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March 28, 2025

MEMORANDUM FOR RECORD

**SUBJECT: DoD Defense Logistics Management Standards Finance Process Review Committee
Meeting 25-01**

This memorandum forwards the attached minutes of the Finance Process Review Committee, providing updates on G-Invoicing and internet ordering systems.

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Attachment:
As stated,

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ODASD(Logistics)
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**MINUTES FROM FINANCE PROCESS REVIEW COMMITTEE MEETING 25-01,
MARCH 18, 2025**

Subject: DoD Defense Logistics Management Standards G-Invoicing Updates and Internet Ordering Systems Finance Process Review Committee Meeting 25-01

Purpose: The Defense Enterprise Data Standards Office (DEDSO) convened a virtual meeting of the Finance Process Review Committee (PRC) via Zoom and teleconference on March 18, 2025.

Meeting Documentation: Meeting agenda, briefing material, and action item tracker are available on the Finance PRC web page: <https://www.dla.mil/FinancePRC>. **Please provide responses to open action items within 30 days of distribution by sending to e-mail address DEDSO.Finance@DLA.MIL.**

Brief Summary of Discussion:

a. Opening Remarks:

Edward (Nolan) Davis, DEDSO Finance Administrator, welcomed attendees and encouraged a discussion on G-Invoicing planning from all participants. Nolan Davis welcomed Amber Probert, Office of the Deputy Assistant Secretary Defense (Logistics) (ODASD(Log)) Audit Remediation and G-Invoicing Implementation Lead, Fatimoh Ajadi, Intra-Governmental Transactions Lead for Office of the Under Secretary of Defense (OUSD) Comptroller, and Don Landon, the Deputy Director of DEDSO.

b. Meeting Topics:

Nolan Davis provided a brief overview of the topics to be discussed, focusing on activities under the G-Invoicing umbrella.

(1) Agenda Topic 1 – Supply Transaction Working Group (STWG)

Amber Probert gave a brief overview of the STWG, then focused on work addressing identified gaps for supply for G-Invoicing implementation.

The STWG reviewed supply transactions from legacy processes to assess their impact and connection to the G-Invoicing platform, aiming to improve audit issues. Another important driver for the STWG is to support Department of Defense (DoD) supply compliance with G-Invoicing before the intra-governmental payment and collection shut off.

The STWG is currently developing an improved governance structure, meeting six to seven times annually at the working group level, with a goal of integrating into the

Financial Reporting Functional Counsel. The charter for the STWG is now being finalized for review.

The STWG tracks eleven gaps that could impact G-Invoicing and buckets them into policies, processes, systems, or a combination thereof. For each gap, a lead office was assigned to coordinate sub-teams towards resolution.

(a) Gap 1: Inconsistent Free-On-Board (FOB) Point Guidance

Gap number 1 addresses a need for consistency in defining when to bill and recognizing revenue. The intent is to tighten up policies to guide consistent timing for title passing and revenue recognition and feed into terms and conditions, however, finding a single, universal point in processes has been difficult. Recommendations are balancing out how to resolve the gap, and the DoD Comptroller is reviewing input to clarify and align statements in various chapters of the Financial Management Regulation around FOB designations and in relation to title transfer and revenue recognition.

(b) Gap 2: Policy Update Completion

A STWG request for the Treasury to provide a guide for 7600EZ was completed, closing gap 2.

(c) Gap 3: Offline Ordering Systems

Gap number three is in reference to offline ordering, which is all of the ways a customer may place an order outside their requisitioning systems (e.g., internet ordering applications, phone, or walk-in services). The gap relates to making sure adequate information is collected and communicated to record the obligation in the customer's financial system. DEDSO has examined the existing funds control capability, and has developed proposals for consideration, which were discussed today.

(d) Gap 4: Source of Supply Changes

Gap number four deals with rerouting requisitions to another source of supply. Passing/referral orders allow a seller to redirect a requisition to another source of supply. For G-Invoicing, the concern is that the original requisition references the general terms and conditions (GT&Cs) between the buyer and the initial source of supply. The STWG is working on solving the GT&Cs information, without disrupting the ultimate source of supply, to proceed with fulfilling the order.

