



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
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IN REPLY
REFER TO J627

October 20, 2011

MEMORANDUM FOR FINANCE PROCESS REVIEW COMMITTEE MEMBERS

SUBJECT: Proposed Defense Logistics Management System (DLMS) Change (PDC) 493,
Consolidating MILSBILLS into DLMS Volume 5, Finance – Chapter 4
(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 **November 14, 2011**. 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.

A handwritten signature in black ink, appearing to read "Donald C. Pipp", written in a cursive style.

DONALD C. PIPP

Director

DLA Logistics Management Standards

Attachment
PDC 493

cc:
ODASD(SCI)

PDC 493
Consolidating MILSBILLS into DLMS Volume 5, Finance – Chapter 4

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. Proposed DLMS Change (PDC) 491, Consolidating MILSBILLS into DLMS Volume 5, Finance – Chapter 2 (Finance/MILSBILLS)
- g. DODI 4140.01, DOD Supply Chain Materiel Management Policy

4. REQUESTED CHANGE:

a. Description of Change: This change consolidates Chapter 4 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 4. 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. PDC 491 addresses consolidation of Chapter 2. 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 4 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 DLMS sections to the MILSBILLS 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

C4. CHAPTER 4

ADJUSTMENT PROCEDURES

C4.1. REQUESTING ADJUSTMENTS.

C4.1.1. Submission of Adjustment Requests

C4.1.1.1. Unless otherwise indicated in this chapter, requests for adjustment, follow-ups, and replies shall be submitted by electronic means.

C4.1.1.2. Requests are generally prepared using the Request for Billing Adjustment (DS 812R, DI code FAE) record. However, into-plane and bulk fuel related adjustment requests must use the Request For Adjustment of Fuel Billing (DS 812 R, DI code FJE). Refer to other Chapter 4 sections for more specific information on preparing requests for adjustments and follow-ups.

C4.1.1.4. Requests for adjustments will normally indicate the billing office as the addressee and shall be submitted to DLA Transaction Services for processing and routing to the billing office. Requests for adjustments of GSA billings shall be addressed to the GSA National Customer Service Center (DoDAAC "470000", RI code "GSA"). Correspondence to the Service Center, if necessary, may be directed to:

General Services Administration

National Customer Service Center

1500 East Bannister Road

Kansas City, Missouri 64131-3087

Telephone: (800) 488-3111 (DSN) 465-1416

C4.1.2. Nonreimbursable. Forward a request for adjustment in the format prescribed for BAC "14" when the coding of the requisition indicates that the materiel was requisitioned under nonreimbursable procedures and a materiel billing was received.

C4.1.3. Accessorial. A request for adjustment in the format prescribed for BAC "15" shall be forwarded whenever accessorial costs are charged and the charges are not authorized.

C4.1.4. Timeframes. All requests for adjustments should be submitted within 30 calendar days of receipt of the billing. Initial requests for adjustment received after the record retention period for billing records may be denied. When a discrepancy report or adjustment request is received within prescribed timeframes, nonavailability of records, or the passing of the record by the time the report is validated, or the request is processed, may not be used as a basis for denying the adjustment.

C4.1.5. Minimum Value

C4.1.5.1. Adjustment for Billing Errors. In general, no request for adjustment should be submitted for billing errors when the amount of the error is \$250 or less. As an exception to the general guideline, no request for adjustment should be submitted for billing errors when the amount of the error is \$100 or less and the billing office is GSA or the materiel involved is a subsistence item.

C4.1.5.2. Adjustment Types. There is no minimum value for requesting status on an anticipated or required billing, requesting a corrected bill when the bill received is incomplete, requesting a copy of a bill, requesting a change in the type of billing (interfund to noninterfund and noninterfund to interfund), or requesting adjustments for validated discrepancy reports.

C4.1.5.3. FMS Billing Errors. There is no minimum value for adjustment of FMS billing errors. However, adjustment requests for foreign military sales (FMS) shipments may not be submitted when the request can be rejected per the general conditions of the U.S. Department of Defense Letter of Offer and Acceptance.

C4.2. CANCELING OR AMENDING REQUESTS FOR ADJUSTMENT

C4.2.1. Canceling Requests. Submitting offices may cancel requests for adjustments whenever the request is no longer valid or appropriate and the billing office has not provided a final reply to the request.

C4.2.2. Amendments. Requests for adjustments may be amended by canceling the original request and submitting a new request.

C4.3. FOLLOW-UP ON UNANSWERED REQUESTS FOR ADJUSTMENT

C4.3.1. Adjustment Requests. Except for follow-ups to DLA Transaction Services, offices submitting adjustment requests will follow-up on requests for adjustments remaining unanswered for more than 45 calendar days after submission. If the request for adjustment remains unanswered for more than 30 calendar days after follow-up, submitting offices will forward a second and final follow-up by letter or message to the billing office. In addition to providing the billing office with the information required to process the request, the final follow-up will also identify the dates of initial and follow-up request.

C4.3.1.1. Follow the procedures prescribed for noncompliance and other problems (see Chapter 1) when requests for adjustments or requests for MRP credits remain unanswered for more than 30 calendar days after the second follow-up or if an interim response was received and the date promised has passed.

C4.3.1.2. Follow up to DLA Transaction Services (daashelp@daas.dla.mil) for copies of interfund bills requested but not received.

C4.3.2. Credit Follow-Up. Offices designated to receive Materiel Returns Program (MRP) credit will initially follow-up on the credit due when the credit has not been received and more than 60 calendar days have elapsed since the creditable status was

received. A second follow-up will be submitted if a reply or credit is not received within 60 calendar days of the initial follow-up.

C4.4. REPLYING TO REQUESTS FOR ADJUSTMENT OR MRP CREDIT

C4.4.1. Processing Adjustments. Billing or adjustment processing offices will reply to adjustment requests using DLMS Supplement (DS) 812L, Adjustment Request Reply. The DS will also be used to reply to follow-up requests.

C4.4.2. Responding to Requests. Billing offices shall respond to all requests for adjustment within 30 calendar days of the date the request is received. Billing offices shall respond to follow-up requests for adjustment within 21 calendar days of the date the request is submitted. Replies to adjustment requests (812L, DI code FAR) and follow-ups (812L, DI code FAS) are required and shall also be forwarded to DLA Transaction Services for processing and further routing to the adjustment requestor. As with the requests, fuel-related replies shall follow the equivalent DI code FJ_ series formats. All adjustment replies shall include an appropriate coded reply.

C4.4.2.1. Responses to adjustment requests shall be forwarded to the office designated by the recipient of billing status code. Adjustments shall be forwarded to the original billed office.

C4.4.2.2. Billing offices shall respond to initial requests and first follow-up for MRP credit in the 812L / DI code FTB format. Responses shall be forwarded, via DSN, to the office designated by the materiel receipt status (870M, DI code FTZ).

C4.4.2.3. Billing offices shall respond to second follow-up requests for adjustments and MRP credit within 30 calendar days of receipt. If the request cannot be answered within 30 calendar days, an interim response by letter or message will be provided. The response must be completed within 60 calendar days.

C4.5. ADJUSTMENT AMOUNT. In general, adjustments, when warranted, will be at the price originally billed. Adjustments for validated product quality deficiency reports (PQDRs) will be processed at the current standard price when the original price billed cannot be determined. Adjustments for Material Returns Program (MRP) credits will be at the current acquisition price or at a reduced price if, in the opinion of the Integrated Materiel Manager (IMM), the condition warrants such reduction.

C4.6. INCOMPLETE OR UNSUPPORTED BILL

C4.6.1. An incomplete bill is one in which the bill, either interfund or noninterfund, is not fully supported by detail billing records or information, respectively.

C4.6.2. Since DLA Transaction Services will not pass incomplete interfund bills to billed offices and billing offices will not be reimbursed for bills not submitted to DLA Transaction Services, a copy of the "incomplete" interfund bill shall be requested from DLA Transaction Services.

C4.6.3. Requests for incomplete (that is unsupported) noninterfund bills shall be addressed to the billing office and must cite billing account code (BAC) "19". In addition to responding to the request, whenever the bill referred to is on file, billing offices must always provide a fully supported copy or corrected bill to the billed office.

C4.7. BILLING STATUS PROCEDURES

C4.7.1. Obtaining Bill Status. When requisitioned materiel is received, intended billed offices must use Adjustment Request (DS 812R, DI code FAE) to seek the status of the bill. When materiel was not ordered, or if ordered, not received, discrepancy report procedures apply. See volume 2, [chapter 17](#) and [DoD 4500.9-R](#) volume 2, chapter 210 for discrepancy report procedures.

C4.7.2. Shipment Bill Status. When shipment status is received for requisitioned materiel and the materiel can be billed only upon evidence of constructive delivery, intended billed offices must use Adjustment Request (DS 812R, DI code FAE) **citing BAC "35"** to seek the status of the bill. Billing offices may generate the required billing when properly completed requests are received and a billing is awaiting evidence of constructive delivery. Billing offices will also initiate appropriate actions with their supply office to identify and resolve problems underlying this condition.

C4.7.3. Timeframe. At least 90 calendar days must have elapsed after receiving the materiel or, in the case of FMS shipments, shipment status before requesting the status of the bill. However, the status must be requested within a year of the date of shipment (2 years for FMS shipments). Billing offices may reject requests for billing status which are not submitted within these timeframes.

C4.7.4. Restrictions. Except for billings awaiting evidence of shipment or receipt, billing offices will not generate bills based solely upon a request for billing status.

