**C5. CHAPTER 5**

**INTERFUND BILLING SYSTEM PROCEDURES**

C5.1. POLICY

 C5.1.1. General. It is DoD policy that DoD customers 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 involved funds 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 for major end items such as complete aircraft, ships, tanks, space vehicles, and missiles.

 C5.1.2.3. Except for the General Services Administration (GSA), the Federal Aviation Administration (FAA), and the National Oceanic and Atmospheric Administration (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 are both “bills” and “notices” to a customer that its funds have been charged and the “bill” paid.

 C5.2.3. Billed offices will, upon receipt of the “bill”, either accept and record the charge for the complete or partial bill or, when the charge is questionable or erroneous at the detail bill level or in dispute, record the charge into the designated default account for further research. Charges will remain uncleared pending completion of research and resolution.

 C5.2.4. Only the billing office or Central Accounts Office (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 will be prepared in accordance with Defense Logistics Management Standards (DLMS) 810L transaction or Appendix 3 for legacy 80 column card transactions.

C5.4. CENTRAL ACCOUNTS OFFICES

 C5.4.1. General. CAOs are Defense Finance and Accounting Service (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 Central Accounts Offices. DAAS 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 DoD Activity Address Code (DoDAAC) described in Table C5.T1.

Table C5.T1. Seller CAO

|  |  |
| --- | --- |
| SELLER DoDAAC BEGINS WITH  | SELLER CAO |
| Numeric | GSA |
| F | DFAS-CO |
| M | DFAS-CL |
| N | DFAS-CL |
| Other | DFAS-IN |

 C5.4.3. Buyer Central Accounts Offices. 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 directly or indirectly adjust the reimbursement side of interfund transactions reported by seller CAOs. Buyer CAO interfund bill responsibilities are determined by the appropriation disbursed according to Table C5.T2.

Table C5.T2. Buyer CAO

| INDEX | TREASURY SYMBOL | SUB-ALLOCATION HOLDER IDENTIFIER | BUYER CAO |
| --- | --- | --- | --- |
| 17 | All | All | DFAS-CL |
| 21 | All | All | DFAS-IN |
| 57 | All | All | DFAS-CO |
| 97 | NOT 4930 | All | DFAS-IN |
| 97 | 4930 | All | DFAS-IN |

C5.5. INTERFUND REPORTS

 C5.5.1. Billing Office Reports. CAOs will base interfund reimbursements upon summary billing records received from DAAS for interfund bills passing DLMS prescribed DAAS edits. Therefore, upon implementation of the revised seller interfund reporting procedures, DLMS 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.

 C5.5.2. Billed Office Reports. Each billed office will report (i.e., correct or otherwise clear) interfund disbursements charged to the office in accordance with procedures prescribed by its Service or Agency.

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

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 OUSD(C) with a summarized classification of receipts and outlays processed under the interfund billing system.

 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 interfund transaction reports.

 C5.6.3. Report Form. The “Statement of Interfund Transactions” must be prepared monthly and contain totals for each appropriation/Sub-Allocation Holder Identifier charged and reimbursed, the reporting period, and identify the reporting office. GSA will submit an equivalent “Statement of Interfund Transactions.”

 C5.6.4. Frequency and Distribution. The “Statement of Interfund Transactions” must be submitted to the OUSD(C) as promptly as possible, but no later than close of business on the 2nd 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 will convert invalid accounts to the charged agency’s default appropriation as indicated in Appendix 2.2. of this guidance.

 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 Sub-Allocation Holder Identifier on department 97 appropriations.

 C5.6.6.1.2. Extracts of the “Statement of Interfund Transactions” (and GSA equivalent) that are forwarded to DoD CAOs will be supported by summary billing records (DLMS 810L/Document Identifier Code (DIC) FS). The summary billing records will be forwarded electronically to the CAO responsible for clearance. The CAO responsible for clearance is determined by the departmental index of the disbursed appropriation and, in the case of department “97" appropriations, by the DoD Component identification contained in the appropriation’s Sub-Allocation Holder Identifier. Table C5.T3 identifies the CAO responsible for clearing interfund bills:

Table C5.T3. Department of Defense Central Accounts Offices

|  |  |  |  |
| --- | --- | --- | --- |
| CLEARANCE CAO | COMMRI | INDEX | COMPONENT[[1]](#footnote-1) |
| DFAS-Indianapolis | RUQADVU | 97 | Other than USAF, USN, USMC, and SDDC Sub-Allocation Holder Identifier FD30 |
| 21 | All |
| DFAS-Columbus | RUVEGAA | 97 | USAF |
| 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 is submitted to OUSD(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 Director of Budget and Finance, Washington Headquarters Service, 1155 Defense Pentagon, Washington, DC 20301-1155.

 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 required information.

 C5.6.7.1.2. If more than one sheet is used to report transaction amounts, the grand 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, etc.), treasury account symbol of the appropriation, other fund, or receipt account for which the transaction amounts 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 collected appropriation reimbursements 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 will 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 will 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 will be included in their Statements 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 DAAS.

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

 C5.7.1.3.5. Uncleared Disputed Transactions

 C5.7.1.3.5.1. Uncleared “disputed” transactions will be researched and cleared within a reasonable period (i.e., within 120 calendar days of the date the disbursement was reported to DFAS when the entitlement office and accounting office are not co-located and 90 days when they are co-located). Amounts placed in suspense; that is, charged to the clearing account, are transferred to another account or are otherwise cleared within the same period as above.

 C5.7.1.3.5.2. Within 90 days of the disbursement being report to DFAS, or 60 days if co-located, DFAS will ask the customer to follow up on uncleared detail bills. When a customer leaves a detail bill uncharged for 120 calendar days (90 days if co-located), DFAS will contact the customer for an appropriation to charge to clear the detail bill. Only when a written notification from the seller that an adjustment is forthcoming may the item remain unprocessed after this timeframe. Within 90 days of the suspense date (60 days if co-located), DFAS will ask the customer to clear the amount in suspense and provide an alternative account for the disbursement.

1. For purposes of this procedure, the Component Identification for 97X4930 is in the 1st position of the Sub-Allocation Holder Identifier 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 is 01 (USA), 02 (USAF), 04 (USN), and 05 (USMC). [↑](#footnote-ref-1)