bill-to party for unidentifiable security assistance requisitions. The Service control offices are: Army- W25P02, Navy- N65916, and Air Force- FA2303.

C2.2.4.3. The mailing address for noninterfund bills shall be the clear text address prescribed for billing (TAC 3, if assigned; otherwise, TAC 1) in the DoDAAD ([DLM 4000.25 Volume 6, C2](#)). The routing for interfund bills shall be based on the billing Communication Routing Identifier (COMM RI).

C2.2.5. Nonreimbursable Invoices

C2.2.5.1. GSA Billings. Except for GSA billings of less than \$1, materiel issued under nonreimbursable procedures shall be included on invoices as no-charge billing lines.

C2.2.5.2. Waivers. DoD 7000.14-R, Volume 6 provides that if the amount of billings for any one customer is less than \$500 at the end of a fiscal year quarter, the billing may be waived. However, working capital and Corps of Engineers civil works funds may not waive reimbursement of any amount.

C2.2.5.3. Processing without Billing. GSA sometimes, at its discretion, processes requisitions of \$1 or less without billing. Therefore, any DoD Component having such items unbilled 60 calendar days after receipt of materiel may assume that they will not be billed and cancel the obligation accordingly.

C2.2.6. Interfund Bills

C2.2.6.1. Use of Interfund. If the bill is paid under interfund procedures, the billing office will report the collection to its servicing finance center on its seller interfund report. A separate interfund bill will be prepared for billings applicable to a bill-to DoD Activity Address Code (DoDAAC) and treasury symbol.

C2.2.6.2. An interfund bill consists of a Summary Billing Record (DS 810L, DI code FS_) and one or more detail billing records but shall not contain more than 495 records in total. Noninterfund records shall not be included on the same bill.

C2.2.6.3 Interfund bills are forwarded to DLA Transaction Services electronically for editing and further routing to the offices billed as described in Chapter 6. Only billings routed by DLA Transaction Services shall be eligible for interfund collection as prescribed in Chapter 5.

C2.2.6.4. Separate detail billing records, selected from the Appendix 3 series appendices, shall be prepared for each shipment of delivery supporting the summary billing record.

C2.2.6.5. The fund code (see Appendix 2) provides procedures for converting fund codes to appropriations charged.

C2.2.6.6. A separate interfund (or noninterfund) bill shall be prepared:

C2.2.6.6.1 when the billed office DoDAAC or fund code changes,

C2.2.6.6.2. when the net amount of the bill (net amount of the detail billing records) equals or exceeds 10 million dollars,

C2.2.6.6.3. when the number of billing records (summary plus detail billing records) exceed 495 records, or

C2.2.6.6.4. when, in the case of security assistance billings, the country code changes.

C2.2.6.7. The recommended standard for interfund bill numbers is found in the table below:

Table C2.T2. Standard Interfund Bill Numbers

<u>If the Billing Month Is:</u>	<u>The 1st Position of the Bill Number Will Be:</u>	<u>If the Billing Month Is:</u>	<u>The 1st Position of the Bill Number Will Be:</u>
January	A or B	July	N or P
February	C or D	August	Q or R
March	E or F	September	S or T
April	G or H	October	U or V
May	J or K	November	W or X
June	L or M	December	Y or Z
The remaining four positions of the bill number will be alpha or numeric (characters A-Z or 0 or 9). The bill number shall be unique within the billing month.			

C2.2.7. Noninterfund Bills

C2.2.7.1. When an activity is unable to use electronic data interchange (EDI) methods (i.e. DS 810L), they may use the [SF 1080](#), "Voucher for Transfers between Appropriations and/or Funds," or other form approved by the Treasury Department, such as [GSA Form 789](#), "Statement, Voucher, and Schedule of Withdrawals and Credits," as the billing document for noninterfund bills.

C2.2.7.2. An original of the noninterfund billing shall be provided to the office billed. Noninterfund billings will, at a minimum, be supported by the following information³: document order number, description of the article or services, delivery or other performance date, quantity, and price. The first two items of information will usually be satisfied by the requisition document number and national stock number. The delivery or performance date is the same as the day of year prescribed for the detail billing record appropriate for the issue or service.

C2.2.7.3. Billing offices may, at their option and with the customer's concurrence, provide automated support for noninterfund billings using the "G" series billing records. These billing records shall be transmitted electronically to DLA Transaction Services which will pass the records to the billed office by the best means available. Hard copy billing documents are not required.

C2.3. RETENTION OF BILLING RECORDS.

C2.3.1. Billing offices must have accessibility to security assistance billing records for 2 years and other bills for 1 year after the billing month. Billing records include not only a copy of the bill but records supporting the bill as well.

C2.3.2. However, adjustment processing activities shall retain accessibility to billing records for whatever time period is required to enable them to process adjustments for requests or validated discrepancy reports when the request or report leading to the adjustment is received within prescribed timeframes.

C2.3.3. General security assistance record retention and Defense Finance and Accounting Service, Security Cooperation Accounting (DFAS SCA) record retention responsibilities are in 7000.14R, Volume 15, Chapter 6. **[STAFF NOTE: Completely new subsection discussed in enclosure 2, pages 15-16.]**

C2.4. CORRECTION OF ERRONEOUS BILLINGS

C2.4.1. Billing Forwarded To Customer. When a billing office finds it has issued an invoice containing one or more erroneous billing lines it shall correct the erroneous billing line in a later invoice. Normally, billing offices are expected to reverse and

³ Though not required, to facilitate the resolution of billing or payment disputes involving noninterfund bills, billing offices should also include electronic contact information on the bill.

reissue only the erroneous billing line, not the entire invoice. The corrections shall be processed as soon as it is practical and shall not await customer requests for adjustments.

C2.4.2. Billing Rejected By DLA Transaction Services. Billings rejected by DLA Transaction Services must be corrected and resubmitted to obtain reimbursement. Corrective procedures shall include the accounting records to maintain the audit trail and the validity of the records. For example, intransit interfund collections and paid accounts receivables related to the rejected bills will have to be reversed.

C2.5. CANCELLATIONS. When a provider accepts a customer's request to cancel a requisition or other order, any billings generated for that requisition shall be reversed in the next billing cycle. When the cancellation involves diverting materiel back to stock, the billing shall be reversed upon receipt of the materiel. Any charges related to the cancellation, such as contract termination costs, will be billed under noninterfund procedures.

C2.6. BILLING FOR ACCESSORIAL AND ADMINISTRATIVE COSTS

C2.6.1. DoD Shipments

C2.6.1.1. Purpose. Accessorial and administrative costs may be invoiced using either interfund or noninterfund reimbursement methods. However, in all cases, billing shall be accomplished in the same manner as the materiel. DoD 7000-14-R, Volume 6, provides the DoD policy for billing accessorial and administrative costs.

C2.6.1.2. Normal Charges. Unless otherwise indicated on ordering documents or transactions, accessorial costs incurred for supply items requisitioned by DoD activities shall be charged to the same funds as the materiel.

C2.6.1.3. Retail Loss Allowance. DoD 7000.14-R, volume IIB, requires the DWCF to grant a discount for retail losses to retail stock funds based upon net issues after authorized credits or offsets have been applied. These discounts are to provide funds for losses experienced at the retail stock fund level. Retail loss discounts shall not be granted for sales to commissaries and customers of retail or installation level stock fund activities. However, retail loss discounts are authorized for all military clothing items sold to Military Exchanges.

C2.6.1.4. Packing, Crating, Handling, and Transportation

C2.6.1.4.1. Reimbursements for packing, crating, and handling costs for (a) IMM/ICP directed lateral redistributions, (b) IMM/ICP authorized MRP and sales returns, and (c) IMM/ICP directed procurement offset returns associated with ISV shall be a percent of the materiel credit price. The percentage rate shall be at 3.5 percent for consumable items and at 1 percent for reparable items. Billing offices shall use the Accessorial and Other Miscellaneous Billings record format to support these billings and reimbursements.

C2.6.1.4.2. Reimbursements for transportation costs for (a) IMM/ICP directed lateral redistributions, (b) IMM/ICP authorized MRP and sales returns, and (c) IMM/ICP directed procurement offset returns associated with ISV shall be for an amount equal to the IMM/ICP's cost recovery rate for second destination transportation included in the selling price of the materiel and shall be supported by a Billing for Transportation record format.

C2.6.1.4.3. Billing offices shall use the Accessorial and Other Miscellaneous Billings or other appropriate record to support billings and reimbursements for other authorized PCH&T, administrative, or accessorial charges.

C2.6.1.4.4. Reimbursement for packing, crating, handling, and transportation shall not be provided for materiel returns to DLA industrial sites under BRAC SS&D/IMSP, or NIMS sites⁴. Refer to C2.2.2.4.

C2.6.2. GSA Shipments

C2.6.2.1. General. GSA shall assess accessorial and administrative costs on shipments to the Department of Defense as indicated in this section.

C2.6.2.2. Transportation Charges

C2.6.2.2.1. Paid By GSA. GSA shall pay transportation charges on stock items to:

C2.6.2.2.1.1. Consignees in the CONUS, and, where scheduled, surface commercial transportation services are available in Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, the southeast peninsula of Alaska, central Alaska (rail belt), and Kodiak Island.

C2.6.2.2.1.2. A U.S. port of embarkation for overseas destinations not included in subparagraph C2.6.2.2.1.1.

C2.6.2.2.2. Paid By Customer. GSA shall not pay transportation charges for shipments of special order program (nonstock) items, purchased free on board (FOB) origin. GSA will, however, prepay and bill the agency, as a separate item, for:

C2.6.2.2.2.1. Transportation charges to a CONUS destination or a U.S. Port of Embarkation on items F.O.B. origin.

C2.6.2.2.2.2. Transportation charges from a CONUS destination or a U.S. Port of Embarkation to consignees in Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, the Southeast Peninsula of Alaska, Central Alaska (rail belt), and Kodiak Island.

⁴ DLA is required to request approval of new procedures supporting BRAC/NIMS allowing full materiel credit for returns regardless of asset position with no credit for PCH&T.

C2.6.2.2.2.3. Transportation charges billed under interfund procedures shall be billed using the Accessorial and Other Miscellaneous Billings record.

C2.6.2.3. Export Charges

C2.6.2.3.1. Surcharge shall be assessed at the rate of 10 percent of the value of the materiel ordered and shipped to customers overseas from GSA wholesale distribution centers and vendors when unique DoD marking/packing requires the shipment be physically handled by a GSA export packing facility. The export surcharge shall be billed as follows:

C2.6.2.3.2. A flat fee of \$5 administrative charge per requisition line shall be assessed for export shipments not physically handled by a GSA export packing facility.