C4.7.5. DoD 7000.14-R, Volume 10, has allowances for writing off unbilled liabilities and deobligating the related obligation when an invoice has not been received within 180 calendar days from the date of acceptable final performance and there is documentation on file that at least two written requests for an invoice have been made. Refer to the reference for other conditions that must be met, such as establishing a reserve for late bills.

C4.8. BILL COPY PROCEDURES

C4.8.1. Requesting Copies. **Requests for copies of interfund bills shall be addressed to DLA Transaction Services if DLA Transaction Services record retention period has not expired, and must use the Request for Retransmission of Interfund Bill (DS 812R ,DI code QB1) format. See Chapter 6 for DLA Transaction Services record retention requirements and options regarding retrieval of copies of bills.**

C4.8.2. Retransmitting Copies. DLA Transaction Services will retransmit a copy of all bills wherein the billing office DoDAAC, bill number, and year within decade and month of credit match the same information on the request.

C4.8.3. Copies of Noninterfund Bills. **Requests for copies of noninterfund bills will normally be addressed to the billing office.**

C4.9. REQUISIT FOR CHANGE IN BILLING METHOD

C4.9.1 Change in Billing Method

C4.9.1.1. When billing offices bill under interfund procedures and MILSBILLS procedures do not allow for such billing, billed offices will forward requests for adjustment in the format prescribed for BAC "52."

C4.9.1.2. When MILSBILLS procedures prescribe billing under interfund procedures, billing offices shall deny requests for improperly billed interfund.

C4.9.1.3. When the requisition or customer asset report improperly designates interfund billing and the interfund billing cannot be processed, refer to the following subparagraph for requesting rebilling under noninterfund procedures

C4.9.2. Properly Billed Interfund to Noninterfund

C4.9.2.1. When a billed office is unable to process a billing record under interfund procedures, the billed office may have the item or items billed under noninterfund procedures by forwarding a request for billing adjustment citing BAC "51." Use of this advice code is an admission by the billed office that the requisition or other document was incorrectly coded.

C4.9.2.2. Requests citing BAC "51" may be submitted only when the funds or charge involved cannot be disbursed or processed under interfund procedures. All such requests shall be honored by the billing office; the billing office may challenge this assertion.

C4.10. ADJUSTMENTS FOR DISCREPANCY REPORTS.

C4.10.1. Financial Adjustment

C4.10.1.1 Discrepancy reports shall be submitted, reviewed, processed, validated, and responded to in accordance with procedures prescribed for the discrepancy in accordance with the following requirements:

Table C4.T1. Adjustments to Discrepancy Reports

Reporting of Transportation Discrepancies in Shipments DoD 4500.9-R "Defense Transportation Regulation"
Reporting of Supply Discrepancies, DLM 4000.25, Chapter 17
Product Quality Deficiency Program, DLAR 4155.24/AR 702-7/SECNAVINST4855.5A/AFR 74-6

C4.10.1.2. Billing offices shall process financial adjustments or claims citing the applicable Type of Bill Code (QD, WP, WU, or TD) based on the discrepancy report when the discrepancy report is validated and all of the following MILSBILLS or GSA criteria are met:

C4.10.1.2.1. Discrepancy Not Otherwise Resolved. The discrepancy was not resolved otherwise; i.e., the vendor does not replace deficient materiel for a validated PQDR.

C4.10.1.2.2. Materiel Billed and Paid. The materiel was billed and paid previously or, in the case of reporting on a constructed document number, there is a reasonable basis for assuming the items were billed and paid for previously.

C4.10.1.2.3. Materiel Returned. The materiel is received by the depot in those cases where the discrepancy report reply requires the return.

C4.10.1.3. The discrepancy involves GSA shipments and Transportation Discrepancy Report (TDR) exceeds \$25 per line (detail billing record) (DBR) or the SDR exceeds \$50 per line (DBR). There is no minimum adjustment level on PQDRs involving GSA shipments. There are no adjustment dollar value limitations for discrepancies involving DoD shipments.

C4.10.1.4. The original MILSTRIP requisition number is included on the PQDR or SDR. When the original requisition number cannot be identified, the originating or screening point must include a constructed 14-position MILSTRIP document number using the originating or screening point's DoDAAC for the first six characters, the current Julian date (YDDD) for the next four positions, and a four position serial number beginning with "U" as the first position of the serial number. An example of a constructed document number is F123453175 U001. Also carried as a utilization code under DLMS. Note: For SDRs, circumstances authorizing the use of a constructed document number are restricted to those described in DLMS, chapter 17.

C4.10.1.5. The discrepancy report for a GSA shipment is received by GSA, except when extenuating circumstances or high dollar values warrant special consideration, within the following timeframes:

C4.10.1.5.1. Within 1 year of the date of shipment for PQDRs except:

C4.10.1.5.2. For items under warranty that must be received within the time limits prescribed in the individual warranty.

C4.10.1.5.3. For shelf life items that must be received prior to the expiration of the shelf life period and within 1 year of the date of shipment.

C4.10.1.5.4. Within 180 calendar days of the date of shipment for other than quality deficiencies except for:

C4.10.1.5.5. Shipments for security assistance consignees, that must be received within 18 months of the date of shipment; and

C4.10.1.5.6. Shipments to consignees located in the CONUS, HAWAII, the Commonwealth of Puerto Rico, the Virgin Islands, the southeast peninsula of Alaska, central Alaska (rail belt), and Kodiak Island, that must be received within 120 calendar days of the date shipment.

C4.10.1.6. Improper Commitment. When a reply to a discrepancy report improperly commits the billing office to providing an adjustment; e.g., shipment was never billed, the billing office will ask the replying office to correct the reply to the discrepancy report.

C4.10.2. Other Discrepancies Adjustment Rules

C4.10.2.1. Adjusting Transportation Discrepancy Reports. Requests for adjustments related to Transportation Discrepancy Reports (TDRs) will be submitted only when the adjustment is not received and more than 60 calendar days have elapsed since the report was filed. Requests related to PQDRs and SDRs should be timely, but shall not be submitted until a minimum of 60 calendar days have elapsed since receiving notification that the discrepancy is validated; that is, that an adjustment is approved. When the promised adjustment for a discrepancy is contingent upon the return of materiel, the request shall not be submitted until a minimum of 60 calendar days have elapsed since shipping the materiel with additional allowance for transportation time to the shipping activity. When a reply to a discrepancy report is not received, follow up as prescribed by Volume 2.

C4.10.2.3. The portion of credits for materiel laterally redistributed may be fully or partially reversed by the IMM when a discrepancy report documents the materiel was not shipped in a condition warranting full credit.

C4.10.2.4. Activities responsible for discrepant shipments may be held responsible for costs incurred for repackaging, disposal, and similar costs for unauthorized returns, deficient packaging, and other item and packaging discrepancies that have been documented and validated under SDR procedures. Although other, mutually agreeable arrangements may be made, such costs shall normally be recovered under noninterfund procedures and will be supported by the validated discrepancy report. In addition, when such returns are creditable, these discrepancy costs may be offset against the credit to which the returning activity is otherwise entitled.

C4.10.2.5. Adjustments based upon PQDRs shall be forwarded to the code and bill-to DoDAAC indicated on the PQDR. If omitted, adjustments shall be sent to the DoDAAC indicated (TAC 3, or TAC 1 if no TAC3 exists) of the requisition number provided on the PQDR and the following fund code:

Table C4.T2. Default PQDR Fund Codes

Billed Service Code	Fund Code
N, P, R, or V (Navy)	96
All Others	QD

C4.11. ADJUSTMENTS FOR BILLING ERRORS

C4.11.1. The following are billing errors and shall not be accepted for processing unless the minimum value criterion (Section 4.1) for requesting adjustment is met:

C4.11.1.1. Duplicates

C4.11.1.2. Wrong amount billed

C4.11.1.3. Wrong office billed

C4.11.1.4. Improper billed

C4.11.1.5. Promised adjustment not received

C4.11.1.6. Other problems

C4.11.2. Duplicates

C4.11.2.1. Duplicate Billing Line

C4.11.2.1.1. A duplicate billing line is a second or later billing for a single shipment or adjustment. If the second or later billing resulted from a second or later shipment, financial adjustment procedures do not apply. See, instead, discrepancy report procedures for duplicate shipments in Volume 2.

C4.11.2.1.2. To obtain adjustment for duplicate detail billing records not previously adjusted by the billing office, submit a separate request for each duplicated billing record in the format prescribed for BAC "11."

C4.11.2.2. Duplicate Bill

C4.11.2.2.1. This is a bill, either interfund or noninterfund (SF 1080 or equivalent), wherein the bill is supported entirely by duplicate detail billing records. In the case of interfund bills, the bill is also included on the billing office's interfund report.

C4.11.2.2.2. Adjustments for duplicate interfund bills may be requested only upon confirmation that the bills (original and duplicate) were, in fact, reported to the buying service's CAO. To obtain an adjustment, submit a Request For Summary Level Billing Adjustment (DS 812R, DI code FDE) for each duplicated bill citing:

C4.11.2.2.2.1. BAC "42" when the entire bill, details and summary, is identical, including the bill number, to a previous bill,

C4.11.2.2.2.2. BAC "43" when, except for the bill number, the entire bill, details and summary, is identical to a previous bill, and

C4.11.2.2.2.3. BAC "44" when all of the supporting detail billing records of one bill have been included on another bill. The bill containing such previously billed DBRs is the duplicate bill.

