



## OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

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LOGISTICS AND  
MATERIEL READINESS

DLM 4000.25, Volume 4, July 18, 2014  
Change 3

### DEFENSE LOGISTICS MANAGEMENT SYSTEM VOLUME 4, MILITARY STANDARD BILLING SYSTEM - FINANCE CHANGE 3

I. This change to DLM 4000.25, Defense Logistics Management System (DLMS), Volume 4, June 2012, is published by direction of the Deputy Assistant Secretary of Defense for Supply Chain Integration under the authority of DoD Instruction (DoDI) 4140.01, "DoD Supply Chain Materiel Management Policy," December 14, 2011. Unless otherwise noted, revised text in the manual is identified by ***bold, italicized*** print. The exception would be when the entire chapter or appendix is replaced, or a new one added. Change 3 also includes administrative updates: In all updated documents "DLA Logistics Management Standards" is changed to "Defense Logistics Management Standards" per DoDI 8190.01. In accordance with new direction for issuances, "shall" has been replaced by "will", "must", or other appropriate words or phrases throughout the updated documents. References to DoD 4140.01-R were updated to reflect the updated DoDM 4140.01.

II. This change includes Approved Defense Logistics Management Standards (DLMS) Change (ADC) published by DLA Logistics Management Standards Office memorandum:

A. ADC 1043 dated September 18, 2013. Added discrete Standard Line of Accounting (SLOA)/Accounting Classification data elements to logistics transactions with financial implications to implement SLOA within DLMS. Revises Chapters 2 and 6 and Appendix 3. Revises DLMS Implementation Conventions 180M, 511M, 511R, 517M, 810L, 842 A/W, 856S, 867I, 869F, and 940R. An administrative update was made to align the Document Identifier Codes in Appendix 2.1 with the new Appendix 3.

B. ADC 1068 dated October 3, 2013. Modified the requirements for a DLMS transaction exchange for funds verification request/funds verification response prior to submission of internet "off-line" orders to the Source of Supply (SoS). Revises Chapter 7 and Appendices 2, 2.11, and 3. Revises DLMS Implementation Conventions 511R, 511M, 527D, 527R, 810L, 812L, 812R, 842A/W, 842A/R, 856S, 869C, 869F, and 870S.

C. ADC 473B dated November 26, 2013. Updated the DLMS 810L Logistics Bill to include the PO number and updated the DLMS 812R, Logistics Bill Adjustment Request, and 812L, Logistics Bill Adjustment Request Reply,

accordingly. Revises DLMS Implementation Conventions 810L, 812L, and 812R, without revision to the manual.

III. The list below identifies the chapters, appendices, or other files from the manual that are updated by this change:

**Added or Replaced Files**

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IV. This change is incorporated into the on-line DLMS manual at the Defense Logistics Managements Standards Website [www.dla.mil/j-6/dlms/eLibrary/manuals/dlm/dlm\\_pubs.asp](http://www.dla.mil/j-6/dlms/eLibrary/manuals/dlm/dlm_pubs.asp), and the PDF file containing the entire set of change files is available at [www.dla.mil/j-6/dlms/eLibrary/Manuals/DLMS/formal\\_changes.asp](http://www.dla.mil/j-6/dlms/eLibrary/Manuals/DLMS/formal_changes.asp).

  
Ms. Dee Reardon  
Deputy Assistant Secretary of Defense  
for Supply Chain Integration

# VOLUME 4 – Military Standard Billing System - Finance

## PROCESS CHANGE HISTORY

ADC Number	Date	Change Description	Version
221A	8/3/2011	<p><b>Revised Procedures associated with the DLMS Enhancement for Communication of Unit Price.</b> This change revises procedures for DLA Transaction Services Defense Automatic Addressing System (DAAS) conversion mapping from DLMS to MILS legacy 80 record position formats to block the perpetuation of any price exceeding 7 positions (5 digits dollars and 2 digits cents), and block the perpetuation of any price consisting of all "9"s. The change allows the Navy ERP to accept items whose price is larger than \$100,000. Revises DLMS Supplements 511R, Requisition, 511M, Requisition Modification, 527D, Due-in/Advance Receipt /Due Verification, 527R, Receipt, Inquiry, Response and MRA, 536L, Logistics Reassignment Management Data, 810L, Logistics Bill, 812L, Logistics Bill Adjustment Request Reply, 812R, Logistics Bill Adjustment Request, 846D, Logistics Reassignment Transfer and Decapitalization, 856S, Shipment Status, and 869F, Requisition Follow-Up.</p>	0
274	4/1/2008	<p><b>DLMS and DLSS Changes to Support Army Exchange Pricing. This change makes changes to support Army Exchange Pricing.</b> Army Managed National Stock Numbered (NSN) items that are on an existing or planned national repair program, will have an Exchange Price (EP), which represents the Latest Repair Cost plus a recovery rate. Essentially, those nationally repaired items will be issued at a discounted price based upon an expected return. If EP items are not returned within the established timeline (Delta Delay Days), the process will generate a Delta Bill (SP minus EP), which would result in a net cost of the full Standard Price to the customer. The Exchange Price will only be applicable to Army EP customers. All other customers will be charged the Standard Price. Revises MILSTRIP Chapter 3, MILSTRAP Chapter 4, and MILSBILLS Chapter 2 and Appendix 2.5.</p>	0
275	4/3/2008	<p><b>Administrative Changes to Eliminate Override Procedures for DLMS Supplements 812L, Logistics Bill Adjustment Request Reply and 812R, Logistics Bill Adjustment Request.</b> This change modifies the 812L and 812R DLMS Supplements to clearly identify as an enhancement (not approved for current use) the use of Table 1 Code Source Information in cases where the Agency code is applicable to all Table 2 iterations. This change also removes the use of override procedures for Code Source information, as override is no longer recognized as recommended procedure.</p>	0

ADC Number	Date	Change Description	Version
280	8/8/2008	<b>PQDR/SDR/TDR Credit Tracking.</b> This change to MILSBILLS will allow for better tracking of credits for PQDRs, SDRs and TDRs. Revises MILSBILLS Chapter 4, Appendix 2.3, and Appendix 2.5.	0
289	10/21/2009	<b>Revisions to Security Assistance Program Procedures, Modification of the Definition of the Security Assistance Type of Assistance and Financing Codes (MILSTRIP/Supply) and Policy Change to Billing Procedures.</b> This change accommodates the inclusion of a paragraph on the timeframe for shipments using a Required Availability Date (RAD), the use of extended Required Delivery Dates (RDDs), a paragraph regarding possible storage charges for materiel awaiting Notice of Availability (NOA) responses, and some minor changes to program names and acronyms. Revises DLMS Volume 4 Chapter 2.	0
290	6/24/2008	<b>Administrative Revisions to the DLMS Supplements 810, Logistics Bill, 812L, Logistics Bill Adjustment Request Reply and 812R, Logistics Bill Adjustment Request.</b> This change adds additional qualifier codes to DLMS Financial Supplements and to make administrative changes to achieve consistency among the Supplements. Revises DLMS Supplements 810L Logistics Bill, 812L Logistics Bill Adjustment Request Reply and 812R Logistics Bill Adjustment Request, as well as, DLMS Volume 4 Chapter 2, DLMS Billing.	0
294	7/31/2008	<b>Elimination of Treasury Suspense Account F388.</b> Eliminated Treasury Suspense Account F3885, which was a suspense account used to temporarily hold unmatched financial transactions. Treasury stated that this account is no longer authorized for use. Revises DLMS Volume 4 Chapter 5, Interfund Billing System Procedures, as well as, MILBILLS AP2.2, Fund Codes.	0
315	1/5/2009	<b>Administrative Change to DLMS Note for Fund Code in DLMS 810L, Logistics Bill.</b> This change modifies the DLMS Supplement 810L to incorporate an administrative change to correct an incorrect DLMS note regarding the qualifier DG (Fund Code), which incorrectly states that the fund code may not be used with Interfund bills.	0
324	6/24/2009	<b>DLMS Procedures for Materiel Returns from National Inventory Management Strategy (NIMS) Sites and Industrial Sites under Base Realignment and Closure (BRAC).</b> This change documents procedures for materiel returns to DLA as partially implemented under the National Inventory Management Strategy (NIMS) and as planned in support of the 2005 Base Realignment and Closure (BRAC) decision. The change addresses communications among customers, the distribution depot, and the DLA ICP, along with establishing new procedures for authorizing and processing customer credit. Finalization of the returns procedures required recurring DLMSO interaction with the BRAC team to achieve correct business rules and documentation of these rules in the applicable DoD manuals. Revises MILBILLS Chapter 2.	0

ADC Number	Date	Change Description	Version
328	7/28/2009	<p><b>“Off-Line” Requisition Processing: Internet Ordering Application Request for Component Verification of Funds Availability and Recording of the Financial Obligation.</b> This change requests an interface be established between the various internet ordering applications and the applicable Component financial application, so that fund availability can be checked before allowing the requisition to be processed, and, as a separate, subsequent action, establish the associated obligation within the applicable financial system. Revises DLMS Volume 2, Chapter 7, Verification of Funds Availability Web Call for Requisitions Submitted VIA Internet Ordering Applications; Volume 4, Finance, AP2, Verification of Funds Request, and AP3, Verification of Funds Reply; DLMS Supplement 9DS) Revision of 511R, Requisition.</p>	0
332	7/8/2009	<p><b>Intra-Navy Exchange Price Billing for Depot Level Repairables.</b> The purpose of this change is to map the Navy’s current billing transactions for depot level repairables (DLRs) under the Navy Carcass Tracking program to the DLMS Supplement 810L, Logistics Bill. This change will support the Navy migration to DLMS, and will support mapping in a mixed DLMS/MILS environment. Revision to DLMS Supplement (DS) 810L, Logistics Bill.</p>	0
346	10/26/2009	<p><b>DLMS Interfund Billing System Procedures.</b> This change publishes procedures for DoD 4000.25-M, Defense Logistics Management System (DLMS) Volume 4 (Finance), Chapter 5 - Interfund Billing System Procedures.</p>	0
350	11/16/2009	<p><b>Navy Budget Project For Billing.</b> The purpose of this change is to map the Navy’s current MILS billing transactions for the Summary Bill to the DLMS Supplement 810L, Logistics Bill by including a DLMS qualifier called “budget project identifier” for Navy “budget project”. This change will support the Navy migration to DLMS, and will support mapping in a mixed DLMS/MILS environment.</p>	0