C2.6.2.3.3. The export services performed on shipments for customers overseas may vary by customer locations, commodity, mode of shipment, and other criteria and include: monitoring and expediting delivery to meet required delivery date; over packing and documenting dangerous/hazardous shipments; challenging air eligible shipments; unitizing, consolidating, and palletizing cargo; arranging for seavans to source load cargo and document shipments for delivery to ports of embarkation; and others.

C2.6.2.3.4. Annually, GSA shall review actual costs to perform export services and, as appropriate, propose changes in the above rate for use throughout each fiscal year. The USD(C) shall be advised sufficiently in advance for appropriate program and budget planning.

C2.7. BILLING FOR PROGRESS AND ADVANCE PAYMENTS

C2.7.1. Progress Billings

C2.7.1.1. Purpose. Progress payments may be billed via interfund whenever the order received from the customer specifies that progress billings via interfund are authorized. Documentation of the agreement by the customer to allow progress billing via interfund may be used in lieu of a specific provision on each order.

C2.7.1.2. Billing Basis. Billings made for progress payments will be based upon documentary evidence of satisfactory performance and shall not exceed the amount of the customer order.

C2.7.1.3. Offsets. The billing office shall offset billing lines for deliveries against all outstanding progress billings related to those deliveries. Billing lines shall be reported for both the sales price of the shipment and the amount of the progress billing being liquidated. The billing method elected for the progress payment will also be the method used to invoice for the delivery.

C2.7.1.4. Multiple Progress Billings. Although multiple progress billings may have been submitted against an order, a single recoupment billing may be reported for the total amount of the progress billings.

C2.7.2. Advance Billings

C2.7.2.1. Applicability. Advance billings may not be billed via interfund. When authorized, advance funding will be satisfied via noninterfund and by the use of appropriation level, rather than project or order level, advances.

C2.7.2.2. Application of Advances. Advances received must be returned or applied to accounts receivable before the end of the fiscal year.

C2.8. INTO-PLANE FUEL SALES

C2.8.1. Applicability. These procedures apply to DoD into-plane issues (sales) of fuels to DoD aircraft except when other billing procedures are specified by the terms of an inter-Service support agreement.

C2.8.2. Reimbursable Issues. Reimbursable issues (sales) of fuel into DoD planes by DoD activities shall be billed at the standard price in effect at the time of issue.

C2.8.3. Contractor Fuel Issues. Contractor into-plane fuel issues shall be billed at the standard price applicable to each such issue.

C2.8.4. DWCF Billing. Billing offices funded by the DWCF will grant credit for DoD aircraft defueling based on supply defueling slips at DWCF prices.

C2.8.5. Credits. Credits shall be given for contractor into-plane defueling of DoD aircraft based on a defueling slip at the standard price given for each defueling.

C2.8.6. Into-plane fuel bills shall use the Billing for Into-Plane Issues record format.

C2.9. HAZARDOUS MATERIEL AND WASTE BILLINGS

C2.9.1. Users of DLA's hazardous materiel and waste disposal services shall provide DLA with a disposal turn-in document ([DD Form 1348-1A](#), "Issue Releases/Receipt Document," or [1348-2](#), "Issue Release/Receipt Document with Address Label") as prescribed by DLM 4000.25. Since these services are provided on a reimbursable basis, the order will be funded in accordance with the standards prescribed by DoD 7000.14-R. The order will generally authorize DLA to use the interfund billing system to reimburse themselves for these services.

C2.9.2 General⁵

C2.9.2.1. General policies and procedures governing hazardous materials and waste disposal within the Department of Defense are prescribed by [DoD 4160.21-M](#). DLA Disposition Services (formerly the Defense Reutilization and Marketing Service) is authorized to bill for these services under interfund billing procedures and shall use the Billing For Decentralized, Noncatalogued, and Nonstocked Items billing record.

C2.9.2.2 When generators want to dispose of hazardous waste and materials, they shall follow the procedures in DoD 4160.21-M and [Chapters 3](#) and 5 of DLM 4000.25-1. These procedures require preparation of a disposal turn-in document (DTID) in accordance with instructions prescribed by [MILSTRIP](#)⁶ and provide it to the DLA Disposition Services Field Office (formerly Defense Reutilization and Marketing Office (DRMO)). The DLA Disposition Services Field Office shall provide the generator with a receipt copy of the DTID at the time of turn-in.

C2.9.3. Hazardous Waste Disposal

C2.9.3.1. Hazardous waste disposal services are provided on a reimbursable basis and generators must, therefore, contact their servicing finance office to ensure that funds are obligated for these services. Prior to actual turn-in and disposal, the cost of hazardous waste disposal services may be estimated by referring to the contract governing the materiel being disposed of. The estimated cost of the disposal must be obligated under the DTID number. Contact the DLA Disposition Services Field Office for assistance in estimating the cost.

C2.9.3.2. The DLA Disposition Services Field Office shall provide the generator with copies of the disposal manifest ([DD Form 1155](#)) and any modifications as the disposal request is executed and modifications are agreed to. The DLA Disposition Services Field Office shall also provide the generator with a certified copy of disposal for each DTID. Generators must advise their servicing finance office when estimated amounts obligated at the time of turn-in or execution are less than actual amounts indicated on these documents.

C2.9.3.3. Establishing an obligation for the proper amount under the DTID document number is essential for the timely and automated processing of interfund charges. Failure to do so is a violation of financial management procedures and shall delay updating generator accounts and increase workload on both DFAS and generator personnel.

C2.9.4. Hazardous Materiel Disposal

⁵ The "background" information in this subsection is provided to assist financial personnel in understanding their responsibilities with regard to hazardous waste and materiel disposal services. Any conflicts between information contained in this subsection and procedures prescribed by MILSTRIP or DoD 4160.21-M will be resolved by following MILSTRIP.

⁶ Appendix 3.49 Transfers To DLA Disposition Services Field Office on [DD Form 1348-1a](#) Issue Release/Receipt Document, or [DD Form 1348-2](#), Issue Release/Receipt Documents With Address Label.

C2.9.4.1. Unlike hazardous waste, disposal of hazardous materials may not result in any charges to the generator. Therefore, unless you are certain you will incur disposal charges, generators should not obligate turn-ins of hazardous materials. After receipt of the hazardous materials DTID, the DLA Disposition Services Field Office must advise the generator if disposal costs that are the responsibility of the generator will be incurred. The following determines whether or not the generator shall be charged for disposal of hazardous materials.

C2.9.4.2. There shall be no disposal costs charged to the generator if the DLA Disposition Services Field Office can dispose of the hazardous material through an existing contract or believes the material can be reutilized, transferred, donated or sold.

C2.9.4.2.1. . DLA Disposition Services Field Offices shall provide the generator with a monthly Disposal Funding Status Report of the DTIDs that were successfully reutilized.

C2.9.4.2.2. Generators who have open hazardous material disposals in process shall contact the DLA Disposition Services Field Office if they fail to receive a monthly Disposal Funding Status Report.

C2.9.5. When the preceding condition does not apply, the hazardous material becomes hazardous waste, the disposal shall be done on a reimbursable basis, and hazardous waste disposal procedures apply. Funding for this hazardous waste disposal must be provided to the DLA Disposition Services Field Office within 5 workdays of notification. The DLA Disposition Services Field Office must not proceed with the disposal of the now classified hazardous waste until funding is confirmed by the generator.

C2.10. OPTIONAL BILLING PROCEDURE: FRESH FRUITS AND VEGETABLES (FF&V)

C2.10.1. Summarizing Defense Logistics Agency (DLA) Billing. DoD Components and participating Agencies may elect to have DLA Troop Support summarize billings for fresh fruit and vegetables (FF&V). The option is available on a DoD Component or Agency-wide basis only. Currently, only the Air Force has elected this billing option.

C2.10.2. Optional FF&V. Under the optional FF&V billing procedure, DLA will summarize onto a single billing line all FF&V issues to a Service or Agency. The billings will be summarized by requisition month and fiscal year. These summarized billings will be forwarded to a predesignated central office in that DoD Component. DLA shall provide supporting detail issue data on request.

C2.11. GSA UNIQUE BILLINGS

C2.11.1. Automotive Vehicles

C2.11.1.1. GSA is authorized to use the interfund billing system to invoice DoD activities for automotive vehicles purchased under a category one (reimbursable)

Military Interdepartmental Procurement Requests (MIPR). DoD activities submitting a MIPR must do so in accordance with paragraph 8.7008 of the DoD Supplement to the Federal Acquisition Regulation which requires activities to provide DLMS requisition data for each line-item which is to be delivered to each ship-to address.

C2.11.1.2. For purposes of identifying and validating charges, GSA shall support interfund billings for automotive vehicles with a single line item billing register. The register must show, in addition to the information shown on the billing record, the last five digits of the MIPR number under the columns headed "DIST CD PROJ CD."

C2.11.2. GSA Customer Supply Center Billing Procedures

C2.11.2.1. GSA bills DoD customers for Customer Supply Center (CSC) billings using either a customer provided MILSTRIP document number or a constructed pseudo-document number. The document number is constructed from the ordering DoDAAC of the customer provided at the time the account was opened, the Julian day the order was placed, and the last four positions of the ticket number. GSA shall treat all line items requisitioned as a single order, with or without multiple line items, and bill for the order under the constructed document number if the customer doesn't provide a MILSTRIP document.

C2.11.2.2. GSA CSC interfund bills shall be supported by the GSA CSC Billing record.

C2.11.2.3. Noninterfund bills shall be supported by the Single Line Item Billing Register. The register must include the customer provided MILSTRIP document number in the stock number field.

C2.11.2.4. GSA also offers its customers the option of having its CSC billings billed to a Government purchase card. Activities having difficulties with interfund or [SF 1080](#) billings of CSC supplies may want to use this option.

C2.12. ARMY EXCHANGE PRICING PROCESS.

C2.12.1. The Army approach to the Exchange Pricing (EP) interim approach is a multi-system functionality implementation. EP employs a dual pricing system for a repairable National Stock Numbered item based upon Standard Price (latest acquisition cost plus recovery rate) and EP (latest repair cost plus cost recovery rate) and a "buy one – return one" relationship with the customer. That is, a qualified exchange pricing customer buys at the EP and pays a penalty if a repairable is not turned-in within a specified period of time from the issue date. This process is applicable to the Army customers and Army-managed materiel only; other Services will continue to pay Standard Price and receive 65% credit exchange upon receipt of carcass by the Army PICA.

C2.12.2. Once an item of supply is identified for a national repair program and the National Item Identification Number has an established Exchange Price, all requisitions

for the items will be priced at the Exchange Price if the customer is an authorized EP customer.

C2.12.3. When a requisition submitted to the Supply Support Activity (SSA) is processed by the Standard Army Retail Supply System (SARSS), SARSS will determine if both the customer DoDAAC is an EP customer, and the NIIN has an established EP indicator. As this transaction is processed through the Army supply system, middleware, Funds Control Module (including EP Tracking) Defense Automatic Addressing System (DAAS), Commodity Control Supply System (CCSS), and Army Logistics Modernization Program (LMP), the EP indicator will be used to identify the transaction as EP related. All the legacy systems will continue processing the MILS transactions, LMP will process DLMS transactions that are converted by DLA Transaction Services.

