



LOGISTICS AND  
MATERIEL READINESS

## OFFICE OF THE ASSISTANT SECRETARY OF DEFENSE

3000 DEFENSE PENTAGON  
WASHINGTON, DC 20301-3000

DLM 4000.25, Volume 4, December 14, 2016  
Change 7

### DEFENSE LOGISTICS MANAGEMENT SYSTEM VOLUME 4, MILITARY STANDARD BILLING SYSTEM - FINANCE CHANGE 7

I. This change to DLM 4000.25, Defense Logistics Management Standards (DLMS), Volume 4, June 2012, is published by direction of the Deputy Assistant Secretary of Defense for Supply Chain Integration under the authority of DoD Instruction (DoDI) 4140.01, "DoD Supply Chain Materiel Management Policy," December 14, 2011. Unless otherwise noted, revised text in the manual is identified by ***bold, italicized*** print. Exceptions are when an entire chapter or appendix is replaced, a new one added, or an administrative update is made. Administrative updates in Change 8 include the following: "DLA Logistics Management Standards" is changed to "Defense Logistics Management Standards Office" to reflect the most recent name change for the DLMSO office, abbreviations such as etc., e.g., and i.e. are incorporated inside the parentheses, occurrences of "shall" are changed to "will" per a style change for DoD issuances, "Defense Logistics Management System" is updated to "Defense Logistics Management Standards", "DoDM 4140.1-R" is updated to "DoDM 4140.01", in accordance with General Order No. 07-15 (09/14/2015), references to "DLA Transaction Services" are changed to "Transaction Services" and "DLA Logistics Information Services" to "Logistics Information Services", page number formats in the "front matter" (Table of Contents, Process Change History page, etc.) of the volume have been revised, and minor typographical and similar editing errors in previous versions have been corrected.

II. This change includes Approved Defense Logistics Management Standards (DLMS) Changes (ADC) published by Defense Logistics Management Standards Office memorandum:

A. ADC 1160 dated January 19, 2016. Clarifies procedures to prepare supply discrepancy report (SDR) replies when used to request/report a financial adjustment for a validated discrepancy; updates available SDR reply codes; updates DLMS guidance for use of the issue reversal transaction and establishes a requirement to include an issue reversal reason code for all Components as a DLMS enhancement; expands the scope of available codes beyond those currently used; clarifies requirement for generation of the prepositioned materiel receipt (PMR) for directed discrepant materiel returns and tracking for the return shipment; updates Military Standard Billing System (MILSBILLS) procedures to formally document the option to provide credit to the billed activity for discrepant shipments prior to storage activity receipt of the returned discrepant materiel. Revises Chapter 4.

B. ADC 1204 dated April 11, 2016. Provides procedures for billing offices to notify their Finance Process Review Committee (FPRC) representatives of significant or mass billing errors, who in turn will assist in coordination with appropriate Component FPRC representatives and the FPRC Chair. Revises Chapter 2.

C. ADC 1233 dated August 4, 2016. Revises the page numbering of the “front matter” (Foreword, Process Change History, Table of Contents, Acronyms and Abbreviations, Definitions and Terms, References) in the DLM 4000.25 series of manuals to prepend an alphabetic indicator to the page numbers in each section of the front matter. Each page number will begin with an abbreviation of that section's name. Revises the front matter of the manual.

III. The list below identifies the chapters, appendices, or other files from the manual that are updated by this change:

**Added or Replaced Files**

Change History Page  
Table of Contents  
Chapter 2  
Chapter 4

IV. This change incorporated into the on-line DLMS manual at the Defense Logistics Managements Standards Website [www.dlms.dla.mil/eLibrary/manuals/dlm/dlm\\_pubs.asp](http://www.dlms.dla.mil/eLibrary/manuals/dlm/dlm_pubs.asp) and the PDF file containing the entire set of change files is available at [www.dlms.dla.mil/eLibrary/Manuals/DLMS/formal\\_changes.asp](http://www.dlms.dla.mil/eLibrary/Manuals/DLMS/formal_changes.asp).

for 

Ms. Dee Reardon  
Deputy Assistant Secretary of Defense  
for Supply Chain Integration

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# VOLUME 4 – Military Standard Billing System - Finance