ADC Number	Date	Change Description	Version
435	10/3/2011	<p><b>Use of Referential Data to Support Standard Financial Information Structure (SFIS).</b> This change provides for the Component and Agency preferred solution of exchanging SFIS accounting data elements using referential data keyed on a fund code. DLA Transaction Services will develop and host an expanded fund code table on DAAS, which will be the master reference table for SFIS data to be maintained. The ADC also modifies specified DLMS transactions to add Business Partner Number (BPN) as an authorized DLMS enhancement, which may be an issue for non-DoD buyers and sellers to accommodate. Revises DLMS Supplement (DS) 511R, Requisition, 511M Requisition Modifier, 869F, Requisition Follow Up, 180M Material Returns Reporting, 517M, Material Obligation Validation, 867I, Issue, 940R, Material Release, 856S, Ship Notice/Manifest, 842 A/W Supply Discrepancy Report, 810L, Logistics Bill, 517G, Government Furnished Material (GFM) Validation, 527D, Due in/Advance Receipt/Due Verification, 527R, Receipt, Inquiry, Response and MRA, 812L, Logistics Bill Adjustment Request Reply, 812R, Logistics Bill Adjustment Request, 842A/R Standard Supply Discrepancy Report Reply, 867D, Demand Reporting, 869A, Requisition Inquiry/Supply Assistance Request, 869C, Requisition Cancellation, 945A, Material Release Advise, and 947I, Inventory Adjustment (Applies to 4010 as well).</p>	0
450	2/14/2012	<p><b>Elimination of the DLMS Request for Implementation Date Procedures for Component System Changes.</b> The RFID letter/process, as currently published in the DoD 4000.25 family of manuals is eliminated. Implementation dates will be requested at the time of issuance of the PDC. The revised procedure will incorporate the request for and negotiation of an agreement upon implementation dates embedded in the PDC/ADC process. Revises DLMS Volume 4, Chapter 1</p>	0
469	2/23/2012	<p><b>Consolidating MILSBILLS into DLMS Volume 5, Finance.</b> This change consolidates and updates chapters of DoD 4000.25-7-M (MILSBILLS) with the DoD 4000.25-M (DLMS) Finance volume to enable DLMS Volume 4 to be a single manual for DLMS/MILS logistics billing. Revises DLMS Volume 4.</p>	0
473B	11/26/2013	<p><b>DLMS Revisions to Add the Associated Purchase Order (PO) Number Supporting DLA Interface with The Exchange, Navy Exchange Services Command (NEXCOM), and Marine Corps Exchange (MCX) Non-Appropriated Funds (NAF) Activities, and Non-DOD Customers.</b> This change updates the DLMS 810L Logistics Bill to include the PO number. It also corrects existing notes in the DLMS 810L Logistics Bill regarding PO numbers. The DLMS 812R, Logistics Bill Adjustment Request, and 812L, Logistics Bill Adjustment Request Reply, are updated accordingly. Revises DLMS Implementation Conventions 810L, 812L, and 812R, without revision to the manual.</p>	3

ADC Number	Date	Change Description	Version
1043	9/18/2013	<p><b>DLMS Revisions for Department of Defense (DOD) Standard Line of Accounting (SLOA)/Accounting Classification (Finance/Supply).</b> This change adds discrete SLOA/Accounting Classification data elements to logistics transactions with financial implications to implement SLOA within DLMS. This is the first in a series of anticipated DLMS changes to accommodate SLOA requirements in logistics domain processes. This change also modifies X12 FA1 segment Qualifier DF for clarification. Revises Chapter 2, Billing Procedures, Chapter 6, Defense Automatic Addressing System, and Appendix 3, Record Formats. Revises DLMS Implementation Conventions 180M, 511M, 511R, 517M, 810L, 842 A/W, 856S, 867I, 869F, and 940R.</p>	3
1068	10/3/2013	<p><b>Enhanced Procedures for Requisitioning via DOD EMALL and GSA Internet Ordering: Component Verification of Funds Availability and Materiel Identification using the Supplier-Assigned Part Number and/or Supplier Commercial and Government Entity (CAGE) Code (Supply/Finance).</b> The purpose of this change is to document enhancements and expanded implementation of the procedures established under ADC 328 (Reference 3.b.) and employed by DOD EMALL and GSA Advantage/GSA Global for eCommerce. This change modifies the requirements for a DLMS transaction exchange for funds verification request/funds verification response prior to submission of internet “off-line” orders to the Source of Supply (SoS). This requirement is essential for MILSTRIP requisitions employing Interfund payment method to fulfill regulatory requirements to ensure funds availability and establishment of the financial obligation. (2) This ADC implements the funds verification transaction exchange to support routing to two additional Service trading partners: the Global Combat Support System (GCSS)-Army and the Marine Corps Standard Accounting, Budgeting and Reporting System (SABRS). Although this change identifies specific implementation requirements for the Army and Marine Corps, it is noted that the funds verification process has applicability for all DOD Components. (3) This change also updates DLMS documentation/transaction formats to recognize the use of the supplier-assigned part number and/or the supplier’s Commercial and Government Entity (CAGE) Code when ordering from vendor supported catalogs within DOD EMALL and GSA internet ordering applications. Revises Chapter 7, Verification of Funds Availability Web Call for Requisitions Submitted via Internet Ordering Applications, Appendix 2, Codes – Index, Appendix 2.11, Other Codes, and Appendix 3, Record Formats. Revises DLMS Implementation Conventions 511R, 511M, 527D, 527R, 810L, 812L, 812R, 842A/W, 842A/R, 856S, 869C, 869F, and 870S.</p>	3

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## **C2. CHAPTER 2**

### **BILLING PROCEDURES**

#### **C2.1. CRITERIA FOR BILLING**

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

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

C2.1.1.2. Petroleum, Oil, and Lubricants (POL). Billings for bulk POL shipments may be billed after notification of receipt or 15 calendar days after the date of shipment or issue, whichever occurs first.

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

#### **C2.1.1.4. Drawdowns**

C2.1.1.4.1. Materiel requisitioned under authority of Section 506 of the Foreign Assistance Act, as amended (i.e. , when the Foreign Military Sales (FMS)/Grant Aid (GA) type of assistance code is C), may not be billed until funds are appropriated, with the exception of Working Capital Fund activities. Although Section 506 does not provide obligation or disbursing authority, it does permit the drawdown of existing DoD stocks subject to an appropriation to be made at a later date. Since there is no assurance that DoD accounts will be reimbursed, the transfers cannot be recorded as accounts receivable. Therefore, issues under Section 506 will be treated as transfers without reimbursement. The transfer without reimbursement will be reversed when appropriations are received to reimburse the DoD account for the transfer. Section 506 draw downs of General Services Administration (GSA) or other non-DoD stocks are not authorized.<sup>1</sup>

C2.1.1.4.2. All requests for Defense Working Capital Fund (DWCF) activities (to include transportation) will include a funding source, allowing DWCF

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

activities to be reimbursed by the Military Departments without delay. Orders will not be accepted without a funding source. Refer to [DoD 7000.14-R](#), "Department of Defense Financial Management Regulations (FMRS)", Vol. 12, paragraph 230502 and Vol. 11B, paragraph 110106.A.).

C2.1.2. Direct Deliveries of Materiel From Contractors. When an inventory item is out of stock, is not carried, or has otherwise been requested via direct delivery of materiel from a vendor, the billing will be effected upon notification of receipt of materiel by the customer or notification of shipment by the vendor.

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

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

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

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

C2.1.7. Obligations for Requisitioned Materiel. Establishing an obligation for the proper amount under the requisition document number is essential for the timely and automated processing of interfund bills. Failure to do so is a violation of financial management procedures; and may delay processing and increase workload for both DFAS and submitting Component personnel. DoD Components that either (1) establish business processes for requisitioning outside their customer's Component sponsored supply system, e.g., via internet ordering applications, or (2) authorize their own Component personnel to satisfy requirements through the use of external ordering processes, will support adherence to standard DoD financial business processes.

C2.1.7.1 DoD Components may authorize manual recording of the financial obligation by the customer as a separate action until such time as an automated interface between the ordering application and a Component-sponsored financial system is available. Where an interface is not available, external ordering applications will alert users to comply with their Component-directed financial procedures.

C2.1.7.2 Procedures for on-line internet ordering application real-time verification of funds availability and funds availability response for are provided under DLMS Vol 4, Chapter 7.

## C2.2. PREPARATION OF BILLS

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

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

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

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

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

C2.2.2.4. Materiel Returns to DLA from Industrial Sites under Base Realignment and Closure Retail Storage and Distribution/Inventory Management and Stock Positioning, and National Inventory Management Strategy<sup>2</sup>. A variation of the MRP program is used for processing materiel returns to DLA from selected sites in support of the Base Realignment and Closure (BRAC) Retail Storage and Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP) and the National Inventory Management Strategy (NIMS). Standard MRP DLMS/MILSTRIP transactions do not apply. No credit for packaging, crating, handling, or transportation (PCH&T) will be provided.

C2.2.2.4.1. Industrial Sites. DLA managed materiel returned by an industrial customer at BRAC industrial sites will be accepted into DLA inventory

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

regardless of DLA wholesale asset stock position. Credit will be processed based upon a receipt of the returned materiel corresponding to a sale to Service maintenance (identified by DoD Activity Address Code (DoDAAC) series/internal customer group) for the same materiel and condition completed within the 60-day period prior to the date on the return. Up to 100 percent credit will be processed at the full selling price of the item on the original order(s) used as reference for return quantity less than or equal to the quantity on the reference order(s). DLMS/MILSBILLS Billing for Issue from Stock (DLMS 810L/DIC FA2) will be used to provide credit under modified business rules. Credit for any quantity returned over the original amount, in a different condition code from the original sale or unmatched is subject to DLA ICP stock position using business rules equivalent to the MRP for determining whether to provide credit/credit amount contained in [DoDM 4140.01](#), "DoD Supply Chain Materiel Management Procedures," February 10, 2014. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (DLMS 810L/DIC FD2).

C2.2.2.4.2. National Inventory Management Strategy Sites. Credit for materiel returns from a NIMS site customer will be processed based upon the return receipt. The DLA ICP will process the receipt and determine whether a sale has occurred for the same materiel, condition code, and customer within a 60-day time frame reflecting the exact same document number as the receipt (return) document. If there is an exact matching sale, the customer will receive credit equal to the original sale. Credit for any quantity returned over the original amount, in different condition code from the original sale or unmatched is subject to credit/credit amount from C2.2.2.4.1. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (DLMS 810L/DIC FD2).

