



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO

September 20, 2012

MEMORANDUM FOR SUPPLY AND FINANCE PROCESSS REVIEW COMMITTEES (PRCs)

SUBJECT: Proposed Defense Logistics Management System (DLMS) Change (PDC) 1035,
Increased Frequency of Interfund Billing (Finance/Supply)

We are forwarding the attached proposed changes to DLM 4000.25, Defense Logistics Management System for evaluation and submission of a single coordinated Component/Agency position. Request that Defense Finance and Accounting (DFAS) submit a single coordinated response through DFAS ESS. It is the PRC representatives' responsibility to ensure full coordination of this proposal within their Component/Agency.

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 non-concurrence is provided, please provide an alternate method to meet the requirement being addressed.

Addressees may direct questions to Robert Hammond, Chair, Finance PRC, email FINANCE@HQ.DLA.MIL or Ms. Ellen Hilert, Co-Chair, Supply PRC, email: ellen.hilert@dla.mil
Others must contact their Component/Agency designated representative shown at <https://www.dla.mil/j-6/dlmsocertaccess/svcpointspoc/allpoc.asp>.

DONALD C. PIPP
Director
DLA Logistics Management Standards Office

Attachment
As stated

cc: ODASD(SCI)
Department of Treasury, FMS



ATTACHMENT

Proposed Defense Logistics Management System (DLMS) Change (PDC) 1035, Increased Frequency of Interfund Billing (Finance, Supply)

1. ORIGINATING SERVICE/AGENCY AND POC INFORMATION:

a. **Technical POC:** Defense Logistics Agency (DLA) J8, Finance PRC Lead

b. **Functional POC:** DLA Logistics Management Standards Office, Finance PRC
Chair

2. FUNCTIONAL AREAS: Joint Finance and Supply

3. REFERENCES:

a. Office of Management and Budget (OMB) memorandum of July 11, 2012, subject "Providing Prompt Payment to Small Business" (see Enclosure (1))

b. Defense Finance and Accounting Service (DFAS) Deputy Director of Operations memorandum of Jul 11, 2012, subject "Waiver of Cash Management" (see Enclosure (2))

c. Treasury Commissioner memorandum January 14, 2011, subject "Upcoming FMS Systems Changes and Timelines", linked at http://www.fms.treas.gov/cfo_ltr.html

d. DLM 4000.25, Defense Logistics Management System, linked at https://www.dla.mil/j-6/dlmsso/elibrary/manuals/dlm/dlm_pubs.asp

e. Department of Defense Financial Management Regulations (FMR), Volume 3, Chapter 8, §0803, linked at: http://comptroller.defense.gov/fmr/03/03_08.pdf

4. REQUESTED CHANGE(S):

a. **Brief Overview of Change:** This change authorizes sellers to increase the frequency of Interfund Summary Billing transactions through their Central Accounts Offices (CAO) to Treasury from monthly to shorter intervals at their discretion. Staggered implementation is planned.

b. **Background:**

(1) Reference (a) reiterates OMB policy to accelerate payments to small businesses contractors as soon as practicable to the full extent permitted by law. To ensure that prime contractors are able to pay their small business subcontractors in a prompt fashion, it further directs agencies to temporarily accelerate payments to all prime contractors. To comply with reference (a), Defense Finance and Accounting Service (DFAS) Deputy of Director for Operations issued reference (b) to provide a temporary waiver of cash management and direct accelerated release of all payments subject to the Prompt Payment Act.

(2) The Interfund billing process is the preferred and predominate reimbursement system used within logistics, accounting for approximately \$58 billion in billing

transactions per year. In order for sellers to manage their cash flow while meeting the requirements above, Components/Agencies must be able to recoup funds from the requirements initiator (requisitioner) more frequently than the current monthly Interfund billing cycle. CAOs for DOD and authorized federal agencies currently submit summary bills to Treasury at the end of the month for the Components/Agencies that they support to affect transfer of funds between the buyer and seller appropriations based on the fund code. The current lag time of up to one month between filling a customer's order and receiving payment through the Interfund billing process impacts sellers' ability to remain solvent while accelerating contractor payments, particularly since Components/Agencies employ many commercial best business practices to fill customer orders directly from contractors.

