



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO

DLMSO

November 24, 2009

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Defense Logistics Management Systems (DLMS) Finance Process Review
Committee (FPRC) Meeting, November 19, 2009

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

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

A handwritten signature in cursive script, reading "Donald C. Pipp", is positioned above the typed name.

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

Cc:
DUSD (L&MR) SCI
Finance PRC Committee



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MEMORANDUM FOR RECORD

SUBJECT: Defense Logistics Management System (DLMS) Finance Process Review Committee (PRC) Meeting, November 19, 2009

Purpose: Defense Logistics Management Standards Office (DLMSO) hosted the subject meeting at a conference facility located at 2750 Prosperity Avenue, Fairfax, VA. Defense Connect Online (DCO) was used to provide real-time viewing on off-site computer screens of the presentations for those participants who were calling into the meeting. Specific discussion topics are noted below. A list of attendees is shown at Enclosure 1. All meeting handouts and briefing material are available on the Finance Process Review Committee (FPRC) Web page (refer to the meeting agenda): <http://www.dla.mil/j-6/dlms0/Programs/Committees/Finance/financeprc.asp>

Brief Summary of Discussion: Bob Hammond, FPRC Chair facilitated the meeting discussions.

Review of Meeting Topics:

1. **Standard Financial Information Structure (SFIS).**

- a. DLMSO and BTA gave a presentation on SFIS, to include discussion of the draft Proposed DLMS Change (PDC) 350 that identifies SFIS data elements to be exchanged, and options for exchanging SFIS data elements between DLMS and SFIS compliant systems. SFIS is a common business language that enables budgeting, performance-based management, and the generation of financial statements. One aspect of SFIS is replacement of the long line of accounting with discrete accounting data elements. This was not possible under the MILS fixed 80 record position transactions, but is now possible under the variable length DLMS transactions. The fund code and bill-to DoDAAC, which identify the appropriation chargeable from the DAASC authoritative source fund code table, will be retained until no longer needed to support the transition in a mixed MILS/DLMS environment. Two options were discussed for exchanging SFIS data. The first option is to add all required SFIS data elements to the DLMS transactions. The second option is to add only the business partner number to the DLMS transactions, and then to add the other SFIS data elements to the DAASC fund code table to be imported by financial systems needing the SFIS data. The second option would retain the fund code permanently. The briefing slides are posted on the agenda.

- b. **ACTION** (Due 15 January 2010).
 - i. **BTA**, clarify the relationship (if any) to initiatives by the procurement community to employ standard SFIS data, and provide appropriate language for the PDC.
 - ii. **OSD Comptroller (Joe Doyle)**
 - 1) Provide guidance on the uses of the character “*” in the fund code table, which identifies the fiscal year of the billing date. This relates to the option of modifying the fund code table to include SFIS data for data exchange.
 - 2) Provide guidance on the proposed use of ANSI X12 qualifiers for SFIS for the FA2 segment that are managed by the Financial Management Regulation under code source 529.
 - iii. **DAASC** provide some examples to Joe Doyle of transactions using fund codes with “*” as the fiscal year indicator in the fund code.
 - iv. **Tom Rybak (BTA)** provide a future demonstration of how the ERPs will accommodate requisition processing to pre-populate financial data.
 - v. **All.** Ensure that Component stakeholders review draft PDC 365 and provide any comments to Bob Hammond (DLMSO).

2. **Off-Line Ordering System- Funds Availability Check.**

- a. There was a discussion of ADC 328, “Off-Line” Requisition Processing: Internet Ordering Application Request for Component Verification of Funds Availability & Recording of the Financial Obligation. This ADC will establish a capability for a funds verification check for off-line ordering systems such as DoD eMall and GSA Advantage before orders process, and will allow for recording the obligation in component financial systems. This capability was requested by Army, who will be the first component implementation, however it has applicability to all. Marine Corps intends to implement ADC 328 procedures.
- b. **ACTION.**
 - i. **Components** review funds availability procedures for off-line ordering systems and brief at the next Finance PRC plans to implement ADC 328 or alternate procedures to ensure funds availability and recording of the obligation.
 - ii. **DLA** brief at the next Finance PRC how they will leverage ADC 328 functionality for ordering via non-integrated Tailored Vendor Relationship (TVR) programs, or (alternatively) alert customers to record their obligation independently prior to placing an order.

3. **FAA RIC Problem.**

- a. Some FAA billings have RIC 570 vice RIC G69. Billie Davis, FAA, indicated that FAA is sending RIC G69 in the Detailed Bill but that GSA, who submits the bills for FAA, is entering the incorrect RIC of 570 in the Summary Bill.
- b. **ACTION: Roxanne Degner, GSA**, will research this problem provide status by 15 January 2010.