C2.12.4. All related supply transactions prepared by the Army will carry and perpetuate the EP Indicator. As a result of the EP implementation the following transactions will be impacted: Requisition; Requisition Modifier; Requisition Follow-up; Materiel Release Order; and Supply Status. The returns process will also process EP related transactions. The Materiel Receipt transaction will be generated by SARSS for all returns of EP NIINs, and will include an EP Type of Credit indicator for Unserviceable credit when applicable, as well as an EP Conversion Indicator to identify the need to provide credit according to the pre-EP credit policy, which will last for 60 calendar days following the implementation of EP.

C2.12.5. If the return is in an un-repairable condition code or the item is not returned within the established timeframe (Delta Delay Days), the National Level systems (LMP, CCSS) will create an obligation adjustment based on the receipt from Middleware Funds Control Module of a Materiel Returns Supply Status (Delta Bill Trigger) transaction. As a result of processing the delta bill trigger the national systems will create the logistics/interfund bill transaction with an EP Indicator and Type Bill code to identify the specific type of EP bill to the Army financial system.

C2.13. NAVY EXCHANGE PRICING PROCESS.

C2.13.1. Navy uses a two-tier pricing system for selling Depot Level Repairable (DLR) material to Navy customers. The Navy sells DLRs to other Services at full (standard) price and then provides carcass value credit when the carcass is returned. This is the same method the Air Force and Army use when selling repairable items to the Navy. The Standard Price is the price representing the full value of the DLR item, and is price charged when a Not Ready For Issue (NRFI) unit (also referred to as a 'Carcass') is not turned in. The Net Price (also referred to as Exchange Price) is the price that represents the cost of repairing a DLR item, and is the price charged to customers when a NRFI unit has been or will be turned in. Navy customers indicate on their requisitions whether or not a NRFI unit is available for turn in via the Advice Code, and they are then charged Net or Standard Price accordingly.

C2.13.2. Requisitions received indicating that a carcass will be returned are tracked in the Navy's Carcass Tracking System. This system monitors these requisitions and matches them with carcass returns as they occur. This system also generates follow ups to customers who have not returned their carcasses as promised.

Ultimately, the system will trigger an additional charge to the customer if the carcass is not returned. Navy uses the term Carcass Charge for this additional billing which represents the value between Standard Price and Net (Exchange) Price. This additional billing is also referred to as a Delta Bill. If the customer returns the carcass after receiving the Carcass (Delta) Bill, then the additional billing is reversed, resulting in a Carcass Charge Reversal (Credit Delta Bill). Navy customers may also return excess DLRs for credit. The credit can be Standard, Net or Carcass value.

C2.13.3. Under Defense Logistics Standard Systems (DLSS)/MILSBILLS billing, the Navy ICP's use the Sales Price Condition Code to indicate to customers that a particular bill is either Net (Exchange) Price or Carcass (Delta) Price. Once operational, Navy's ERP will replace the Navy ICP's DLSS/Military Standard Billing System (MILSBILLS) billing system with a DLMS based system. Since DLMS does not utilize a Sales Price Condition Code, Navy will use a combination of Stock Exchange Code and Type of Bill Code to indicate on the bill that the price charged is either Standard, Net or Carcass price. The Defense Automated Address System (DAAS) will convert Navy bills back to DLSS/MILSBILLS format for any Navy customers unable to accept DLMS formats.

C2.14. INCLUSION OF TRANSPORTATION CONTROL NUMBERS (TCN) ON DLMS LOGISTICS BILLS. Suppliers may bill on partial shipments with identical quantities under the same document number, which makes the bills appear as duplicates. Including the TCN on the DLMS Logistics Bill will resolve that problem. Partial shipment codes are part of the TCN structure in accordance with [DTR 4500.9-R](#). Accordingly, reporting activities shall include the TCN in DLMS Logistics Bill transactions. This is a DLMS enhancement, which may be implemented without prior authorization.

Description of Enclosure 2 Layout

This enclosure is the table used to compare the equivalent procedures between DOD 4000.25-7-M (MILSBILLS) and DOD 4000.25-M, Volume 5, Finance. The first column assigns each paragraph of MILSBILLS to a cell. The second column reorders DOD 4000.25-M, Volume 5 in order to map content to MILSBILLS.

In assessing how to best merge the procedures of the two manuals, the content of the table was assigned to one of three categories. The content was highlighted with a color to according to the recommended category.

Green highlighted text indicates the text is recommended for the merged chapter and was included in enclosure 1. Some text includes revision marks for recommended edits. A few procedures have a comment in the right margin seeking verification of the procedure from a specific FPRC representative.

Grey highlighted text indicates the text is recommended to be passed over in favor of the equivalent green highlighted text.

Yellow highlighted text indicates:

- 1) MILSBILLS text not be merged even though there is no equivalent language in DOD 4000.25-M, Volume 5, Chapter 4,
or
- 2) DOD 4000.25-M, Volume 5 text recommended for deletion.
- 3) Questionable text seeking comment from components.

A comment in the right margin accompanies each yellow highlighted text to indicate why the text is highlighted yellow.

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<u>C2. CHAPTER 2</u>	<u>C2. CHAPTER 2</u>
<u>BILLING PROCEDURES</u>	<u>DLMS BILLING</u>
C2.1. <u>CRITERIA AND ELIGIBILITY FOR BILLING</u>	C2.1. <u>CRITERIA FOR BILLING</u>
C2.1.1. <u>Shipments From Stock</u> . Billing shall be effected on the basis of drop from inventory or performance of services. Exceptions are as follows:	C2.1.1. <u>Shipments from Stock</u> C2.1.2. <u>Billing</u> . Shipments from stock may be billed 7 calendar days after the materiel is dropped from inventory, provided notification of warehouse refusal or other advice of nonavailability is not received. Exceptions are as follows:
C2.1.1.1. <u>Security Assistance</u> . Billings for security assistance shall be effected upon constructive delivery.	C2.1.2.1. <u>Foreign Sales</u> . Billings for foreign military sales (FMS) and other security assistance shipments may be billed after constructive delivery.
C2.1.1.2. <u>Bulk POL</u> . Billings for bulk petroleum, oil, and lubricants (POL) shipments under Mode/Method codes 2, 8, W, and Z shall be effected upon receipt notification, provided that such notification has been received by the billing office within 15 calendar days of the date of delivery; otherwise, billing shall be effected upon notice of shipment or issue.	C2.1.2.2. <u>Petroleum, Oil, and Lubricants (POL)</u> . Billings for bulk POL shipments may be billed after notification of receipt or 15 calendar days after the date of shipment or issue, whichever occurs first.
C2.1.1.3. <u>Perishable Subsistence Chill and Freeze Items</u> . Billings for perishable subsistence chill and freeze items shall be effected upon drop from inventory. Billings for fresh fruits and vegetables shall be effected upon receipt of an issue transaction from a Defense Subsistence Office/DLA Troop Support.	C2.1.2.3. <u>Perishable Subsistence</u> . Billings for perishable subsistence chill and freeze items may be billed after the items have been dropped from inventory. Billings for fresh fruits and vegetables may be billed after an issue transaction is received from a Defense Subsistence Office.
C2.1.1.4. <u>Drawdowns</u> .	C2.1.2.4. <u>Draw Downs</u>

Comment [PM1]: Stipulation "may be billed 7 calendar days after" proposed for deletion. Use MILSBILLS timeline.

Comment [PM2]: The restriction applying a different billing process for the listed Mode/Methods codes are proposed to not be carried over into DLMS.
 2 - "GOVERNMENT WATERCRAFT, BARGE, OR LIGHTER"
 8 - "PIPELINE"
 W - "WATER, RIVER, LAKE, COASTAL (COMMERCIAL)"
 Z - "MILITARY SEALIFT COMMAND (MSC) CONTROLLED CONTRACT OR ARRANGED SPACE"

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<p>C2.1.1.4.1. Materiel requisitioned under authority of Section 506 of the Foreign Assistance Act¹ must not be billed until funds are appropriated, with the exception of Working Capital Fund activities. The determination to use Section 506 does not provide obligation or disbursing authority. Section 506 permits the drawdown of existing DoD stocks subject to an appropriation to be made at a later date to effect reimbursement to the Defense account. Since there is no assurance that reimbursement will be received, the transfers cannot be recorded as accounts receivable. Therefore, issues under Section 506 should be treated as transfers without reimbursement. The transaction should be reversed if appropriations are received to reimburse the appropriate accounts. Should Congress fail to appropriate funds for this purpose, the Defense account must absorb these costs. Section 506 drawdowns of GSA or other non-DoD stock are not authorized.</p>	<p>C2.1.2.4.1. Materiel requisitioned under authority of Section 506 of the Foreign Assistance Act that is, when the FMS/<i>Grant Aid (GA)</i> type of assistance code is C, may not be billed until funds are appropriated, with the exception of Working Capital Fund activities. Although Section 506 does not provide obligation or disbursing authority it does permit the draw down of existing DoD stocks subject to an appropriation to be made at a later date. Since there is no assurance that defense accounts will be reimbursed, the transfers cannot be recorded as accounts receivable. Therefore, issues under Section 506 will be treated as transfers without reimbursement. The transfer without reimbursement will be reversed when appropriations are received to reimburse the DoD account for the transfer. Section 506 draw downs of General Services Administration (GSA) or other non-DoD stocks are not authorized.²</p>
<p>C2.1.1.4.2. All requests for Working capital Fund activities (to include transportation), shall include a funding source, allowing DWCF activities to be reimbursed by the military departments without delay. Orders will not be accepted without a funding source. DoD 7000.14-R, Vol. 12, paragraph 230502 and Vol. 11B, paragraph 110106.A.).</p>	<p>C2.1.2.4.2. All requests for Working Capital Fund activities (to include transportation), shall include a funding source, allowing DWCF activities to be reimbursed by the military departments without delay. Orders will not be accepted without a funding source. DoD 7000.14-R, Vol. 12, paragraph 230502 and Vol. 11B, paragraph 110106.A.).</p>

¹ Security assistance requisition with type of assistance code of "C."

² Section 552 of the [Security-Foreign Assistance Act of 1961](#) allows the President *mayto* "direct the draw down" of commodities and services from the inventory and resources of any agency of the United States Government". Under DLMS, except for the use of DoD (Section 506) or any agency (Section 552) assets, draw downs under both sections are identified and treated similarly.