(3) This change will also move the Department and authorized federal agencies participating in Interfund billing closer to the Treasury Commissioner's Government-Wide Accounting (GWA) goal of improving the accuracy of daily Funds Balance With Treasury (FBWT) through elimination of monthly reporting (see reference (c)). GWA meetings between representatives from Treasury, DOD Finance PRC, authorized federal Interfund trading partners and interested parties explored increasing the frequency of Interfund billing (including a draft of this PDC) and did not identify any technical issues impacting feasibility.

(4) Offices of OSD Comptroller, Business Integration Office (OUSD(C) BIO) and DFAS Enterprise Solutions, GWA/GTAS Project Office are leading DOD coordination for overall GWA compliance, which is outside the scope of this PDC. Some information regarding Interfund specific meetings may be found at <https://www.dla.mil/j-6/dlms0/programs/Committees/Finance/Documents/treasuryCommissionerLetterSFIS20120202.docx>.

c. Procedures, Transactions, Data Elements, Processing Details in Use Today

(1) The Interfund billing process is a highly automated billing process that allows sellers to reimburse themselves from appropriations designated by the buyer at the time of billing. Sellers prepare summary bills supported by the associated detail bills throughout the month. For example, DLA prepares bills weekly. These bills are transmitted via Defense Automatic Addressing System and to seller and buyer CAOs. Buyers may reconcile bills throughout the month, ensuring that all obligations have been correctly recorded (per reference (e)) and that the correct appropriation has been cited to support Interfund bill clearance.

(2) For bills that pass DLA Logistics Management Standards Office prescribed DAAS edits, the seller CAO is authorized to report summary level funds transfer for seller reimbursement and buyer disbursement to Treasury at the end of the month. No detail bills are sent to Treasury. In a self-balancing process, Treasury transfers the funds between the buyer's and seller's accounts and notifies both parties of the transfer. The buyer's CAO is responsible for Interfund bill clearance, ensuring that buyer disbursements are correctly reported. For the buyer, the bill is really a bill and a notice of funds withdrawn (payment) from his account. The buyer must accept a billing and may seek adjustment from the seller if needed. While buyer CAOs may adjust the disbursement side of the seller reported Interfund transactions, neither buyers nor their CAOs can adjust, either directly or indirectly, the reimbursement side of the Interfund transactions reported by seller CAOs.

(3) Buyers and sellers continually examine buyer Interfund disbursement adjustments, bills failing DAAS edits and obligation recording timeliness for corrective action and process improvement (as appropriate), supporting audit readiness and good financial stewardship.

(4) DLMS financial training, providing an overview of Interfund billing may be found at: www.dla.mil/j-6/dlms/eapplications/training/dlmsmodules/Module4F.

(5) CAO Interfund payment process flow diagrams presented by the CAOs during OUSD(C)/DFAS/Finance PRC coordination calls, which are not changed by this PDC, may be found at:

SELLER DoDAAC BEGINS WITH	SELLER CAO	Briefing
Numeric	GSA	www.dla.mil/j-6/dlms/Archives/Finance/documents/GSA_Interfund_Process_Overview.ppsx
F	DFAS-CO	www.dla.mil/j-6/dlms/Archives/Finance/meetings/05Apr12/AF_Interfund_process_overview.pptx
M or N	DFAS-CL	www.dla.mil/j-6/dlms/Archives/Finance/documents/Interfund-process-High-Level--Mar-2012.pptx
Other	DFAS-IN	http://www.dla.mil/j-6/dlms/Archives/Finance/documents/Interfund_process_overview_preliminary_draft.pptx

d. Requested Change in Detail:

(1) Components and Agencies are authorized to increase the frequency of Interfund billing to Treasury through their supporting CAOs at their discretion using existing MILSBILLS procedures for assignment of bill numbers, routing, edit validation and Interfund clearance.

