

CHAPTER 2

BILLING PROCEDURES

A. BILLING POLICIES

DoD Directive 7420.1 (reference (f)), DoD Directive 7220.9 (reference (g)), and DoD Instruction 7420.12 (reference (h)) provide the DoD policies governing procedures in this chapter.

B. CRITERIA FOR BILLING

1. Shipments from Stock. Billings will be effected on the basis of drop from inventory, provided that notification of warehouse refusal or other **advice** of nonavailability has not been received by the inventory control point within 7 calendar days of drop from inventory. Exceptions are as follows:

a. Billings for foreign military sales and military assistance program shipments will be effected upon constructive delivery.

b. Billings for bulk POL shipments under mode/method codes **2,8,W**, and Z will be effected upon receipt notification provided that such notification has been received by the billing office within 15 days of the date of delivery; otherwise, billing will be effected upon notice of shipment or issue.

c. 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 a Defense Subsistence Office.

d. MAP sales requisitioned under authority of Section **506** of the Foreign Assistance Act (**FMS/MAP** Type of Assistance Code "C") may not be billed until funds are appropriated. The determination to use Section 506 does not provide obligation or disbursing authority. Section 506 permits the drawdown of existing DoD stocks subject to an appropriation to be made at a later date to effect reimbursement to the Defense accounts. Should Congress fail to appropriate funds for this purpose, the Defense account must absorb these costs. Section 506 drawdowns of GSA or other **non-DoD** stocks are not authorized.

2. Direct Deliveries of Materiel from Contractors. When an inventory manager is out of stock, does not carry an item or otherwise requests direct delivery of materiel from a vendor, the billing will be effected upon notification of receipt of materiel by the customer or notification of shipment by the vendor. However, issues by mode/method codes 2, 8, W, and Z will be billed based upon the issue transaction if the notification is not received by the inventory manager within 15 days of the date of issue.

C. PREPARATION OF BILLS

1. General

a. Bills will be prepared within 30 days of the criteria provided in section B and will identify each shipment or delivery.

b. When **unbilled** item(s) for one DoD customer total less than \$100, billing for the item(s) may be suspended until such time as the total of the **unbilled** items equals or exceeds \$100; except that all **unbilled** item(s), regardless of value, will be billed at the **end of** a fiscal year quarter (December 31, March 31, June 30, or September 30) or whenever a credit billing line is involved.

2. Method of Billing

a. Billings to DoD offices will be under interfund procedures except as provided below.

b. Billing will be under noninterfund procedures when:

(1) the bill-to office is **non-DoD** (bill-to service code is numeric, "G" or "Z"),

(2) the bill-to office is an Army or Navy contractor (bill-to service code is "C" or "Q"),

(3) the bill-to office is DoD (bill-to service code is alpha other than "C", "G", "Q", or "Z") and the fund code requires **noninterfund** billing,

(4) the bill-to office is an other DoD Component and the fund code is not listed in the other defense agencies ("A") appendix of the supplement.

3. Determining Billed Offices

a. Billed offices **will** be assigned in accordance with the signal code cited on the requisition, report of excess, etc. When the signal code is "C" or "L", the billed office is assigned by converting the fund code to a billed **DODAAC**. The B series appendices of the supplement (reference (b)) provide appendices to be used, in conjunction with the service or agency code of the requisitioning **DODAAC**, to convert fund codes to billed **DODAACs**.

b. Whenever the coding or other information provided on a requisition, report of excess, or other order does not designate a **DODAAC** currently published in the **DODAAD** (reference (e)), the **requi-**

sitioning, excess reporting, or activity submitting the document' will be designated as the billed office. For IL requisitions, the requisitioning control office (Army/ **W25P02**, Navy/ **N65916**, and Air Force/ **FA2303**) will be assigned as the billed office.

c. The mailing address for noninterfund bills will be the clear text address prescribed for billing (TAC 3 if assigned, otherwise, the TAC 1) in the DODAAD and the routing for interfund bills will be based on the same criterion.

4. Nonreimbursable Bills

a. Except for the provisions of subparagraph c below, materiel issued under nonreimbursable procedures will be reported to the billed office using the FE_ series **DI** codes.

b. DoD 7220.9-M (reference (i)) provides that if the amount of billings for any one customer is less than \$100 at the end of a fiscal year quarter the billing may be waived. Working capital funds and the Corps of Engineers civil works funds must not waive reimbursement of any amount.