4. **Fund Code Validation on FMS Requisitions.**

- a. [ADC 20](#), which has been incorporated into Chapter 9 of MISBILLS, 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.
- b. Kathleen Heikel, Army, reported that changes were made to the Army Centralized Integrated System for International Logistics to comply with ADC 20. The AF scenario was described as a pre-requisition inquiry from the ILCO to obtain the correct source of supply from DAASC. Air Force has documented the Air Force process as follows. DAASC and SAMIS have had an agreement for approximately the last 20 years where SAMIS sends transactions/inquiries to DAASC (pre-requisition) to search for a SOS when there is no SOS listed in the Air Force catalog. SAMIS transmits these transactions to DAASC (RIC SGA) with a blank fund code because SAMIS is unable to assign a fund code when the SOS is unknown. DAASC then searches to identify a SOS. If successful, DAASC returns the transaction with the SOS identified; if they are unsuccessful, DAASC also returns the transaction, but with a notation that they could not find a SOS. Either way, these types of transactions are not requisitions processed by DAASC. For the successfully identified SOS, SAMIS assigns a fund code based on the SOS and submits a requisition; if not successful the document number is researched for possible further action.
- c. DAASC removed the exception for FMS Fund Code edit and implemented a procedure to accommodate the Air Force pre-requisition inquiry, in March of 2009. In reviewing the edit, it was discovered a subset of Air Force SOS for FMS requisitions was bypassing the edit. This was resolved and a new edit was put in place on 19 October 2009. This new edit ensures FMS transactions from the ILCOs and from EMALL are edited for a valid Signal Code and Fund Code and excludes the Air Force pre-requisition inquiry from the edit.
- d. **ACTION:** DLMSO (Ellen Hilert) will look into publishing procedures for “pre-requisition inquiry” in MILSTRIP/DLMS Manual. DLMSO will coordinate with the Air Force as needed.

5. Air Force Billing Problems Resulting from Partial Shipments.

- a. This issue came up in the Supply PRC, but it also has financial implications. ADC 247 provides some background. Since DLA Distribution Standard System (DSS) confirms based on partial shipments, and DLA Enterprise Business System (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 to be a duplicate. This causes manual work, and increased the bill processing charge from DFAS to the Services. Air Force indicates that this is a problem for them, while Army and Navy indicate that it is not a problem for them.
- b. Some possible solutions identified include:
 - i. Fix EBS not to bill until the shipment is complete. Susan Eldridge, DLA, indicated that it is not feasible to modify EBS in the near term to correct this problem. DLMSO (Ellen Hilert) noted that business process improvements now under consideration will likely increase the overall

number of depot partial shipments. She asked that a long term solution be considered to recognize partial shipments initiated by the depot and consolidate billing, if bill processing fees are applicable.

- ii. In DLMS, add the TCN to the bill or add a partial shipment indicator for future use. The inclusion of the TCN in the bill under DLMS is included in ADC 290; however, this is a long term solution.
- iii. 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 dollar total exceeds the amount obligated. Shirley Reed, Air Force was to talk with Ronnie Daniels, Army, regarding the Army process, and look at the Air Force edit to determine if the Air Force edit can be modified to resolve this problem. Subsequent to the meeting, DLMSO recommended that AF provide a DLMS Change proposal to establish DoD rules for billing of partial shipments if internal AF solution is not acceptable and/or volume of billing associated with partial supply actions is shown to be a significant expense to the Service resulting from DFAS charges for processing of electronic separate bills for each partial action including surcharge for manual research.
- c. The Air Force wrote an SCR to change the way incoming interfund bills are zero balanced and has a Discrepancy Report to exclude certain Document Identity Codes to prevent the erroneous deletion of duplicate detail billing records.
- d. **ACTION. Components and DLA** provide the following information to DLMSO by 15 January 2010:
 - i. Process used for handling these bills, which appear as duplicate bills, i.e. are they processed manually?
 - ii. What is the estimated frequency of occurrence per month?
 - iii. Are there charges for each interfund bill, as this process would increase the number of detail bills?
 - iv. Are there additional charges for processing these bills manually?

6. GSA-Directed Shipments Lost at DLA-Operated Consolidation and Containerization Point (CCP).

- a. GSA directs vendor shipment to customers through the DLA CCPs. If material is lost and GSA has transporter proof of delivery (TPD) from the vendor neither the vendor nor GSA will reimburse the customer. DLA has no policy/process to provide credit for CCP losses based upon submission of a Supply Discrepancy Report (SDR) to DLA. GSA does not accept responsibility for CCP losses. Ellen Hilert, DLMSO, suggested that the best way for the credit to occur is to have GSA reimburse the customer and then have DLA reimburse GSA. GSA would bill DLA for the customer's credits. Buz Sawyer, DLA, indicated that this would have to be negotiated between GSA and DLA. The volume of these types of lost items is small, but users get upset when they don't get credit. Much additional time is lost due to lack of published procedures governing this scenario, resulting in repeated follow-ups from the customer seeking resolution.
- b. On 8/31/09, a GSA team was set up to review the DRAFT PDC 314 developed by Ellen Hilert (team includes Robert R. Blake, Director, National Customer Service Center, Douglas French, and Denise Webster.

