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IN REPLY
REFER TO DLMSO

December 13, 2007

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Defense Logistics Management Systems (DLMS) Finance Process Review
Committee (FPRC) Meeting 07-01, November 13, 2007

The attached minutes of the DLMS Finance PRC Meeting (07-01) are forwarded for your information and appropriate action. The next meeting will be scheduled at a later date.

The Defense Logistics Management Standards Office point of contact is
Mr. Robert Hammond, 703-767-2117; or, email, Robert.Hammond@dla.mil.

A handwritten signature in cursive script that reads "Donald C. Pipp".

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

cc:
DUSD(L&MR)SCI
Finance PRC Committee
Attendees





DEFENSE LOGISTICS AGENCY
DEFENSE LOGISTICS SUPPORT COMMAND
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IN REPLY
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DLMSO

DEC 13 2007

MEMORANDUM FOR RECORD

SUBJECT: Defense Logistics Management System (DLMS) Finance Process Review
Committee (PRC) Meeting 07-01, November 13, 2007

Purpose: Defense Logistics Management Standards Office (DLMSO) hosted the subject meeting at a conference facility located at 2750 Prosperity Avenue, Fairfax, Virginia. Specific discussion topics are noted below. A list of attendees is shown at the Attachment. All meeting handouts and briefing material are available on the Finance PRC Web page (refer to the meeting agenda):

http://www.dla.mil/j-6/dlms0/Archives/Finance/meetings/111307/FINANCE_PRC_AGENDA_200711updateNov7.doc

Brief Summary of Discussion: Mr. Bob Hammond, Finance PRC Chair, facilitated the discussion.

Review of Meeting Topics:

a. MILLSBILLS Threshold for disputing, researching, and requesting credit on items under \$500 (Agenda Item 3). BACKGROUND: STATUS (10/25/07). Headquarters Air Force, Supply Chain Management Division tasked Air Force Logistics Management Agency (AFLMA) to conduct a cost benefit analysis on increasing the automatic deletion criteria for overdue shipments from \$100 (current) to \$500. The analysis concluded the current \$100 threshold for automatic deletion is cost beneficial. AFLMA recommended procedural changes for overdue shipments within the \$100-\$500 criteria, and establishing ceilings to ensure claim submissions. Air Mobility Command will test recommendations including processing the TAR action for shipments within the \$100-\$500 criteria, delaying research actions for 30 days. Also, a 120-day ceiling will be used to ensure claims are submitted and researched for outstanding overdue shipments. (Headquarters Air Force, Supply Chain Management Division, MSgt Taurus Hawk, DSN 312-225-4761)

DISCUSSION: The \$100 threshold for the automatic deletion of overdue shipments must not be applied to vendor shipments or shipments of controlled items, or this practice will be noncompliant with the SDR policy in DLAI 4140.55. If Air Force wants to deviate from SDR policy, they must go through DLMSO for a change request to the SDR Manual, 4140.55. MSgt Hawk was contacted after the meeting, and indicated that there were no automatic deletions for controlled items or vendor shipments.

b. XML/EDI Transaction Standards. BACKGROUND: BTA Financial Visibility Business Enterprise Priorities Lead Team is analyzing the financial data elements on the EDI transaction sets to:

(1) determine which ones need to be updated/changed to be SFIS compliant



(2) determine if there are any existing EDI data elements that should be a part of the SFIS data set but not yet designated as such

(3) determine if there are any EDI data elements that are not part of the SFIS data set but still financially applicable/required

Mr. Matthew Carle, BTA, provided a BEA Orientation briefing for the Finance PRC members. Following this orientation briefing, Ms. Verna Harry, BTA, presented a briefing on the SFIS Interoperability Business Improvement Proposal for BEA 5.0. Following these briefings, questions were discussed.

DISCUSSION: Bob Hammond inquired as to which EDI Implementation Conventions (ICs) BTA is looking at for finance. Mr. Carle indicated they are looking at ICs 824, 821, 820, and 814. Mike Davis, Common Food Management System (CFMS), and Buz Sawyer, DLA, expressed their concerns that SFIS was not getting down to the transaction level for standardization, indicating that this makes it difficult to field systems without creating duplicate transactions and maintaining legacy systems. The group as a whole concurred with this assessment. Sandra Bryant, BTA, indicated that there is a need to identify transaction standardization, which needs to be addressed at the enterprise level. There is a need to identify who is responsible for the coordination and definition of the migration strategy from the “legacy” to the “to be” system.