(e) Gap 5: Defense Logistics Management Standards (DLMS) Compliance Inconsistency Throughout the DoD

DLMS compliance has been challenging to complete. Gap number five relates to ODASD(Log) working with the system owners to develop a more a standardized way of collecting DLMS compliance information. Stephanie Lopez of ODASD(Log) will be briefing the STWG on DLMS compliance status this afternoon, as it is highly critical to the ability of the DoD to move forward, both in audit-compliance areas and normal business processes. Incorporating G-Invoicing into DLMS processes is also important. The statistics on transitioning from legacy transactions to DLMS is surprisingly good, therefore, the effort aims to assess DLMS implementation convention compliance and understand data exchange between systems.

(f) Gap 6: Data Elements to Support Supply Receipt

Gap number six takes two approaches to ensure sufficient data elements are in place: 1.) support supply matching obligation and 2.) receipt and billing in conjunction with G-Invoicing. The STWG thinks the 7600EZ could perform the bill match if it added data elements for the line-item details. STWG has communicated with the Treasury about the DoD Comptroller eventually submitting a change request to add the necessary elements. In the near-term, however, DEDSO coordinated ADC 1465A, Extend G-Invoicing Elements to the DLMS 810L, Logistics Bill, to continue using the DLMS 810L implementation convention as a detailed logistics bill with elements linking it to a G-Invoicing.

(g) Gap 7: Accounting for Buy and Sell Activities: Lateral Distributions/Excess Returns/Carcass Returns

Gap number seven is the topic of a white paper being discussed at the afternoon STWG meeting. The white paper examines certain activities (e.g., lateral redistributions, excess returns, carcass returns) performed by the DOD to determine if they should be considered a buy and sell activity, or if a different accounting activity is more appropriate. This afternoon, the STWG will discuss how buy/sell activities are incorporated into G-Invoicing and explore various approaches to address these scenarios in their white paper.

Kristopher Fromm, Defense Logistics Agency (DLA) J341 Order Management, commented that OSD put out a finance policy memorandum on June 29, 2020 that addresses lateral redistributions from a credit process to a buy/sell process. The memo outlines the accounting treatment for these activities and emphasizes recording reimbursements as disbursements rather than negative collections. Paul Macias, DEDSO, noted that the STWG is not reversing the buy/sell on later redistributions, and it is one of the processes all set with procedures to proceed with buy/sell according to ADC 1431, Reimbursements of Lateral Redistributions from a Credit to a Buy/Sell

Process. However, progress needs to be made on implementing that ADC in the systems.

Steve Nace, DEDSO, shared that when it comes to carcass returns under domestic agreements between the DoD Components, there is no standard process, so not all the DoD Components follow the same process. The Supply Process Review Committee has been trying to work through how the carcass returns and crediting takes place but has not been able to come to a consensus on a single- or double-method solution.

(h) Gap 8: OSD-Wide 7600EZ Dollar Value Limit Waiver

Gap number eight addresses 7600EZ. When the 7600EZ was created, a ten-thousand-dollar limit was set to ensure its focus on lower dollar value items during rollout. DLA requested a waiver due to the high volume of transactions that would exceed the ten-thousand-dollar limit. The STWG expressed concern that the dollar value threshold limited DoD supply flexibility. As a result, the group collaborated, and the DoD Comptroller is coordinating an all-defense waiver package to remove the ten-thousand-dollar limit for the 7600EZ. Most of what is needed has been collected. When complete, the DoD Comptroller will formally submit the DoD supply waiver request to the Department of Treasury.

(i) Gap 9: Interfund Billing Transition: DoD-Wide Decision on Interfund Transition to G-Invoicing

Gap number nine involves a decision on interfund for G-Invoicing. While examining interfund reporting to the Treasury, the STWG has uncovered various issues. Currently, the DoD summarizes a month's worth of interfund activity and reports it to the Treasury. Achieving consensus on how to manage interfund through G-Invoicing is essential for moving forward.