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<p>C2.1.2. <u>Direct Deliveries of Materiel From Contractors</u>. When an inventory manager is out of stock, does not carry an item, or otherwise requests direct delivery of materiel from a vendor, the billing shall be effected upon notification of receipt of materiel by the customer or notification of shipment by the vendor. However, issues by Mode/Method codes 2, 8, W, and Z shall be billed based upon the issue transaction if the notification is not received by the inventory manager within 15 calendar days of the date of issue.</p>	<p>C2.1.3. <u>Direct Deliveries of Materiel from Contractors</u>. Materiel shipped directly to customers from DoD vendors may be billed after the customers confirm they have received the materiel or the vendor confirms it has shipped the materiel, whichever occurs first.</p>
<p>C2.1.3. <u>In-Storage Visibility (ISV) Lateral Redistributions</u>. When an Integrated Materiel Manager/Inventory Control Point (IMM/ICP) laterally redistributes materiel, reimbursement to the reporting activity and billing to the requisitioning activity shall be effected upon notification of shipment by the reporting <u>receipt by the requisitioning activity</u>.</p>	
<p>C2.1.4. <u>ISV Procurement Offset</u>. When materiel is returned to the IMM/ICP to offset or preclude procurement, reimbursement to the returning activity is authorized upon receipt, inspection, and acceptance of materiel as evidenced by the IMM/ICP's generation of a creditable Materiel Receipt Status (<u>DI code FTZ</u>).</p>	
<p>C2.1.5. <u>Customer Asset Report (MRP) Credits</u>. Materiel Return Program (MRP) credits are authorized upon receiving notification that materiel, authorized for return under creditable procedures, has been received in the offered condition and quantity.</p>	
<p>C2.1.6. <u>Materiel Services</u>. Billings for services related to materiel shipments and returns not included in the materiel price are authorized after the services are rendered.</p>	
<p><u>C2.2. PREPARATION OF BILLS</u></p>	<p>C2.2. <u>PREPARATION OF DLMS BILLS</u></p>

Comment [PM3]: The restriction applying a different billing process for the listed Mode/Methods codes are proposed to not be carried over into DLMS.

Comment [PM4]: Proposed modification to align with the change in policy for reimbursement to now be effected upon notification of receipt by the requisitioning activity.

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<p>C2.2.1. General. Bills shall be prepared within 30 calendar days of the criteria provided in section C2.2 and must identify each shipment, delivery, service performed, or refund earned.</p>	<p>C2.1.4. Other. Adjustments and credits will be billed within 30 calendar days of the transaction or letter committing the organization to providing the adjustment.</p> <p>C2.2.1.1. Use of DS 810L. Billing offices will prepare DLMS bills using DS to Federal IC 810L, Logistics Bill (http://www.dla.mil/j-6/dlms/eLibrary/TransFormats/140_997.asp).</p> <p>C2.2.1.3. Submission Timeframe. Billing offices will transmit DLMS bills to customers within 14 calendar days of the billing eligibility criteria provided in Section C2.1. Separate billing lines will be prepared for each shipment or delivery and for each accessorial charge supporting the DLMS bill. Refer to Chapter 4 for additional information on interfund reporting procedures.</p>
<p>C2.2.2. Material Billing And Credit Amounts. In general, billings for materiel shall be at the standard price in effect at the time of shipment and credit adjustment (refunds) shall be at the price originally billed. Exceptions are identified in the following subparagraphs. Billings and credits for services or allowances related to materiel shipments shall be processed as prescribed by section C2.5.</p>	
<p>C2.2.2.1. Lateral Redistribution Credits. Reimbursements for materiel laterally redistributed shall be processed at the standard price in effect at the time of shipment. Credits may be fully or partially reversed by the IMM/ICP when a validated discrepancy report documents the materiel was not shipped in a condition or quantity warranting full credit.</p>	

Comment [PM5]: Covered in DLMS merged Chapter 1. Proposed for deletion.

Comment [PM6]: Does not align with MILSBILLS timeframes and injects separate billing lines for each shipment. Proposed for deletion

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<p>C2.2.2.2. ISV Procurement Offset and MRP Credits. Credits shall be processed at the acquisition cost in effect at the time of receipt. Credits may be less if, in the opinion of the IMM/ICP, the materiel received is not in a condition and or quantity to warrant full credit.</p>	
<p>C2.2.2.3. Quality Deficiency Reports. When the original requisition number cannot be identified, the credits shall be at the current standard price.</p>	
	<p><u>C2.17. MATERIEL BILLING AND CREDIT AMOUNTS</u></p>
<p>C2.2.2.4. Materiel Returns to DLA from Industrial Sites under Base Realignment and Closure (BRAC) Retail Storage and Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP), and National Inventory Management Strategy³. A variation of the MRP program is used for processing materiel returns to DLA from selected sites in support of the BRAC SS&D/IMSP and NIMS. Standard MRP DLMS/MILSTRIP transactions do not apply. No credit for packaging, crating, handling, or transportation shall be provided.</p>	<p>C2.17.1. Materiel Returns to DLA from Industrial Sites under Base Realignment and Closure (BRAC) Retail Supply, Storage and Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP), and National Inventory Management Strategy (NIMS) Sites⁴. A variation of the MRP Program is used for processing materiel returns to DLA from selected sites in support of the BRAC SS&D/IMSP and NIMS. Standard MRP DLMS/MILSTRIP transactions do not apply. No credit for packing, crating, handling, or transportation shall be provided.</p>

³ DLA is required to request approval of new procedures supporting BRAC/NIMS allowing full materiel credit for returns regardless of asset position with no credit for PCH&T.

⁴ DLA is required to request approval of new procedures supporting BRAC/NIMS allowing full materiel credit for returns regardless of asset position with no credit for PCH&T.

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.2.2.4.1. Industrial Sites. DLA-managed materiel returned by an industrial customer at BRAC industrial sites will be accepted into DLA inventory regardless of DLA wholesale asset stock position. Credit shall be processed based upon a receipt of the returned materiel corresponding to a sale to Service maintenance (identified by DoDAAC series/internal customer group) for the same materiel and condition which was completed within the 60-day period prior to the date on the return. Credit shall be processed at the full selling price of the item on the original order(s) used as reference, up to 100% credit for return quantity less than or equal to the quantity on the order(s) used a reference. DLMS/MILSBILLS Billing for Issue from Stock (810L/DI FA2) shall be used to provide credit under modified business rules. Credit for any quantity returned over the original amount, in a different condition code than the original sale, or unmatched is subject to DLA ICP stock position using business rules equivalent to the MRP for determining whether to provide credit/credit amount contained in DoD 4140.01-M. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (810L/DI FD2).</p>	<p>C2.17.1.1. Industrial Sties. DLA-managed materiel returned nu an industrial customer at BRAC industrial sites will be accepted into DLA inventory regardless of DLA materiel corresponding to a sale to Service maintenance (identified by DoDAAC series/internal customer group) for the same materiel and condition which was completed within the 60 day period prior to the date on the return. Credit shall be processed at the full selling price of the item on the original order(s) used as reference, up to 100% credit for a return quantity less than or equal to the quantity on the order(s) used as reference. DLMS/MILSBILLS Billing for Issue from Stock (810L/DI FA2) shall be used to provide credit under modified business rules. Credit for any quantity returned over the original amount, in a different condition code than the original sale, or unmatched is subject to DLA ICP stock position using business rules equivalent to the MRP for determining whether to provide credit/credit amount contained in DoD 4140.01-M. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (810L/DI FD2).</p>

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<p>C2.2.2.4.2. NIMS Sites. Credit for materiel returns from a NIMS site customer will be processed based upon the return receipt. The DLA ICP shall process the receipt and determine if a sale has occurred for the same materiel, condition code, and customer within a 60-day time frame reflecting the exact same document number as the receipt (return) document. If there is an exact matching sale, the customer shall receive credit equal to the original sale. Credit for any quantity return over the original amount, in different condition code than the original sale, or unmatched is subject to credit/credit amount. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (810L/DI FD2)</p>	<p>C2.17.1.2. NIMS Sites. Credit for materiel returns from a NIMS site customer will be processed based upon the return receipt. The DLA ICP shall process the receipt and determine if a sale has occurred for the same materiel, condition code, and customer within a 60 day time frame reflecting the exact same document number as the receipt (return) document. If there is an exact matching sale, the customer shall receive credit equal to the original sale. Credit for any quantity returned over the original amount, in a different condition code than the original sale, or unmatched is subject to DLA ICP stock position using business rules equivalent to the MRP for determining whether to provide credit/credit amount. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (810L/DI FD2).</p>
	<p>C2.17.2. Reserved</p>
<p>C2.2.3. Method of Billing</p>	<p>C2.2.2. Method of Billing</p>
<p>C2.2.3.1. Billings to DoD offices must be under interfund procedures except as provided below.</p>	<p>C2.2.2.1. Ordering/Reimbursement. Ordering activities will generally authorize providers of goods and related services to use the interfund method of reimbursement for orders processed under DLMS procedures. Notwithstanding the general rule, on a case-by-case basis, a DoD activity may exercise its right to request a noninterfund invoice.</p>
<p>C2.2.3.2. Billing shall be under noninterfund procedures when:</p>	<p>C2.2.2.2. Noninterfund Reimbursement. A noninterfund method of reimbursement must be used when the bill-to party is either a non-DoD activity or a DoD contractor.</p>
<p>C2.2.3.2.1. The bill-to office is non-DoD (Bill-To Service Code is numeric, G, or Z),</p>	
<p>C2.2.3.2.2. The bill-to office is a DoD contractor (Bill-To Service Code is C, E, HG, L, Q, SD or U),</p>	

Comment [PM7]: Allowance for requesting a noninterfund invoice propose for deletion.