C4.11.3. Wrong Amount Billed

C4.11.3.1. Purpose. A wrong amount billed refers to a billing line in which the unit price, quantity, or price extension is erroneous.

C4.11.3.2. Exceptions. Do not request adjustment for wrong amount if:

C4.11.3.2.1. The unit price is the correct standard or catalog price and you are questioning the price. Follow price challenge procedures instead.

C4.11.3.2.2. The extension does not agree with the amount billed and Sales Price Condition code "B" is indicated. In this case, the unit price shown on the

billing record is the inventory carrying value, the standard unit price. The billing unit price, if needed, must be computed.

C4.11.3.2.3. The quantity billed equals the quantity ordered or shipped and a lesser quantity is received. Follow the appropriate Volume 2 discrepancy reporting procedure instead.

C4.11.4. Wrong Office Billed

C4.11.4.1. Request. Request an adjustment for wrong office billed when the office billed does not agree with the coded requirements of the requisition or adjustment request and the coding indicated a valid billed office DoD Activity Address Code (DoDAAC). A valid billed office DoDAAC is one listed in the DoD Activity Address Directory (DoDAAD) with the proper authority code (See Chapter 6, C6.2.2.1.2 of this volume).

C4.11.4.2. When the billing was prepared in accordance with the requisition or modification received by the ICP/IMM, the request shall be denied.

C4.11.4.3. Wrong Office Assigned. When the billing office assigned the billed office as prescribed in Chapter 2 and the office assigned is not the intended office, the billed office will transfer or otherwise process the bill in accordance with procedures prescribed by the DoD Component. If the offices involved are serviced by the same finance center, the billed office shall contact the intended billed office or requisitioner and make arrangements for transferring the bill.

C4.11.5. Improper Billing

C4.11.5.1. General. A DS 812R, Adjustment Request, citing the proper billing advice code should be submitted to billing offices to request adjustments for improper billings. For purposes of this section, an improper billing is a billing line which:

C4.11.5.1.1. Charges for materiel requisitioned under nonreimbursable procedures

C4.11.5.1.2. Charges improperly for accessorial costs;

C4.11.5.1.3. Charges for materiel following a reply that a billing could not be rendered; or

C4.11.5.1.4. Charges for materiel confirmed cancelled when the materiel is not received.

C4.11.5.2. Cancelled. When a billing for materiel is received on a requisition that was confirmed cancelled by the ICP or IMM and the materiel is not received, a request for adjustment in the format prescribed for BAC "17" shall be forwarded to the billing office. When the materiel was received or if the requisition was not confirmed cancelled by the ICP or IMM, MILSBILLS procedures do not apply. Follow instead procedures prescribed for reporting Supply Discrepancy Reports (SDRs). Although

annotations on a shipping document, in conjunction with other factors, may support a discrepancy report, they do not support an adjustment for improper billing. A validated discrepancy report is needed.

C4.11.5.3. Backordered. A request for adjustment in the format prescribed for BAC "18" shall be forwarded to the billing office whenever a billing is received on a requisition that was backordered and the receipt of the billing status, confirming that the materiel was not received. Do not submit requests citing BAC "18" prior to obtaining this status.

C4.11.5.4. Billing Cannot Be Rendered. Billed offices shall request adjustment in the format prescribed for BAC "20" whenever the billing office issues a bill after advising, in a response to a request for billing status (Billing Status Codes DC and DF), that a bill could not be rendered.

C4.11.6. Promised Adjustment Not Received. Billed offices shall forward a Adjustment Request (DS 812R, DI code FAB/FJR) with the proper billing advice code to the billing office to follow-up on promised adjustments which are not received and more than 30 calendar days have elapsed since receiving a reply promising the billing or adjustment.

C4.11.7. Lateral Redistributions (ISV For Both Consumables and Repairables). Offices promised credits for lateral redistributions (ISV for both consumables and repairables) shall follow up on credits not received within 30 calendar days of the date shipment confirmation is submitted to the IMM/ICP. The initial request must be made by submitting a Request for Billing Adjustment (DS 812R, DI code FAE) record citing BAC "27" to the IMM/ICP.

C4.11.8. Other Billing Problems. Billed offices or others will request adjustments for problems not covered by billing advice codes by forwarding a letter (or message) of explanation along with the information required to process the request for BAC "55". The billing office will normally respond with an Adjustment Request (DS 812L, DI code FAR or FJR format).

C4.12. PRICE CHALLENGES AND VERIFICATION. DoD 4140.1-R (reference (c)) prescribes the basic DoD requirements under Service and Agency Price Challenge And Price Verification Programs. Price challenges and verification are often mistaken for MILSBILLS "wrong unit price billed" procedures. Contact the IMM/ICP customer service for assistance filing price challenges.

C4.13. DISPUTED RESPONSES TO REQUESTS FOR ADJUSTMENT. Billing and billed offices are expected to resolve their differences regarding adjustment requests. However, when a billed office does not agree with billing office's response and the billed office considers the amounts involved significant, the billed office may consider the dispute an unresolved problem and follow the procedures prescribed in Chapter 1.

C4.14. ADJUSTMENTS FOR CHANGE NOTICES

C4.14.1. Recording Undelivered Orders. If an order is placed with or through the DWCF, an undelivered order (obligation) should be recorded when the order is placed.

A non-stock numbered item should be recorded as an undelivered order when the order is accepted. An adjustment to the undelivered order should be processed when a change notice affecting price, quantity, or an acceptable substitution of a like item is received from the stock fund. Refer to the DoD [7000.14-R](#), Volume 6, for more specific information on the above requirements.

C4.14.2. Customer Not Receiving Change Notice. If a DBOF customer does not receive a change notice or does not receive it in time to cancel or modify the order and additional funds are required, the materiel may be refused or returned to the DBOF and an adjustment requested. Adjustments for this reason shall be forwarded by mail and must be signed by the activity accounting officer. The request must meet the following requirements and will state essentially:

"As a result of a price change, quantity change, or authorized substitution, the value of the materiel received exceeds amounts obligated and all available obligation authority. Request credit for the indicated quantity and items delivered under the following requisition document and suffix number. In addition, provide us with the return instructions for the materiel."

C4.14.3. Honoring Requests. The billing office shall honor all such requests and provide adjustment, without regard to dollar value, after the materiel is returned. The billing office shall also contact the item manager (requisition processing office) to arrange for the return.

C4.15. SECURITY ASSISTANCE DISCREPANCIES AND BILLING ERRORS

C4.15.1. The Military Department may automatically grant adjustments¹ and charge or credit the administrative surcharge fund when:

C4.15.1.1. the request cannot be rejected per the general conditions of the U.S. Letter of Offer and Acceptance, and

C4.15.1.2. the transaction was billed on a [DD Form 645A](#), Foreign Military Sales Statement.

C4.15.1.3. The amount of the adjustment requested is either (1) less than \$100 or (2) less than the amount approved² for that Military Department by the Defense Security Cooperation Agency.

¹ Automatic adjustments may be withheld from specific customers if there is a pattern of abuse of this authority. When such a pattern exists, all discrepancies and billing errors from that customer should be researched.

² Military Departments may request approval for a different adjustment level. The dollar amounts of automatic adjustments will be determined by an agency cost effectiveness study which compares the administrative cost of conducting necessary research to determine specific responsibility versus the cost which will be incurred by the administrative surcharge pool if an automatic refund is authorized. The agency cost effectiveness study must be submitted to **Defense Security Cooperation Agency** for review and approval.

C4.15.2. Adjustments for IMM/ICP charges which may not be automatically charged to the administrative fund shall be prepared and forwarded to the IMM/ICP in accordance with the procedures contained in this chapter.

C4.16. CREDITS FOR EXCESS REPORTS (MATERIEL RETURNS PROGRAM)

C4.16.1. Procedures. Materiel returns program procedures are prescribed by Volume 2.

C4.16.2. Processing Credits. Billing offices shall process credits for excess reports during the first billing cycle after receiving notification that materiel, authorized for return under creditable procedures, has been received in a condition warranting credit. The portion of credits for materiel laterally redistributed may be fully or partially reversed by the IMM when a discrepancy report documents the materiel was not shipped in a condition warranting full credit.

C4.16.3. MRP or Procurement Offset Status Request (ISV For Both Consumables and Repairables). Offices expecting MRP or procurement offset (ISV for both consumables and repairables) shall request credit status using the Follow-up for Materiel Returns Program Credit (DS 812R, DI code FTP). The initial request should be prepared when the credit has not been received and more the 30 calendar days have elapsed since the Materiel Receipt Status (DS 870M, DI code FTZ), citing a creditable status or the Shipment Status (DS 856S, DI code AS6) is received by the IMM/ICP.

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 follows the organization of DOD 4000.25-M, Volume 5. The second column maps content from MILSBILLS for comparison to the DOD 4000.25-M, Volume 5 language.

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 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.

