



DLMSO

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IN REPLY  
REFER TO

JUL 31 2008

MEMORANDUM FOR FINANCE PROCESS REVIEW COMMITTEE (PRC) MEMBERS

SUBJECT: Approved Defense Logistics Management System (DLMS) Change (ADC) 294,  
Elimination of Treasury Suspense Account F3885 (Finance) (Staffed as PDC 310A)

The attached change to DOD 4000.25.7-M, Military Standard Billing System (MILSBILLS) is approved for implementation.

Addressees may direct questions to the DLMSO point of contact, Mr. Robert Hammond, Chair, Finance Process Review Committee, 703-767-2117, DSN 427-2117 or email: [robert.hammond@dla.mil](mailto:robert.hammond@dla.mil). Others must contact their Component designated representative.

DONALD C. PIPP  
Director  
Defense Logistics Management  
Standards Office

Attachment

cc:  
ODUSD(L&MR/SCI)



**ADC 294**  
**Elimination of Treasury Suspense Account F3885**

**1. ORIGINATOR:**

**a. Service/Agency:** Defense Finance and Accounting Service

**2. FUNCTIONAL AREA:** Finance

**3. REFERENCES:**

**a.** Treasury Financial Manual, Volume 1, Bulletin No. 2007-07, June 2007

**b.** DoDFMR Volume 3, Chapter 11, Unmatched Disbursements, Negative Unliquidated Obligations, In-Transit Disbursements, and Suspense Account

**c.** DOD 4000.25-7-M, Military Standard Billing System (MILSBILLS)

**4. REQUESTED CHANGE:**

**a. Description of Change:** As a result of the Treasury Bulletin No. 2007-07, changes are required to MILSBILLS to discontinue the use of suspense account F3885 for the interfund transactions.

**b. Background:** The Financial Management Service (FMS) established clearing (suspense) accounts to temporarily hold unidentifiable general, revolving, special, or trust fund collections that belong to the Federal Government. The funds remain in the suspense accounts until agencies can classify them to the proper receipt or expenditure accounts. This process, however, leads to a delay in accurately reporting the collections in the proper accounts. In an effort to have more accurate financial information on a more timely basis, FMS has decided to discontinue the use of certain suspense accounts (including F3885) and to require agencies to classify the collections to the proper receipt or expenditure accounts at the time the disbursements/collections are made. The DFAS Centers have been advised of this change and are taking appropriate action to comply.

**c. Procedures.**

1. Revise MILSBILLS as indicated in *bold italics* in enclosures 1 and 2.

**5. ADVANTAGES AND DISADVANTAGES:**

**a. Advantages:** Compliance with Treasury and DoD requirements

**b. Disadvantages:** None.

**c. Alternatives:** None

**6. IMPACT:**

**a. Data Content/Procedures:** DoD Components shall revise Component regulations and/or automated information systems for reporting requirements.

**b. Publication:** DOD 4000.25.7-M, Military Standard Billing System (MILSBILLS)

## CHAPTER 5 – INTERFUND BILLING SYSTEM PROCEDURES

### C5.1. POLICY

C5.1.1. General. The interfund billing system and policies governing its use are prescribed in DoD Instruction 7420.12 (reference (k)), except for the exclusions shown below. It is DoD policy that DoD customers shall authorize suppliers to use the interfund billing system to reimburse themselves for materiel, hazardous materiel and waste services, and services related to materiel shipments.

#### C5.1.2. Exclusions

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

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

C5.1.2.3. Except for GSA, FAA, and NOAA, non-DoD suppliers may not use the interfund billing system to bill DoD customers.

### C5.2. PRINCIPLES OF THE INTERFUND BILLING SYSTEM

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

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

C5.2.3. Billed offices shall, upon receipt of the "bill", either accept and record the charge *for the complete or partial bill* or, when the charge, *at detail bill level*, is questionable or erroneous "*in dispute*", *record the charge into the designated default account for further research* ~~suspend the charge~~. Charges shall be *remain uncleared pending completion of research and resolution* ~~suspended by transferring the questionable or erroneous portion to the interfund clearing account (treasury account symbol F3885)~~. ~~When the charge is acceptable, but the account disbursed by the billing office is not, the billed office shall accept and record the charge to the proper account. The billed office shall also follow procedures prescribed by its disbursing officer to correct the account reported to the Treasury Department.~~

C5.2.4. Only the billing office *or CAO* is authorized to adjust or otherwise reverse reimbursements reported to the Treasury Department on behalf of the billing office.

### C5.3. PREPARATION OF INTERFUND BILLS

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

C5.3.2. Detail billing records in support of interfund bills shall be prepared in accordance with Appendix 3.