### C2.2.3. Method of Billing

C2.2.3.1. Bills arising from transactions containing a National Stock Number (NSN) within the DoD will be collected through the Military Standard Billing System (MILBILLS) interfund billing procedures when supported by the supply and accounting systems. The provider will not accept a Military Interdepartmental Purchase Request (MIPR) if interfund can be used. Manual billing (e.g., the XP fund code) will not be used unless approved by the Deputy Chief Financial Officer. For intragovernmental interfund disputes, follow the dispute process outlined in Chapter 4.<sup>3</sup> Billings to DoD offices must be under interfund procedures except as provided below.

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

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

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<sup>3</sup> From DoD 7000.14-R, Volume 4, Chapter 3 Receivables, Paragraph 030504.B (November 2009)

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

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

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

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

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

C2.2.3.3. Method of Billing Summary. Billing methods are summarized in Table C2.T1.

Table C2.T1. Method of Billing

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

#### C2.2.4. Determining Bill-To Parties

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

C2.2.4.2. Billed Party Not Identified. Item managers or other providers of goods and services will reject requisitions or other orders when a valid billed party is not identified. In the event an order comes through without a valid bill-to party, billing offices will designate the ordering or submitting activity as the bill-to party if, for whatever reason, they are unable to identify a valid billed party. The Service Security Assistance Control Office will be designated as the bill-to party for unidentifiable security assistance requisitions. The Service control offices are: Army–W25P02, Navy–N65916, and Air Force–FG2303.

C2.2.4.3. The mailing address for noninterfund bills will be the clear text address prescribed for billing (TAC 3 if assigned; otherwise TAC 1) in the DoDAAD ([DLM 4000.25](#), Defense Logistics Management System Manual, Volume 6, Chapter 2). The routing for interfund bills will be based on the billing Communication Routing Identifier (COMMRI).

C2.2.5. Nonreimbursable Bills. Materiel issued under nonreimbursable procedures must be reported to the billed office using the Notice of Nonreimbursable Issue (810L/DIC FE\_).

#### C2.2.6. Interfund Bills

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

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

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

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

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

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

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

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

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

C2.2.6.6.4. when there are different Security Cooperation Customer Codes.

C2.2.6.7. The recommended standard for interfund bill numbers appears in Table C2.T2.

Table C2.T2. Standard Interfund Bill Numbers

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

C2.2.7. Noninterfund Bills

C2.2.7.1. When an activity is unable to use electronic data interchange (EDI) methods (i.e. DLMS 810L), it may use the [SF 1080](#), "Voucher for Transfers between Appropriations and/or Funds," or other form approved by the Treasury Department,

such as [GSA Form 789](#), “Statement, Voucher, and Schedule of Withdrawals and Credits” as the billing document for noninterfund bills.

C2.2.7.2. An original of the noninterfund billing will be provided to the billed office. Noninterfund billings will, at a minimum, be supported by the following information<sup>4</sup>: document order number, description of the article or services, delivery or other performance date, quantity, and price. The document order number and description will usually be satisfied by the requisition document number and NSN. The delivery or performance date is the same as the day of year prescribed for the detail billing record appropriate for the issue or service.

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

***C2.2.8. Standard Line of Accounting/Accounting Classification. The Office of the Under Secretary of Defense (Comptroller) identified Standard Financial Information System elements that make up the Standard Line of Accounting (SLOA)/accounting classification elements.<sup>5</sup> These SLOA elements are included in DLMS bills. Some elements may be acquired referentially through the authoritative data source SFIS Fund Code to Fund Account Conversion Table maintained at DLA Transaction Services. Updates to the fund code table are accomplished by Component Fund Code Monitors designated in writing by their respective Components.***

### C2.3. RETENTION OF BILLING RECORDS

C2.3.1. Billing offices must have accessibility to billing records for six years, three months after the month of the billing. Billing records include a copy of the bill and supporting records.

C2.3.2. Notwithstanding the requirements of C2.3.1, adjustment processing activities will retain accessibility to billing records for whatever time period is required to enable them to process adjustments for requests or validated discrepancy reports when the request or report leading to the adjustment is received within prescribed timeframes.

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<sup>4</sup> Though not required, to facilitate the resolution of billing or payment disputes involving noninterfund bills, billing offices should also include electronic contact information on the bill.

<sup>5</sup> ***Joint Deputy Chief Management Officer and Under Secretary of Defense (Comptroller) Chief Financial Officer memorandum of September 14, 2012, subject “Department of Defense Standard Line of Accounting/Accounting Classification.”***

C2.3.3. For security assistance, interfund bills are considered supporting execution documentation required to be maintained by the Implementing Agency in accordance with DoD 7000.14R, Volume 15, 0602.J.7.

#### C2.4. CORRECTION OF ERRONEOUS BILLINGS

C2.4.1. Billing Forwarded To Customer. When a billing office finds it has issued an invoice containing one or more erroneous billing lines, it will correct the erroneous billing line in a later invoice. Normally, billing offices are expected to reverse and reissue only the erroneous billing line, not the entire invoice. The corrections will be processed as soon as practical and will not await customer requests for adjustments.

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

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

#### C2.6. BILLING FOR ACCESSORIAL AND ADMINISTRATIVE COSTS

##### C2.6.1. DoD Shipments

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

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

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

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

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

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

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

C2.6.1.4.4. Reimbursement for packing, crating, handling, and transportation will not be provided for materiel returns to DLA industrial sites under BRAC SS&D/IMSP, or NIMS sites<sup>6</sup>. Refer to C2.2.2.4.

C2.6.2. GSA Shipments

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

C2.6.2.2. Transportation Charges

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

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

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

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

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

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

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

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

### C2.6.2.3. Export Charges

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

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

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

C2.6.2.3.4. GSA will annually review actual costs to perform export services and, as appropriate, propose changes in the above rate for use throughout each fiscal year. The Under Secretary of Defense (Comptroller) will be advised sufficiently in advance for appropriate program and budget planning.

## C2.7. BILLING FOR PROGRESS AND ADVANCE PAYMENTS

### C2.7.1. Progress Billings

C2.7.1.1. Purpose. Progress payments may be billed via interfund whenever the order received from the customer specifies that progress billings via interfund are

authorized. Documentation of the agreement by the customer to allow progress billing via interfund may be used in lieu of a specific provision on each order.

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

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

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

#### C2.7.2. Advance Billings

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

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

#### C2.8. INTO-PLANE FUEL SALES

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

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

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

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

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

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

## C2.9. HAZARDOUS MATERIEL AND WASTE BILLINGS

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

### C2.9.2 General<sup>7</sup>

C2.9.2.1. General policies and procedures governing hazardous materials and waste disposal within the Department of Defense are prescribed by [DoD 4160.21-M](#), "[Defense Materiel Disposition Manual](#)," August 18, 1997. DLA Disposition Services (formerly the Defense Reutilization and Marketing Service) is authorized to bill for these services under interfund billing procedures and will use the Billing For Decentralized, Noncatalogued, and Nonstocked Items billing record.

C2.9.2.2. Requestors of services wanting to dispose of hazardous waste and materiel must follow the procedures in DoD 4160.21-M and Chapters 3 and 5 of [MILSTRIP DLM 4000.25-1](#). These procedures require preparation of a disposal turn-in document (DTID) in accordance with instructions prescribed by MILSTRIP<sup>8</sup> and provide it to the DLA Disposition Services Field Office (formerly Defense Reutilization and Marketing Office (DRMO)). The DLA Disposition Services Field Office will provide the generator with a receipt copy of the DTID at the time of turn-in.

### C2.9.3. Hazardous Waste Disposal

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

C2.9.3.2. The DLA Disposition Services Field Office will provide the generator with copies of the disposal manifest ([DD Form 1155](#)) and any modifications

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

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

as the disposal request is executed and modifications are agreed to. The DLA Disposition Services Field Office will also provide the generator with a certified copy of disposal for each DTID. Generators must advise their servicing finance office when estimated amounts obligated at the time of turn-in or execution are lower than actual amounts indicated on these documents.

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

#### C2.9.4. Hazardous Materiel Disposal

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

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

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

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

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

## C2.10. GENERAL SERVICES ADMINISTRATION UNIQUE BILLINGS

### C2.10.1. Automotive Vehicles

C2.10.1.1. GSA is authorized to use the interfund billing system to invoice DoD activities for automotive vehicles purchased under a category one (reimbursable) MIPR. DoD activities submitting a MIPR must do so in accordance with paragraph 8.7008 of the DoD Supplement to the Federal Acquisition Regulation, which requires activities to provide DLMS requisition data for each line-item to be delivered to each ship-to address.

C2.10.1.2. For purposes of identifying and validating charges, GSA will support interfund billings for automotive vehicles with a single line item billing register. The register must show, in addition to the information shown on the billing record, the full MIPR number under the columns headed "STOCK NUMBER."

### C2.10.2. GSA Customer Supply Center Billing Procedures

C2.10.2.1. GSA bills DoD customers for Customer Supply Center (CSC) billings using either a customer provided MILSTRIP document number or a constructed pseudo-document number. The document number is constructed from the ordering DoDAAC of the customer provided at the time the account was opened, the Julian day the order was placed, and the last four positions of the ticket number. GSA will treat all line items requisitioned as a single order, with or without multiple line items, and bill for the order under the constructed document number if the customer doesn't provide a MILSTRIP document.

C2.10.2.2. GSA CSC interfund bills will be supported by the GSA CSC Billing record.

C2.10.2.3. Noninterfund bills will be supported by the Single Line Item Billing Register. The register must include the customer provided MILSTRIP document number in the stock number field.

C2.10.2.4. GSA offers its customers the option of having its CSC billings billed to a Government purchase card. Activities having difficulties with interfund or [SF 1080](#) billings of CSC supplies may want to consider this option.

## C2.11. ARMY EXCHANGE PRICING PROCESS

C2.11.1. The Army interim approach to the Exchange Pricing interim is a multi-system functionality implementation. Exchange Pricing employs a dual pricing system for a repairable NSN item based upon Standard Price (latest acquisition cost plus recovery rate) and Exchange Price (latest repair cost plus cost recovery rate) and a "buy one–return one" relationship with the customer (i.e., a qualified exchange pricing customer buys at the EXCHANGE PRICE and pays a penalty if a reparable is not

turned-in within a specified period of time from the issue date). This process is applicable to Army customers and Army-managed materiel only; other Services will continue to pay Standard Price and receive 65 percent credit exchange upon receipt of carcass by the Army Primary Inventory Control Activity (PICA).