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
C4. CHAPTER 4	C4. CHAPTER 4
<u>DLMS BILLING ADJUSTMENTS</u>	<u>ADJUSTMENT PROCEDURES</u>
<p data-bbox="79 703 850 854">C4.1. REQUESTING ADJUSTMENTS. Offices desiring adjustment of DLMS billings shall request adjustment of these bills using the DS to Federal IC 812R, Adjustment Request. The DS will also be used to cancel or follow-up on adjustment requests.</p>	C4.1. <u>GENERAL</u>
	C4.1.2. Submission of Adjustment Requests and Replies
	C4.1.2.1. Unless otherwise indicated in this chapter, requests for adjustment, follow-ups, and replies shall be submitted by electronic means.
	C4.1.2.3. Requests are generally prepared using the Request for Billing Adjustment (DS 812R, DI code FAE) record. However, into-plane and bulk fuel related adjustment requests must use the Request For Adjustment of Fuel Billing (DS 812 R, DI code FJE). Refer to other Chapter 4 sections for more specific information on preparing requests for adjustments and follow-ups.

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
<p data-bbox="142 305 382 329">C4.1.1. <u>Submission</u></p> <p data-bbox="86 363 795 448">C4.1.1.1. <u>Adjustment</u>. All requests for adjustments shall be forwarded to the billing office except as noted in this section.</p> <p data-bbox="86 482 800 568">C4.1.1.3. <u>Requests For Adjustment</u>. Requests for adjustments of GSA billings shall be forwarded to the GSA Customer Service Center (DoDAAC "470000").</p>	<p data-bbox="873 310 1591 521">C4.1.2.2. Requests for adjustments will normally indicate the billing office as the addressee and shall be submitted to DLA Transaction Services for processing and routing to the billing office. Requests for adjustments of GSA billings shall be addressed to the GSA National Customer Service Center (RI code "GSA"). Correspondence to the Service Center, if necessary, may be directed to:</p> <p data-bbox="873 537 1591 716"> General Services Administration National Customer Service Center 1500 East Bannister Road Kansas City, Missouri 64131-3087 Telephone: (800) 488-3111 (DSN) 465-1416 </p>
	<p data-bbox="873 740 1591 886">C4.2.6.3. <u>Nonreimbursable</u>. Forward a request for adjustment in the format prescribed for BAC "14" when the coding of the requisition indicates that the materiel was requisitioned under nonreimbursable procedures and a materiel billing was received.</p>
	<p data-bbox="873 914 1591 1027">C4.2.6.4. <u>Accessorial</u>. A request for adjustment in the format prescribed for BAC "15" shall be forwarded whenever accessorial costs are charged and the charges are not authorized.</p>

Comment [PM2]: Request GSA representative validate MILSBILLS C4.1.2.2. and DLMS Vol 5 C4.1.1.3. for inclusion in merged chapter 4.

Comment [PM1]: Propose to insert in MILSBILLS C4.1.2.2. as an "or" option.

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
<p>C4.1.2. Timeframes. All requests for adjustments should be submitted within 30 calendar days of receipt of the billing. Initial requests for adjustment received after the record retention period for billing records may be denied. When a discrepancy report or adjustment request is received within prescribed timeframes, nonavailability of records, or the passing of the record by the time the report is validated, or the request is processed, may not be used as a basis for denying the adjustment.</p>	<p>C4.5.3.2. Initial requests for adjustment received by the billing office after the record retention period for billing records may be denied.</p>

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p data-bbox="142 305 430 332">C4.1.3. Minimum Value</p> <p data-bbox="79 360 844 573">C4.1.3.1. Adjustment for Billing Errors. In general, no request for adjustment should be submitted for billing errors when the amount of the error is \$250 or less. As an exception to the general guideline rule, no request for adjustment should be submitted for billing errors when the amount of the error is \$100 or less and the billing office is GSA or the materiel involved is a subsistence item.</p> <p data-bbox="79 600 808 813">C4.1.3.2. Adjustment Types. There is no minimum value for (a) requesting status on an anticipated or required billing, (b) requesting a corrected bill when the bill received is incomplete, (c) requesting a copy of a bill, (d) requesting a change in the type of billing (interfund to noninterfund and noninterfund to interfund), or (e) requesting adjustments for validated discrepancy reports.</p> <p data-bbox="79 841 840 1024">C4.1.3.3. FMS Billing Errors. There is no minimum value for adjustment of FMS billing errors. However, adjustment requests for foreign military sales (FMS) shipments may not be submitted when the request can be rejected per the general conditions of the U.S. Department of Defense Letter of Offer and Acceptance.</p>	<p data-bbox="871 311 1564 402">C4.1.1. Minimum Value for Adjustment. There is no minimum financial dollar value for requesting or processing billing adjustments or refunds.</p>

- Comment [PM3]:** Component comment requested. Note changes in proposed language.
- Comment [PM4]:** Component comment requested regarding adoption of the MILSBILLS simple statement on minimum values.

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
<p>C4.2. CANCELING OR AMENDING REQUESTS FOR ADJUSTMENT</p> <p>C4.2.1. Canceling Requests. Submitting offices may cancel requests for adjustments whenever the request is no longer valid or appropriate and the billing office has not provided a final reply to the request.</p> <p>C4.2.2. Amendments. Requests for adjustments may be amended by canceling the original request and submitting a new request.</p>	<p>C4.3. CANCELING REQUESTS FOR ADJUSTMENT¹. Submitting offices may, at their option, cancel requests for adjustments (using DI codes FAC, FDC, or FJC record formats, as appropriate) whenever the request is no longer necessary, invalid, or inappropriate and the billing office has not responded to the request. Adjustment processing activities may choose to not accept, process, or respond to these cancellation requests.</p>
<p>C4.3. FOLLOW-UP ON UNANSWERED REQUESTS FOR ADJUSTMENT</p>	<p>C4.4. FOLLOW-UP ON REQUESTS FOR ADJUSTMENT</p>
<p>C4.3.1. Adjustment Requests. Except for follow-ups to DLA Transaction Services, offices submitting adjustment requests will follow-up on requests for adjustments remaining unanswered for more than 45 calendar days after submission. If the request for adjustment remains unanswered for more than 30 calendar days after follow-up, submitting offices will forward a second and final follow-up by letter or message to the billing office. In addition to providing the billing office with the information required to process the request, the final follow-up will also identify the dates of initial and follow-up request.</p>	<p>C4.4.1. First Follow-Up</p> <p>C4.4.1.1. Offices submitting adjustment requests shall follow up on requests for adjustments (DI code FAF, FDF, or FJF) that remain unanswered for more than 14 calendar days after submission.</p> <p>C4.4.2. Second Follow-Up</p> <p>C4.4.2.1. When the initial follow-up remains unanswered for more than 14 calendar days, submitting offices shall forward a second and final follow-up by letter or message to the billing office. In addition to providing the billing office with the information required to process the request, the final follow-up shall also identify the dates of initial and follow-up request.</p>

Comment [PM5]: Note differences in follow-up dates. Component comments requested.

¹ The requirement to generate or process cancellation-related adjustment documents is effectively ended and should not be incorporated in new or revised systems. However, these optional provisions are required to allow activities to remain in compliance with MILSBILLS without having to make programming changes to terminate the adjustment cancellation process in legacy systems.

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
	<p>C4.4.2.2. Follow the procedures prescribed for noncompliance and other problems (see Chapter 1) when requests for adjustments or requests for MRP credits remain unanswered for more than 1430 calendar days after the second follow-up or if an interim response was received and the date promised has passed.</p>
<p>C4.3.2. <u>Copies of Bills.</u> Follow-up to DLA Transaction Services for copies of bills, if needed, will be by letter or message. Follow-up to DLA Transaction Services may begin 7 calendar days after the request is submitted.</p>	<p>C4.4.1.3. Follow up to DLA Transaction Services (daashelp@daas.dla.mil) for copies of interfund bills requested but not received.</p>
<p>C4.3.3. <u>Credit Follow-Up.</u> Offices designated to receive Materiel Returns Program (MRP) credit will initially follow-up on the credit due when the credit has not been received and more than 60 calendar days have elapsed since the creditable status was received. A second follow-up will be submitted if a reply or credit is not received within 60 calendar days of the initial follow-up.</p>	<p>C4.4.1.2. Offices promised MRP or procurement offset credit shall follow up by submitting a second DI code FTP record when the credit is not received within 30 calendar days of the initial request.</p>
<p>C4.4. REPLYING TO REQUESTS FOR ADJUSTMENT OR MRP CREDIT</p> <p>C4.4.1. <u>Processing Adjustments.</u> Billing or adjustment processing offices will reply to adjustment requests using DLMS Supplement (DS) 812L, Adjustment Request Reply. The DS will also be used to reply to follow-up requests.</p>	<p>C4.5 PROCESSING REQUESTS FOR ADJUSTMENT</p> <p>C4.5.1. <u>Replies to Requests and Follow-Ups</u></p> <p>C4.5.1.1. Billing offices shall respond to all requests for adjustment within 15 calendar days of the date the request is submitted.</p>

Comment [PM6]: Note differences in follow-up dates. Component comments requested.