(2) Components and Agencies, in conjunction with their supporting CAOs, will advise the Finance PRC Chair of changes to billing frequency to Treasury for dissemination to the appropriate PRCs and interested parties. For information, DLA has indicated a desire to bill weekly. **Staffing Note. Request that Components and Agencies provide planned frequency of Interfund billing and estimated implementation date in response to this PDC.**

(3) Seller CAOs will transmit seller summary level billing transactions to Treasury at the Component/Agency prescribed intervals.

e. Revisions to DLM 4000.25 Manuals: Revise DLM 4000.25, Volume 4, Finance, Chapter 5 – Interfund Billing Procedures as shown in enclosure (3). Significant changes are shown in **red bold Italics**, excluding a global administrative change to replace “shall” with “will” in accordance with recent Washington Headquarters Service guidance.

f. Alternatives: None noted.

5. REASON FOR CHANGE: This change is needed to support OMB direction for accelerating contractor payments and to support the Treasury Commissioner's goal of improving the accuracy of the daily FBWT while maintaining seller cash flow to remain solvent.

6. ADVANTAGES AND DISADVANTAGES:

a. **Advantages:** Supports OMB and Treasury direction while maintaining seller cash flow to remain solvent.

b. **Disadvantages:** Allows less time to ensure that buyer obligations are correctly recorded and that the correct appropriation has been cited prior to Treasury transfer of funds between buyer and seller appropriations.

7. ESTIMATED TIME LINE/IMPLEMENTATION TARGET: Implementation upon issuance of the Approved DLMS change is planned. Staggered implementation is planned.

8. ESTIMATED SAVINGS/COST AVOIDANCE ASSOCIATED WITH IMPLEMENTATION OF THIS CHANGE: None noted.

9. IMPACT:

a. **Automated Information Systems (AIS):** Changes may be required in CAO AIS's or internal processes to accomplish increased billing frequency.

b. **DLA Transaction Services:** No changes are required.

c. **Non-DLA Logistics Management Standards Publications:** Components, Agencies and DFAS may issue supplemental guidance that does not conflict with procedures in reference (d).



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

July 11, 2012

M-12-16

MEMORANDUM FOR THE HEADS OF EXECUTIVE DEPARTMENTS AND AGENCIES

Jeffrey D. Zients
Acting Director

FROM:

SUBJECT: Providing Prompt Payment to Small Business Subcontractors

The Administration is strongly committed to supporting small business growth and prosperity, as an engine to drive economic activity and job creation throughout the country. As part of this commitment, the Administration has taken steps to enhance small businesses' opportunities to contract with the Federal Government, as well as to ensure that the government promptly and efficiently pays small businesses when they contract to provide goods and services to the government.

On September 14, 2011, the Office of Management and Budget (OMB) issued Memorandum 11-32, "Accelerating Payments to Small Business for Goods and Services." That memorandum established "the Executive Branch policy that, to the full extent permitted by law, agencies shall make their payments to small business contractors as soon as practicable, with the goal of making payments within 15 days" of receipt of relevant documents. Such acceleration helps to improve cash flow for small businesses, increases liquidity, unlocks capital for the purposes of investment and growth, and increases small business participation in Federal contracting.

In furtherance of this policy, and to further preserve and increase small business participation in all levels of Federal contracting by improving cash flow, this memorandum establishes the Executive Branch policy that, to the full extent permitted by law, agencies shall take these steps outlined in this memorandum to ensure that prime contractors are able to pay their small business subcontractors in a prompt fashion. In particular, agencies should, to the full extent permitted by law, temporarily accelerate payments to all prime contractors, in order to allow them to provide prompt payments to small business subcontractors. Of note, this memorandum does not affect the application of the Prompt Payment Act's (PPA) late-payment interest penalty provisions.

¹ Pursuant to the implementing regulations for the Prompt Payment Act (PPA), relevant documents include a proper invoice for the amount due and confirmation that the goods and services have been received and accepted by the Federal Government.

