

DEFENSE LOGISTICS AGENCY

Established 1961

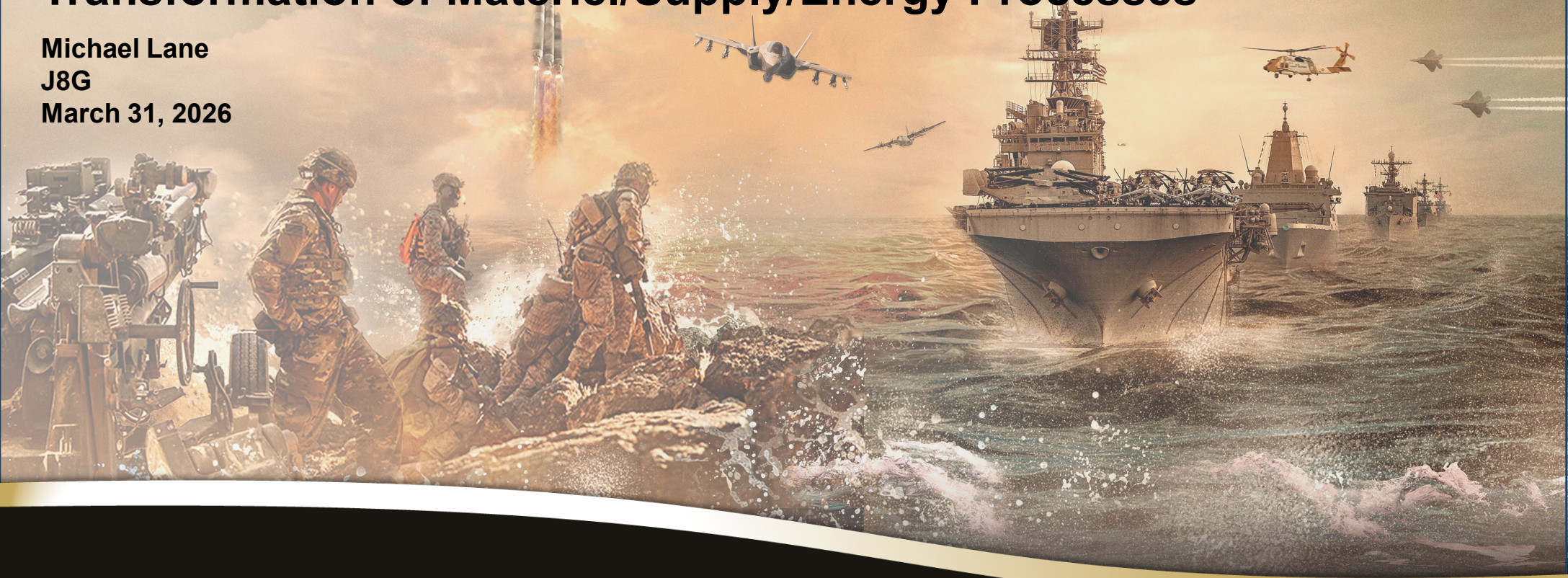


Government Invoicing (G-Invoicing): Transformation of Materiel/Supply/Energy Processes

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J8G

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THE NATION'S LOGISTICS COMBAT SUPPORT AGENCY

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Purpose and Agenda

Purpose:

The purpose of this presentation is to promulgate a vision of the future of supply/materiel/energy transactions.

Agenda:

- Bottom Line Up Front (BLUF)
- Legacy Considerations
- DoW FM Strategy
- 7600EZ Vision & Way Forward
- End Result



Information



Guidance



Decision



Other

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- Per the US Treasury Financial Manual 2-4700 Appendix 8: “G-Invoicing is required for ALL IGT Buy/Sell activity...”
- Military Inter-departmental Purchase Request (MIPR) transactions have already transitioned to the G-Invoicing 7600B process.
- Supply/Materiel/Energy Transactions are next. Two Phases:
 - **Phase 1**: Supply/Materiel/Energy Transactions resulting in an Intra-governmental Payment and Collection (IPAC) settlement:
September 30, 2027
 - **Phase 2**: Supply/Materiel/Energy Transactions (Military Standard Requisitioning and Issue Procedures) resulting in an Interfund Bill:
September 30, 2029