## PROCESS CHANGE HISTORY

ADC Number	Date	Change Description	Version
221A	8/3/2011	<p><b>Revised Procedures associated with the DLMS Enhancement for Communication of Unit Price.</b> This change revises procedures for DLA Transaction Services Defense Automatic Addressing System (DAAS) conversion mapping from DLMS to MILS legacy 80 record position formats to block the perpetuation of any price exceeding 7 positions (5 digits' dollars and 2 digits' cents), and block the perpetuation of any price consisting of all "9"s. The change allows the Navy ERP to accept items whose price is larger than \$100,000. Revises DLMS Supplements 511R, Requisition, 511M, Requisition Modification, 527D, Due-in/Advance Receipt /Due Verification, 527R, Receipt, Inquiry, Response and MRA, 536L, Logistics Reassignment Management Data, 810L, Logistics Bill, 812L, Logistics Bill Adjustment Request Reply, 812R, Logistics Bill Adjustment Request, 846D, Logistics Reassignment Transfer and Decapitalization, 856S, Shipment Status, and 869F, Requisition Follow-Up.</p>	<b>0</b>
274	4/1/2008	<p><b>DLMS and DLSS Changes to Support Army Exchange Pricing. This change makes changes to support Army Exchange Pricing.</b> Army Managed National Stock Numbered (NSN) items that are on an existing or planned national repair program, will have an Exchange Price (EP), which represents the Latest Repair Cost plus a recovery rate. Essentially, those nationally repaired items will be issued at a discounted price based upon an expected return. If EP items are not returned within the established timeline (Delta Delay Days), the process will generate a Delta Bill (SP minus EP), which would result in a net cost of the full Standard Price to the customer. The Exchange Price will only be applicable to Army EP customers. All other customers will be charged the Standard Price. Revises MILSTRIP Chapter 3, MILSTRAP Chapter 4, and MILSBILLS Chapter 2 and Appendix 2.5.</p>	<b>0</b>

ADC Number	Date	Change Description	Version
275	4/3/2008	<b>Administrative Changes to Eliminate Override Procedures for DLMS Supplements 812L, Logistics Bill Adjustment Request Reply and 812R, Logistics Bill Adjustment Request.</b> This change modifies the 812L and 812R DLMS Supplements to clearly identify as an enhancement (not approved for current use) the use of Table 1 Code Source Information in cases where the Agency code is applicable to all Table 2 iterations. This change also removes the use of override procedures for Code Source information, as override is no longer recognized as recommended procedure.	0
280	8/8/2008	<b>PQDR/SDR/TDR Credit Tracking.</b> This change to MILSBILLS will allow for better tracking of credits for PQDRs, SDRs and TDRs. Revises MILSBILLS Chapter 4, Appendix 2.3, and Appendix 2.5.	0
289	10/21/2009	<b>Revisions to Security Assistance Program Procedures, Modification of the Definition of the Security Assistance Type of Assistance and Financing Codes (MILSTRIP/Supply) and Policy Change to Billing Procedures.</b> This change accommodates the inclusion of a paragraph on the timeframe for shipments using a Required Availability Date (RAD), the use of extended Required Delivery Dates (RDDs), a paragraph regarding possible storage charges for materiel awaiting Notice of Availability (NOA) responses, and some minor changes to program names and acronyms. Revises DLMS Volume 4 Chapter 2.	0
290	6/24/2008	<b>Administrative Revisions to the DLMS Supplements 810, Logistics Bill, 812L, Logistics Bill Adjustment Request Reply and 812R, Logistics Bill Adjustment Request.</b> This change adds additional qualifier codes to DLMS Financial Supplements and to make administrative changes to achieve consistency among the Supplements. Revises DLMS Supplements 810L Logistics Bill, 812L Logistics Bill Adjustment Request Reply and 812R Logistics Bill Adjustment Request, as well as, DLMS Volume 4 Chapter 2, DLMS Billing.	0
294	7/31/2008	<b>Elimination of Treasury Suspense Account F388.</b> Eliminated Treasury Suspense Account F3885, which was a suspense account used to temporarily hold unmatched financial transactions. Treasury stated that this account is no longer authorized for use. Revises DLMS Volume 4 Chapter 5, Interfund Billing System Procedures, as well as, MILBILLS AP2.2, Fund Codes.	0
315	1/5/2009	<b>Administrative Change to DLMS Note for Fund Code in DLMS 810L, Logistics Bill.</b> This change modifies the DLMS Supplement 810L to incorporate an administrative change to correct an incorrect DLMS note regarding the qualifier DG (Fund Code), which incorrectly states that the fund code may not be used with Interfund bills.	0