ACTION: Sandra Bryant, BTA, will clearly articulate and propose to BTA management, the need to define and standardize all of the information exchanges within BEA. BTA will review with their leadership whether BTA will provide the governance structure for standardization, to achieve compliance with the Standard Financial Information Structure (SFIS). The group feels this is critical, and that the EDI transactions must be quickly defined for an effective SFIS implementation. If they do not standardize the data exchange, they will not meet their goal for SFIS. This action is to be completed by January 15, 2008.

c. Inter-Service Obligation via Transaction (EDI XML/Web Call). BACKGROUND:

(1) This topic is intended to address which IC/DLMS Supplement is required for the inter-service obligation transaction.

DISCUSSION: Ellen Hilert, DLMSO, suggested that the Common Food Management System version of the Federal Implementation Convention 821P, be used as the baseline for standardizing the obligation transaction. The group concurred.

ACTION: Buz Sawyer, DLA, will prepare a change proposal by February 15, 2008 to recommend 821P be the standard obligation transaction for DoD.

(2) Draft PDC 266 – Army Requisition Established Outside of Army Standard System Check for Funds Availability.

DISCUSSION: It was determined that more information is needed on this topic and on SFIS for the next meeting. Army is not ready to staff or implement Draft 266 PDC at this time.

ACTION: Bob Hammond, DLMSO, and Buz Sawyer, DLA, will arrange for a briefing on SFIS at the next Finance PRC Meeting. Ronnie Daniels, DFAS Army Representative, will arrange a briefing on Draft PDC 266 for the next Finance PRC.

d. DLMS MILSBILLS Manual Updates. BACKGROUND:

(1) Patricia Davis, DESC-RP Alternate, was to provide a write-up on nonpayment by Federal Agencies. STATUS (10/25/07). Since Federal Agencies are usually our biggest nonpayers, and since the FMR forbids writing their delinquent accounts off, the language below should be incorporated into the MILSBILLS Regulation, most likely along with paragraph C1.8,

NON_COMPLIANCE AND OTHER UNRESOLVED PROBLEMS: *FMR Vol 4, Chap 3, Para 030502L states, "Unless authorized by law to perform nonreimbursable work, DoD performing activities will not perform reimbursable work for another Federal Agency that is 90 days or more in arrears in payment of previous reimbursable billings. This restriction can be waived by the Office of the Under Secretary of Defense if in the national interest to do so."* (Patricia Davis)

DISCUSSION: Patricia was not available for the meeting. On this topic, Ellen Hilert, DLMSO, had questions about what "reimbursable" encompasses in this paragraph. She was not sure whether it is discussing material or services.

ACTION: Since there were questions on this item and Ms. Davis was not available, this item was deferred until the next meeting.

(2) Susan Scott was to draft a change proposal on the use of fund code XP for noninterfund billing.

DISCUSSION: Susan Scott was not available to discuss this item. Buz Sawyer, DLA, indicated that if the Air Force (AF) goes to the DoD Chief Financial Officer (CFO) to get a waiver from the Financial Management Regulation requirement to bill through Interfund, DLA will be fine with this change. He indicated that currently the AF would rather do a manual process than requiring the use of Interfund. Karen Brunnel, DFAS, indicated that when there is a small office and they only have a small budget, they could easily be misbilled for their entire budget, and then they would have no money for the rest of the year. This is why they would like to do the manual bill review. Buz Sawyer indicated that with the Interfund process, if they identify a discrepancy, they will get their money back the next month. He feels the current manual process requires too much manual labor.

ACTION: If Ms. Scott feels that a change is still needed for use of fund code XP, she should request a waiver from DoD CFO, and draft a change proposal on the use of fund code XP by February 15, 2008.

e. MILLSBILLS Update of DODAACS: BACKGROUND. Update DODAAC FA2303 to FG2303. STATUS (10/25/07). Done – Close.

DISCUSSION: Mr. Hammond indicated that this item was completed and closed.

f. 812L and 812R. BACKGROUND: FPRC to evaluate notes sections of transactions to ensure consistency.