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
C2.2.3.2.3. The bill-to office is DoD (bill-to service code is alpha other than C, E, G, HG, L, Q, SD, U or Z) and the fund code requires noninterfund billing (normally XP fund code).	
C2.2.3.2.4. The bill-to office is another-DoD Component (Bill-To Service Code is H) and the fund code is not identified as a valid fund code.	
C2.2.3.2.5. The bill-to office is Army & Air Force Exchange Service (AAFES) (Bill-To Service Code is H followed by an X).	
C2.2.3.6. DLA Transaction Services will reject bills when they fail any of the edits. <u>See Chapter 6.2 for information about the routing and editing of bills processed through DLA Transaction Services.</u> Rejected bills will be returned to the originating communications center with a narrative description indicating the reason for rejection. Billing offices will correct the rejected bills and resubmit them to the DLA Transaction Services . Billing offices will ensure that all appropriate adjustments for rejected billings and interfund collections are made to seller accounting records.	
C2.2.3.3. <u>Method of Billing Summary.</u> Billing methods are requirements may be summarized as in the table below:	
Table C2.T.1. Method of Billing	

DoD 4000.25-7-M (MILSBILLS)				DoD 4000.25-M, Volume 5, Finance
Condition Number	Billed DoDAAC Begins With:	And Fund Code is:	Then the Billing Method is:	
1	C, E, G, HG, HX, L, Q, SD, U, Z, or numeric	Any	NON INTERFUND	
2	Any Service code	XP or otherwise designates noninterfund	NON INTERFUND	
3	H	Not identified as eligible for interfund billing	NON INTERFUND	
4	Otherwise, that is, Anything other than conditions 1, 2, or 3 is not met		INTERFUND	
C2.2.4. Determining Billed Offices				C2.2.3. Determining Bill-To Parties

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.2.4.1. Billed offices shall be assigned in accordance with the signal code cited on the requisition, asset report, etc. When the Signal Code is C or L, the billed office is assigned by converting both positions of the fund code to a billed Department of Defense Activity Address Code (DoDAAC) as described in Appendix 2.</p>	<p>C2.2.3.1. Billed Party. Ordering activities shall identify a billed party DoDAAC for all requisitions or other orders, including nonreimbursable orders.</p> <p>C2.2.3.2. RejectionBilled Party Not Identified. Item managers or other providers of goods and services shall reject requisitions or other orders when a valid billed party is not identified. Billing offices will designate the ordering or submitting activity as the bill-to party if, for whatever reason, they are unable to identify a valid billed party. The Service Security Assistance Control Office shall be designated as the bill-to party for unidentifiable security assistance requisitions. The Service control offices are: Army- W25P02, Navy- N65916, and Air Force- FA2303.</p>
<p>C2.2.4.2. The mailing address for noninterfund bills shall be the clear text address prescribed for billing (TAC 3, if assigned; otherwise, TAC 1) in the DoDAAD (DLM 4000.25 Volume 6, C2). The routing for interfund bills shall be based on the billing Communication Routing Identifier (COMM RI).</p>	

Comment [PM8]: FPRC reps are asked to validate how it is possible to accept orders without a Bill To party identified.

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<p>C2.2.5. Nonreimbursable Bills. Materiel issued under nonreimbursable procedures must be reported to the billed office using the Notice of Non-Reimbursable Issue (DI code FE_).</p>	<p>C2.2.4. Nonreimbursable Invoices</p> <p>C2.2.4.1. GSA Billings. Except for GSA billings of less than \$1, materiel issued under nonreimbursable procedures shall be included on invoices as no-charge billing lines.</p> <p>C2.2.4.2. Waivers. DoD 7000.14-R, Volume 6 provides that if the amount of billings for any one customer is less than \$500 at the end of a fiscal year quarter, the billing may be waived. However, working capital and Corps of Engineers civil works funds may not waive reimbursement of any amount.</p> <p>C2.2.4.3. Processing without Billing. GSA sometimes, at its discretion, processes requisitions of \$1 or less without billing. Therefore, any DoD Component having such items unbilled 60 calendar days after receipt of materiel may assume that they will not be billed and cancel the obligation accordingly.</p>
<p>C2.2.6. Interfund Bills</p>	
	<p>C2.2.1.2. Use of Interfund. If the DLMS bill is paid under interfund procedures, the billing office will report the collection to its servicing finance center on its seller interfund report. A separate interfund DLMS bill will be prepared for billings applicable to a bill-to DoD Activity Address Code (DoDAAC) and treasury symbol.</p>
<p>C2.2.6.1. An interfund bill consists of a Summary Billing Record (DS 810L, DI code FS_) and one or more detail billing records but shall not contain more than 495 records in total. With the header and trailer records, messages will consist of no more than 497 records. Noninterfund records shall not be included on the same bill.</p>	

Comment [PM9]: Request GSA please validate C2.2.4 from DoD 4000.25-M, Volume 5.

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<p>C2.2.6.2 Interfund bills are forwarded to DLA Transaction Services electronically for editing and further routing to the offices billed as described in Chapter 6. Only billings routed by DLA Transaction Services shall be eligible for interfund collection as prescribed in Chapter 5.</p>	<p>C2.3. DLMS INTERFUND BILLS. Activities will normally authorize providers of goods and services to use interfund reimbursement procedures. All DLMS interfund bills shall be forwarded to DLA Transaction Services within 3 calendar days of the date the related seller interfund report is forwarded to the finance center. The Defense Logistics Agency Transaction Services (DLA Transaction Services) will route invoices to all parties identified in the invoice.</p>
<p>C2.2.6.3. Separate detail billing records, selected from the Appendix 3 series appendices, shall be prepared for each shipment of delivery supporting the summary billing record.</p>	
<p>C2.2.6.4. The fund code (see Appendix 2) provides procedures for converting fund codes to appropriations charged.</p>	
<p>C2.2.6.5. A separate interfund (or noninterfund) bill shall be prepared:</p>	
<p>C2.2.6.5.1 when the billed office DoDAAC or fund code changes,</p>	
<p>C2.2.6.5.2. when the net amount of the bill (net amount of the detail billing records) equals or exceeds 10 million dollars,</p>	
<p>C2.2.6.5.3. when the number of billing records (summary plus detail billing records) exceed 495500 records, grand-</p>	
<p>C2.2.6.5.4. when, in the case of security assistance billings, the country code changes,</p>	
<p>C2.2.6.6. The recommended standard for interfund bill numbers is found in the table below:</p>	
<p>Table C2.T2. Standard Interfund Bill Numbers</p>	

Comment [PM10]: Extra stipulations in this section are proposed for deletion.

DoD 4000.25-7-M (MILSBILLS)				DoD 4000.25-M, Volume 5, Finance
If the Billing Month Is:	The 1st Position of the Bill Number Will Be:	If the Billing Month Is:	The 1st Position of the Bill Number Will Be:	
January	A or B	July	N or P	
February	C or D	August	Q or R	
March	E or F	September	S or T	
April	G or H	October	U or V	
May	J or K	November	W or X	
June	L or M	December	Y or Z	
The remaining four positions of the bill number will be alpha or numeric (characters A-Z or 0 or 9). The bill number shall be unique within the billing month.				
C2.2.7. Noninterfund Bills				
C2.2.7.1. SF 1080 , Voucher For Transfers Between Appropriations and/or Funds, or other form approved by Treasury, such as GSA Form 789 , Statement, Voucher and Schedule of Withdrawals and Credits, shall be used as the billing document for noninterfund bills.				C2.4. DLMS NONINTERFUND BILLING When an activity is unable to use electronic data interchange (EDI) methods (i.e. DS 810L), that is, the DLMS bill, they may use the SF 1080 , "Voucher for Transfers between Appropriations and/or Funds," or other form approved by the Treasury Department, such as GSA Form 789 , "Statement, Voucher, and Schedule of Withdrawals and Credits," as the billing document for noninterfund bills.

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.2.7.2. An original of the noninterfund billing shall be provided to the office billed. Noninterfund billings will, at a minimum, be supported by the following information⁵: document order number, description of the article or services, delivery or other performance date, quantity, and price. The first two items of information will usually be satisfied by the requisition document number and national stock number. The delivery or performance date is the same as the day of year prescribed for the detail billing record appropriate for the issue or service.</p>	
<p>C2.2.7.3. Billing offices may, at their option and with the customer's concurrence, provide automated support for noninterfund billings using the "G" series billing records. These billing records shall be transmitted electronically to DLA Transaction Services which will pass the records to the billed office by the best means available. Hard copy billing documents are not required.</p>	<p>C2.4. DLMS NONINTERFUND BILLING. When an activity does not authorize the use of interfund reimbursement procedures, DoD providers of goods and services shall use no check reimbursement methods for DoD activities. All DLMS noninterfund bills shall be forwarded to DLA Transaction Services for further routing to all parties identified in the DLMS bill. ...</p>
<p>C2.3. RETENTION OF BILLING RECORDS</p>	
<p>C2.3.1. Billing offices shall maintain records supporting security assistance billings for 6 years and 3 months after the month the billing is forwarded to DLA Transaction Services, or in the case of manually prepared noninterfund bills, mailed to the billed office.</p>	<p>C2.14. RETENTION OF BILLING RECORDS.</p> <p>C2.14.1 Billing offices must have accessibility to security assistance billing records for 2 years and other bills for 1 year after the billing month. Billing records include not only a copy of the bill but records supporting the bill as well.</p>
<p>C2.3.2. Adjustment processing activities shall retain necessary billing records for whatever time period required to process adjustment requests submitted within the timeframes prescribed in Chapter 4.</p>	<p>C2.14.2. However, adjustment processing activities shall retain accessibility to billing records for whatever time period is required to enable them to process adjustments for requests or validated discrepancy reports when the request or report leading to the adjustment is received within prescribed timeframes.</p>

Comment [PM11]: Request Defense Security Cooperation Agency (DSCA) and Defense Finance and Accounting Service, Security Cooperation Accounting (DFAS SCA) validate the record retention requirements including the proposed additional subsection reflecting FMS billing record retention requirements set forth in 7000.14R, Volume 15, Chapter 6 in subsections 060102, 060104, 060201.N, and 060202. (http://comptroller.defense.gov/fmr/15/15_06.pdf)

Comment [PM12]: Note the difference in retention periods requirements for security assistance billing at billing offices. Request comment on proper retention period for billing offices. (Proposed to be in section C2.3 of merged chapter 2.)

⁵ Though not required, to facilitate the resolution of billing or payment disputes involving noninterfund bills, billing offices should also include electronic contact information on the bill.

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
	<p style="text-align: center;">[PROPOSED NEW SUBSECTION]</p> <p>C2.14.3. General security assistance record retention and Defense Finance and Accounting Service, Security Cooperation Accounting (DFAS SCA) record retention responsibilities are in 7000.14R, Volume 15, Chapter 6.</p>
C2.4. CORRECTION OF ERRONEOUS BILLINGS	C2.12. CORRECTION OF ERRONEOUS BILLINGS
<p>C2.4.1. Billing Forwarded to Customer. When a billing office finds it has issued a bill containing one or more billing lines requiring correction in some way, it shall correct the bill at the billing line level. That is, it shall reverse the erroneous billing line(s), and only such billing line(s), irrespective of dollar amount and include the reversals and corrected billing line(s) in a subsequent bill. The corrections shall be processed as soon as it is practical and shall not await customer requests for adjustments.</p>	<p>C2.12.1. Billing Forwarded To Customer. When a billing office finds it has issued an invoice containing one or more erroneous billing lines it shall correct the erroneous billing line in a later invoice. Normally, billing offices are expected to reverse and reissue only the erroneous billing line, not the entire invoice. The corrections shall be processed as soon as it is practical and shall not await customer requests for adjustments.</p>
<p>C2.4.2. Billing Rejected By DLA Transaction Services. Billings rejected by DLA Transaction Services must be corrected and resubmitted to obtain reimbursement. Corrective procedures shall include the accounting records to maintain the audit trail and the validity of the records. For example, intransit interfund collections and paid accounts receivables related to the rejected bills will have to be reversed.</p>	<p>C2.12.2. Billing Not Forwarded to Customer. When DLA Transaction Services rejects an interfund invoice the billing office shall reverse the interfund collection in its next seller interfund report.</p>
<p>C2.4.3. Notifications. To minimize the workload on all parties involved, billing offices shall consider and decide whether customers and or their Finance PRC representative should be advised of significant or mass billing errors and their planned corrections. Finance PRC representatives shall apprise the chairman and other PRC members of the situation, normally, via e-mail.</p>	

Comment [PM13]: Note differences between MILBILLS and DLMS policy for action after a bill is rejected at DLA transaction Services. Propose standardizing on the MILSBILLS policy.