### C5.4. CENTRAL ACCOUNTS OFFICES

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

C5.4.2. Seller CAO. DAASC forwards copies of interfund summary billing records to seller CAOs. Based upon these records, seller CAOs report seller interfund self-reimbursements and related buyer disbursements to the Treasury Department. Seller CAO interfund bill responsibilities are identified by the service code of the seller DoDAAC described in the following table:

Table C5.T1. Seller CAO

<u>Seller DoDAAC Begins With</u>	<u>Seller CAO</u>
Numeric	GSA
F	DFAS-DE
M	DFAS-DFAS-KC
N	DFAS-CL
Other	DFAS-IN

C5.4.3. Buyer CAO. Buyer CAOs are responsible for interfund bill clearance and report, to the Treasury Department, buyer adjustments of the disbursement side of seller reported interfund transactions. Neither buyers nor their CAOs can adjust, either directly or indirectly, the reimbursement side of interfund transactions reported by seller CAOs. Buyer CAO interfund bill responsibilities are determined by the appropriation disbursed as follows:

Table C5.T2. Buyer CAO

<u>Index</u>	<u>Treasury Symbol</u>	<u>Limit or Subhead</u>	<u>Buyer CAO</u>
17	All	All	DFAS-CL
21	All	All	DFAS-IN
57	All	All	DFAS-DE

<u>Index</u>	<u>Treasury Symbol</u>	<u>Limit or Subhead</u>	<u>Buyer CAO</u>
97	NOT 4930	All	DFAS-IN
97	4930	All	DFAS-IN

## C5.5. INTERFUND REPORTS

C5.5.1. Billing Office Reports. CAOs shall base interfund reimbursements upon summary billing records received from DAASC for interfund bills passing MILSBILLS prescribed DAASC edits. Therefore, upon implementation of the revised seller interfund reporting procedures, MILSBILLS no longer requires sellers to forward [DD Form 1400](#), Statement of Interfund Transactions, or equivalent reports to their accounts office. However, CAOs may continue to require their reporting activities to submit seller interfund reports for a transition period determined by the accounts office. This isn't necessarily true. For example, GSA still must submit a manual DD Form 1400 as they don't have an electronic version like DFAS does.

C5.5.2. Billed Office Reports. Billed offices shall report; that is, correct or otherwise clear, interfund disbursements charged to their office in accordance with procedures prescribed by their Service or Agency.

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

## C5.6. STATEMENT OF INTERFUND TRANSACTIONS

C5.6.1. Purpose and Reports Control Symbol. This section prescribes a monthly report on interfund transactions. The DD 1400 "Statement of Interfund Transactions" provides ~~TreasuryOSD~~ with a summarized classification of receipts and outlays processed under the interfund billing system. ~~These reporting requirements are assigned RCS: DD-Comp (M) 1655.~~

C5.6.2. Applicability and Scope. The provisions of this section apply to the DoD Components and to their disbursing officers, (referred to collectively as "disbursing officers"). It establishes the requirements and procedures for the preparation and submission of reports on interfund transactions.

C5.6.3. Report Form. The Statement of Interfund Transactions must be prepared monthly and contain totals for each appropriation/limit charged and reimbursed, the reporting period, and identify the reporting office. GSA shall submit an equivalent "Statement of Interfund Transactions."

C5.6.4. Frequency and Distribution. The "Statement of Interfund Transactions" must be submitted to the ~~TreasuryUSD(C)~~ as promptly as possible, but delivered no later than close of business on the ~~3rd~~<sup>3rd</sup> workday of the month immediately following the close of the reporting month.

C5.6.5. Adjustments. In preparing the “Statement of Interfund Transactions”, CAOs or offices designated by the DoD Components or participating Agencies shall convert invalid accounts to the *charged agency’s default appropriation as indicated in Appendix 2.2 of this guidance* clearing account “F3885” — “Undistributed Intragovernmental Payments.”

C5.6.6. Other Reporting Requirements

C5.6.6.1 Extract of the Statement of Interfund Transactions

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

C5.6.6.1.2. Extracts of the “Statement of Interfund Transactions” (and GSA equivalent) which are forwarded to DoD central accounts offices shall be supported by summary billing records (DI code FS). The summary billing records shall be forwarded to the CAO responsible for clearance via electronic means. The CAO responsible for clearance is determined by the departmental index of the appropriation disbursed, and, in the case of department “97” appropriations, by the DoD Component identification contained in the appropriation’s suffix/limit code. The following table identifies the CAO responsible for clearing interfund bills:

Table C5.T3. DoD CAOs

<u>Clearance CAO</u>	<u>COMMRI</u>	<u>Index</u>	<u>Component</u> <sup>1</sup>
DFAS-Indianapolis	RUQADVU	97	Other than USAF, USN, and USMC
		21	All
DFAS-Denver	RUEGAA	97	USAF <i>and SDDC limit FD30</i>
		57	All
DFAS-Cleveland	RUEBJNW	97	USN and USMC
		17	All

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

C5.6.6.2. Defense Agency Appropriations. A “Statement of Interfund Transactions” summarizing the transactions by appropriation for each Defense Agency must be provided to the

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

Director for Budget and Finance, Washington Headquarters Service, Washington, DC 20301-0001.