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

5. Interfund Bills

a. Interfund bills will be transmitted to the offices billed no later than the fifth working day of the month following the month in which reimbursement is credited to the account of the billing office. Transmission to the offices billed will be by AUTODIN when available. When billings are transmitted directly to the billed office by AUTODIN, "text" or "header" records will designate the internal routing, e.g., "For Accounting and Finance Officer." When billings are transmitted to DAASO (**COMM** RI code = RUEOZZA) for routing to the billed office "text" or "header" records are not needed. When AUTODIN is not used, interpreted (printed) billing records will be mailed to the billed office.

b. Separate detail billing records, selected from the "B" series appendices, will be prepared for each shipment or delivery supporting the summary billing record.

c. The A series appendices of the supplement (reference (b)) provide appendices to be used, in conjunction with the Service/Agency code of the billed **DODAAC**, to convert fund codes to appropriations.

¹Billing offices have until 1 Nov 89 to implement this provision.

d. A separate interfund **bill** will be prepared for billings applicable to a **given** billed office for each appropriation and **fund code** within appropriation or when the sum of the detail billing records equals exceeds 10 million dollars. A summary billing record may not summarize more than **494** detail billing records.

6. Noninterfund Bills

a. An SF 1080, Voucher for Transfers between Appropriations and/or Funds (figure 2-1) or other form approved by Treasury, such as GSA Form 789, Statement, Voucher and Schedule of Withdrawals and Credits (figure 2-3) will be used as the billing document fo-r **nonin-**terfund bills. A computerized version (figure 2-2) of the SF 108LI, the SF 1080-EDP, is also available.

b. An original and two copies of the noninterfund billing **will** be provided to the office billed. If an identification or bill number is used, only an original and one copy will be sent.

c. Noninterfund billings will be supported by the following minimum information: Document order number, article or services, delivery date, quantity and price. The first two items of information **will** usually be satisfied by the requisition document number and national stock number. The delivery date is the same as the day of year prescribed for the detail billing record appropriate for the issue. Billing offices need not provide EAM cards in the format prescribed in the B series appendices.

d. The procedures described in this section are based upon procedures prescribed by the Department of Treasury in chapter **2500** of the Treasury Financial Manual (reference (j)).

D. RETAIL LOSS ALLOWANCE

1. DoD Directive 7420.1 (reference (g)) requires the DLA Defense Stock Fund and other wholesale stock funds, as appropriate, to include an additional surcharge factor in their standard prices to compensate the fund for retail stock normal operating losses.

2. When a retail loss allowance surcharge is included in the standard price of commodities under the integrated management of a **DoD** Component, a retail loss allowance will be applied as a reduction to the net materiel charges included in the billing for items of those commodities. The allowance is applied at a rate which is equivalent to the retail loss surcharge factor included in the standard price of the materiel commodity. The allowance will be supported by a billing record in the **DI** code FL_ series format.

3. Retail loss allowances are not provided on sales to foreign, state, municipal governments/private parties, or nonappropriated activities. Retail loss allowances are not provided on into-plane sales.

b. When billed via interfund, accessorial and administrative costs billings will follow the procedures and formats prescribed for the charge.

2. DoD Shipments. DoD Instruction 7510.4, (reference (1)) provides the DoD policy for billing accessorial and administrative costs.

3. GSA Shipments. GSA will assess accessorial and administrative costs on shipments to DoD as indicated in this section.

a. Transportation

(1) Except as outlined in paragraph (2) below, GSA will pay transportation charges on stock items to:

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

b A U.S. port of embarkation for overseas destinations not included in (1) above.

(2) GSA will not pay transportation charges for shipments of nonstock items, purchased **f.o.b.** origin, to a CONUS destination or a U.S. port of embarkation. GSA will, however, prepay the transportation charges and bill the agency, as a separate item.

b. Packing, Packaging and Preservation

(1) Charges will be assessed at the rate of 6 percent of the value of the materiel ordered and delivered with both level "A" and level "B" pack through GSA regions to DoD customers overseas except as otherwise specified in (2) below.

(2) Charges **will** not be assessed for materiel delivered with level **B** pack to customers located in Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands and the southeast peninsula of Alaska, central Alaska (rail belt) and Kodiak Island.

(3) Annually GSA will propose changes in the above rates based on reviews of actual costs for use throughout each fiscal year and advise the **ASD(C)** sufficiently in advance for appropriate program and budget planning.