Comment [PM14]: Proposed to not be carried over to DLMS.

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.5. <u>CANCELLATIONS</u>. When an IMM/ICP determines that a requisition has been cancelled, any billings that were generated for that requisition shall be reversed in the first available billing cycle. When the cancellation involves diverting materiel back to stock, the billing must be reversed upon receipt of the materiel. Any charges related to the cancellation that are chargeable to the requisitioner, such as contract termination costs, shall be billed under noninterfund procedures.</p>	<p>C2.13. <u>CANCELLATIONS</u>. When a provider accepts a customer's request to cancel a requisition or other order, any billings generated for that requisition shall be reversed in the next billing cycle. When the cancellation involves diverting materiel back to stock, the billing shall be reversed upon receipt of the materiel. Any charges related to the cancellation, such as contract termination costs, will be billed under noninterfund procedures.</p>
<p>C2.6. <u>ALLOWANCES, ACCESSORIAL AND ADMINISTRATIVE COSTS</u></p>	<p>C2.9. <u>BILLING FOR ACCESSORIAL AND ADMINISTRATIVE COSTS</u></p>
<p>C2.6.1. <u>DoD Shipments</u></p>	
<p>C2.6.1.1. <u>General</u>. DoD 7000.14-R, Volume 11A provides the general DoD policy for billing accessorial and administrative costs. These costs may be billed under interfund or noninterfund procedures. However, to the extent practicable, billings shall be accomplished in the same manner as the materiel or services.</p>	<p>C2.9.1. <u>Purpose</u>. Accessorial and administrative costs may be invoiced using either interfund or noninterfund reimbursement methods. However, in all cases, billing shall be accomplished in the same manner as the materiel. DoD 7000-14-R, Volume 6, provides the DoD policy for billing accessorial and administrative costs.</p> <p>C2.9.2. <u>Normal Charges</u>. Unless otherwise indicated on ordering documents or transactions, accessorial costs incurred for supply items requisitioned by DoD activities shall be charged to the same funds as the materiel.</p>
<p>C2.6.1.2. <u>Retail Loss Allowance</u></p>	
<p>C2.6.1.2.1. DoD 7000.14-R requires working capital fund and other wholesale stock funds to grant a discount for retail losses to retail stock funds based upon net issues after authorized credits or offsets have been applied. These discounts provide funds for losses experienced at the retail working capital fund level.</p>	<p>C2.5. <u>RETAIL LOSS ALLOWANCE</u>. DoD 7000.14-R, volume IIB, requires the Defense Business Operations Fund (DWBOF) to grant a discount for retail losses to retail stock funds based upon net issues after authorized credits or offsets have been applied. These discounts are to provide funds for losses experienced at the retail stock fund level. ...</p>

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.6.1.2.2. Retail loss discounts shall not be granted for sales to commissaries and customers or retail or installation level working capital fund activities. The discount will be included in standard prices as an additional surcharge element. This bill level discount or allowance shall be supported by a Retail Loss Allowance-Credit (DI Code FL2) billing record.</p>	<p>C2.5. RETAIL LOSS ALLOWANCE. ... Retail loss discounts shall not be granted for sales to commissaries and customers of retail or installation level stock fund activities. However, retail loss discounts are authorized for all military clothing items sold to Military Exchanges.</p>
<p>C2.6.1.3. Packing, Crating, Handling, and Transportation</p>	
<p>C2.6.1.3.1. Reimbursements for packing, crating, and handling costs for (a) IMM/ICP directed lateral redistributions, (b) IMM/ICP authorized MRP and sales returns, and (c) IMM/ICP directed procurement offset returns associated with ISV shall be a percent of the materiel credit price. The percentage rate shall be at 3.5 percent for consumable items and at 1 percent for reparable items. Billing offices shall use the Accessorial and Other Miscellaneous Billings (DI code FN-) record format to support these billings and reimbursements.</p>	
<p>C2.6.1.3.2. Reimbursements for transportation costs for (a) IMM/ICP directed lateral redistributions, (b) IMM/ICP authorized MRP and sales returns, and (c) IMM/ICP directed procurement offset returns associated with ISV shall be for an amount equal to the IMM/ICP's cost recovery rate for second destination transportation included in the selling price of the materiel and shall be supported by a Billing for Transportation (DI code FQ-) record format.</p>	
<p>C2.6.1.3.3. Billing offices shall use the Accessorial and Other Miscellaneous Billings (DI code FN-) or other appropriate record to support billings and reimbursements for other authorized PCH&T, administrative, or accessorial charges.</p>	

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.6.1.3.4. Reimbursement for packing, crating, handling, and transportation shall not be provided for materiel returns to DLA industrial sites under BRAC SS&D/IMSP, or NIMS sites⁶. Refer to C2.2.2.4.</p>	
<p>C2.6.2. GSA Shipments</p>	
<p>C2.6.2.1. General. GSA shall assess accessorial and administrative costs on shipments to the Department of Defense as indicated in this section.</p>	
<p>C2.6.2.2. Transportation Charges</p>	
<p>C2.6.2.2.1. Paid By GSA. GSA shall pay transportation charges on stock items to:</p>	
<p>C2.6.2.2.1.1. Consignees in the CONUS, and, where scheduled, surface commercial transportation services are available in Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, the southeast peninsula of Alaska, central Alaska (rail belt), and Kodiak Island.</p>	
<p>C2.6.2.2.1.2. A U.S. port of embarkation for overseas destinations not included in subparagraph C2.6.2.2.1.1.</p>	
<p>C2.6.2.2.2. Paid By Customer. GSA shall not pay transportation charges for shipments of special order program (nonstock) items, purchased free on board (FOB) origin. GSA will, however, prepay and bill the agency, as a separate item, for:</p>	
<p>C2.6.2.2.2.1. Transportation charges to a CONUS destination or a U.S. Port of Embarkation on items F.O.B. origin.</p>	

⁶ **DLA is required to request approval of new procedures supporting BRAC/NIMS allowing full materiel credit for returns regardless of asset position with no credit for PCH&T.**

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.6.2.2.2.2. Transportation charges from a CONUS destination or a U.S. Port of Embarkation to consignees in Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, the Southeast Peninsula of Alaska, Central Alaska (rail belt), and Kodiak Island.</p>	
<p>C2.6.2.2.2.3. Transportation charges billed under interfund procedures shall be billed using the Accessorial and Other Miscellaneous Billings (DI-code FN-) record.</p>	
<p>C2.6.2.3. Export Charges</p>	
<p>C2.6.2.3.1. Surcharge shall be assessed at the rate of 10 percent of the value of the materiel ordered and shipped to customers overseas from GSA wholesale distribution centers and vendors when unique DoD marking/packing requires the shipment be physically handled by a GSA export packing facility. The export surcharge shall be billed as follows:</p>	
<p>C2.6.2.3.2. A flat fee of \$5 administrative charge per requisition line shall be assessed for export shipments not physically handled by a GSA export packing facility.</p>	
<p>C2.6.2.3.3. The export services performed on shipments for customers overseas may vary by customer locations, commodity, mode of shipment, and other criteria and include: monitoring and expediting delivery to meet required delivery date; over packing and documenting dangerous/hazardous shipments; challenging air eligible shipments; unitizing, consolidating, and palletizing cargo; arranging for seavans to source load cargo and document shipments for delivery to ports of embarkation; and others.</p>	

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.6.2.3.4. Annually, GSA shall review actual costs to perform export services and, as appropriate, propose changes in the above rate for use throughout each fiscal year. The USD(C) shall be advised sufficiently in advance for appropriate program and budget planning.</p>	
<p><u>C2.7. BILLING FOR PROGRESS AND ADVANCE PAYMENTS</u></p>	<p><u>C2.11. BILLING FOR PROGRESS AND ADVANCE PAYMENTS</u></p>
<p><u>C2.7.1. Progress Billings</u></p>	<p><u>C2.11.1. Progress Billings</u></p>
<p>C2.7.1.1. Progress payments may be billed via interfund whenever the order received from the customer specifies that progress billings via interfund are authorized. Interfund billings for progress payments shall use a progress payment billing (DI code FU_) record format. Documentation of the agreement by the customer to allow progress billing via interfund may be used in lieu of a specific provision on each order.</p>	<p>C2.11.1.1. <u>Purpose.</u> Progress payments may be billed via interfund whenever the order received from the customer specifies that progress billings via interfund are authorized. Documentation of the agreement by the customer to allow progress billing via interfund may be used in lieu of a specific provision on each order.</p>
<p>C2.7.1.2. Billings made for progress payments shall be based upon documentary evidence of satisfactory performance and must not exceed the amount of the customer order.</p>	<p>C2.11.1.2. <u>Billing Basis.</u> Billings made for progress payments will be based upon documentary evidence of satisfactory performance and shall not exceed the amount of the customer order.</p>
<p>C2.7.1.3. The billing office shall offset bills for deliveries against all outstanding progress billings related to those deliveries. Billing records shall be reported for both the full value of the shipment (i.e., Billing for Issue from Stock (DI code FA1)) and the amount of the progress billing being liquidated. The billing method elected for the progress payment must also be the method used to bill for delivery.</p>	<p>C2.11.1.3. <u>Offsets.</u> The billing office shall offset billing lines for deliveries against all outstanding progress billings related to those deliveries. Billing lines shall be reported for both the sales price of the shipment and the amount of the progress billing being liquidated. The billing method elected for the progress payment will also be the method used to invoice for the delivery.</p>
<p>C2.7.1.4. Although multiple progress bills may have been submitted against an order, a single recoupment billing record may be reported for the total amount of the progress billings.</p>	<p>C2.11.1.4. <u>Multiple Progress Billings.</u> Although multiple progress billings may have been submitted against an order, a single recoupment billing may be reported for the total amount of the progress billings.</p>