- c. **ACTION. GSA** provide comments on draft PDC 314, or provide recommendation for alternative procedures, to Ellen Hilert by 15 January 2010.

7. DOD Activity Address Code (DoDAAC) Edits on Logistics Bills and Requisitions

- a. Bob Hammond (DLMSO) provided a briefing on PDC 368, DOD Activity Address Code (DoDAAC) Edits on Logistics Bills and Requisitions, which includes procedures for deleted DoDAACs.
- b. **ACTION. All**, review PDC 368 and provide comments to DLMSO by 31 December 2009.

8. Billing Issues

- a. Andrew Daniel (DFAS) provided a briefing on instances for Air Force bills where the bill number in the summary bill did not match the bill number in the detail bill for billing reversals. This appeared to be an internal Air Force training issue and no PRC action was recommended at this time.
- b. Abby Savoy (DFAS) provided a presentation on efforts to clear aged DLA bills that have rejected at DAASC for invalid DoDAACs. A spreadsheet of rejected summary bills is posted on the meeting agenda.
- c. **ACTION.**
 - i. **Diana Robinson** (DLIS) will check to see if the DLA call in center can match any of the DoDAACs to call in orders and will advise DLMSO and Abby Savoy (DFAS) by 15 January 2010.
 - ii. **Components.** Review the spreadsheet of rejected DLA bills to ascertain the correct bill-to DoDAACs and provide comments on to DLMSO and Abby Savoy by 15 January 2010.

9. DLA Hazardous Waste Billing.

- a. Navy discovered that on their June billings for hazardous waste from DLA the MILSBILLS document ID changed from FC1/FC2 (Billing for Decentralized, Non-catalogued and Non-Stocked Items) to FA1/FA2 (Billing for Issue from Stock). Research indicated that on 1 April 2009 DRMS was brought under the DLA Enterprise Operations Accounting system and that the FC1/2 transaction was not programmed for hazardous waste billings. In addition, the Routing Identifier Code (RIC) changed from S9D to SMS. In the case of Navy, this caused bills to go to individual Navy activities instead of being billed to a central working capital fund. Finally the optional Type of Bill Code indicator “HW” for hazardous waste was not being used.
- b. Bruce Wright (DLA) indicated that a change was put in place in September 2009 to restore use of the document identifier FC1/FC2 document identifier and the use of “Type of Bill Code” indicator HW. Additionally, Bruce indicated that DLA has begun putting “GM01” in the first four record positions of the “Stock Number” field (MILS record positions 8 – 22) to identify hazardous waste billings, which is an undocumented process. Ellen Hilert suggested that there is a change proposal in development for a DLMS ‘Catalog ID’ which may be appropriate for this procedure, in lieu of using the “Stock Number” field.
- c. **ACTION. Bruce Wright (DLA)**, will by 15 January 2015

- i. Confirm that Type Bill Code of HW is now being passed in the hazardous waste bills. *Subsequent to the meeting, Bruce Wright (DLA) confirmed that Type Bill Code HW is being passed in hazardous waste bills.*
- ii. Discuss with DLA leadership the possibility of reversing the bills to Navy billed under documents identifier FA1/FA2 and rebilling them under FC1/FC2.
- iii. Determine if there is a need to pass GMO1 needs to be passed external to DLA, and if so document the use in a Proposed DLMS change.

10. DLMS Manuals.

- a. DLMSO will be working to revise the DLMS Manual (DoD 4000.25-M) to incorporate both DLMS and MILS procedures from the MILSBILLS Manual (DoD4000.25-7-M toward the goal of eventually eliminating MILSBILLS. Revisions will be done through a series of Proposed DLMS Changes (PDCs). PRC support in carefully reviewing these PDCs needed.
- b. DLMSO also discussed the proposed move toward Defense Logistics Manuals to replace the MILS manuals.
- c. **ACTION. All,** review chapters 2 and 3 of Draft DLM 4000.25-3 MILSBILLS, DLM 4000.25 V4, (linked on the agenda) and provide proposed changes to DLMSO, Bob Hammond, by 15 January 2010 for PDC development.

11. DLMS Migration Status. Dale Yeakel (DLMSO) provided a briefing regarding the migration from fixed 80 record position MILS transactions to the variable length Defense Logistics Management System transactions. DLMS transactions as a percent of total transactions have gone from 12% in April 2006 to 57% in September 2009 and are projected to reach 98% in 2015.

12. Navy Enterprise Resource Planning (ERP) System. Beverly Veit (Navy) provided an overview of Navy ERP.

Enclosure