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p>C4.4.2. <u>Responding to Requests.</u> Billing offices shall respond to all requests for adjustment within 30 calendar days of the date the request is received. Billing offices shall respond to follow-up requests for adjustment within 21 calendar days of the date the request is submitted. All adjustment replies shall include an appropriate coded reply.</p>	<p>C4.5.1.2. Billing offices shall respond to all first follow-up requests for adjustment and MRP credits within 15 calendar days of the date the request is received and respond in the DI code FAS, FDS FJS or FTB format.</p> <p>C4.1.2.4. Replies to adjustment requests (DS 812L, DI code FAR) and follow-ups (DS 812L, DI code FAS) are required and shall also be forwarded to DLA Transaction Services for processing and further routing to the adjustment requestor. As with the requests, fuel-related replies shall follow the equivalent DI code FJ_ series formats.</p>
<p>C4.4.3. <u>Response to Requesting Offices.</u> All responses to adjustment requests will be forwarded to the office submitting the request and parties identified to receive status. Adjustments will be forwarded to the office originally billed.</p>	<p>C4.5.3.1. Responses to adjustment requests shall be forwarded to the office designated by the recipient of billing status code. Adjustments shall be forwarded to the original billed office.</p>
<p> </p> <p> </p>	<p>C4.5.1.3. Billing offices shall respond to initial requests and first follow-up for MRP credit in the 812L / DI code FTB format. Responses shall be forwarded, via DSN, to the office designated by the materiel receipt status (870M, DI code FTZ).</p>
<p> </p> <p> </p>	<p>C4.5.1.5. Billing offices shall respond to second follow-up requests for adjustments and MRP credit within 730 calendar days of receipt. If the request cannot be answered within 730 calendar days, an interim response by letter or message will be provided. The response must be completed within 360 calendar days.</p>
<p>C4.5. <u>ADJUSTMENT AMOUNT.</u> In general, adjustments, when warranted, will be at the price originally billed. Adjustments for validated product quality deficiency reports (PQDRs) will be</p>	<p>C4.5.2. <u>Adjustment Amount.</u> As a general rule, adjustments will be processed at the price originally billed. The following are exceptions:</p>

Comment [PM7]: Note differences in follow-up dates. Component comments requested.

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p>processed at the current standard price when the original price billed cannot be determined. Adjustments for Material Returns Program (MRP) credits will be at the current acquisition price or at a reduced price if, in the opinion of the Integrated Materiel Manager (IMM), the condition warrants such reduction.</p>	<p>C4.5.2.1. Adjustments, for validated PQDRs, shall be processed at the current standard price when the original price cannot be determined; that is, the PQDR cannot be identified to a specific requisition.</p> <p>C4.5.2.2. MRP credits for other than lateral redistributions shall be processed at the acquisition cost in effect at the time of receipt. MRP credits for materiel laterally redistributed shall be processed at the standard price in effect at the time of shipment. Credits for materiel returned or laterally redistributed may be less than acquisition or standard price if, in the opinion of the IMM, the condition warrants such reduction.</p>
<p>C4.6. UNSATISFACTORY BILL PROCEDURES. An unsatisfactory DLMS bill is a bill which cannot be processed. For example, the total amount is not fully supported by billing details or the bill does not include essential information required by DLMS billing implementation conventions. Bill-to parties will use the TS 997 IC, Functional Acknowledgment, to reject improper bills back to the billing office. See volume 1, chapter 6, and DLMS appendix 6 for the IC for the Functional Acknowledgment transaction set.</p>	<p>C4.2.2. Incomplete or Unsupported Bill</p> <p>C4.2.2.1. An incomplete bill is one in which the bill, either interfund (DI code FS—record) or noninterfund (SE-1989 or equivalent), is not fully supported by detail billing records or information, respectively.</p> <p>C4.2.2.2. Since DLA Transaction Services will not pass incomplete interfund bills to billed offices and billing offices will not be reimbursed for bills not submitted to DLA Transaction Services, a copy of the “incomplete” interfund bill shall be requested from DLA Transaction Services.</p> <p>C4.2.2.3. Requests for incomplete (that is unsupported) noninterfund bills shall be addressed to the billing office and must cite billing account code (BAC) “19”. In addition to responding to the request, whenever the bill referred to is on file, billing offices must always provide a fully supported copy or corrected bill to the billed office.</p>

Comment [PM8]: Request DLA Transaction Services validate if the 997 IC to be used for rejecting improper bills.

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p>C4.7. BILLING STATUS PROCEDURES</p> <p>C4.7.1. Obtaining Bill Status. When requisitioned materiel is received, intended billed offices must use DS 812R Adjustment Request, (DS 812R, DI code FAE) to seek the status of the bill. When materiel was not ordered, or if ordered, not received, discrepancy report procedures apply. See volume 2, C17 and DoD 4500.9-R volume 2, chapter 210 for discrepancy report procedures.</p>	<p>C4.2.4. Status of Billing or Credit</p> <p>C4.2.4.1. Bill Not Received</p> <p>C4.2.4.1.1. When requisitioned materiel is received and the billing has not been received, intended billed offices must seek the status of the billing by forwarding a request for adjustment citing BAC "34."</p> <p>C4.2.4.1.2. When materiel received was not requisitioned, or if requisitioned materiel was not received, discrepancy report procedures rather than adjustment procedures apply. Contact the local supply or requisitioning office for appropriate discrepancy procedures.</p>
<p>C4.7.2. Shipment Bill Status. When shipment status is received for requisitioned materiel and the materiel can be billed only upon evidence of constructive delivery, intended billed offices must use DS 812R, Adjustment Request, (DS 812R, DI code FAE) to seek the status of the bill. Billing offices may generate the required billing when properly completed requests are received and a billing is awaiting evidence of constructive delivery. Billing offices will also initiate appropriate actions with their supply office to identify and resolve problems underlying this condition.</p>	<p>C4.2.4.1.3. When shipment status is received for requisitioned materiel and the materiel can be billed only upon evidence of constructive delivery (see section C2.1), intended billed offices should seek the status of the billing by forwarding a request for adjustment citing BAC "35." Billing offices shall generate the appropriate billing when properly completed requests are received and billing is awaiting evidence of constructive delivery. Billing offices shall also initiate appropriate actions with their supply office to identify and resolve problems associated with this condition.</p>
<p>C4.7.3. Timeframe. At least 90 calendar days must have elapsed after receiving the materiel or, in the case of FMS shipments, shipment status before requesting the status of the bill. However, the status must be requested within a year of the date of shipment (2 years for FMS shipments). Billing offices may reject requests for billing status which are not submitted within these timeframes.</p>	<p>C4.2.4.1.4. At least 90 calendar days must elapse after receiving the materiel or, in the case of Foreign Military Sales (FMS) shipments, shipment status, before requesting the status of the bill. However, the status must be requested within 1 year of the date of shipment (2 years for FMS shipments). Billing offices shall reject requests for billing status that are not submitted within these timeframes.</p>

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
	<p>C4.2.4.1.5. When the request for billing status involves fuels and is forwarded to the Defense Energy Support Center (DESC) (RI code S9F), the request shall be mailed and must identify the supply source. If the supply source is a DESC regional location, provide the DoDAAC of the location. If the supply source is a contractor, including contractor into-plane, provide the contract number.</p>
<p>C4.7.4. <u>Restrictions</u>. Except for billings awaiting evidence of shipment or receipt, billing offices will not generate bills based solely upon a request for billing status.</p>	<p>C4.2.4.1.6. Except for billings awaiting evidence of shipment or receipt, billing offices shall not generate bills based solely upon a request for billing status.</p>
	<p>C4.2.4.1.7. <u>DoD 7000.14-R</u>, Volume 10, has allowances for writing off unbilled liabilities and deobligating the related obligation when an invoice has not been received within 180 calendar days from the date of acceptable final performance and there is documentation on file that at least two written requests for an invoice have been made. Refer to the reference for other conditions that must be met, such as establishing a reserve for late bills.</p>

Comment [PM9]: Request DLA please validate procedures C4.2.4.1.5. from MILSBILLS with DLA Energy. (Proposed to be section C4.7.4 of merged chapter 2.)

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p>C4.8. BILL COPY PROCEDURES</p> <p>C4.8.1. <u>Requesting Copies.</u> Like other adjustment requests, requests for copies of DLMS bills will be forwarded to the DLA Transaction Services using DS 812R, Adjustment Request.</p> <p>C4.1.1.2. <u>Copies of Interfund Bills.</u> Requests for copies of interfund bills shall be forwarded to DLA Transaction Services if DLA Transaction Services record retention period has not expired. See Chapter 6 for DLA Transaction Services record retention requirements.</p> <p>C4.8.2. <u>Retransmitting Copies.</u> DLA Transaction Services will retransmit a copy of all bills wherein the billing office DoDAAC, bill number, and year within decade and month of credit match the same information on the request.</p> <p>C4.8.3. <u>Bill Reversal.</u> Billing offices failing to respond to requests for copies of bills, when such requests are received within the record retention period, shall be directed by their Component headquarters to reverse the billing. Billed offices shall absorb all charges, in the manner prescribed by their Service or Agency, when the record retention period has elapsed and they have failed to obtain copies of bills.</p>	<p>C4.2. <u>PREPARATION OF ADJUSTMENT REQUESTS</u></p> <p>C4.2.1. <u>Bill Copy</u></p> <p>C4.2.1.1. Requests for copies of interfund bills shall be addressed to DLA Transaction Services and must use the Request for Retransmission of Interfund Bill (DS 812R, DI code QB1) format². See Chapter 6 for additional information and options regarding retrieval of copies of bills.</p>
	<p>C4.2.1.2. Requests for copies of noninterfund bills will normally be addressed to the billing office.</p>

Comment [PM11]: Point out change to Bob! The DLMS language which we were going with just isn't right.

Comment [PM10]: Component comment requested regarding maintaining this bill reversal process.

²-See Chapter 6 for additional options for retrieving copies of bills.