² As defined at 48 C.F.R. Part 3.502-1, a prime contractor "means a person who has entered into a prime contract with the United States," and a subcontractor "(1) means any person, other than the prime contractor, who offers to furnish or furnishes any supplies, materials, equipment, or services of any kind under a prime contract or a subcontract entered into in connection with such prime contract; and (2) includes any person who offers to furnish or furnishes general supplies to the prime contractor or a higher tier subcontractor."

BACKGROUND

Under the Prompt Payment Act (PPA) and OMB's implementing regulations,³ and as outlined in OMB Memorandum 11-32, a Federal agency is generally required to make payments within 30 days from when the agency receives proper documentation. If an agency does not pay a vendor the amount due by the "required payment date" prescribed by the PPA, the agency must pay the vendor a late-payment interest penalty.

In accordance with the PPA, agencies generally pay prime contractors no earlier than seven days in advance of this 30-day deadline. However, the PPA and OMB's implementing regulations authorize agencies to make accelerated payments when the agency determines that doing so is "necessary." In addition, OMB's regulations specifically support agencies in making accelerated payments to small businesses, stating that "[a]gencies may pay a small business as quickly as possible, when all proper documentation, including acceptance, is received in the payment office and before the payment due date."⁴

Pursuant to the policy established in Memorandum 11-32, Federal agencies have already taken steps to accelerate payments to small business prime contractors. In consultation with OMB and Treasury, Federal agencies have accelerated of payments to small business prime contractors while protecting the good stewardship inherent in effective cash management practices, as required by the PPA. These actions have been taken during a period in which the cost of capital for the Federal Government has been low, and therefore the government is able to remit payments along an accelerated timeline without jeopardizing prudent cash management practices.

ACCELERATING PAYMENTS TO SMALL BUSINESS SUBCONTRACTORS

To further this policy, with respect to small businesses that are subcontractors, agencies shall take steps, as outlined below and to the full extent permitted by law, to ensure that prime contractors disburse the funds that they receive from the Federal Government to their small business subcontractors in a prompt manner.

To assist in expediting contractor payments to small business subcontractors, agencies shall, to the full extent permitted by law, temporarily establish an earlier, accelerated date for making agency payments to all prime contractors. Consistent with the policy for small business prime contractors established in Memorandum 11-32, agencies are encouraged to make payments to all prime contractors as soon as practicable, with a goal of paying all prime contractors within 15 days of receiving proper documentation. In accordance with the above, agencies should begin accelerating payments to all prime contractors as soon as practicable.

While this temporary policy is in effect, agencies shall encourage prime contractors to –

- accelerate payments to their small business subcontractors;
- consider modifying their existing contracts with small business subcontractors without consideration or fees to include a clause providing that the prime contractor

³ The PPA is at 31 U.S.C. Chapter 39. OMB's implementing regulations are at 5 C.F.R. Part 1315.

⁴ 5 C.F.R. § 1315.5(b). The provision also explains that earlier payments to small businesses "are not subject to payment restrictions stated elsewhere" in OMB's PPA regulations. These restrictions include the instruction to agencies that their PPA authority to make an earlier payment "must be used cautiously." 5 C.F.R. § 1315.4G).

will pay the small business subcontractor along an accelerated timetable to the maximum extent practicable; and

- insert a similar clause in their future contracts with small businesses subcontractors;

To assist in this effort, OMB is requesting that the Federal Acquisition Regulatory Council (FAR Council) develop standard wording for a clause that would be included in the agency's contract with the prime contractor, pursuant to a deviation, providing for prompt payment from the prime contractor to its small business subcontractors. OMB is encouraging the FAR Council to consider as an example the provision in the PPA that, for the purposes of construction contracts awarded by an agency, flows down an accelerated payment schedule to subcontractors for satisfactory contract performance.⁵ OMB is further requesting that the FAR Council undertake a rulemaking, in consultation with the Small Business Administration, to develop a standard clause that may be incorporated into future prime contracts and subcontracts (for activities other than construction) to address prompt payments to small business subcontractors.