- (1) Regarding the 812L and 812R DLMS Supplements, there appears to be an error in LIN02, Id 235, which discusses mfr part numbers, federal supply classifications, serial numbers, etc. There is a mismatch between the list of valid X12 codes and the list of allowable codes under the DLMS standard. A note says "DLMS Note:

1. "Use only one of codes A1, A2, A4, FB, FS, FT, MG, or YP to properly identify the material requisitioned." *[However, only FS and YP are listed in the Supplement.]*
2. "When citing a manufacturer's part number (code MG), always use code ZB to identify the manufacturer's Commercial and Government Entity (CAGE) Code." *[However, MG is not in the Supplement.]*

3. “When citing the Federal Supply Classification (FSC) (Code FT), always use code CN to identify the commodity name or description.””
[However, FT is not in the Supplement.]

DISCUSSION: Bob Hammond, DLMSO, indicated that he will check the DLMS Supplements 812L and 812R against the 810 and 511R, to ensure that codes carry correctly from the requisition through the billing process, and he will prepare a DLMS Change Proposal to ensure consistency. FPRC members are required to review this as well.

ACTION: DLMSO prepare a Proposed DLMS Change by January 30, 2008, for FPRC review.

g. ADC 226 – DODAAC Authority Codes. BACKGROUND:

- (1) DAASC to provide status on implementation. STATUS: (11/2/2007). DAAS implemented Authority Code edits on November 2, 2007. (Pam Meredith).
- (2) DLMSO removed TAC 3 requirement from Authority Code 02 for “Bill-to Only” as requested. STATUS: (11/2/2007) Completed, close (Bob Hammond).
- (3) DLMSO removed signal code D or M requirement for Authority Code 04 for “DRMS Only” as requested. STATUS: (11/2/2007) Completed, close (Bob Hammond).

DISCUSSION: Bob Hammond, DLMSO, reviewed each of these items and indicated that they are completed and closed. The group agreed. No actions were required.

h. How to Establish Fund Codes. BACKGROUND: Mark Minch, DAASC, was to request status from Lisa Tonkin (DAASC) for distribution to the Finance PRC. STATUS: (10/25/2007). Fund code adds/changes/deletes will only be accepted from the Service fund code POCs listed on the DLMSO website, and should be emailed to fundcode@dla.mil. The format was provided to Finance PRC Members by email from Pam Meredith on October 5, 2007 (Pam Meredith).

DISCUSSION: Mr. Hammond indicated that this item is closed.

i. DLA (S9M) Billings on Medical Service Contracts VIA Interfund. BACKGROUND:

DLA had been billing via the Interfund for maintenance contracts, which does not allow for ensuring that receiving reports are in hand prior to making progress payments. DLA J88 was to provide status on whether this process has been changed, and the billings can be manual or through IPAC.

DISCUSSION: Mr. Sawyer, DLA, says that DSCP indicates that they are still using the Interfund process to bill customers for "services". In one example, DSCP bills the customer for medical equipment yearly maintenance services.

ACTION: Keep this as an open item for discussion at the next Finance PRC.

j. FAA RIC Problem. BACKGROUND: Per Susan Scott, some FAA billings have RIC 570 vice RIC G69.

DISCUSSION: Jim Sheppard, FAA, indicated that he believes that this issue has been resolved. He had talked to Reggie Norwood, GSA, and feels the problem has been resolved by GSA. He would like to confirm the details with Mr. Norwood

ACTION: Since Susan Scott and Mr. Norwood were not available during the FPRC, this item will be deferred until the next meeting.

k. MILS Migration Status Update. BACKGROUND: STATUS: (10/31/2007). DLMSO is aware that DLA EBS (formerly BSM) is using the 810 and 812 transactions. The ILS-S/SBSS Air

Force, LMP Army, and Marine Corps systems at Albany, Georgia, are currently making system changes to migrate to the DLMS with implementations beginning in March and ending in the fall of next year. In 2007 and 2008 the BTA has been providing seed funding for implementing DLMS transactions through a competitive nomination "Jump Start" process, which is planned to continue through 2013. We will put this topic on the next PRC agenda.