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
<p>C4.9. REQUEST FOR CHANGE IN BILLING METHOD. When a billed office is unable to process a DLMS bill (either interfund or noninterfund) under the payment method processed, they may have the item or items billed under the alternative procedure by forwarding DS 812R, Adjustment Request, to the billing office. All such requests, submitted according to the procedures prescribed in this manual, will be honored by the billing office.</p>	<p>C4.2.5. Change in Billing Method</p> <p>C4.2.5.1.1. When billing offices bill under interfund procedures and MILSBILLS procedures do not allow for such billing, billed offices will forward requests for adjustment in the format prescribed for BAC "52."</p> <p>C4.2.5.1.2. When MILSBILLS procedures prescribe billing under interfund procedures, billing offices shall deny requests for improperly billed interfund.</p> <p>C4.2.5.1.3. When the requisition or customer asset report improperly designates interfund billing and the interfund billing cannot be processed, refer to the following subparagraph for requesting rebilling under noninterfund procedures</p> <p>C4.2.5.2. Properly Billed Interfund to Noninterfund</p> <p>C4.2.5.2.1. When a billed office is unable to process a billing record under interfund procedures, the billed office may have the item or items billed under noninterfund procedures by forwarding a request for billing adjustment citing BAC "51." Use of this advice code is an admission by the billed office that the requisition or other document was incorrectly coded.</p> <p>C4.2.5.2.2. Requests citing BAC "51" may be submitted only when the funds or charge involved cannot be disbursed or processed under interfund procedures. All such requests shall be honored by the billing office; the billing office may challenge this assertion.</p>

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p>C4.10. <u>ADJUSTMENTS FOR DISCREPANCY REPORTS.</u> Discrepancy reports will be submitted, reviewed, processed, validated, and responded to in accordance with Volume 2. Financial adjustments related to discrepancy reports will be processed in accordance with this manual.</p>	<p>C4.2.7. <u>Adjustments for Discrepancy Reports</u></p> <p>C4.2.7.1. Discrepancy reports shall be submitted, reviewed, processed, validated, and responded to in accordance with procedures prescribed for the discrepancy in accordance with the following requirements:</p> <p>Table C4.T1. <u>Adjustments to Discrepancy Reports</u></p> <p>Reporting of Transportation Discrepancies in Shipments, DoD 4000.25-7-M, Chapter 17, "Defense Transportation Regulation"</p> <p>Reporting of Supply Discrepancies, DLM 4000.25, Chapter 17</p> <p>Product Quality Deficiency Program, DLAR 4155.24/AR 702-7/SECNAVINST 4855.5A/AFR 74-6</p>
<p>C4.10.1. <u>Financial Adjustment</u></p> <p>C4.10.1.1. <u>Processing.</u> Billing offices shall process financial adjustments without regard to dollar value when the discrepancy report is validated and the following criteria are met:</p>	<p>C4.2.7.2. Billing offices shall process financial adjustments or claims <i>citing the applicable Type of Bill Code (QD, WP, WU, or TD)</i> based on the discrepancy report when the discrepancy report is validated and all of the following MILSBILLS or GSA criteria are met:</p>
<p>C4.10.1.1.1. <u>Discrepancy Not Otherwise Resolved.</u> The discrepancy was not resolved otherwise; i.e., the vendor does not replace deficient materiel for a validated PQDR.</p>	<p>C4.2.7.2.1. The discrepancy was not resolved otherwise; e.g., the vendor does not replace deficient materiel for a validated Product Quality Deficiency Report (PQDR).</p>
<p>C4.10.1.1.2. <u>Materiel Billed and Paid.</u> The materiel was billed and paid previously or, in the case of reporting on a constructed document number PQDRs, there is a reasonable basis for assuming the items were billed and paid for previously.</p>	<p>C4.2.7.2.2. The materiel was billed and paid previously or, in the case of PQDRs, there is a reasonable basis for assuming the items were billed and paid for previously.</p>

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p>C4.10.1.1.3. <u>Materiel Returned</u> received. The materiel is received by the depot in those cases where the discrepancy report reply requires the return.</p>	<p>C4.2.7.2.3. The materiel is received by the depot in those cases where the reply to the discrepancy report requires a return.</p>
	<p>C4.2.7.2.4. The discrepancy involves GSA shipments and Transportation Discrepancy Report (TDR) exceeds \$25 per line (detail billing record) (DBR) or the SDR exceeds \$50 per line (DBR). There is no minimum adjustment level on PQDRs involving GSA shipments. There are no adjustment dollar value limitations for discrepancies involving DoD shipments.</p>
<p> </p>	<p>C4.2.7.2.5. The original MILSTRIP requisition number is included on the PQDR <u>or SDR</u>. When the original requisition number cannot be identified, the originating or screening point must include a constructed 14-position <u>MILSTRIP</u> document number using the originating or screening point's DoDAAC for the first six characters, the current Julian date (YDDD) for the next four positions, and a four position serial number beginning with "U" as the first position of the serial number. An example of a constructed document number is F123453175 U001. <u>Also carried as a utilization code under DLMS. Note: For SDRs, circumstances authorizing the use of a constructed document number are restricted to those described in DLMS, chapter 17.</u></p>
	<p>C4.2.7.2.6. The discrepancy report for a GSA shipment is received by GSA, except when extenuating circumstances or high dollar values warrant special consideration, within the following timeframes:</p>
	<p>C4.2.7.2.6.1 Within 1 year of the date of shipment for PQDRs except:</p>

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
	C4.2.7.2.6.1.1. For items under warranty that must be received within the time limits prescribed in the individual warranty.
	C4.2.7.2.6.1.2. For shelf life items that must be received prior to the expiration of the shelf life period and within 1 year of the date of shipment.
	C4.2.7.2.6.2. Within 180 calendar days of the date of shipment for other than quality deficiencies except for:
	C4.2.7.2.6.2.1. Shipments for security assistance consignees, that must be received within 18 months of the date of shipment; and
	C4.2.4.2.6.2.2. Shipments to consignees located in the CONUS, HAWAII, the Commonwealth of Puerto Rico, the Virgin Islands, the southeast peninsula of Alaska, central Alaska (rail belt), and Kodiak Island, that must be received within 120 calendar days of the date shipment.
C4.10.1.2. <u>Improper Commitment</u> . When a reply to a discrepancy report improperly commits the billing office to providing an adjustment; e.g., shipment was never billed, the billing office will ask the replying office to correct the reply to the discrepancy report.	C4.2.7.3. When a reply to a discrepancy report improperly commits the billing office to providing an adjustment; e.g., shipment was never billed, the billing office shall ask the replying office to correct the reply to the discrepancy report.
C4.10.2. <u>Other Discrepancies Adjustment Rules</u>	

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p>C4.10.2.1. <u>Adjusting Transportation Discrepancy Reports</u>. Requests for adjustments related to <u>Transportation Discrepancy Reports (TDRs)</u> will be submitted only when the adjustment is not received and more than 60 calendar days have elapsed since the report was filed. Requests related to PQDRs and SDRs <u>should be timely, but</u> shall not be submitted until a minimum of 60 calendar days have elapsed since receiving notification that the discrepancy is validated; that is, that an adjustment is approved.</p> <p>C4.10.2.2. <u>Material Return Contingency</u>. When the promised adjustment for a discrepancy is contingent upon the return of materiel, the request shall not be submitted until a minimum of 60 calendar days have elapsed since shipping the materiel <u>with additional allowance for transportation time to the shipping activity</u>. When a reply to a discrepancy report is not received, follow up as prescribed by Volume 2.</p>	<p>C4.2.7.4. Requests for adjustments related to TDRs (BAC "21") shall be submitted only when the adjustment is not received more than 60 calendar days after the report was filed.</p> <p>C4.2.7.5. Requests related to PQDR (BAC "24") and SDRs (BAC "26") shall be submitted within 30 calendar days after receiving notification that the discrepancy is validated; that is, that an adjustment is approved. When the adjustment is contingent upon the return (and receipt) of materiel, the request shall be submitted no sooner than 45 calendar days after the return shipment.</p>
	<p>C4.2.7.6. The portion of credits for materiel laterally redistributed may be fully or partially reversed by the IMM when a discrepancy report documents the materiel was not shipped in a condition warranting full credit.</p>

Comment [PM12]: Note differences in follow-up dates. Component comments requested.