The acceleration of payments to all prime contractors is a one year, temporary, transitional policy that provides for immediate assistance to small businesses, while affording agencies and prime contractors time to insert contract clauses as described above, or take other appropriate steps, to ensure that prime contractors provide prompt payment to their small business subcontractors. On a date one year after the date of this memorandum, the policy of automatically accelerating all payments to prime contractors shall terminate. At that time, agencies shall cease making accelerated payments to all prime contractors pursuant to the temporary, transitional policy. OMB will then provide further guidance on the appropriate steps that agencies should consider to ensure that small business subcontractors continue to be paid promptly by their prime contractors. Such steps may include continuing to provide accelerated payment to prime contractors that have inserted contract clauses as described above, exercising flexibility that is being considered as part of the implementing regulations of the Small Business Jobs Act that enables agency contracting officers to consider a prime contractor's commitment to paying small business subcontractors in a prompt manner as part of a contract award determination, or other measures as OMB deems appropriate.

This further guidance will be informed in part by an evaluation of the progress agencies have made, and information they have collected, in ensuring prompt payment to small business subcontractors, as well as analysis of the economic conditions facing small businesses at that time. Accordingly, within six months, and again within one year, of the date of this memorandum, each agency shall report to OMB on-

1. the agency's progress in making accelerated payments to all prime contractors, to the full extent permitted by law, pursuant to the temporary, transitional policy established by this memorandum and designed to expedite contractor payments to small business subcontractors;

⁵ This PPA provision is implemented in the Federal Acquisition Regulation (FAR) at 48 C.F.R. Part 52.232-27.

2. the progress of the agency's twenty-five largest prime contractors in incorporating prompt payment clauses in their subcontracts with small businesses; and
3. the progress of any other steps that the agency has undertaken to ensure that small business subcontractors are paid in a prompt manner.

In the immediate term, agencies should encourage small business prime contractors to accelerate payments to their small business subcontractors. However, the issuance of this memorandum and its implementation do not change the application of Memorandum 11-32, which remains in effect unless and until OMB issues further superseding guidance.

This memorandum does not affect the application of the PPA's late-payment interest penalty provisions. Under the PPA and OMB's implementing regulations, the interest penalty is triggered when an agency does not pay the contractor the amount due by "the required payment date." This memorandum and its implementation do not modify the "required payment date" and do not otherwise modify the operation of the interest penalty.

If you have any questions regarding this memorandum, please contact Mathew Blum (mblum@omb.eop.gov), Associate Administrator of the Office of Federal Procurement Policy, or Norman Dong (ndong@omb.eop.gov), Deputy Controller of the Office of Federal Financial Management.



DEFENSE FINANCE AND ACCOUNTING SERVICE

8899 EAST 56TH STREET
INDIANAPOLIS, INDIANA 46249

DFAS-.T

JUL 11 2012

MEMORANDUM FOR DIRECTOR, DFAS CLEVELAND
DIRECTOR, DFAS COLUMBUS
DIRECTOR, DFAS INDIANAPOLIS
DIRECTOR, DFAS EUROPE
DIRECTOR, DFAS .TAPAN
DIRECTOR, DFAS LIMESTONE
DIRECTOR, DFAS ROME

SUBJECT: Waiver of Cash Management

To ensure compliance with direction received from the Office of Management and Budget (OMB-12-16), I am directing the accelerated release of all payments subject to the Prompt Payment Act (PPA). Payments shall be made as soon as practicable. The goal of these actions is paying all prime contractors within 15 days of receipt of all proper documentation.

This action is effective immediately and shall continue for a period not to exceed one year or until otherwise directed. Retention of this memorandum shall occur at all sites paying vouchers early. Early payment reporting must occur on the monthly PPA Report

A handwritten signature in black ink, appearing to read "David E. McDermott", written over the end of the previous paragraph.

David E. McDermott
Deputy Director, Operations

www.dfas.mil
Your Financial Partner @ Work

Attachment, PDC 1035
Enclosure (2)

Changes to
C5. CHAPTER 5
INTERFUND BILLING SYSTEM PROCEDURES

C5.1. POLICY

C5.1.1. General. It is DoD policy that DoD customers will authorize suppliers to use the interfund billing system to reimburse themselves for materiel, hazardous materiel and waste services, and services related to materiel shipments.