C2.11.2. Once an item of supply is identified for a national repair program and the National Item Identification Number (NIIN) has an established Exchange Price, all requisitions for the items will be priced at the Exchange Price if the customer is an authorized Exchange Price customer.

C2.11.3. When a requisition submitted to the Supply Support Activity (SSA) is processed by the Standard Army Retail Supply System (SARSS), SARSS will determine if both the customer DoDAAC is an Exchange Price customer, and the NIIN has an established Exchange Price indicator. As this transaction is processed through the Army supply system, middleware, Funds Control Module (including Exchange Price Tracking) Defense Automatic Addressing System (DAAS), Commodity Control Supply System (CCSS), and Army Logistics Modernization Program (LMP), the Exchange Price indicator will be used to identify the transaction as Exchange Price related. All the legacy systems will continue processing the MILS transactions; LMP will process DLMS transactions that are converted by DLA Transaction Services.

C2.11.4. All related supply transactions prepared by the Army will carry and perpetuate the Exchange Price Indicator. The following transactions will be impacted as a result of the Exchange Price implementation: Requisition; Requisition Modifier; Requisition Follow-up; Materiel Release Order; and Supply Status. The returns process will also process Exchange Price related transactions. The Materiel Receipt transaction will be generated by SARSS for all returns of Exchange Price NIINs, and will include an Exchange Price Type of Credit indicator for Unserviceable credit when applicable and an Exchange Price Conversion Indicator to identify the need to provide credit according to the pre Exchange Price credit policy, which will last for 60 calendar days following Exchange Pricing implementation.

C2.11.5. If the return has an un-repairable condition code or the item is not returned within the established timeframe (Delta Delay Days), the national level systems (LMP, CCSS) will create an obligation adjustment based on the receipt from Middleware Funds Control Module of a Materiel Returns Supply Status (Delta Bill Trigger) transaction. As a result of processing the delta bill trigger the national systems will create the logistics/interfund bill transaction with an Exchange Price Indicator and Type Bill code to identify the specific type of Exchange Price bill to the Army financial system.

## C2.12. NAVY EXCHANGE PRICING PROCESS

C2.12.1. The Navy uses a two tier pricing system for selling Depot Level Repairable (DLR) materiel to Navy customers. The Navy sells DLRs to other Services at full (standard) price and then provides carcass value credit when the carcass is

returned. This is the same method the Air Force and Army use when selling repairable items to the Navy. The Standard Price is the price representing the full value of the DLR item, and is the price charged when a Not Ready For Issue (NRFI) unit (also referred to as a 'Carcass') is not turned in. The Net Price (also referred to as Exchange Price) is the price that includes the cost of repairing a DLR item, and is the price charged to customers when a NRFI unit has been or will be turned in. Navy customers indicate on their requisitions whether a NRFI unit is available for turn in via the Advice Code, and they are then charged Net or Standard Price accordingly.

C2.12.2. Received requisitions indicating that a carcass will be returned are tracked in the Navy's Carcass Tracking System. This system monitors these requisitions and matches them with carcass returns as they occur. This system also generates follow ups to customers who have not returned their carcasses as promised. Ultimately, the system will trigger an additional charge to the customer if the carcass is not returned. Navy uses the term "Carcass Charge" for this additional billing, which represents the difference in value between Standard Price and Net (Exchange) Price. This additional billing is also referred to as a Delta Bill. If the customer returns the carcass after receiving the Carcass (Delta) Bill, then the additional billing is reversed, resulting in a Carcass Charge Reversal (Credit Delta Bill). Navy customers may also return excess DLRs for credit. The credit can be Standard, Net, or Carcass value.

C2.12.3. Under legacy format Defense Logistics Standard Systems (DLSS)/MILSBILLS billing, the Navy ICPs use the Sales Price Condition Code to indicate to customers that a bill is either Net (Exchange) Price or Carcass (Delta) Price. Once operational, the Navy's ERP will replace the Navy ICP's DLSS/MILSBILLS billing system with a DLMS based system. Since DLMS does not utilize a Sales Price Condition Code, Navy will use a combination of Stock Exchange Code and Type of Bill Code to indicate on the bill whether the price charged is Standard, Net, or Carcass price. DAAS will convert Navy bills back to DLSS/MILSBILLS format for any Navy customers unable to accept DLMS formats.

**C2.13. INCLUSION OF TRANSPORTATION CONTROL NUMBERS ON DLMS LOGISTICS BILLS.** Suppliers may bill on partial shipments with identical quantities under the same document number, which makes the bills appear as duplicates. Including the Transportation Control Number (TCN) on the DLMS Logistics Bill will resolve that problem. Partial shipment codes are part of the TCN structure in accordance with [DTR 4500.9-R](#), "Defense Transportation Regulation". Accordingly, reporting activities will include the TCN in DLMS Logistics Bill transactions. This is a DLMS enhancement, which may be implemented without prior authorization.

## **C6. CHAPTER 6**

### **DEFENSE AUTOMATIC ADDRESSING SYSTEM**

C6.1. GENERAL. This chapter describes Defense Logistics Management System (DLMS) Finance related procedures and processes for the Defense Automatic Addressing System (DAAS). DLM 4000.25-4, "Defense Automatic Addressing System" provides additional information regarding support furnished by Defense Logistics Agency (DLA) Transaction Services.

#### **C6.2. MILITARY STANDARD BILLING SYSTEM PROCESSING**

##### **C6.2.1. Requirement to Route Bills to DAAS**

C6.2.1.1. As indicated in Chapter 2, sellers will route all interfund and automated "G" series noninterfund billing records to DAAS for editing, retention, and further routing to billed offices.

C6.2.1.2. Only interfund bills passing MILSBILLS prescribed edits and routed by DAAS are eligible for reporting to the Treasury Department and interfund reimbursement.

C6.2.1.3. All billing records will be electronically routed to DAAS.

##### **C6.2.2. Bill Editing**

C6.2.2.1. DAAS must edit and reject any bill that fails any of the following edits:

C6.2.2.1.1. The record count (positions 5-7 of the legacy 80 column card format) of the summary billing record equals the actual count of the supporting detail billing records.

C6.2.2.1.2. The bill-to Department of Defense Activity Address Code (DoDAAC) (positions 30-35) of the summary billing record is a valid DoDAAC, and is authorized for use as a bill-to party in accordance with the DoDAAC authority code, as outlined in DoD 4000.25, "Defense Logistics Management System" Volume 6 (DoD Logistics Systems Interoperability Support Services), Chapter 2 – Department of Defense Activity Address Directory. Note that DoDAACs are deleted to prevent requisition transactions from being processed through DLA Transaction Services. Once the delete effective date has passed, the record is physically removed from the master file, and bills with the bill-to authorized in accordance with the DoDAAC authority code will not reject as invalid during this period. After the five year period, deleted DoDAACs are removed from the DLA Transaction Services database, and subsequent bills will reject as invalid DoDAACs.

C6.2.2.1.2.1. The bill-to DoDAAC of the summary billing record is authorized for use as a bill-to party. An unauthorized United States Air Force (USAF) bill-to activity is identified by its structure.

C6.2.2.1.2.1.1. DoDAAC begins with FT or FF indicating a non-appropriated funded activity,

C6.2.2.1.2.1.2. DoDAAC begins with FA or FY, or

C6.2.2.1.2.1.3. The first position of the DoDAAC is an "F", followed by one numeric character in position two, and an alpha character in position three.

C6.2.2.1.3. The amount (positions 65-73) of the summary billing record equals the sum of the amounts (positions 65-73) of the supporting billing records.

C6.2.2.1.4. The bills are identified as interfund and authorized to be billed under interfund procedures.

C6.2.2.1.5. The bill-to is one of the following F numeric or F numeric alpha DoDAACs.

C6.2.2.1.5.1. F (Numeric) (Numeric) (Numeric) (Numeric)  
(Numeric)

C6.2.2.1.5.2. F (Numeric) (Numeric) (Numeric) (Numeric) (Alpha)

C6.2.2.1.5.3. F (Numeric) (Numeric) (Alpha)

C6.2.2.1.5.4. FA series

C6.2.2.1.5.5. FF series

C6.2.2.1.5.6. FT series.

**C6.2.2.1.6. Discrete values for the Standard Line of Accounting<sup>1</sup> data elements in the 810L logistics bill match data elements from the SFIS Fund Code to Fund Account Conversion Table for the Fund Code in the 810L.**

C6.2.2.2. Rejected bills will be returned to the originator or originating communications center with a narrative description indicating the reason for rejection.

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<sup>1</sup> *Joint Deputy Chief Management Officer and Under Secretary of Defense (Comptroller) Chief Financial Officer memorandum of September 14, 2012, subject "Department of Defense Standard Line of Accounting/Accounting Classification."*

C6.2.2.2.1. Originators may retrieve any rejected bills within one hour of original submission to DAAS. When appropriate, billing offices will correct and resubmit rejected bills.

C6.2.2.2.2. Billing offices **must** ensure that adjustments for rejected billings are properly recorded in their seller accounting records.

C6.2.2.3. Upon successful completion of the bill edits, DLA Transaction Services will:

C6.2.2.3.1. Route billings to the billed office by the best available means.

C6.2.2.3.2. Ensure that electronically routed bills are routed to the billing communications routing identifier (COMMRI) code assigned to the billed office DoDAAC.

C6.2.2.3.3. Ensure that non-electronically routed bills are mailed to the clear-text address of the billed DoDAAC identified for billing.

C6.2.2.4. DAAS will forward images of interfund summary billing records to the seller's Central Accounts Office (CAO).

C6.2.3. Bill Retention. DLA Transaction Services must retain a copy of non-security assistance bills for two years and security assistance bills for four years after initial routing.

### C6.3. BILL COPY RETRIEVAL

C6.3.1. Copies of bills may be retrieved in any of the following ways:

C6.3.1.1. MILSINQ. Images of bills may be retrieved from DAAS through their web-based MILSBILLS Inquiry (MILSINQ) process. See section C6.5.

C6.3.1.2. Retransmission Request. Bills may also be retrieved from DAAS by submitting a Request for Retransmission of Interfund Bill (DLMS 812R/Document Identifier Code (DIC) QB1).