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>									
	<p>C4.2.7.7. Activities responsible for discrepant shipments may be held responsible for costs incurred for repackaging, disposal, and similar costs for unauthorized returns, deficient packaging, and other item and packaging discrepancies that have been documented and validated under SDR procedures. Although other, mutually agreeable arrangements may be made, such costs shall normally be recovered under noninterfund procedures and will be supported by the validated discrepancy report. In addition, when such returns are creditable, these discrepancy costs may be offset against the credit to which the returning activity is otherwise entitled.</p>									
	<p>C4.2.7.8. Adjustments based upon PQDRs shall be forwarded to the code and bill-to DoDAAC indicated on the PQDR. If omitted, adjustments shall be sent to the DoDAAC indicated (TAC 3, or TAC 1 if no TAC 3 exists) of the requisition number provided on the PQDR and the following fund code:</p>									
	<table border="1"> <thead> <tr> <th colspan="2" data-bbox="1073 902 1591 938">Table C4.T2. Default PQDR Fund Codes</th> </tr> <tr> <th data-bbox="1073 941 1346 977">Billed Service Code</th> <th data-bbox="1350 941 1591 977">Fund Code</th> </tr> </thead> <tbody> <tr> <td data-bbox="1073 980 1346 1049">N, P, R, or V (Navy)</td> <td data-bbox="1350 980 1591 1049">96</td> </tr> <tr> <td data-bbox="1073 1052 1346 1088">All Others</td> <td data-bbox="1350 1052 1591 1088">QD</td> </tr> </tbody> </table>		Table C4.T2. Default PQDR Fund Codes		Billed Service Code	Fund Code	N, P, R, or V (Navy)	96	All Others	QD
Table C4.T2. Default PQDR Fund Codes										
Billed Service Code	Fund Code									
N, P, R, or V (Navy)	96									
All Others	QD									

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
<p>C4.11. ADJUSTMENTS FOR BILLING ERRORS</p> <p>C4.11.1. The following are billing errors and shall not be accepted for processing unless the minimum value criterion (Section 4.1) for requesting adjustment is met:</p> <ul style="list-style-type: none"> C4.11.1.1. Duplicates C4.11.1.2. Wrong amount billed C4.11.1.3. Wrong office billed C4.11.1.4. Improper billed C4.11.1.5. Promised adjustment not received C4.11.1.6. Other problems 	<p>C4.2.6. Billing Errors</p>
<p>C4.11.2. Duplicates</p>	<p>C4.2.3. Duplicates</p>
	<p>C4.2.3.1. Duplicate Billing Line</p>
<p>C4.11.2.1. <u>Duplicate Billing Line.</u> A duplicate billing line is a second or later billing for a single shipment or adjustment. If the second or later billing resulted from a second or later shipment, financial adjustment procedures do not apply. See, instead, discrepancy report procedures for duplicate shipments in Volume 2.</p>	<p>C4.2.3.1.1. This is a second or subsequent detail billing record for a single shipment or adjustment. If the second or subsequent billing resulted from a second or subsequent shipment, MILSBILLS adjustment procedures do not apply. Refer instead to supply discrepancy report procedures for duplicate shipments.</p>
<p> </p>	<p>C4.2.3.1.2. To obtain adjustment for duplicate detail billing records not previously adjusted by the billing office, submit a separate request (DI code FAE or FJE) for each duplicated billing record in the format prescribed for BAC "11."</p>

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
	C4.2.3.2. Duplicate Bill
C4.11.2.2. <u>Duplicate Bill</u> . Duplicate bill is a bill which is supported entirely by duplicate billing lines. In the case of interfund bills, the bill is also included on the billing office's interfund report.	C4.2.3.2.1. This is a bill, either interfund or noninterfund (SF 1080 or equivalent), wherein the bill is supported entirely by duplicate detail billing records. In the case of interfund bills, the bill is also included on the billing office's interfund report.
	C4.2.3.2.2. Adjustments for duplicate interfund bills may be requested only upon confirmation that the bills (original and duplicate) were, in fact, reported to the buying service's CAO. To obtain an adjustment, submit a Request For Summary Level Billing Adjustment (DS 812R , DI code FDE) for each duplicated bill citing.
	C4.2.3.2.2.1. BAC "42" when the entire bill, details and summary, is identical, including the bill number, to a previous bill.
	C4.2.3.2.2.2. BAC "43" when, except for the bill number, the entire bill, details and summary, is identical to a previous bill, and
	C4.2.3.2.2.3. BAC "44" when <u>all</u> of the supporting detail billing records of one bill have been included on another bill. The bill containing such previously billed DBRs is the duplicate bill.
C4.11.2. Wrong Amount Billed	C4.2.6.1. <u>Wrong Amount Billed</u>

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p>C4.11.2.1. <u>Purpose</u>. A wrong amount billed refers to a billing line in which the unit price, quantity, or price extension is erroneous.</p>	<p>C4.2.6.1.1. A wrong amount billed refers to a detail billing record in which the unit price, quantity, or price extension is erroneous. The error may be in either direction and shall be reported in the DI code FAE or FJE format prescribed for BAC "12."</p>
<p>C4.11.2.2. <u>Exceptions</u>. Do not request adjustment for wrong amount if:</p>	<p>C4.2.6.1.2. Do not request adjustment for wrong amount under the following conditions:</p>
<p>C4.11.2.2.1. The unit price is the correct standard or catalog price and you are questioning the price. Follow price challenge procedures instead.</p>	<p>C4.2.6.1.2.1. The billing unit price is the standard or catalog price and you are questioning the catalog price used for billing. Follow, instead, price challenge and verification procedures. See section C4.7.</p>
	<p>C4.2.6.1.2.2. The extension does not agree with the amount billed and Sales Price Condition code "B" is indicated. In this case, the unit price shown on the billing record is the inventory carrying value, the standard unit price. The billing unit price, if needed, must be computed.</p>
<p>C4.11.2.2.2. The quantity billed equals the quantity ordered or shipped and a lesser quantity is received. Follow the appropriate Volume 2 discrepancy reporting procedure instead.</p>	<p>C4.2.6.1.2.3. The quantity billed equals the quantity ordered or shipped and a lesser quantity is received. Follow the appropriate discrepancy reporting procedures instead.</p>
<p>C4.11.3. <u>Wrong Office Billed</u></p>	<p>C4.2.6.2 <u>Wrong Office Billed</u></p>

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
<p>C4.11.3.1. Request. Request an adjustment for wrong office billed when the office billed does not agree with the coded requirements of the requisition or adjustment request and the coding indicated a valid billed office (DoD Activity Address Code) (DoDAAC). A valid billed office DoDAAC is one listed in the DoD Activity Address Directory (DoDAAD) <u>with the proper authority code (See Chapter 6, C6.2.2.1.2 of this volume).</u></p>	<p>C4.2.6.2.1. Request an adjustment for wrong office billed (BAC "13") when the office billed does not agree with the billed office specified in the requisition or similar order, or when the billed office for an adjustment differs from the office originally billed.</p>
<p>C4.11.3.2. Invalid Coded Information. If the coded information used to derive the billing office does not provide for a valid DoDAAC and the billing office assigned the billed office as prescribed in Chapter 2, the adjustment may be denied.</p>	<p>C4.2.6.2.2. When the billing was prepared in accordance with the requisition or modification received by the ICP/IMM, the request shall be denied.</p>
<p>C4.11.3.3. Wrong Office Assigned. When the billing office assigned the billed office as prescribed in Chapter 2 and the office assigned is not the intended office, the billed office will transfer or otherwise process the bill in accordance with procedures prescribed by the DoD Component. If the offices involved are serviced by the same finance center, the billed office shall contact the intended billed office or requisitioner and make arrangements for transferring the bill.</p>	<p>C4.2.6.2.3. When both the wrong office billed and the intended office are serviced by the same interfund central accounts office (CAO) (Defense Finance and Accounting Service-Indianapolis Center(DFAS-IN), DFAS-Denver center(DFAS-DE), or DFAS-Cleveland Center(DFAS-CL)) contact the CAO representative to the Finance PRC for instructions.</p>

Comment [PM13]: FPRC reps are asked to validate how this is possible. (See related issue and request for comment in PDC 491, Enclosure 2, Page 11.)

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p data-bbox="142 303 443 329">C4.11.4. Improper Billing</p> <p data-bbox="81 362 840 509">C4.11.4.1. <u>Use of DS-812R General</u>. A DS 812R, Adjustment Request, citing the proper billing advice code should be submitted to billing offices to request adjustments for improper billings. For purposes of this section, an improper billing is a billing line which:</p> <p data-bbox="81 540 823 597">C4.11.4.1.1. Charges for materiel requisitioned under nonreimbursable procedures</p> <p data-bbox="81 628 833 685">C4.11.4.1.2. Charges improperly for accessorial costs;</p> <p data-bbox="81 716 798 773">C4.11.4.1.3. Charges for materiel following a reply that a billing could not be rendered; or</p> <p data-bbox="81 803 789 860">C4.11.4.1.4. Charges for materiel confirmed cancelled when the materiel is not received.</p>	<p data-bbox="989 310 1612 336">C4.2.5.1. <u>Improperly Billed Interfund to Noninterfund</u></p>
<p data-bbox="81 945 846 1214">C4.11.4.2. <u>Exceptions</u>. When the "cancelled" materiel is received or if the requisition was not confirmed cancelled by the inventory control point (ICP) or integrated materiel manager (IMM), financial procedures do not apply. Follow instead Volume 2 procedures prescribed for reporting supply discrepancy reports (SDRs). Although annotations on a shipping document, in conjunction with other factors, may support a discrepancy report, they do not support an adjustment for improper billing. A validated discrepancy report is needed.</p>	<p data-bbox="873 945 1612 1307">C4.2.6.5. <u>Cancelled</u>. When a billing for materiel is received on a requisition that was confirmed cancelled by the ICP or IMM <u>and</u> the materiel is not received, a request for adjustment in the format prescribed for BAC "17" shall be forwarded to the billing office. When the materiel was received or if the requisition was not confirmed cancelled by the ICP or IMM, MILSBILLS procedures do not apply. Follow instead procedures prescribed for reporting Supply Discrepancy Reports (SDRs). Although annotations on a shipping document, in conjunction with other factors, may support a discrepancy report, they do not support an adjustment for improper billing. A validated discrepancy report is needed.</p>