C5.1.2. Exclusions

C5.1.2.1. The interfund billing system is not mandatory for use when the involved funds are Military Assistance Grant Aid or where only limited sales occur between the DoD Components.

C5.1.2.2. The interfund billing system may not be used to bill non-DoD customers (e.g., state or local governments, private contractors, individuals, or nonappropriated fund instrumentalities) or for major end items such as complete aircraft, ships, tanks, space vehicles, and missiles.

C5.1.2.3. Except for the General Services Administration (GSA), the Federal Aviation Administration (FAA), and the National Oceanic and Atmospheric Administration (NOAA), non-DoD suppliers may not use the interfund billing system to bill DoD customers.

C5.2. PRINCIPLES OF THE INTERFUND BILLING SYSTEM

C5.2.1. The interfund billing system allows suppliers to reimburse themselves, from appropriations designated by the customer, at the time of billing. The supplier forwards an automated billing to the billed office and reports to the Treasury Department a reimbursement of the supplying funds, with an offsetting charge to the customer's fund.

C5.2.2. Interfund bills are both "bills" and "notices" to a customer that its funds have been charged and the "bill" paid.

C5.2.3. Billed offices will, upon receipt of the "bill", either accept and record the charge for the complete or partial bill or, when the charge is questionable or erroneous at the detail bill level or in dispute, record the charge into the designated default account for further research. Charges will remain uncleared pending completion of research and resolution. The Department of the Navy has been granted a waiver as an exception to this procedure. A questionable or erroneous portion of a Navy interfund bill suspend to

the interfund clearing account (treasury account symbol F3885). When the charge is acceptable, but the account disbursed by the billing office is not, the billed office will accept and record the charge to the proper account. The billed office will also follow procedures prescribed by its disbursing officer to correct the account reported to the Treasury Department.

C5.2.4. Only the billing office or Central Accounts Office (CAO) is authorized to adjust or otherwise reverse reimbursements reported to the Treasury Department on behalf of the billing office.

C5.3. PREPARATION OF INTERFUND BILLS

C5.3.1. Interfund bills are made up of one or more detail billing records with the same fund code, and a single summary billing record. The summary billing record represents a summary of the supporting detail billing records.

C5.3.2. Detail billing records in support of interfund bills will be prepared in accordance with Defense Logistics Management System (DLMS) 810L transaction or Appendix 3 for legacy 80 column card transactions.

C5.4. CENTRAL ACCOUNTS OFFICES

C5.4.1. General. CAOs are Defense Finance and Accounting Service (DFAS) Centers or other federal agencies given the responsibility of reporting on interfund in the Statement of Interfund Transactions to the Treasury Department. Depending upon the customer organization, they may have seller and or buyer CAO responsibilities.

C5.4.2. Seller Central Accounts Offices. DLA Transaction Services forwards copies of interfund summary billing records to seller CAOs. Based upon these records, seller CAOs report seller interfund self-reimbursements and related buyer disbursements to the Treasury Department. Seller CAO interfund bill responsibilities are identified by the service code of the seller DoD Activity Address Code (DoDAAC) described in Table C5.T1.

Table C5.T1. Seller CAO

SELLER DoDAAC BEGINS WITH	SELLER CAO
Numeric	GSA
F	DFAS-CO
M	DFAS-CL
N	DFAS-CL
Other	DFAS-IN

C5.4.3. Buyer Central Accounts Offices. Buyer CAOs are responsible for interfund bill clearance and report, to the Treasury Department, buyer adjustments of the

disbursement side of seller reported interfund transactions. Neither buyers nor their CAOs can directly or indirectly adjust the reimbursement side of interfund transactions reported by seller CAOs. Buyer CAO interfund bill responsibilities are determined by the appropriation disbursed according to Table C5.T2.