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<p>C2.7.2. <u>Advance Billing</u>. Advance billings may not be billed via interfund. When authorized, advance funding shall be satisfied via noninterfund and by use of appropriation level, rather than project or order level advances.</p>	<p>C2.11.2. Advance Billings</p> <p>C2.11.2.1. <u>Applicability</u>. Advance billings may not be billed via interfund. When authorized, advance funding will be satisfied via noninterfund and by the use of appropriation level, rather than project or order level, advances.</p> <p>C2.11.2.2. <u>Application of Advances</u>. Advances received must be returned or applied to accounts receivable before the end of the fiscal year.</p>
<p>C2.8. INTO-PLANE FUEL SALES</p>	<p>C2.6. INTO-PLANE</p>
<p>C2.8.1. These procedures apply to DoD into-plane issues (sales) of fuels to DoD aircraft.</p>	<p>C2.6.1. <u>Applicability</u>. These procedures apply to DoD into-plane issues (sales) of fuels to DoD aircraft except when other billing procedures are specified by the terms of an inter-Service support agreement.</p>
<p>C2.8.2. Reimbursable issues (sales) of fuel into DoD planes by DoD activities shall be billed at the standard price in effect at the time of issue. Contractor into-plane fuel issue shall be billed at the standard price applicable to each such issue.</p>	<p>C2.6.2. <u>Reimbursable Issues</u>. Reimbursable issues (sales) of fuel into DoD planes by DoD activities shall be billed at the standard price in effect at the time of issue.</p> <p>C2.6.3. <u>Contractor Fuel Issues</u>. Contractor into-plane fuel issues shall be billed at the standard price applicable to each such issue.</p>
<p>C2.8.3. Billing offices must grant credit for DoD aircraft defueling based on supply defueling slips at Defense Working Capital Fund (DWCF) prices. Credits shall be given for contractor into-plane defueling DoD aircraft based on a defueling slip at the standard price given for each defueling.</p>	<p>C2.6.4. <u>DWCF Billing</u>. DBOF Billing offices funded by the DBOF will grant credit for DoD aircraft defueling based on supply defueling slips at DBOF prices.</p> <p>C2.6.5. <u>Credits</u>. Credits shall be given for contractor into-plane defueling of DoD aircraft based on a defueling slip at the standard price given for each defueling.</p>

Comment [PM15]: Request DLA please validate procedures C2.6 from DoD 4000.25-M, Volume 5 and C2.8.4 from MILSBILLS with DLA Energy. (Proposed to be section C2.8 of merged chapter 2.)

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<p>C2.8.4. Into-plane fuel bills shall use the Billing for Into-Plane Issues (DI code FP→) record format.</p>	
<p>C2.9. HAZARDOUS WASTE AND MATERIELS DISPOSAL SERVICES</p>	<p>C2.10. HAZARDOUS MATERIEL AND WASTE BILLINGS. Users of DLA's hazardous materiel and waste disposal services shall provide DLA with a disposal turn-in document (DD Form 1348-1A, "Issue Releases/Receipt Document," or 1348-2, "Issue Release/Receipt Document with Address Label") as prescribed by DLM 4000.25. Since these services are provided on a reimbursable basis, the order will be funded in accordance with the standards prescribed by DoD 7000.14-R. The order will generally authorize DLA to use the interfund billing system to reimburse themselves for these services.</p>
<p>C2.9.1 General⁷</p>	
<p>C2.9.1.1. General policies and procedures governing hazardous materiel and waste disposal within the Department of Defense are prescribed by DoD 4160.21-M. DLA Disposition Services (formerly The Defense Reutilization and Marketing and Reutilization Service (DRMS)) is authorized to bill for these services under interfund billing procedures and shall use the Billing For Decentralized, Noncatalogued, and Nonstocked Items (DI code FC→) billing record.</p>	

Comment [PM16]: Request DLA please validate C2.10 from DoD 4000.25-M, Volume 5 and C2.9 from MILSBILLS with DLA Disposition Services. (Proposed to be section C2.9 of merged chapter 2.)

⁷ The "background" information in this subsection is provided to assist financial personnel in understanding their responsibilities with regard to hazardous waste and materiel disposal services. Any conflicts between information contained in this subsection and procedures prescribed by MILSTRIP or DoD 4160.21-M will be resolved by following MILSTRIP.

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.9.1.2 When generators want to dispose of hazardous waste and materials, they shall follow the procedures in DoD 4160.21-M and Chapters 3 and 5 of <i>DLM 4000.25-1</i>. These procedures require preparation of a disposal turn-in document (DTID) in accordance with instructions prescribed by MILSTRIP⁸ and provide it to the DLA Disposition Services Field Office (formerly Defense Marketing and Reutilization and Marketing Office (DRMO)). The DLA Disposition Services Field Office DRMO shall provide the generator with a receipt copy of the DTID at the time of turn-in.</p>	
<p>C2.9.2. Hazardous Waste Disposal</p>	
<p>C2.9.2.1. Hazardous waste disposal services are provided on a reimbursable basis and generators must, therefore, contact their servicing finance office to ensure that funds are obligated for these services. Prior to actual turn-in and disposal, the cost of hazardous waste disposal services may be estimated by referring to the contract governing the materiel being disposed of. The estimated cost of the disposal must be obligated under the DTID number. Contact the DLA Disposition Services Field Office DRMO for assistance in estimating the cost.</p>	
<p>C.2.9.2.2. The DLA Disposition Services Field Office DRMO shall provide the generator with copies of the disposal manifest (DD Form 1155) and any modifications as the disposal request is executed and modifications are agreed to. The DLA Disposition Services Field Office DRMO shall also provide the generator with a certified copy of disposal for each DTID. Generators must advise their servicing finance office when estimated amounts obligated at the time of turn-in or execution are less than actual amounts indicated on these documents.</p>	

⁸ Appendix 3.49 Transfers To ~~Defense Reutilization And Marketing~~ [DLA Disposition Services Field Office on DD Form 1348-1a Issue Release/Receipt Document, or DD Form 1348-2, Issue Release/Receipt Documents With Address Label.](#)

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.9.2.3. Establishing an obligation for the proper amount under the DTID document number is essential for the timely and automated processing of interfund charges. Failure to do so is a violation of financial management procedures and shall delay updating generator accounts and increase workload on both DFAS and generator personnel.</p>	
<p>C2.9.3. Hazardous Materiel Disposal</p>	
<p>C2.9.3.1. Unlike hazardous waste, disposal of hazardous materiel may not result in any charges to the generator. Therefore, unless you are certain you will incur disposal charges, generators should not obligate turn-ins of hazardous materiel. After receipt of the hazardous materiel DTID, the DLA Disposition Services Field Office DRMO must advise the generator if disposal costs that are the responsibility of the generator will be incurred. The following determines whether or not the generator shall be charged for disposal of hazardous materiel.</p>	
<p>C2.9.3.2. There shall be no disposal costs charged to the generator if the DLA Disposition Services Field Office DRMO can dispose of the hazardous materiel through an existing contract or believes the materiel can be reutilized, transferred, donated or sold.</p>	
<p>C2.9.3.2.1. DLA Disposition Services Field Office DRMO shall provide the generator with a monthly Disposal Funding Status Report of the DTIDs that were successfully reutilized.</p>	
<p>C2.9.3.2.2. Generators who have open hazardous materiel disposals in process shall contact the DLA Disposition Services Field Office DRMO if they fail to receive a monthly Disposal Funding Status Report.</p>	

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<p>C2.9.4. When the preceding condition does not apply, the hazardous materiel becomes hazardous waste, the disposal shall be done on a reimbursable basis, and hazardous waste disposal procedures apply. Funding for this hazardous waste disposal must be provided to the DLA Disposition Services Field Office DRMO within 5 workdays of notification. The DLA Disposition Services Field Office DRMO must not proceed with the disposal of the now classified hazardous waste until funding is confirmed by the generator.</p>	
	<p>C2.8. OPTIONAL BILLING PROCEDURE: FRESH FRUITS AND VEGETABLES (FF&V)</p> <p>C2.8.1. Summarizing Defense Logistics Agency (DLA) Billing. DoD Components and participating Agencies may elect to have DLA Troop Support's Defense Personnel Support Center summarize billings for fresh fruit and vegetables (FF&V). The option is available on a DoD Component or Agency-wide basis only. Currently, only the Air Force has elected this billing option.</p> <p>C2.8.2. Optional FF&V. Under the optional FF&V billing procedure, DLA will summarize onto a single billing line all FF&V issues to a Service or Agency. The billings will be summarized by requisition month and fiscal year. These summarized billings will be forwarded to a predesignated central office in that DoD Component. DLA shall provide supporting detail issue data on request.</p>
<p>C2.10. GSA UNIQUE BILLINGS</p>	
<p>C2.10.1. Automotive Vehicles</p>	

Comment [PM17]: Request DLA please validate C2.8 from DoD 4000.25-M, Volume 5 DLA Troop Support. NOTE: Karen Opie-Toler has already begun research. (Proposed to be section C2.10 of merged chapter 2.)

DoD 4000.25-7-M (MILSBILLS)	DoD 4000.25-M, Volume 5, Finance
<p>C2.10.1.1. GSA is authorized to use the interfund billing system to bill DoD activities for automotive vehicles purchased under a category one (reimbursable) military interdepartmental purchase request (MIPR). DoD activities submitting MIPRs must do so in accordance with paragraph 8.7008 of the DoD Supplement to the Federal Acquisition Regulation (reference (r)), which requires activities to provide MILSTRIP requisition data for each line item to be delivered to each ship-to address.</p>	<p>C2.7. AUTOMOTIVE VEHICLES. GSA is authorized to use the interfund billing system to invoice DoD activities for automotive vehicles purchased under a category one (reimbursable) Military Interdepartmental Procurement Requests (MIPR). DoD activities submitting Military Interdepartmental Procurement Requests (MIPRs) must do so in accordance with paragraph 8.7008 of the DoD Supplement to the Federal Acquisition Regulation which requires activities to provide DLMS requisition data for each line-item which is to be delivered to each ship-to address.</p>
<p>C2.10.1.2. For purposes of identifying and validating charges, GSA shall support interfund billings for automotive vehicles with a single line item billing register. The register must show, in addition to the information shown on the billing record, the last five digits of the MIPR number under the columns headed "DIST CD PROJ CD."</p>	
<p>C2.10.2. GSA Customer Supply Center Billing Procedures</p>	
<p>C2.10.2.1. GSA bills DoD customers for Customer Supply Center (CSC) billings using either a customer provided MILSTRIP document number or a constructed pseudo-document number. The document number is constructed from the ordering DoDAAC of the customer provided at the time the account was opened, the Julian day the order was placed, and the last four positions of the ticket number. GSA shall treat all line items requisitioned as a single order, with or without multiple line items, and bill for the order under the constructed document number if the customer doesn't provide a MILSTRIP document.</p>	
<p>C2.10.2.2. GSA CSC interfund bills shall be supported by the GSA CSC Billing (DI code FG-) record.</p>	

Comment [PM18]: Request GSA please validate C2.10.1.2. and C2.12.2. MILSBILLS procedures. (Proposed to be section C2.11 of merged chapter 2.)