Hannah McClellan, Federal Aviation Administration (FAA), explained FAA uses interfund when FAA is the seller, and the DoD is the buyer. She is unsure how transitioning interfund to G-Invoicing will impact the FAA as the seller. Amber Probert acknowledged part of this gap needs to address working together with the FAA on the transition.

(j) Gap 10: Standard Business Rules and Policies for 7600EZ GT&Cs

Gap number ten addresses updating policy for GT&Cs. DoD Instruction 4000.19 provides guidelines on agreements and instructions on how and when to use the 7600A and 7600B documents, including roles and responsibilities. The DoDI is assigned to the real property office inside of acquisition and sustainment. Amber Probert is trying to identify the correct action officer in real property to start incorporating coverage for the 7600EZ. The goal is to include adequate guidance for GT&Cs, ensuring flows through smoothly from beginning to end, including accounting. Another proposal is to shift the DoDI

itself from real property over to the DoD Comptroller's office because the Services, for the most part, and agencies have aligned their agreements to their financial branches. To achieve consistency within the DoD, it would be logical to follow suit and place this responsibility with the DoD Comptroller.

(k) Gap 11: End to End 7600EZ High Level Process Flows

Gap number eleven affects all processes. Ensuring end-to-end flow involves refining business rules so that G-Invoicing integrates seamlessly, rather than being added as an afterthought. The process flows were recently distributed through the Correspondence and Task Management System. DoD Component correspondence offices should have seen the tasker and entered it into their internal task management systems. Finance and logistics communities were asked to be the primary responders on the policies, but input from all systems is welcome to ensure the flows are accurate.

Amber Probert wrapped up, noting that all are welcome to listen in on the STWG meeting this afternoon. A more in-depth meeting is planned for May 1st and 2nd. In addition to the process flows, the STWG charter is in the Correspondence and Task Management System for review.

(2) Agenda Topic 2 – Internet Ordering System Discussion

Paul Macias presented a deeper dive into STWG gap number three; the need to improve offline ordering system communication back to customer systems. As pointed out in the prior STWG gap overview, an offline ordering system is any valid order placed outside a DoD Component main ordering system. This is an issue, because it is rare for orders placed outside the main ordering system to systemically get information about the order being placed (i.e., the obligation). Even with internet ordering systems, the entire supply process is typically contained inside the system, and the customer's systems have no communication until a bill is sent. This leaves obligation recording to manual or bespoke automation solutions that lack visibility. Also, the customer's supply system does not get a due-in for shipments to hook into the customer's main receiving system. Lastly, the customer's billing system might only get a summary-level bill, with no way to match the detailed line items.

Current procedures in these situations only state that the customer has to record the obligation, and policy allows for up to ten days. For auditability, the recording of obligations, receipts, and billing are to be matched at the detail level.

Fundamentally, the DoD needs to strengthen communication between offline ordering and customer supply/financial systems.

DLM 4000.25, Volume 4, Chapter 7, details how the funds-verification process facilitates near real-time communication between FedMall and the Army's Global Combat Command System to validate the funds available and record the obligation and due-in as part of the checkout process. Defense Automatic Addressing System (DAAS) has validated the ability to modernize the funds-verification process to their

application program interface platform. The funds-verification solution could be of significant value for other internet ordering platforms to support their customers.

An alternative solution could involve the seller's system sending a systematic transaction back to the customer's system to ensure the obligation is recorded promptly. The specific transaction elements need to be defined.

There is a lot of pressure and effort working towards getting the G-Invoicing implemented. STWG needs the various offline/internet ordering systems to review the fund-verification process, and the option for a systemic obligation transaction, to provide feedback on approach preferences and implementation considerations. The Finance PRC Chair will be reaching out to get feedback from systems in the near future.

William Skabla, DLA Aviation, shared that a training session on G-Invoicing spoke to an application programming interface linking FedMall to G-Invoicing to be implemented in the summer of 2026. Paul Macias clarified that DEDSO is aware and supportive of this, however, that DAAS application program interface is assisting with the reporting into G-Invoicing, while the gap number three focus is about communicating the obligation back to all DoD Component customer-relevant systems.