C6.3.1.2.1. DLA Transaction Services will retransmit a copy of all bills matching the billing office DoDAAC and bill number provided on the request. Although unlikely, it is possible that DLA Transaction Services will find and retrieve a current and prior year bill matching the prescribed retransmission criteria.

C6.3.1.2.2. The retransmission request may also be requested via the Internet as part of the MILSINQ process.

C6.3.1.3. Telephone Request. DLA Transaction Services will accept telephone requests (937-656-3247 or DSN 986-3247) for copies. Telephone requests are limited to no more than five bills and the service will be terminated if abused.

C6.3.2. Only copies of bills routed by DAAS and within the record retention period may be retrieved through the methods described in C6.3.1 above. However, whenever DAAS does not find a matching bill, it will create and forward a request for copy of bill (DLMS 812R/DIC FAE billing record, with Billing Advice code 41) to the billing office.

C6.3.2.1. Billing offices failing to respond to requests for copies of interfund bills received within the record retention period will be directed by their Service or Agency headquarters to reverse the billing. Billed offices will 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 the bill(s).

C6.3.2.2. Forward a billing adjustment reply (DLMS 812L, DIC FAR) with Billing Status code DA to advise the requesting office that they have referred their bill retransmission (copy) request to the seller.

C6.4. FUND CODE TABLES. Fund code tables appear on the Defense Logistics Management Standards Website [www.dla.mil/j-6/dlms/eLibrary/manuals/dlm/v4.asp](http://www.dla.mil/j-6/dlms/eLibrary/manuals/dlm/v4.asp).

#### C6.5. MILITARY STANDARD BILLING SYSTEM INQUIRY PROCESS

##### C6.5.1. General MILSINQ Information

C6.5.1.1. MILSINQ is a process established by DLA Transaction Services to allow its customers to remotely query the DAAS MILSBILLS database as an alternative to the DLMS 812R and DIC QB1 retransmission (send a copy of the bill to me) means of obtaining billing information from DAAS. MILSINQ may also be used for the Military Standard Requisitioning and Issue Procedures (MILSTRIP) materiel obligation validation process.

C6.5.1.2. Bills may be queried by the billing DoDAAC or billed DoDAAC and may be narrowed to a particular billing month or bill.

C6.5.1.3. Once identified, the bills can be viewed, printed, saved to a local PC, or retransmitted (copy sent by DAAS to a designated recipient).

C6.5.1.4. The MILSINQ Website<sup>2</sup> is <https://www2.transactionservices.dla.mil/milsinq>. Users will generally be logged off systems after 5 minutes of idle time.

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<sup>2</sup> If the application is not accessible from your browser, contact your local Internet support office for assistance in configuring your telnet application for your browser.

## C6.6. MILITARY STANDARD BILLING SYSTEM-RELATED REPORTS

### C6.6.1. Introduction

C6.6.1.1. As part of its logistics information data services, DAAS accumulates data from MILSBILLS records it routes and generates reports for MILSBILLS use. The reports cover the preceding 12 months.

C6.6.1.2. The following MILSBILLS-related reports are available from <https://www2.transactionservices.dla.mil/milsing>:

C6.6.1.2.1. Interfund billing adjustments by billing office (Routing Identifier Code (RIC) sequence).

C6.6.1.2.2. Interfund bills by billed office (DoDAAC sequence).

C6.6.1.2.3. Interfund bills by billed office (DoDAAC within Service).

C6.6.1.2.4. Interfund bills by billing office (DoDAAC within Service).

C6.6.1.2.5. Interfund bills by billing office (RIC sequence).

C6.6.1.2.6. Interfund bills by route to COMMRI (COMMRI sequence).

C6.6.1.2.7. Interfund bills rejected by DLA Transaction Services (RIC sequence).

C6.6.1.2.8. Interfund bill retransmission requests.

C6.6.1.2.9. In-storage Visibility Redistribution (ISVR) credit report 'Lateral Redistribution.'

C6.6.1.2.10. Rejected interfund bills by billed office (Service sequence).

C6.6.1.2.11. Rejected interfund bills by billing office (DoDAAC within Service).

### C6.6.2. Interfund Billing Adjustments By Billing Office Routing Identifier Code

C6.6.2.1. This report provides each billing office RIC with data related to billing adjustment requests and responses. With the exception of DIC QB1, all adjustment requests processed by DAAS during the indicated reporting month and year are included. Figure C6.F1 shows an example of this report.

Figure C6.F1. Interfund Billing Adjustment Example

1		DECEMBER 1999				LIDS REPORT OF BILLING ADJUSTMENTS BY BILLING OFFICE					PAGE 2	
BILLING RI CODE	TOTAL REQUESTS	NUMBER REQUESTS BY BILLING ADVICE CODE				TOTAL REPLIES	NUMBER OF REPLIES BY BILLING STATUS CODE					OTHER
		(19 / 41)	(21/24/26)	(34)	OTHER		(AH / DF)	(CA / DH)	(DG)	(EL 12)		
FHC	6		6									
FHE	100		97	1	2							
FLB	4		4									
FLG	2		2									
FLI	185		161	11	13							
FPB	6		6									
FPD	12		12									
FPX	2		2									
FPZ	104		99	7	4							
FZZ	2		2									
F TOTAL	567		496	24	47							
G13	1			1								
G69	7			5	2							
G80	42			1	41	41			2			29
GFO	12			4	8	13			7			6
GGO	212				212	204						204
GK0	1				1							
GN0	4			2	2	13			11			2
GN3	2			2								
GP0	6				6							
G31	1		1			1			1			
G3A	5,509		81	5,221	207	12,909			12,796	21		151
GT0	2				2	2						2
G TOTAL	5,799		82	5,236	481	13,183			12,757	21		404
H16	44				44							
H TOTAL	44				44							
M88	179					179						
M8E	27			18	9							
M8B	192				188	4						
MPE	232		2		213	17						
M TOTAL	630		2		413	209						
N32	573		1	104	468	581			20			561

C6.6.2.2. Total number of requests and replies are provided for each billing RIC, with subtotals for each listed RIC series (first position of RIC) and a grand total for the report. Request details include numbers by advice code groupings and reply details include numbers by billing status code groupings.

C6.6.3. Interfund Bills By Billed Office. This report provides each billed office (BILLED DODAAC) with the number of interfund bills (NO. BILLS), the number of detail billing records (NO. DETAILS) that supports the bills, and the value (\$ VALUE) of interfund bills processed by DAAS during the report month. The report provides a page break, a total (SUBTOT) for each service, and a total (TOTAL) for the report. Figure C6.F2 shows an example of this report.

Figure C6.F2. Interfund Bills by Billed Office Example

1DECEMBER 1999 LIDS REPORT OF INTERFUND BILLS BY BILLED OFFICE					PAGE	1
BILLING						
RI CODE	NO. BILLS		NO. DETAILS		\$	VALUE
194212	1		54			2,472.42
-SUBTOT	1		54			2,472.42
1DECEMBER 1999 LIDS REPORT OF INTERFUND BILLS BY BILLED OFFICE					PAGE	2
BILLING						
RI CODE	NO. BILLS		NO. DETAILS		\$	VALUE
CL0KX1	1		16			2,044.67
-SUBTOT	1		16			2,044.67
1DECEMBER 1999 LIDS REPORT OF INTERFUND BILLS BY BILLED OFFICE					PAGE	3
BILLING						
RI CODE	NO. BILLS		NO. DETAILS		\$	VALUE
F02000	20		152			2,218,452.27
F04406	21		100			2,675,259.23
F2570H	9		42			526,524.95
F60700	15		68			1,899,856.28
F72300	14		72			724,289.81
F75800	2		2			567.12
FA2302	50		102			265,292.51
FB2027	9		20	-		20,082.47
FB2029	7		61			12,049.52
FB2037	9		64			13,122.88
FB2039	5		14			7,521.66

C6.6.4. Interfund Bills By Billing Office. This report provides each billing office (BILLING RI CODE) with the number of interfund bills (NO. BILLS), the number of detail billing records (NO. DETAILS) that support the bills, and the value (\$ VALUE) of interfund bills processed by DAAS during the report month. The report provides a page break, a total (SUBTOT) for each Service, and a total (TOTAL) for the report.

C6.6.5. Interfund Bills Rejected By DAAS. This report identifies, in a summarized form for each billing office, the number, value, and reasons why interfund bills were rejected by DLA Transaction Services. Figure C6.F3 shows an example of this report.

Figure C6.F3. Interfund Bills Rejected Example

1 DECEMBER 1999		LIDS REPORT OF INTERFUND BILLS REJECTED BY D&S/C					PAGE 1	
BILLING	--- \$ VALUE OF SUMMARY ---	--- CC 5-7 NOT EQUAL ---		--- CC 30-35 NOT ---		--- T O T A L S ---		
RI CODE	NOT EQUAL TO DETAILS	TO DETAILS		IN DOD&F				
	NUMBER	\$ VALUE	NUMBER	\$ VALUE	NUMBER	\$ VALUE	NUMBER	\$ VALUE
AK2					1	10,475.41	1	10,475.41
AK3			3	22,955.67			3	22,955.67
BL6					1	1,492.92	1	1,492.92
B46					2	15,496.86	2	15,496.86
CO8					1	76.03	1	76.03
CB6			2	22,212.78	1	545.00	3	22,767.78
CK0					1	1,047.23	1	1,047.23
MPB			1	3,822.78			1	3,822.78
M32					3	22,480.00	3	22,480.00
M35					2	9,482.50	2	9,482.50
MB2					19	31,817.94	19	31,817.94
MD2					50	56,460.14	50	56,460.14
MM2					27	50,116.88	27	50,116.88
MUA					7	1,123.52	7	1,123.52
MU2					1	3,218.42	1	3,218.42
MZ2					10	704.24	10	704.24
PL2					7	2,756.22	7	2,756.22
PT2					19	6,887.27	19	6,887.27
S9D	1	492.10					1	492.10
S9P					1	821.90	1	821.90
SCA					1	26,347.23	1	26,347.23
- TOT	1	492.10	6	50,091.23	154	100,379.45	161	149,978.58

C6.6.6. Interfund Bill Retransmission Request. This report summarizes the number of interfund bill retransmission requests and outcomes for the requests by billing RIC. Figure C6.F4 shows an example of this report.