(4) GSA surcharge or packing, packaging, and preservation for DoD Components will be assigned the same bill number as the related materiel .

c. Fund Code Charged. GSA billings for accessorial costs incurred for supply items requisitioned by DoD activities will reflect the following fund codes (* denotes the **FY** within decade of the billing date):

<u>DoD Components</u>	<u>Assign Fund Code</u>
Army	* 1 for billings for accessorial costs if the fund code in the materiel billing designates account 21X4991; otherwise, use the fund code cited on the requisition.
Navy	"XT".
Others	cited on the requisition.

I. BILLING FOR PROGRESS AND ADVANCE PAYMENTS

1. Progress Billings

a. Progress payments may be billed via interfund whenever the order received from the customer specifies that progress billings via interfund are authorized. Interfund billings for progress payments will use **DI** code **FU1/2**. 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.

b. Billings made for progress payments will be based upon documentary evidence of satisfactory performance and will not exceed the amount of the customer order.

c. The billing office **will** offset bills for deliveries against all outstanding progress billings related to those deliveries. Billing records will be reported for both the full value of the shipment (i.e., **DI** code FA1) and the amount of the progress billing being liquidated. The billing method elected for the progress payment will also be the method used to bill for the delivery.

d. Although multiple progress **bills** may have been submitted against an order, a single recoupment billing record may be reported for the total amount of the progress billings.

2. Advance Billings

a. 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.

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

J. CORRECTION OF ERRONEOUS BILLINGS

When a billing office finds it has issued a bill containing one or more billing lines requiring correction in some way, it will reverse such charges or **credits-** and only such charges or credits- irrespective of dollar amount and include corrected charges or credits in a subsequent bill. The corrections will be processed as soon as it is practical and will not await customer **requests** for adjustments.

K. CANCELLATIONS

When an ICP determines that a requisition (and related shipments) has been **cancelled**, any billings which were generated for that requisition will be reversed in the first available 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 by noninterfund procedures.

L. RETENTION OF BILLING RECORDS

1. Records supporting MAP or FMS billings **will** be maintained for 2 years and others for 1 year after the billing month.

2. Adjustment processing activities will retain the necessary records for whatever time period required to enable them to process adjustments when the request or discrepancy report leading to the adjustment is received within allowable timeframes.

M. ROUTING AND RETENTION OF INTERFUND BILLS BY THE DAASO

1. All sellers are encouraged to forward their interfund bills to the DAASO for routing to the billed office.

2. Interfund **billings** to be routed by DAASO must be transmitted to **DAASO** with a Content Indicator Code of **"IFBB"**. The **DAASO** "Route to" COMM RI code must be **"RUEOZZA"**. Billing offices will not forward copies of bills to **DAASO** for routing if the office to receive the copy differs from the actual billed office.

3. An interfund bill message may consist of a summary billing record (DI code **FS**) and one or more detail billing records but shall not contain **more** than 495 records (DI codes **FS**, **FL**, **FA**, etc.) on the message. With the header and trailer records, messages will consist of no more than 497 records.

4. DAASO will edit each interfund bill to ensure that:

a. The record count shown in **pos. 5-7** of the summary billing record equals the actual count of the supporting billing records.

b. The bill-to address shown in pos. 30-35 of the summary billing record is a valid DoDAAC.

c. The amount show in pos. 65-73 of the summary billing record equals the sum of the amounts shown in pos. 65-73 of the supporting billing records.

5. **DAASO** will reject interfund bills which' fail any of the edits. Rejected interfund bills will be returned to the originating communications center with a narrative description indicating the reason for rejection. Billing offices must correct the rejected bills and resubmit them to **DAASO**. Both corrected bills and billing office interfund reports, when appropriate, will be forwarded to the offices involved.

6. Upon successful completion of the edits, **DAASO** will route interfund bills by an appropriate means (AUTODIN, mail, message, etc.) to the billed office. A narrative header record "For Accounting and Finance Officer" will be included with each interfund bill.

7. The **DAASO** will **retain²**, in their files, **non-FMS interfund** bills routed by them for 1 year and FMS interfund bills for 2 years. Chapter 4 prescribes procedures for obtaining copies from **DAASO**.

²The retention of DoD interfund billings began with **bills** dated October 1984. The GSA retention began with August 1984 bills.