Dwayne Hutchinson, DLA J8, noted that DLA Energy is starting to program the 7600EZ into DLA's Enterprise Business System (EBS) in September 2025.

(a) Action Item 1:

DEDSO will engage with offline and internet ordering systems to discuss gap number three and gather input on workable solutions.

(3) Agenda Topic 3 – DLA G-Invoicing Update

Michael Lane and Dwayne Hutchinson of DLA Finance (J8G) provided an update on G-Invoicing implementation from a DLA perspective.

G-Invoicing is a catalyst that is really driving a lot of business and re-engineering efforts across the DoD and throughout the Federal Government. G-Invoicing requirements consist of data standards, process steps, and some policy requirements. Looking at legacy processes, gaps related to audit readiness, efficiency, and inconsistency have been identified. G-Invoicing will go beyond interfacing with the Treasury. It aims to address and resolve many long-standing audit issues.

DLA is embracing the changes introduced by G-Invoicing and needs stakeholders to understand which of our supply chains and business lines will use the 7600B for materiel versus the 7600EZ.

Important target dates follow:

- March 31, 2025 – DLA first cut-over is for 7600B processes for services

- May 30, 2025 – DLA begins 7600B process for material
- October 01, 2025 – DLA starts outbound ordering process on 7600B
- End of fiscal year – All of DLA 7600B processes will be cut over
- August 2026 – The last cut-over target is for materiel orders (e.g., DLMS) on 7600EZ

DLA presented, by service line, whether the settlement will be 7600B or 7600EZ and the timeframe to begin G-Invoicing. Anticipated FOB relation was shared:

- If 7600B services...then FOB source
- If 7600B materiel that requires delivery...then FOB destination
- If 7600B materiel with no delivery (e.g., pickup) ...then FOB source
- If 7600EZ materiel...then FOB source

One slide provided information on the current targets for implementing G-Invoicing requirements in some DLA internet ordering systems. The Enterprise External Business Portal, Subsistence Total Order and Receipt Electronic System, and Hazardous Materials Management System are all on track to implement by the August 01, 2026 target. Fresh Fruit and Vegetables Order Receipt System is in initial conversations between the DLA and U.S. Department of Agriculture but has not set an implementation date yet.

DLA believes that clear DoD-wide policy should be issued promptly to standardize FOB definitions and triggers for consistency, along with implementation timelines to ensure planning moves in a unified direction as soon as possible. In the absence of DoD policy, there is a significant risk of inconsistent application of financial actions among trading partners that could impact audits. Planning should begin now while all parties are focused on G-Invoicing implementation milestones.

DLA recommends that others review their order-to-cash processes as DLA did for the mentioned service lines. Also, the STWG recommendations and related DEDSO-approved DLMS changes should be implemented. Success is dependent upon being change agents that fix the long-standing eliminations and material weaknesses.

Michael Lane shared the STWG Survey link:

<https://forms.osi.apps.mil/Pages/ResponsePage.aspx?id=gx3ubeiNu0m8Df2IEkc5BGR2qC43zmBFrFLtr0jy2RUMTdPOFIxSkhRWE5CUUdSSThWMVpCNVQ1QiQIQCN0PWcu>

DLA requests each organization answer the six survey questions to help gauge where trading partners stand and when they anticipate being ready to process 7600EZ transactions.

(a) Action Item 2:

Complete the G-Invoicing readiness questionnaire shared by DLA J8G.

(4) Agenda Topic 4 – Wrap Up/Action Items

Nolan Davis thanked all participants for their involvement and attendees were encouraged to join the afternoon STWG meeting. Attendees were reminded that the DEDSO DLMS Summit planned for April-May has been switched to virtual, with dates to be determined.

Lastly, PRC representatives should have seen an e-mail announcing that DAAS had promulgated to the production environment the business rules called for by ADCs 1043E and 1043G.