DISCUSSION: Bob Hammond reviewed the status of this item. It was determined that we will need to have a briefing on this at the next Finance PRC. Also, Mark Johnson, representing USN, will check on the NAVY ERP for the next meeting to see if they have plans to implement DLMS financial transactions.

ACTION: Bob Hammond, DLMSO, will arrange for a briefing on the MILS Migration status and the Jump Start program at the next Finance PRC Meeting. Mark Johnson will provide status on the Navy ERP at the next Finance PRC Meeting.

l. MILSBILLS C.5.6.5. BACKGROUND: This paragraph of MILSBILLS is incorrect as it pertains to [Interim Change 00-1](#) to MILSBILLS dated July 27, 2001, which was not added to MILSBILLS in subsequent updates. (Susan Scott)

(1) See [comments](#) from DLMSO (Bob Hammond).

DISCUSSION: Bob Hammond, DLMSO, prepared a matrix showing the language in Interim Change 00-1 that was supposed to be added to MILSBILLS (but was not added), and where each paragraph should be added in the reformatted MILSBILLS manual. One paragraph of Interim Change 00-1 (Item 5 in the matrix) called for DAASC to change fund codes referring to F3885 funds to the default appropriation effective October 1, 2000. Pam Meredith, DAASC, indicated that she will verify this and get back to Bob Hammond. All other changes were agreed to, and will be included in the next revision of MILSBILLS.

ACTION: Pam Meredith, DAASC, will verify that item 5 of the Interim 00-1 matrix has been completed and get back to Bob Hammond with a status by January 15, 2008. Bob Hammond (DLMSO) will update MILSBILLS as required.

m. Manual Processing of Interfund Bills from G69 (FAA). BACKGROUND:

(1) GSA to research where the rejected file is being sent and who is working the rejects. STATUS: (11/2/2007). Reggie Norwood is getting the rejected files and is working them.

(2) DAASC to set up an account to send GSA rejects. STATUS: (10/25/2007). Reject messages are being delivered to Reggie Norwood's DIELOG account (COMMRI RUQACIH) (Pam Meredith).

(3) DAASC will verify fund code edits on FMS requisitions. Fund code edits is discussed further in topic "n" below.

(4) **DISCUSSION:** Bob Hammond, DLMSO, reviewed the first two items and indicated that these items were completed and closed. Fund code edits is discussed further in topic "n" below.

n. Use of Blank, Invalid, or Improperly Used Fund Codes on Requisitions/Billings. BACKGROUND:

(1) Susan Scott (AF) and Chuck Clevenger, DFAS Cleveland, were to submit a change proposal to validate fund codes.

DISCUSSION: There was a discussion of ADC 20, which has been incorporated into Chapter 9 of MISBILLS and specifies mandatory use rules for the Fund Code. Subsequent to implementation, DAASC excluded FMS from the logic due to reported problems with Army and Air Force transactions. The AF scenario was described as a prerequisite inquiry from the ILCO to obtain the correct source of supply from DAASC. DLMSO requested that the AF document this process; however, since this is not an actual requisition a waiver for ADC 20 may not be required. The Army scenario involves requisitions used by FMS customers to purchase major end items. DLMSO requested that the Army document this process and request an exception from ADC 20 business rules. The Navy did not identify any comparable issues with ADC 20 implementation.

ACTION: Susan Scott, AF, will clarify the fund code issue by January 15, 2008. If this is still an issue, it will be included on the next FPRC agenda. The Army (Ronnie Daniels and Sarah Cook) and Air Force (Bobby Zoelich, Susan Scott and Kay Daly), provide requested documentation by February 15, 2008. DLMSO would like to see DAASC implement ADC 20 rules for FMS from Navy and AF (with exception of the SoS query). Specific rules for the Army will depend upon the documentation to be provided.

o. Proposed DLMS Enhancement. BACKGROUND: The proposal is to initiate a reply transaction to confirm receipt of Interfund Bill Retransmission Requests.