Figure C6.F4. Interfund Bill Retransmission Request

1 DECEMBER 1999		LIDS REPORT OF INTERFUND BILL RETRANSMISSION REQUESTS PAGE 1			
RECIPIENT	DOD&F	TOTAL REQUESTS	# RETRIEVED	# UNWATCHED	# REJECTED
062ANG		3	3		
074LSD		11	11		
081KJK		10	10		
- TOTAL		24	24		
1 DECEMBER 1999		LIDS REPORT OF INTERFUND BILL RETRANSMISSION REQUESTS PAGE 2			
RECIPIENT	DOD&F	TOTAL REQUESTS	# RETRIEVED	# UNWATCHED	# REJECTED
F03700		5	5		
F26100		15	15		
F62300		5	5		
F69400		7	7		
F71600		9	9		
F74800		7	7		
F91111		233	233		
F92903		1	1		
- TOTAL		338	338		
- GRAND TOT		362	362		

C6.6.7. Interfund Bills By Route-To COMMRI Code. This report provides a monthly summary of interfund bills by "route-to" COMMRI code for bill route by DAAS, the number of interfund bills (NO. BILLS), number of detail billing records (NO. DETAILS), and the dollar value of the bills (DOLLAR VALUE) are summarized by Service for each billed-to DoDAAC (BILLED DODAAC) within a communications office to which bills are routed (COMMRI) by DAAS during a month.

C6.6.8. In-storage Visibility Redistribution Credit Report. This is a report of laterally redistributed materiel and ISV procurement offset reimbursements. It shows the number and dollar value of credits for materiel, transportation, packing, crating, and handling by DoDAAC and/or RIC receiving the credit. See Figure C6.F5 for an example of this report.

Figure C6.F5. In-storage Visibility Redistribution Credit Report

ISVR CREDIT REPORT FOR DECEMBER 1999				PAGE 1					
PART A - LATERAL REDISTRIBUTION									
DODAAC	RIC	----- MATERIEL (PD2) -----		----- TRANS (FQ2) -----		----- PCH (FR2) -----		TOTALS	
		L/I	\$ VALUE	L/I	\$ VALUE	L/I	\$ VALUE		
	ANK	0	0.00	26	2,996.14	26	1,392.72	72	4,388.87
	E14	0	0.00	8	558.38	8	541.35	16	1,199.73
	E16	0	0.00	21	1,300.86	21	1,805.22	62	2,506.09
	E17	0	0.00	18	2,886.42	18	2,749.90	26	6,636.32
	B64	0	0.00	7	861.24	6	845.22	13	1,706.57
	TOTAL	0	0.00	100	8,703.05	99	7,735.54	199	16,438.59
0156K6	ANK	2	735.00	0	0.00	0	0.00	2	735.00
	TOTAL	2	735.00	0	0.00	0	0.00	2	735.00
02561Q	ANK	2	328.00	0	0.00	0	0.00	2	328.00
	TOTAL	2	328.00	0	0.00	0	0.00	2	328.00
02162G	E16	5	254.38	0	0.00	0	0.00	5	254.38
02162G	E17	1	12,027.00	0	0.00	0	0.00	1	12,027.00
02162G	B64	7	76,139.00	0	0.00	0	0.00	7	76,139.00
	TOTAL	13	88,480.38	0	0.00	0	0.00	13	88,480.38
02162H	E16	2	566.00	0	0.00	0	0.00	2	566.00
	TOTAL	2	566.00	0	0.00	0	0.00	2	566.00
022M7N	ANK	13	98,280.00	0	0.00	0	0.00	13	98,280.00
022M7N	E14	1	24,072.00	0	0.00	0	0.00	1	24,072.00
022M7N	E16	2	6,720.00	0	0.00	0	0.00	2	6,720.00
	TOTAL	23	129,072.00	0	0.00	0	0.00	23	129,072.00
022M7P	E17	4	46,480.00	0	0.00	0	0.00	4	46,480.00
	TOTAL	4	46,480.00	0	0.00	0	0.00	4	46,480.00
024XC5	ANK	2	2,895.46	0	0.00	0	0.00	2	2,895.46
024XC5	E14	2	1,769.32	0	0.00	0	0.00	2	1,769.32

C6.6.9. Rejected Interfund Bills by Billing Office (Service Sequence). This report provides a listing of interfund bills that failed MILSBILLS prescribed DAAS edits. These bills were returned by DLA Transaction Services to the billing office. The report identifies bills by billing office and identifies the billed DoDAAC, bill number, and dollar value. See Figure C6.F6 for an example of this report.

Figure C6.F6. Rejected Bill by Billing Office

1 DECEMBER 1999 REJECTED INTERFUND BILLS BY BILLING OFFICE						PAGE	6
SERVICE	BILLING OFFICE	BILLED DOD&AC	BILL NUMBER	DOLLAR VALUE	BILLING MESSAGE		
	N69117	R52841	Y1258 -	1,677.47			
	N69117	R52841	Y1259 -	11,450.62			
	N69117	R52841	Y1260 -	5,279.92			
	N69117	V21091	Y1455	450.60			
	N69117	V21525	Y1496	16,599.10			
0		TOTAL FS	7 -	1,123.53			
0		SUBTOT	145	45,156.87			
1 DECEMBER 1999 REJECTED INTERFUND BILLS BY BILLING OFFICE						PAGE	7
SERVICE	BILLING OFFICE	BILLED DOD&AC	BILL NUMBER	DOLLAR VALUE	BILLING MESSAGE		
DLA	3E0700	B	D0001	26,347.23			
0		TOTAL FS	1	26,347.23			
	3C0303	GN4ELE	9JBA	821.90			
0		TOTAL FS	1	821.90			
	3C4400	CL09K	WR005 -	492.10			
0		TOTAL FS	1 -	492.10			
0		SUBTOT	2	26,637.03			
1 DECEMBER 1999 REJECTED INTERFUND BILLS BY BILLING OFFICE						PAGE	8
SERVICE	BILLING OFFICE	BILLED DOD&AC	BILL NUMBER	DOLLAR VALUE	BILLING MESSAGE		
OTHER	476420	N68342	Y6827	1,047.23			
0		TOTAL FS	1	1,047.23			

C6.7. OTHER DEPARTMENT OF DEFENSE ACTIVITY ADDRESS CODES AUTHORIZED INTERFUND

C6.7.1. DLA Transaction Services will edit service code H requisitions to ensure that interfund procedures are appropriate for the requisitioner. Other DoD Components' requisitions for which interfund billing is appropriate are those in which the requisitioning DoDAAC is identified as authorized interfund billing. See Appendix AP1 for more information.

C6.7.2. If necessary, DLA Transaction Services will change the fund code cited on other DoD Components' requisitions to XP when the H-Series requisitioning DoDAAC is not identified as authorized interfund billing.

C6.7.3. Other DoD Components may add their DoDAAC (to allow for interfund billing) or delete a listed DoDAAC (mandatory noninterfund billing). To request a

change, **contact the H Series Fund Code Monitor** at <https://www2.dla.mil/j-6/dlms0/CertAccess/SvcPointsPOC/allpoc.asp>.

## **C7. CHAPTER 7**

### **VERIFICATION OF FUNDS AVAILABILITY FOR REQUISITIONS SUBMITTED VIA INTERNET ORDERING APPLICATIONS**

C7.1. **IMPLEMENTING FUNDS AVAILABILITY VERIFICATION.** Internet ordering applications that accept Military Standard Requisitioning and Issue Procedures (MILSTRIP) requisitions dependent upon interfund billing procedures (e.g., DoD EMALL, General Services Administration (GSA) Advantage/GSA Global) must implement Defense Logistics Management **Standards** (DLMS) procedures for verification of Component funds availability. Components will establish procedures to process the request for verification of funds availability and ensure subsequent establishment of a financial obligation.<sup>1</sup>

C7.1.1. DoD Components may authorize manual recording of the financial obligation by the customer as a separate action until an automated interface between the ordering application and a Component-sponsored financial system is available.

C7.1.2. Where an interface is not available, external ordering applications must alert users to comply with their Component-directed financial procedures.

***C7.1.3. The core function of this process is the verification of funds availability and creation of the associated financial obligation. However, when transmitted to an enterprise resource program (ERP) the funds availability request may be used to support additional processing such as validation of authorized requisitioners or materiel and preparation of the due-in record to support receipt processing.***

C7.2. **FUNDS AVAILABILITY REQUEST.** The Verification of Funds Availability Request will be ***transmitted via the DLA Transaction Services gateway for synchronous***, online, real-time processing in the format prescribed at **Appendix 3**. ***Ordering application transactions will cite the DLA Transaction Services URL followed by the applicable Service system communications routing identifier (COMMRI) to designate desired routing. The DLA Transaction Services gateway will act as a forward proxy server between the initiating system and the destination system.***<sup>2</sup>

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<sup>1</sup> Implementation is limited to interfaces between DoD EMALL and GSA Advantage/GSA Global and the Army Funds Control Module (FCM), **GCSS-Army**, and the Marine Corps **SABRS** financial application. Additional Component interfaces are projected under future phases. Refer to ADC 328 **and** ADC 1068.

<sup>2</sup> ***The FCM direct interface established under ADC 328 will be retained pending transition of Army activities to GCSS-Army. Upon full transition to GCSS-Army, the FCM interface will be terminated.***

C7.3. **BUSINESS RULES.** Business rules for processing the Verification of Funds Availability Request are as follows.

C7.3.1. Ordering applications will not send requisitions, requisition modifications, and requisition follow-ups to the Source of Supply (SoS) until the funds availability check is completed **and** positive confirmation is received.

C7.3.2. The Verification of Funds Availability Request **will** be forwarded to the Army when the requisition identifies an Army DoDAAC in either the document number or **bill to** (supplemental address **or associated with the fund code**). **Pending full deployment of the Global Combat Support System (GCSS)-Army, the internet ordering application must identify the applicable Army financial system to which the request must be transmitted. GCSS-Army activities may be identified by the requisitioner and/or bill-to activity's bill-to COMMRI. All other Army activities will default to the Funds Control Module interface. Only W-series Army DoDAACs will be eligible for the funds verification process.**

**C7.3.3. The Verification of Funds Availability Request will be forwarded to the Marine Corps Standard Accounting, Budgeting and Reporting System (SABRS) when the requisition identifies a Marine Corps DoDAAC as the bill-to. Only M-series Marine Corps DoDAACs will be eligible for the funds verification process. The initiating system will designate SABRS by citing the COMMRI applied for this purpose.**

**C7.3.4. The ordering application will determine appropriate routing and populate the applicable COMMRI in the transaction passed to the DLA Transaction Services gateway. When communication with multiple Services (or both Army systems) is required, a separate transaction will be prepared for each.**

**C7.3.5. The funds verification process is not applicable to free-issue requisitions.**

C7.4. **FUNDS AVAILABILITY REPLY.** The Verification of Funds Availability Reply will be **transmitted via the DLA Transaction Services gateway** for **synchronous**, online real-time processing in the format prescribed at **Appendix 3. The responding Service system will provide the response content to DLA Transaction Services acting as the forward proxy server. DLA Transaction Services will use the existing open connection to forward the response content to the ordering application.**

C7.5. **BUSINESS RULES.** Business rules for processing the Verification of Funds Availability Reply are as follows.