Table C5.T2. Buyer CAO

INDEX	TREASURY SYMBOL	LIMIT or SUBHEAD	BUYER CAO
17	All	All	DFAS-CL
21	All	All	DFAS-IN
57	All	All	DFAS-CO
97	NOT 4930	All	DFAS-IN
97	4930	All	DFAS-IN

C5.5. INTERFUND REPORTS

C5.5.1. Billing Office Reports. CAOs will base interfund reimbursements upon summary billing records received from DLA Transaction Services for interfund bills passing DLMS prescribed DLA Transaction Services edits. Therefore, upon implementation of the revised seller interfund reporting procedures, DLMS no longer requires sellers to forward [DD Form 1400](#), Statement of Interfund Transactions or equivalent reports to their accounts office. However, CAOs may continue to require their reporting activities to submit seller interfund reports for a transition period determined by the accounts office.

C5.5.2. Billed Office Reports. Each billed office will report (i.e., correct or otherwise clear) interfund disbursements charged to the office in accordance with procedures prescribed by its Service or Agency.

C5.5.3. Department Level Reports. CAOs will consolidate Department level "Statement of Interfund Transactions" and prepare related reports from interfund reports received from billed offices and summary billing records validated by DLA Transaction Services.

C5.6. STATEMENT OF INTERFUND TRANSACTIONS

C5.6.1. Purpose and Reports Control Symbol. This section prescribes a ~~monthly~~ report on interfund transactions. The DD 1400 "Statement of Interfund Transactions" provides OUSD(C) with a summarized classification of receipts and outlays processed under the interfund billing system.

C5.6.2. Applicability and Scope. The provisions of this section apply to the DoD Components and to their disbursing officers (referred to collectively as "disbursing

officers”). It establishes the requirements and procedures for the preparation and submission of interfund transaction reports.

C5.6.3. Report Form. The “Statement of Interfund Transactions” must be prepared ~~monthly~~ **as bills are submitted to Treasury** and contain totals for each appropriation/limit charged and reimbursed, **during** the reporting period, and identify the reporting office. GSA will submit an equivalent “Statement of Interfund Transactions.”

C5.6.4. Frequency and Distribution. The “Statement of Interfund Transactions” must be submitted to the OUSD(C) as promptly as possible, but no later than close of business on the 2nd workday ~~of the month~~ immediately following the close of the ~~reporting month~~. **bill submission to Treasury**.

C5.6.5. Adjustments. In preparing the “Statement of Interfund Transactions,” CAOs or offices designated by the DoD Components or participating Agencies will convert invalid accounts to the charged agency’s default appropriation as indicated in Appendix 2.2. of this guidance.

C5.6.6. Other Reporting Requirements

C5.6.6.1 Extract of the Statement of Interfund Transactions

C5.6.6.1.1. Each Military Department (and GSA for its equivalent report) must furnish an “extract” of the “Statement of Interfund Transactions” to the DoD Components and other participating Agencies for which it collects or disburses showing the transactions for that Component or Agency. The DoD Components may be identified by their unique suffix/limit codes on department “97” appropriations.

C5.6.6.1.2. Extracts of the “Statement of Interfund Transactions” (and GSA equivalent) that are forwarded to DoD CAOs shall be supported by summary billing records (DLMS 810L/Document Identifier Code (DIC) FS). The summary billing records shall be forwarded electronically to the CAO responsible for clearance. The CAO responsible for clearance is determined by the departmental index of the disbursed appropriation and, in the case of department “97” appropriations, by the DoD Component identification contained in the appropriation’s suffix/limit code. Table C5.T3 identifies the CAO responsible for clearing interfund bills:

Table C5.T3. Department of Defense Central Accounts Offices

CLEARANCE CAO	COMMRI	INDEX	COMPONENT ¹
DFAS-Indianapolis	RUQADVU	97	Other than USAF, USN, USMC, and SDDC limit FD30
		21	All
DFAS-Columbus	RUVEGAA	97	USAF
		57	All
DFAS-Cleveland	RUEBJNW	97	USN and USMC
		17	All

C5.6.6.1.3. The extracts should be submitted as soon as possible but no later than 2 workdays after the Statement of Interfund Transactions is submitted to OUSD(C).