DISCUSSION: Bob Hammond indicated that this proposal was written in 1989 by the Marine Corps, and we are not sure if it is still a valid concern. No one on the Finance PRC had a similar problem as was identified in this proposal, and all recommended that this item be closed. Ellen Hilert, DLMSO, suggested going back to the Marine Corps point of contact to ensure that a problem does not still exist before closing this item. Subsequent to the meeting, Wayne Loman (Marine Corps Representative) was contacted and he indicated that this is not an issue for Marine Corps. This item will be closed.

p. PDC 284 – Product Quality Deficiencies Report (PDQR)/Supply Discrepancy Report (SDR)/Transportation Discrepancy Report (TDR) Credit Tracking (Mark Johnson).

BACKGROUND: The PDC 284 is out for staffing (for 30 days). A discussion of the PDC was held so that the Finance PRC members are better prepared to respond within the 30 days.

DISCUSSION: Bob Hammond provided an overview of the PDC and addressed Appendix 2.5, Type of Bill Codes, with the FPRC group. It was noted that if these code changes are implemented, system changes will be required. DLMSO suggested using a new code other than “WU” for “Bill to adjust the amount previously billed due to validation of a TDR,” as this code was previously used for a different purpose and may cause confusion or incorrect processing. Mark Johnson, Navy, asked if these bill codes appear on the requisition. Ellen Hilert, DLMSO, indicated that they do not, and that the user would have to know the correct code for the discrepancy type. Overall, the two areas to be addressed in the replies to the staffing are:

- (1) Feasibility of transitioning to mandatory use of Type of Bill Code when processing billing adjustments for validated discrepancy/deficiency reports.
- (2) Should “WU” be used as a multi-purpose code or should a different code be established for future use.

q. Air Force Billing Problems Resulting From Partial Shipments. BACKGROUND: This issue came up in the Supply PRC, but it also has financial implications. Since DSS confirms based on partial shipments, and DLA EBS bills based on these confirmations, (ARO) vice the material release order (A5_), the possibility exists that some bills will appear as

duplicate billings. These bills don't contain suffixes on the document numbers, and the Air Force finance system considers the same document number with the same quantity a duplicate. This is causing a lot of manual work, and is increasing the bill processing charge from DFAS to the Services. Air Force indicates that this is a problem for them, but Army has indicated that it is not a problem for them. Is it a problem for others? We need to develop a plan and select a lead to correct this problem. Some possible solutions include:

- (1) Fix EBS not to bill until the shipment is complete.
- (2) Change DFAS systems to accommodate partial billings by accumulating the billed dollar amount so that bills based upon partial shipments are not rejected unless the total dollars exceeds the amount obligated.
- (3) In DLMS add the TCN to the bill or add a partial shipment indicator for future use. (Susan Scott)

[ADC 247](#) provides some background.

DISCUSSION: Karen Brunnell (DFAS Denver) provided an overview of the problem as explained above. She indicated that she will see if a systems change based upon solution (2) above can be accomplished by Air Force to resolve this problem. Ms. Hilert, DLMSO, reported that the process identified in (2) above is currently used by the Army, and it appears the Army is not having a billing problem for partial shipments. Ronnie Daniels (Army Representative) will confirm this. Mark Johnson, representing Navy, indicated that he will check to see if the Navy is having a similar problem.

ACTION: Ronnie Daniels will confirm procedures to DLMSO and have his POC for the Army's current billing process for partials contact Karen Brunnell to discuss. Mark Johnson, representing Navy, will identify the Navy's current process for partials. These actions will be completed by January 15, 2008.

r. Treasury Suspense Account Elimination. BACKGROUND: Treasury is eliminating suspense accounts starting **F3875 and **F3885. MILSBILLS uses **F3885 (.2000) to place interfund bills/details in suspense when no due-in or obligation exists. Susan Scott indicates that we need to discuss how we want to address this and document any required changes to DOD 4000.25-7-M. There was a meeting held with OSD and all DFAS sites week of May 21-24, 2007. (Susan Scott)

DISCUSSION: Treasury has indicated that suspense accounts will be eliminated. Interfund has established an In-Transit account for similar uses. Randall Moore (DFAS Columbus) indicated that they do not use suspense accounts. Mark Johnson, USN, indicated that the Navy does not use suspense accounts as well. Ronnie Daniels (DFAS Indianapolis) indicated that DFAS, Indianapolis, still uses suspense accounts.

ACTION: Karen Brunnell (DFAS Denver) will clarify if anything needs to be documented in DoD 4000.25-7-M by January 15, 2008.

Attachment