**C7.5.1. The Service financial application will respond to all Verification of Availability Requests within 30 seconds of receipt.**

**C7.5.2. When the internet ordering system transmits a Verification of Funds Availability Request to two Service systems simultaneously (because the requisitioner and the bill-to are associated with different systems), the requisition will not be processed until both Service systems provide a Verification of Funds Availability Reply. If both contain a positive (alpha) funds verification reply code, the requisition may continue processing. If either contains a negative (numeric) funds verification reply code, the requisition will not be released for further processing. Display the negative code/text for the customer to clarify the reason the requisition has not been accepted.**

**C.7.6. PROCESSING MULTIPLE LINE ITEMS.** When multiple line items are included in the customer's "shopping cart," they will be processed for funds verification as individual requisitions in succession by sequence<sup>3</sup> described below, thereby allowing funds to be applied appropriately should there be insufficient funds for the entire "cart." The sequence will be:

C7.6.1. Priority Designator (PD).

C7.6.2. OSD/JCS project codes.

C7.6.3. Special Requirements Code 999 and PD 01-03.

C7.6.4. Special Requirements Code N (NMCS) (PD 01-08).

C7.6.5. Special Requirements Code E (ANMCS) (PD 01-08).

C7.6.6. Special Requirements Code 555 and PD 01-08.

C7.6.7. Required Delivery Date.

**C7.7. VERIFICATION OF AVAILABILITY REPLY CODE.** The receiving DoD Component will verify funds availability and provide the applicable reply code.

C7.7.1. Under the following criteria, the requisition will be considered acceptable for further processing by the Internet ordering application and forwarding to the SoS by citing an alpha Funds Verification (FV) Reply Code.

C7.7.1.1. If funds are available for the bill-to DoDAAC and no error conditions exist, the requisition will be authorized for continued processing, the funds available balance decremented, and the applicable financial obligation established. Cite FV Reply Code A.

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<sup>3</sup> Sequencing rules are based upon those established for demand sequencing under MILSTRIP Chapter 3, paragraph 3.1.2. These rules deviate from demand sequencing to include use of the RDD.

C7.7.1.2. If the bill-to DoDAAC is determined under internal Component procedures as not applicable to the funds verification process (e.g., funded by an alternative funding source, which the Component is not able to verify), the requisition will be authorized for continued processing with no action. Cite FV Reply Code B.

C7.7.1.3. If the bill-to DoDAAC is not identified in the **Verification of Funds Availability Request** due to procedures for third-party billing (bill-to DoDAAC associated with the Fund Code/Signal Code C or L), and the funds verification cannot be **accomplished**, but no error condition exists, the requisition will be authorized for continued processing with no action. Cite FV Reply Code D.

C7.7.1.4. If the unique message identification number (control number) assigned for the **request** is a duplicate of a previously processed funds availability request, but funds are available, the requisition will be authorized for continued processing. Cite Funds Verification (FV) Reply Code E.

C7.7.1.5. Under Component-directed procedures, requisitions may be forwarded for funds verification even where the requisitioner's Component is not responsible for reimbursement to the SoS, (e.g., a requisition with an Army requisitioner and a Navy bill-to activity). If the bill-to DoDAAC is identified as another Component, but the requisitioner DoDAAC does not have funds available, no action will be taken by the requisitioner's financial application and the requisitioner will be asked to confirm that correct information is used in the requisition and an obligation has been recorded by the bill-to Component. Cite FV Reply Code G. The customer may choose to continue or abort processing (subject to bill-to activity's funds verification processing, when available).

**C7.8. CRITERIA FOR UNACCEPTABLE REQUISITION PROCESSING.** Under the following criteria, the requisition will not be considered acceptable for further processing by the Internet ordering application by citing a numeric Funds Verification (FV) Reply Code.

C7.8.1. If funds are not available for the bill-to DoDAAC, the requisition will not be authorized for further processing. Cite FV Reply Code 1.

C7.8.2. If the bill-to DoDAAC is not authorized under Component procedures as a valid bill-to DoDAAC, the requisition will not be authorized for further processing. Cite FV Reply code 2.

C7.8.3. If the Fund Code is not recognized and acceptable to the billed Component, the requisition will not be authorized for further processing. Cite FV Reply Code 3.

**C7.8.4.** If the requisition document number (or document number/suffix) is a duplicate of a previously established obligation, the requisition will not be authorized for further processing. Cite FV Reply Code 4.

**C7.8.5.** *If the requisitioner DoDAAC is not authorized to order the specified materiel under Component procedures, the requisition will not be authorized for further processing. Cite FV Reply Code 6.*

**C7.8.6.** *If the Service system requires prior establishment of authorized commercial and government entity (CAGE) Code associated with part numbered materiel and the CAGE is not recognized by the Service system, the requisition will not be authorized for further processing. Cite FV Reply Code 7. This reject condition will be flagged for further review within the Service system to determine the source of the problem.*

**C7.8.7.** *If the requisitioner is attempting to modify the fund code after supply action has been initiated by the SoS and the Service system has visibility of this (e.g. shipment status has been provided), the requisition will not be authorized for further processing. Cite FV Reply Code 8.*

**C7.9. REQUISITION MODIFICATIONS.** Requisition modifications will be processed for verification of funds availability to ensure that the original requisition obligation is on file and any applicable changes to fund code or bill-to activity are acceptable. The materiel identification on the modification must match that on the original requisition. The responsible Component will not reject or establish a new obligation for requisition modifications due to a duplicate document number.

**C7.9.1.** Where no action is taken due to a previously recorded obligation and there are no error conditions, the requisition modification will be authorized for further processing. Cite FV Reply Code H.

**C7.9.2.** Where the materiel identification does not match that of the previously recorded obligation matching on document number, the requisition will be rejected. Cite FV Reply Code 5.

**C7.9.3.** If the Component has no identified obligation for the document number (or document number/suffix), process as a new requisition under the above procedures for verification of Component funds availability. Cite the applicable FV reply code. Note: The funds verification process may result in rejecting modifications to requisitions that had previously processed successfully by the SoS. Direct communication with the requisitioning Component's financial office and possibly the SoS may be required to resolve the problem.

**C7.10. REQUISITION FOLLOW-UPS.** Requisition follow-ups in DLMS 869F, Document Identifier Code (DIC) AT\_ format will be processed for verification of funds

availability to ensure that the original requisition obligation is on file. The materiel identification on the follow-up must match the original requisition. The responsible Component will not reject or establish a new obligation for these follow-ups due to a duplicate document number.

C7.10.1. Where no action is taken due to previously recorded obligation and there are no error conditions, the requisition follow-up will be authorized for further processing. Cite FV Reply Code H.

C7.10.2. Where the materiel identification does not match that of the previously recorded obligation (matching on document number), the requisition will be rejected. Cite FV Reply Code 5.

C7.10.3. If the Component has no obligation identified for the document number (or document number/suffix), process as a new requisition under the above procedures for verification of Component funds availability. Cite the applicable FV reply code. Note: The funds verification process may result in rejecting follow-ups to requisitions that had previously processed successfully by the SoS. Direct communication with the requisitioning Component's financial office and possibly the SoS may be required to resolve the problem.

C7.11. REVISION OF REQUISITION CONTENT. Customers receiving a reply code indicating that their requisition is not authorized for further processing will be provided an opportunity to revise the requisition content. For example, the customer may choose to reduce the extended dollar value by reducing the quantity ordered or correct the bill-to activity DoDAAC or fund code, as applicable. Subsequent to customer update, the Request for Verification Funds Availability will be re-transmitted.

C7.12. ALTERNATIVES FOR UNTIMELY APPLICATION INTERFACE. When the ordering application is unable to establish a timely interface with the responsible Component application, and the customer awaits the real-time funds availability reply, the ordering application may offer two alternatives:

C7.12.1. Unmonitored Funds Verification. The Verification of Funds Availability Request will be transmitted without direct feedback to the customer. The ordering application **or DLA Transaction Services, as applicable**, will re-send the request every 15-30 minutes for up to 3-hours while the requisition is held in a pending status. If the reply is received indicating that the requisition is authorized for further processing, the requisition will be forwarded to the SoS with no further action.

C7.12.1.1. If the FV Reply Code indicates that the requisition is not approved for further processing, the Internet ordering application will retain the FV Reply Code for customer queries of requisition status. In addition, if the requisition is rejected using FV Reply Code 1-8, the ordering application **will notify the customer directly using the customer's contact information and the requisition will not be forwarded**.

C7.12.1.2. If no reply is received after repeated attempts **and three hours has lapsed**, the requisition **will not** be forwarded to the SoS.

C7.12.2. Hold for Later Processing. The customer may choose to place the order (“shopping cart”) in a hold status, and retry later. The ordering application will not attempt to re-send the request. The order will be saved for later processing to be initiated by the customer.

C7.13. BATCH ACCEPTANCE. Where the ordering application accepts batch ordering or input via MILSTRIP/DLMS format (e.g., multiple transactions uploaded as a batch, or without real-time direct interaction between the application and the customer, such as via DoD EMALL Manual Order Entry System (MOES)), the ordering application will process the Verification of Funds Availability Request as described in paragraph C7.12.1. above using unmonitored funds verification procedures.