Legacy Considerations

Transformation Drivers

- Existing Process has problems:
 - Supply Transaction Working Group (STWG) identified 11 gaps in the legacy process(es)
 - No obligation established; or OB Line of Accounting (LOA) does not match fund code LOA
 - Incorrect use of the fund code
 - Undistributed issues (disbursements not matching obligations)
 - XP Fund Code usage creating additional manual work in the billing process
 - Batch billing frequency creates timing/elimination issues
- Existing gaps and problems result in audit findings and additional work to research and correct problematic transactions
- U.S. Treasury has confirmed that supply transactions resulting in an interfund bill ARE within scope of G-Invoicing



- DoW Financial Management (FM) Strategy:

	Increase the integrity of financial results	Accelerate the path to an unqualified audit opinion: Build confidence in the efficacy of our financial results by achieving an unqualified audit opinion through relentless implementation of internal controls and pursuit of excellence in all financial execution activities.
	Simplify and optimize our end-to-end (E2E) business environment	<p>Optimize a secure systems environment: Retire legacy systems and accelerate optimization of modern enterprise solutions (e.g., ERPs, COTS, etc.) by partnering with all stakeholders across E2Es and leveraging proven commercial and federal capabilities.</p> <p>Leverage innovative digital and automation solutions: Intelligently leverage innovative solutions including machine learning, artificial intelligence, and other automation solutions, to streamline transaction processing.</p> <p>Simplify FM regulation and policy: Simplify FM regulation and policy to support desired outcomes of the FM strategy, address cultural barriers, and partner with appropriate stakeholders to create productive change.</p>
	Empower data-driven, fiscally-informed decision-making	<p>Drive universal use of secure, single-source reporting: Leverage Advana as the single enterprise data and analytics environment for all fiscally-informed decisions and management reporting.</p> <p>Instill confidence in FM data for decision-making: Improve data quality as well as universal data management and modeling standards that make data easier to use for decision-making.</p>

- DoW Audit Priorities:

- Fiscal Year 2026: Complete the reconciliation of Intra-governmental transactions
- **December 2028: Unmodified Audit Opinion**



- DoW STWG is working to transform the legacy process into a more standard, consistent, simplified, audit ready, and transparent process:
 - U.S. Treasury G-Invoicing mandate is the catalyst to make this happen
 - Golden opportunity for needed BPR
 - Service and Component points of contact (POCs) working within the STWG will:
 - Improve legacy policy to ensure consistency in revenue recognition and Free on Board (FOB) Point
 - Promulgate a standard, high-level DoW process for all supply/materiel/energy processes including standard GL Posting and standard Electronic Data Interchange (EDI) triggers
 - Identify high-level requirements for all components to be considered “7600EZ ready”
 - Draft a standard General Terms and Conditions (GT&C) for EZ template for service and component use
 - Publish approved Defense Logistics Management Standards changes to remediate identified process/system gaps and to meet G-Invoicing FIDS & Standard Line of Accounting requirements



- Services and Components will need to:
 - Understand STWG “7600EZ Readiness” requirements
 - Identify and implement ERP system change requirements
 - Start working with Trading Partners on GT&Cs for EZ NOW.
 - GT&Cs should be completed at the highest possible level starting with the STWG proposed template to ensure efficient execution
 - **Meet the September 2027** deadline for **phase 1** transactions (supply transactions resulting in an IPAC settlement (XP Fund code & energy transactions))
 - **Meet the September 2029** deadline for **phase 2** transactions (supply requisitions and energy transactions resulting in an interfund bill)
 - Continue **collaborating and working together** to resolve remaining issues (detail/summary billing, credits...)



- ✓ Remediation of long-standing policy/process/system gaps
- ✓ Standardization of policy interpretation and execution
- ✓ Improved audit readiness
- ✓ Improved transparency of data (ADVANA)
- ✓ Reduced manual bill processing and clearing workload
- ✓ Optimized end-to-end business environment



Questions?



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