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.10.2.3. Noninterfund bills shall be supported by the Single Line Item Billing Register. The register must include the customer provided MILSTRIP document number in the stock number field.</p>	
<p>C2.10.2.4. GSA also offers its customers the option of having its CSC billings billed to a Government purchase card. Activities having difficulties with interfund or SF 1080 billings of CSC supplies may want to use this option.</p>	
<p><u>C2.11. ARMY EXCHANGE PRICING PROCESS.</u></p>	<p><u>C2.15. ARMY EXCHANGE PRICING PROCESS</u></p>
<p><i>C2.11.1. The Army approach to the Exchange Pricing (EP) interim approach is a multi system functionality implementation. EP employs a dual pricing system for repairable National Stock Numbered items based upon Standard Price (latest acquisition cost plus recovery rate) and EP (latest repair cost plus cost recovery rate) and a “buy one – return one” relationship with the customer. That is, a qualified exchange pricing customer buys at the EP and pays a penalty if a reparable is not turned-in within a specified period of time from the issue date. This process is applicable to the Army customers and Army-managed material only; other Services will continue to pay Standard Price and receive 65% credit exchange upon receipt of carcass by the Army PICA.</i></p>	<p><i>C2.15.1. The Army approach to the Exchange Pricing (EP) interim approach is a multi-system functionality implementation. EP employs a dual pricing system for a repairable National Stock Numbered items based upon Standard Price (latest acquisition cost plus recovery rate) and EP (latest repair cost plus cost recovery rate) and a “buy one – return one” relationship with the customer. That is, a qualified exchange pricing customer buys at the EP and pays a penalty if a reparable is not turned-in within a specified period of time from the issue date. This process is applicable to the Army customers and Army-managed materiel only; other Services will continue to pay Standard Price and receive 65% credit exchange upon receipt of carcass by the Army PICA.</i></p>
<p><i>C2.11.2. Once an item of supply is identified for a national repair program and the National Item Identification Number has an established Exchange Price, all requisitions for the items will be priced at the Exchange Price if the customer is an authorized EP customer.</i></p>	<p><i>C2.15.2. Once an item of supply is identified for a national repair program and the National Item Identification Number has an established Exchange Price, all requisitions for the items will be priced at the Exchange Price if the customer is an authorized EP customer.</i></p>

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.11.3. When a requisition submitted to the Supply Support Activity (SSA) is processed by the Standard Army Retail Supply System (SARSS), SARSS will determine if the customer DoDAAC is an EP customer and the NIIN has an established EP indicator. As this transaction is processed through the Army supply system, middleware, Funds Control Module (including EP Tracking) Defense Automatic Addressing System (DAAS), Commodity Control Supply System (CCSS), and Army Logistics Modernization Program (LMP), the EP indicator will be used to identify the transaction as EP related. All the legacy systems will continue processing the MILS transactions, LMP will process Defense Logistics Management System (DLMS) transactions that are converted by DLA Transaction Services.</p>	<p>C2.15.3. When a requisition submitted to the Supply Support Activity (SSA) is processed by the Standard Army Retail Supply System (SARSS), SARSS will determine if both the customer DoDAAC is an EP customer, and the NIIN has an established EP indicator. As this transaction is processed through the Army supply system, middleware, Funds Control Module (including EP Tracking) Defense Automatic Addressing System (DAAS), Commodity Control Supply System (CCSS), and Army Logistics Modernization Program (LMP), the EP indicator will be used to identify the transaction as EP related. All the legacy systems will continue processing the MILS transactions, LMP will process Defense Logistics Management System (DLMS) transactions that are converted by DLA Transaction Services.</p>
<p>C2.11.4. All related supply transactions prepared by the Army will carry and perpetuate the EP Indicator. As a result of the EP implementation the following transactions will be impacted: Requisition; Requisition Modifier; Requisition Follow-up; Materiel Release Order; and Supply Status. The returns process will also process EP related transactions. The Materiel Receipt transaction will be generated by SARSS for all returns of EP NIINs, and will include an EP Type of Credit indicator for Unserviceable credit when applicable, as well as an EP Conversion Indicator to identify the need to provide credit according to the pre-EP credit policy, which will last for 60 calendar days following the implementation of EP.</p>	<p>C2.15.4. All related supply transactions prepared by the Army will carry and perpetuate the EP Indicator. As a result of the EP implementation the following transactions will be impacted: Requisition; Requisition Modifier; Requisition Follow-up; Materiel Release Order; and Supply Status. The returns process will also process EP related transactions. The Materiel Receipt transaction will be generated by SARSS for all returns of EP NIINs, and will include an EP Type of Credit indicator for Unserviceable credit when applicable, as well as an EP Conversion Indicator to identify the need to provide credit according to the pre-EP credit policy, which will last for 60 calendar days following the implementation of EP.</p>

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.11.5. <i>If the return is in an un-repairable condition code or the item is not returned within the established timeframe (Delta Delay Days), the National Level systems (i.e. LMP, CCSS) will create an obligation adjustment based on the receipt from Middleware Funds Control Module of a Materiel Returns Supply Status (Delta Bill Trigger) transaction. As a result of processing the delta bill trigger the national systems will create the logistics/interfund bill transaction with an EP Indicator and Type Bill code to identify the specific type of EP bill to the Army financial system.</i></p>	<p>C2.15.5. <i>If the return is in an un-repairable condition code or the item is not returned within the established timeframe (Delta Delay Days), the National Level systems (LMP, CCSS) will create an obligation adjustment based on the receipt from Middleware Funds Control Module of a Materiel Returns Supply Status (Delta Bill Trigger) transaction. As a result of processing the delta bill trigger the national systems will create the logistics/interfund bill transaction with an EP Indicator and Type Bill code to identify the specific type of EP bill to the Army financial system.</i></p>
<p><u>C2.12. NAVY EXCHANGE PRICING PROCESS.</u></p>	<p><u>C2.16. NAVY EXCHANGE PRICING PROCESS.</u></p>
<p>C2.12.1. <i>Navy uses a two-tier pricing system for selling Depot Level Repairable material to Navy customers. The Navy sells DLRs to other Services at full (standard) price and then provides carcass value credit when the carcass is returned. This is the same method the Air Force and Army use when selling repairable items to the Navy. The Standard Price is the price representing the full value of the DLR item, and is price charged when a Not Ready For Issue (NRFI) unit (also referred to as a 'Carcass') is not turned in. The Net Price (also referred to as Exchange Price) is the price that represents the cost of repairing a DLR item, and is the price charged to customers when a NRFI unit has been or will be turned in. Navy customers indicate on their requisitions whether or not a NRFI unit is available for turn in via the Advice Code, and they are then charged Net or Standard Price accordingly.</i></p>	<p>C2.16.1. <i>Navy uses a two-tier pricing system for selling Depot Level Repairable (DLR) material to Navy customers. The Navy sells DLRs to other Services at full (standard) price and then provides carcass value credit when the carcass is returned. This is the same method the Air Force and Army use when selling repairable items to the Navy. The Standard Price is the price representing the full value of the DLR item, and is price charged when a Not Ready For Issue (NRFI) unit (also referred to as a 'Carcass') is not turned in. The Net Price (also referred to as Exchange Price) is the price that represents the cost of repairing a DLR item, and is the price charged to customers when a NRFI unit has been or will be turned in. Navy customers indicate on their requisitions whether or not a NRFI unit is available for turn in via the Advice Code, and they are then charged Net or Standard Price accordingly.</i></p>

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
<p>C2.12.2. Requisitions received indicating that a carcass will be returned are tracked in the Navy's Carcass Tracking System. This system monitors these requisitions and matches them with carcass returns as they occur. This system also generates follow ups to customers who have not returned their carcasses as promised. Ultimately, the system will trigger an additional charge to the customer if the carcass is not returned. Navy uses the term Carcass Charge for this additional billing which represents the value between Standard Price and Net (Exchange) Price. This additional billing is also referred to as a Delta Bill. If the customer returns the carcass after receiving the Carcass (Delta) Bill, then the additional billing is reversed, resulting in a Carcass Charge Reversal (Credit Delta Bill). Navy customers may also return excess DLRs for credit. The credit can be Standard, Net or Carcass value.</p>	<p>C2.16.2. Requisitions received indicating that a carcass will be returned are tracked in the Navy's Carcass Tracking System. This system monitors these requisitions and matches them with carcass returns as they occur. This system also generates follow ups to customers who have not returned their carcasses as promised. Ultimately, the system will trigger an additional charge to the customer if the carcass is not returned. Navy uses the term Carcass Charge for this additional billing which represents the value between Standard Price and Net (Exchange) Price. This additional billing is also referred to as a Delta Bill. If the customer returns the carcass after receiving the Carcass (Delta) Bill, then the additional billing is reversed, resulting in a Carcass Charge Reversal (Credit Delta Bill). Navy customers may also return excess DLRs for credit. The credit can be Standard, Net or Carcass value.</p>
<p>C2.12.3. Under DLSS/MILSBILLS billing, the Navy ICP's use the Sales Price Condition Code to indicate to customers that a particular bill is either Net (Exchange) Price or Carcass (Delta) Price. Once operational, Navy's ERP will replace the Navy ICP's DLSS/MILSBILLS billing system with a DLMS based system. Since DLMS does not utilize a Sales Price Condition Code, Navy will use a combination of Stock Exchange Code and Type of Bill Code to indicate on the bill that the price charged is either Standard, Net or Carcass price. The Defense Automated Address System (DAAS) will convert Navy DLMS bills back to DLSS/MILSBILLS format for any Navy customers unable to accept DLMS formats.</p>	<p>C2.16.3. Under Defense Logistics Stanard Systems (DLSS)/MILSBILLS billing, the Navy ICP's use the Sales Price Condition Code to indicate to customers that a particular bill is either Net (Exchange) Price or Carcass (Delta) Price. Once operational, Navy's ERP will replace the Navy ICP's DLSS/Military Standard Billing System (MILSBILLS) billing system with a DLMS based system. Since DLMS does not utilize a Sales Price Condition Code, Navy will use a combination of Stock Exchange Code and Type of Bill Code to indicate on the bill that the price charged is either Standard, Net or Carcass price. The Defense Automated Address System (DAAS) will convert Navy DLMS bills back to DLSS/MILSBILLS format for any Navy customers unable to accept DLMS formats.</p>

<u>DoD 4000.25-7-M (MILSBILLS)</u>	<u>DoD 4000.25-M, Volume 5, Finance</u>
	<p><u>C2.17. INCLUSION OF TRANSPORTATION CONTROL NUMBERS (TCN) ON DLMS LOGISTICS BILLS.</u> Suppliers may bill on partial shipments with identical quantities under the same document number, which makes the bills appear as duplicates. Including the TCN on the DLMS Logistics Bill will resolve that problem. Partial shipment codes are part of the TCN structure in accordance with <u>DTR 4500.9-R</u>. Accordingly, reporting activities shall include the TCN in DLMS Logistics Bill transactions. This is a DLMS enhancement, which may be implemented without prior authorization.</p>