## **AP2. APPENDIX 2**

### **CODES**

APPENDIX	TITLE	PAGE
AP2.1	Document Identifier Codes	AP2.1-1
AP2.2	Fund Codes	AP2.2-1
AP2.3	Billing Advice Codes	AP2.3-1
AP2.4	Billing Status Codes	AP2.4-1
AP2.5	Type of Bill Codes	AP2.5-1
AP2.6	Recipient of Billing Status Codes	AP2.6-1
AP2.7	Sales Price Condition Codes	AP2.7-1
AP2.8	GSA Customer Supply Center Codes	AP2.8-1
AP2.9	Information Indicator Codes	AP2.9-1
AP2.10	Signal Codes	AP2.10-1
AP2.11	<b><i>Funds Verification Reply Codes</i></b>	<b><i>AP2.11-1</i></b>
AP2.12	Other Codes	AP2.12-1

## **AP2.1. APPENDIX 2.1**

### **DOCUMENT IDENTIFIER CODES**

NUMBER OF CHARACTERS: Three  
TYPE OF CODE: Alpha or Alpha Numeric  
EXPLANATION: Identifies all authorized MILSBILLS transactions. The "H" series (not shown) are the same as the "F" series except for the first position of the code, and are reserved for use during simulated mobilization exercises (see chapter 2). The "G" series codes denote noninterfund billings.

DIC(s)	TITLE
FAE	Request for Adjustment of Non-Fuel Billing
FAF	Follow-up on Request for Adjustment of Non-Fuel Billing
FAR	Reply to Request for Adjustment of Non-Fuel Billing
FAS	Response to Follow-up on Request for Adjustment of Non-Fuel Billing
FA1, GA1	Billing for Issue from Stock (Charge)
FA2, GA2	Billing for Issue from Stock (Credit)
FB1, GB1	Billing for Direct Delivery of Stocked Items (Charge)
FB2, GB2	Billing for Direct Delivery of Stocked Items (Credit)
FC1, GC1	Billing for Decentralized, Noncatalogued, and Nonstocked Items (Charge)
FC2, GC2	Billing for Decentralized, Noncatalogued, and Nonstocked Items (Credit)
FDE	Request for Summary Level Billing Adjustment
PDF	Follow-up on Request for Summary Level Billing Adjustment
FDR	Reply to Request for Summary Level Billing Adjustment
FDS	Response to Follow-up on Request for Summary Level Billing Adjustment
DIC(s)	TITLE
FD1, GD1	Credit for Excess Materiel Return (Reversal)
FD2, GD2	Credit for Excess materiel Return (No Charge)

FE3, GE3	Notice of Nonreimbursable Issue
FE4, GE4	Notice of Nonreimbursable Issue (Reversal)
FF1, GF1	Billing for DoD Dependent School Supplies (Charge)
FF2, GF2	Billing for DoD Dependent School Supplies (Credit)
FG1, GG1	GSA Customer Supply Center Billing (Charge)
FG2, GG2	GSA Customer Supply Center Billing (Credit)
FJE	Request for Adjustment of Fuel Billing
FJF	Follow-up on Request for Adjustment of Fuel Billing
FJR	Reply to Request for Adjustment of Fuel Billing
FJS	Reply to Follow-up on Request for Adjustment of Fuel Billing
FJ1, GJ1	Billing for Bulk Petroleum (Charge)
FJ2, GJ2	Billing for Bulk Petroleum (Credit)
FK series	Reserved for the use of security assistance (see DoD 7000.14, Volume 15)
FL1, GL1	Retail Loss Allowance - Credit Reversal
FL2, GL2	Retail Loss Allowance - Credit
FN1, GN1	Accessorial and Other Miscellaneous Billings (Charge)
FN2, GN2	Accessorial and Other Miscellaneous Billings (Credit)
FP1, GP1	Billing for Into-Plane Issues (Charge)/Retail Petroleum Issues (Charge)
FP2, GP2	Billing for Into-Plane Issues (Credit)/Retail Petroleum Issues (Credit)
FQ1, GQ1	Billing for Transportation (Charge)
FQ2, GQ2	Billing for Transportation (Credit)
FR1, GR1	Billing for Export Transportation (Charge)
FR2, GR2	Billing for Export Transportation (Credit)
FS1, GS1	Summary Billing Record (Net Charge)
FS2, GS2	Summary Billing Record (Net Credit)
FTB	Reply to Follow-up for Materiel Return Program Credit
FTP	Follow-up for Materiel Return Program Credit

DIC(s)	TITLE
FU1, GU1	Progress Payment (Charge)
FU2, GU2	Progress Payment (Recoupment)
FW1, GW1	Cash Discounts (Charge)
FW2, GW2	Cash Discounts (Credit)
FX1, GX1	Trade, Quantity, and Other Allowances (Charge)
FX2, GX2	Trade, Quantity, and Other Allowances (Credit)
QB1	Request for Retransmission of Bill (Copy)

## **AP2.11. APPENDIX 2.11**

### **FUNDS VERIFICATION REPLY CODE**

NUMBER OF CHARACTERS: One  
TYPE OF CODE: Alphanumeric  
EXPLANATION: Identifies whether funds are available or if error precludes further processing.

Code Description

The following codes are acceptable for continued processing (alpha codes):

- A Funds available; continue processing.
- B No action; bill-to not applicable under component procedures; continue processing.
- D No action due third party bill-to; continue processing.
- E Funds available; duplicate message identification number; continue processing.
- G No action, other component bill-to; confirm correct information and obligation has been recorded. If correct/confirmed, continue processing.
- H No action on modifier/follow-up due to previously recorded obligation; continue processing.

Funds Verification Rejection (numeric codes):

- 1 Order rejected due to lack of available funds for bill-to DoDAAC; do not process.
- 2 Order rejected due to unauthorized bill-to DoDAAC under Component procedures; do not process.
- 3 Invalid fund code; do not process.
- 4 Duplicate document number or document number suffix; do not process.
- 5 Modifier/follow-up with different materiel identification; do not process.
- 6 Supply class not authorized for this requisitioner under Component procedures; do not process.
- 7 CAGE code not recognized by Component system; do not process. If manually entered recheck input; if system-populated contact help desk.
- 8 Fund Code update not authorized (status of supply action precludes modification); do not process.

## **AP3. APPENDIX 3**

### **MILSBILLS TRANSACTIONS**

*The authoritative source for MILSBILLS legacy and DLMS transactions is the DLM 4000.25. All transactions are available at [www.dla.mil/j-6/dlms/eLibrary/TransFormats/140\\_997.asp](http://www.dla.mil/j-6/dlms/eLibrary/TransFormats/140_997.asp)*

#### **MILSBILLS LEGACY FORMATS**

DIC	TITLE
FAE	Request for Adjustment of Non-Fuel Billing
FAF	Follow-up on Request for Adjustment of Non-Fuel Billing
FAR	Reply to Request for Adjustment of Non-Fuel Billing
FAS	Response to Follow-up on Request for Adjustment of Non-Fuel Billing
FA1, GA1	Billing for Issue from Stock (Charge)
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FB1, GB1	Billing for Direct Delivery of Stocked Items (Charge)
FB2, GB2	Billing for Direct Delivery of Stocked Items (Credit)
FC1, GC1	Billing for Decentralized, Noncatalogued, and Nonstocked Items (Charge)
FC2, GC2	Billing for Decentralized, Noncatalogued, and Nonstocked Items (Credit)
FDE	Request for Summary Level Billing Adjustment
PDF	Follow-up on Request for Summary Level Billing Adjustment
FDR	Reply to Request for Summary Level Billing Adjustment
FDS	Response to Follow-up on Request for Summary Level Billing Adjustment
FD1, GD1	Credit for Excess Materiel Return (Reversal)
FD2, GD2	Credit for Excess Materiel Return (No Charge)
FE3, GE3	Notice of Nonreimbursable Issue
FE4, GE4	Notice of Nonreimbursable issue (Reversal)
FF1, GF1	Billing for DoD Dependent School Supplies (Charge)
FF2, GF2	Billing for DoD Dependent School Supplies (Credit)
FG1, GG1	GSA Customer Supply Center Billing (Charge)
FG2, GG2	GSA Customer Supply Center Billing (Credit)
FJE	Request for Adjustment of Fuel Billing
FJF	Follow-up on Request for Adjustment of Fuel Billing

**The authoritative source for MILSBILLS legacy and DLMS transactions is the DLM 4000.25. All transactions are available at [www.dla.mil/j-6/dlmso/elibrary/TransFormats/140\\_997.asp](http://www.dla.mil/j-6/dlmso/elibrary/TransFormats/140_997.asp)**

**MILSBILLS LEGACY FORMATS**

DIC	TITLE
FJR	Reply to Request for Adjustment of Fuel Billing
FJS	Reply to Follow-up on Request for Adjustment of Fuel Billing
FJ1, GJ1	Billing for Bulk Petroleum (Charge)
FJ2, GJ2	Billing for Bulk Petroleum (Credit)
FL1, GL1	Retail Loss Allowance - Credit Reversal
FL2, GL2	Retail Loss Allowance - Credit
FN1, GN1	Accessorial and Other Miscellaneous Billings (Charge)
FN2, GN2	Accessorial and Other Miscellaneous Billings (Credit)
FP1, GP1	Billing for Into-Plane Issues (Charge) / Retail Petroleum Issues (Charge)
FP2, GP2	Billing for Into-Plane Issues (Credit) / Retail Petroleum Issues (Credit)
FQ1, GQ1	Billing for Transportation (Charge)
FQ2, GQ2	Billing for Transportation (Credit)
FR1, GR1	Billing for Export Transportation (Charge)
FR2, GR2	Billing for Export Transportation (Credit)
FS1, GS1	Summary Billing Record (Net Charge)
FS2, GS2	Summary Billing Record (Net Credit)
FTB	Reply to Follow-up for Materiel Return Program Credit
FTP	Follow-up for Materiel Return Program Credit
FU1, GU1	Progress Payment (Charge)
FU2, GU2	Progress Payment (Recoupment)
FW1, GW1	Cash Discounts (Charge)
FW2, GW2	Cash Discounts (Credit)
FX1, GX1	Trade, Quantity, and Other Allowances (Charge)
FX2, GX2	Trade, Quantity, and Other Allowances (Credit)
QB1	Request for Retransmission of Bill (Copy)

**VARIABLE LENGTH TRANSACTION FORMATS (NON-X12 BASED)**

<b>DIC</b>	<b>TITLE</b>
<b>FV1<sup>1</sup></b>	<b>Verification of Funds Availability Request</b>
<b>FV2</b>	<b>Verification of Funds Availability Reply</b>

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<sup>1</sup> No other use of the DIC FV1 is supported under MILSBILLS. DLA will phase out its current use associated with the DLA Troop Support supply chain. There is no impact on the funds verification process. Refer to ADC 1068.