#### C5.6.7. Hard Copy Report Preparation

##### C5.6.7.1. General

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

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

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

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

##### C5.6.7.2. Columnar Entries

C5.6.7.2.1. Appropriation or Fund /Symbol. Enter the department index number assigned by the Treasury Department as a prefix to that department's appropriation symbols, fiscal year or other appropriate indicator (e.g. "X" if no year, and etc.), treasury account symbol of the appropriation, other fund, or receipt account for which the amounts of the transactions are being reported. Include any prefix or suffix prescribed by the Treasury Department on the classification authorization. No other suffix or prefix may be shown.

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

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

#### C5.7. CENTRAL ACCOUNTS OFFICE LEVEL INTERFUND PROCEDURES

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

C5.7.1.1. Reporting interfund reimbursements and disbursements originated by activities serviced by their disbursing offices and shall be included in their "Statement of Interfund Transactions."

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

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



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

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

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

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

C5.7.1.3.5. **Uncleared “disputed” transactions shall be researched and cleared** ~~Amounts placed in suspense; that is, charged to the clearing account, are transferred to another account or are otherwise cleared-~~ within a reasonable period; that is, within 120 calendar days of the date the disbursement was reported to DFAS when the entitlement office an accounting office are not co-located and 90 days when they are co-located.

**C5.7.1.3.5.1.** Within 90 days of the **disbursement being reported to DFAS** ~~suspense date~~, 60 days if co-located, DFAS will ask the customer to **follow-up on uncleared detail bills** ~~clear the amount in suspense and provide an alternative account for the disbursement.~~ When a customer leaves a **detail bill un-** ~~item~~ charged for 120 calendar days, 90 days if co-located, DFAS will **contact the customer for an appropriation to transfer the charge to clear the detail bill. Only when a written notification that adjustment is forthcoming from the seller may the item remain unprocessed after this timeframe.** ~~one of the customer’s accounts.~~

**C5.7.1.3.5.2.** ~~The clearing account was authorized to temporarily record erroneous or indeterminate charges; therefore, the reporting of the clearing account at fiscal year end will not be authorized. Balances remaining in the clearing account at the end of fiscal year will be transferred to the customer’s account. These transfers will be reversed and the clearing account restored as of the new fiscal year.~~

~~C5.7.1.3.6. Interfund summary billing records held by a reporting (or passed to a responsible) finance activity in support of the interfund clearance process agree with the amounts and appropriations actually reported to the Treasury Department.~~

## AP2.2. APPENDIX 2.2.

### FUND CODES

NUMBER OF CHARACTERS: Two

TYPE OF CODE: Alpha or Numeric

AP2.1. Fund codes are two position alpha/numeric codes used, in conjunction with Service or Agency code of the billed office to designate the billing method (interfund or noninterfund). When interfund billing is indicated, the fund code also indicates the fund account to be charged (disbursed) or credited (refunded).

- ***The fund code to disbursement fund account conversion tables are published online in Part I of the Fund Code Table at: [https://www.daas.dla.mil/daashome/daasc\\_milsinq.asp](https://www.daas.dla.mil/daashome/daasc_milsinq.asp)***
- ***Only valid appropriations and limits may be associated with fund codes. ~~The undistributed intergovernmental payments account, F3885 may not be associated with fund codes or used on interfund bills~~***
- ***When a fund code used in the billing and adjustment process is not found on the fund code to disbursement fund account conversion table the appropriation charged will be assigned as follows:***

<u>Organization (Billed Service Code)</u>	<u>Interfund Default Appropriation</u>
<b><i>Contractor (C,E,L,Q,U)</i></b>	<b><i>Not applicable, noninterfund</i></b>
<b><i>NonDoD (G,Z,HX,Numeric)</i></b>	<b><i>Not applicable, noninterfund</i></b>
<b><i>Army (A,W)</i></b>	<b><i>21*2020</i></b>
<b><i>Air Force (D,F)</i></b>	<b><i>57*3400</i></b>
<b><i>Navy (N,P,R,V)</i></b>	<b><i>17*1804</i></b>
<b><i>Marine Corps (K,M)</i></b>	<b><i>17*1106</i></b>
<b><i>Defense Logistics Agency (S,T)</i></b>	<b><i><del>97*0100.5100</del> 97X4930.5999</i></b>
<b><i>Other Defense Agency (H)</i></b>	<b><i><del>97*0100</del> Not applicable,</i></b>
<b><i>None of the above</i></b>	<b><i>97*0100</i></b>

AP2.2. An additional use for the fund code, when the signal code is C or L, is to indicate the DoDAAC of the "bill-to" office. See AP1 for codes.

AP2.3. Requisitions submitted to DoD activities and the General Services Administration will always contain a fund code, unless the materiel requested will be issued without charge. When the materiel will be issued without charge the signal code (pos. 51) will be D or M (free issue) and the fund code will not be significant.

4. Defense Agencies and others using H series DoDAACs may use fund codes designating interfund billing only if their requisitioning DoDAAC is identified as authorized to use interfund. See AP1 for authorized DoDAACs.
  
5. Agency designated Fund Code Coordinators are responsible for maintaining fund codes for their Service or Agency. With the exception of DLA which has its own coordinator, DFAS maintains fund codes for Defense Organizations and Agencies. Fund code coordinators are identified at: <http://www.dla.mil/j-6/dlmsa/>.