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
	<p>C4.2.6.6. <u>Backordered</u>. A request for adjustment in the format prescribed for BAC "18" shall be forwarded to the billing office whenever a billing is received on a requisition that was backordered and the receipt of the billing status, confirming that the materiel <u>was not recievedis still backordered</u>. Do not submit requests citing BAC "18" prior to obtaining this status.</p>
	<p>C4.2.6.7. <u>Billing Cannot Be Rendered</u>. Billed offices shall request adjustment in the format prescribed for BAC "20" whenever the billing office issues a bill after advising, in a response to a request for billing status (<u>Billing Status Codes DC and DF</u>), that a bill could not be rendered.</p>
<p>C4.11.5. <u>Promised Adjustment Not Received</u>. Billed offices shall forward a <u>DS 812R</u>, Adjustment Request, (<u>DS 812F</u>, DI code FAB/FJR) with the proper billing advice code to the billing office to follow-up on promised adjustments which are not received and more than 30 calendar days have elapsed since receiving a reply promising the billing or adjustment.</p>	<p>C4.2.4.2. <u>Promised Adjustment Not Received</u>. A request for adjustment citing BAC "23" shall be prepared when a billing or adjustment is not received and more than 30 calendar days have elapsed since receiving a reply (DI code FAR or FJR) to a request for adjustment promising the billing or adjustment. If the adjustment promised relates to a discrepancy report, refer to the section on adjustment for discrepancy reports (paragraph C4.2.7).</p>
	<p>C4.2.4.3. <u>Lateral Redistributions (ISV For Both Consumables and Repairables)</u>. Offices promised credits for lateral redistributions (ISV for both consumables and repairables) shall follow up on credits not received within 30 calendar days of the date shipment confirmation is submitted to the IMM/ICP. The initial request must be made by submitting a Request for Billing Adjustment (<u>DS 812R</u>DI code FAE) record citing BAC "27" to the IMM/ICP.</p>

<u>DoD 4000.25-M, Volume 5, Finance</u>	<u>DoD 4000.25-7-M (MILSBILLS)</u>
<p>C4.11.6. <u>Other Billing Problems</u>. Billed offices or others will request adjustments for problems not covered by billing advice codes by forwarding a letter (or message) of explanation along with the information required to process the request. The billing office will normally respond with a DS 812LR, Adjustment Request.</p>	<p>C4.2.9. Other Billing and Adjustment Problems. Billed offices or others shall request adjustments for problems not covered by this section by forwarding a letter (or message) of explanation along with the information prescribed for BAC "55." Billing offices shall respond, via DSN, in the DI code FAR or FJR format. If required, or deemed appropriate, the billing office shall also respond by letter or message.</p>
	<p>C4.7. PRICE CHALLENGES AND VERIFICATION</p>
	<p>C4.7.1. DoD 4140.1-R (reference (c)) prescribes the basic DoD requirements under Service and Agency Price Challenge And Price Verification Programs. Price challenges and verification are often mistaken for MILSBILLS "wrong unit price billed" procedures. Contact the IMM/ICP customer service for assistance filing price challenges.</p>
	<p>C4.8. DISPUTED RESPONSES TO REQUESTS FOR ADJUSTMENT. Billing and billed offices are expected to resolve their differences regarding adjustment requests. However, when a billed office does not agree with billing office's response and the billed office considers the amounts involved significant, the billed office may consider the dispute an unresolved problem and follow the procedures prescribed in Chapter 1.</p>

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p>C4.12. ADJUSTMENTS FOR CHANGE NOTICES</p> <p>C4.12.1. Recording Undelivered Orders. If an order is placed with or through the DWCBOF, an undelivered order (obligation) should be recorded when the order is placed. A non-stock numbered item should be recorded as an undelivered order when the order is accepted. An adjustment to the undelivered order should be processed when a change notice affecting price, quantity, or an acceptable substitution of a like item is received from the stock fund. Refer to the DoD 7000.14-R, Volume 6, for more specific information on the above requirements.</p>	<p>C4.2.8. Adjustment for Change Notices</p> <p>C4.2.8.1. An adjustment to an undelivered order (obligation) may be requested by the ordering activity when a change notice affecting price, quantity, or an acceptable substitution of a like item is received.</p>
<p>C4.12.2. Customer Not Receiving Change Notice. If a DBOF customer does not receive a change notice or does not receive it in time to cancel or modify the order and additional funds are required, the materiel may be refused or returned to the DBOF and an adjustment requested. Adjustments for this reason shall be forwarded by mail and must be signed by the activity accounting officer. The request must meet the following requirements and will state essentially:</p>	<p>C4.2.8.2. If a working capital fund customer does not receive a change notice or does not receive it in time to cancel or modify the order and additional funds are required, the materiel may be refused or returned to the working capital fund and an adjustment requested. Adjustments for this reason shall be forwarded by mail and must be signed by an activity's senior operational financial official. The request shall state essentially:</p>
<p>"As a result of a price change, quantity change, or authorized substitution, the value of the materiel received exceeds amounts obligated and all available obligation authority. Request credit for the indicated quantity and items delivered under the following requisition document and suffix number. In addition, provide us with the return instructions for the materiel."</p>	<p><i>"As a result of a price change, quantity change, or authorized substitution, the value of the materiel exceeds amounts obligated and all available obligation authority. Request credit for the indicated quantity and items delivered under the following requisition document and suffix number. In addition, provide us with the return instructions for the materiel."</i></p>

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p>C4.12.3. Honoring Requests. The billing office shall honor all such requests and provide adjustment, without regard to dollar value, after the materiel is returned. The billing office shall also contact the item manager (requisition processing office) to arrange for the return.</p>	<p>C4.5.3.3. Billing offices shall honor all adjustment for change notice requests and provide adjustment, without regard to dollar value, after the materiel is returned.</p> <p>C4.2.8.3. The ordering activity shall also contact the ICP/IMM to arrange for the return.</p>
<p>C4.13. ADJUSTMENTS FOR FMS DISCREPANCIES AND BILLING ERRORS. The Military Departments may automatically grant adjustments³ and charge or credit the administrative surcharge fund when:</p> <p>C4.13.1. The request cannot be rejected per the agreement with the FMS customer and</p> <p>C4.13.2. The amount of the adjustment requested is either (1) less than \$100 or (2) less than the amount approved⁴ for that Military Department by the Defense Security Cooperation Agency.</p>	<p>C4.6. SECURITY ASSISTANCE DISCREPANCIES AND BILLING ERRORS</p> <p>C4.6.1. The Military Department may automatically grant adjustments⁵ and charge or credit the administrative surcharge fund when:</p> <p>C4.6.1.1. the request cannot be rejected per the general conditions of the U.S. Letter of Offer and Acceptance, and</p> <p>C4.6.1.2. the transaction was billed on a DD Form 645A, Foreign Military Sales Statement, and</p> <p>C4.6.2. adjustments for IMM/ICP charges which may not be automatically charged to the administrative fund shall be prepared and forwarded to the IMM/ICP in accordance with the procedures contained in this chapter.</p>

Comment [PM14]: Request components comment on the proper requirement for the whom the billing manager is to contact for arranging the return. (Second sentence of C4.12.3 from DoD 4000.25-M, Volume 5 vs. C4.2.8.3. from MILSBILLS.) Need to apply one or the other.

Comment [PM15]: Request Defense Security Cooperation Agency (DSCA) validate the dollar threshold requirement and related footnote of C4.13.2 from DoD 4000.25-M, Volume 5.

³ Automatic adjustments may be withheld from specific customers if there is a pattern of abuse of this authority. When such a pattern exists, all discrepancies and billing errors from that customer should be researched.

⁴ Military Departments may request approval for a different adjustment level. The dollar amounts of automatic adjustments will be determined by an agency cost effectiveness study which compares the administrative cost of conducting necessary research to determine specific responsibility versus the cost which will be incurred by the administrative surcharge pool if an automatic refund is authorized. The agency cost effectiveness study must be submitted to **Defense Security Cooperation Agency** for review and approval.

DoD 4000.25-M, Volume 5, Finance	DoD 4000.25-7-M (MILSBILLS)
<p data-bbox="79 305 758 362">C4.14. CREDITS FOR EXCESS REPORTS (MATERIEL RETURNS PROGRAM)</p> <p data-bbox="79 391 709 448">C4.14.1. Procedures. Materiel returns program procedures are prescribed by Volume 2.</p> <p data-bbox="79 477 823 630">C4.14.2. Processing Credits. Billing offices shall process credits for excess reports during the first billing cycle after receiving notification that materiel, authorized for return under creditable procedures, has been received in a condition warranting credit.</p>	<p data-bbox="871 310 1598 646">C4.5.1.4. Billing offices shall process credits for Customer Asset Reports during the first billing cycle after receiving notification that materiel, authorized for return under creditable procedures, has been received in a condition warranting credit. In the case of IMM directed lateral redistributions, credits to the reporting activity shall be processed upon notification of shipment by the reporting activity. The portion of credits for materiel laterally redistributed may be fully or partially reversed by the IMM when a discrepancy report documents the materiel was not shipped in a condition warranting full credit.</p>
	<p data-bbox="871 688 1612 992">C4.2.4.4. MRP or Procurement Offset Status Request (ISV For Both Consumables and Repairables). Offices expecting MRP or procurement offset (ISV for both consumables and repairables) shall request credit status using the Follow-up for Materiel Returns Program Credit (DS 812R, DI code FTP). The initial request should be prepared when the credit has not been received and more the 30 calendar days have elapsed since the Materiel Receipt Status (DS 870M, DI code FTZ), citing a creditable status or the Shipment Status (DS 856S, DI code AS6) is received by the IMM/ICP.</p>

⁵ Automatic adjustments may be withheld from specific customers if there is a pattern of abuse of this authority. When such a pattern exists, all discrepancies and billing errors from that customer should be researched.