C5.6.6.2. Defense Agency Appropriations. A “Statement of Interfund Transactions” summarizing the transactions by appropriation for each Defense Agency must be provided to the Director of Budget and Finance, Washington Headquarters Service, 1155 Defense Pentagon, Washington, DC 20301-1155.

C5.6.7. Hard Copy Report Preparation

C5.6.7.1. General

C5.6.7.1.1. Each interfund report must be completed with the minimum required information.

C5.6.7.1.2. If more than one sheet is used to report transaction amounts, the grand total for each column must be shown on the last page of the statement. Page totals are optional.

C5.6.7.1.3. Each hard copy statement must be signed by the officer under whose direction it was prepared.

C5.6.7.1.4. Negative amounts must be identified by the suffix “CR.”

C5.6.7.2. Columnar Entries

C5.6.7.2.1. Appropriation or Fund /Symbol. Enter the department index number assigned by the Treasury Department as a prefix to that department’s

¹ For purposes of this procedure, the Component Identification for 97X4930 is in the 1st position of the suffix/limit code and is A (USA), N (USN), F (USAF), M (USMC), and 5 (Defense Agencies). For other than 97X4930, the identification is in the 1st two positions and is 01 (USA), 02 (USAF), 04 (USN), and 05 (USMC).

appropriation symbols, fiscal year or other appropriate indicator (e.g., “X” if no year, etc.), treasury account symbol of the appropriation, other fund, or receipt account for which the transaction amounts are being reported. Include any prefix or suffix prescribed by the Treasury Department on the classification authorization. No other suffix or prefix may be shown.

C5.6.7.2.2. Reimbursements (Credits). Enter the amounts of collected appropriation reimbursements applicable to each related appropriation or other fund account.

C5.6.7.2.3. Expenditures (Charges). Enter the amounts of disbursements chargeable to each appropriation or other fund symbol.

C5.7. CENTRAL ACCOUNTS OFFICE LEVEL INTERFUND PROCEDURES

C5.7.1. Army, Navy, Air Force, and GSA will prescribe procedures consistent with those prescribed in this Manual for:

C5.7.1.1. Reporting interfund reimbursements and disbursements originated by Activities serviced by their disbursing offices and will be included in their “Statement of Interfund Transactions.”

C5.7.1.2. Adjusting, accepting or otherwise clearing interfund disbursements charged to Activities serviced by their disbursing offices and whose adjustments will be included in their Statements of Interfund Transactions.

C5.7.1.3. Ensuring there are adequate controls over interfund-related transactions such that:

C5.7.1.3.1. Lapsed accounts are not reported to the Treasury Department or the other DoD Components.

C5.7.1.3.2. Invalid account symbols are converted to the agency default appropriation as defined in Appendix 2.2 of this regulation.

C5.7.1.3.3. Seller interfund reimbursements reported to the Treasury Department are based upon interfund billings validated by DLA Transaction Services.

C5.7.1.3.4. Disbursements charged to billed offices are processed by the billed office.

C5.7.1.3.5. Uncleared Disputed Transactions

C5.7.1.3.5.1. Uncleared “disputed” transactions will be researched and cleared within a reasonable period (i.e., within 120 calendar days of the date the disbursement was reported to DFAS when the entitlement office and accounting office are not co-located and 90 days when they are co-located). Amounts placed in

suspense; that is, charged to the clearing account, are transferred to another account or are otherwise cleared within the same period as above.

C5.7.1.3.5.2. Within 90 days of the disbursement being report to DFAS, or 60 days if co-located, DFAS will ask the customer to follow up on uncleared detail bills. When a customer leaves a detail bill uncharged for 120 calendar days (90 days if co-located), DFAS will contact the customer for an appropriation to charge to clear the detail bill. Only when a written notification from the seller that an adjustment is forthcoming may the item remain unprocessed after this timeframe. Within 90 days of the suspense date (60 days if co-located), DFAS will ask the customer to clear the amount in suspense and provide an alternative account for the disbursement.