ADC Number	Date	Change Description	Version
324	6/24/2009	<b>DLMS Procedures for Materiel Returns from National Inventory Management Strategy (NIMS) Sites and Industrial Sites under Base Realignment and Closure (BRAC).</b> This change documents procedures for materiel returns to DLA as partially implemented under the National Inventory Management Strategy (NIMS) and as planned in support of the 2005 Base Realignment and Closure (BRAC) decision. The change addresses communications among customers, the distribution depot, and the DLA ICP, along with establishing new procedures for authorizing and processing customer credit. Finalization of the returns procedures required recurring DLMSO interaction with the BRAC team to achieve correct business rules and documentation of these rules in the applicable DoD manuals. Revises MILBILLS Chapter 2.	0
328	7/28/2009	<b>“Off-Line” Requisition Processing: Internet Ordering Application Request for Component Verification of Funds Availability and Recording of the Financial Obligation.</b> This change requests an interface be established between the various internet ordering applications and the applicable Component financial application, so that fund availability can be checked before allowing the requisition to be processed, and, as a separate, subsequent action, establish the associated obligation within the applicable financial system. Revises DLMS Volume 2, Chapter 7, Verification of Funds Availability Web Call for Requisitions Submitted VIA Internet Ordering Applications; Volume 4, Finance, AP2, Verification of Funds Request, and AP3, Verification of Funds Reply; DLMS Supplement 9DS) Revision of 511R, Requisition.	0
332	7/8/2009	<b>Intra-Navy Exchange Price Billing for Depot Level Repairables.</b> The purpose of this change is to map the Navy’s current billing transactions for depot level repairables (DLRs) under the Navy Carcass Tracking program to the DLMS Supplement 810L, Logistics Bill. This change will support the Navy migration to DLMS, and will support mapping in a mixed DLMS/MILS environment. Revision to DLMS Supplement (DS) 810L, Logistics Bill.	0
346	10/26/2009	<b>DLMS Interfund Billing System Procedures.</b> This change publishes procedures for DoD 4000.25-M, Defense Logistics Management System (DLMS) Volume 4 (Finance), Chapter 5 - Interfund Billing System Procedures.	0
350	11/16/2009	<b>Navy Budget Project for Billing.</b> The purpose of this change is to map the Navy’s current MILS billing transactions for the Summary Bill to the DLMS Supplement 810L, Logistics Bill by including a DLMS qualifier called “budget project identifier” for Navy “budget project”. This change will support the Navy migration to DLMS, and will support mapping in a mixed DLMS/MILS environment.	0

ADC Number	Date	Change Description	Version
435	10/3/2011	<p><b>Use of Referential Data to Support Standard Financial Information Structure (SFIS).</b> This change provides for the Component and Agency preferred solution of exchanging SFIS accounting data elements using referential data keyed on a fund code. DLA Transaction Services will develop and host an expanded fund code table on DAAS, which will be the master reference table for SFIS data to be maintained. The ADC also modifies specified DLMS transactions to add Business Partner Number (BPN) as an authorized DLMS enhancement, which may be an issue for non-DoD buyers and sellers to accommodate. Revises DLMS Supplement (DS) 511R, Requisition, 511M Requisition Modifier, 869F, Requisition Follow Up, 180M Material Returns Reporting, 517M, Material Obligation Validation, 867I, Issue, 940R, Material Release, 856S, Ship Notice/Manifest, 842 A/W Supply Discrepancy Report, 810L, Logistics Bill, 517G, Government Furnished Material (GFM) Validation, 527D, Due in/Advance Receipt/Due Verification, 527R, Receipt, Inquiry, Response and MRA, 812L, Logistics Bill Adjustment Request Reply, 812R, Logistics Bill Adjustment Request, 842A/R Standard Supply Discrepancy Report Reply, 867D, Demand Reporting, 869A, Requisition Inquiry/Supply Assistance Request, 869C, Requisition Cancellation, 945A, Material Release Advise, and 947I, Inventory Adjustment (Applies to 4010 as well).</p>	0
450	2/14/2012	<p><b>Elimination of the DLMS Request for Implementation Date Procedures for Component System Changes.</b> The RFID letter/process, as currently published in the DoD 4000.25 family of manuals is eliminated. Implementation dates will be requested at the time of issuance of the PDC. The revised procedure will incorporate the request for and negotiation of an agreement upon implementation dates embedded in the PDC/ADC process. Revises DLMS Volume 4, Chapter 1</p>	0
469	2/23/2012	<p><b>Consolidating MILSBILLS into DLMS Volume 5, Finance.</b> This change consolidates and updates chapters of DoD 4000.25-7-M (MILSBILLS) with the DoD 4000.25-M (DLMS) Finance volume to enable DLMS Volume 4 to be a single manual for DLMS/MILS logistics billing. Revises DLMS Volume 4.</p>	0
1009A	8/6/2014	<p><b>DLMS Enhancements for Requisitioning to Improve Use of Mark-for Addressing, Expand Authorized Priority Designator Validation, Correct EMALL Purchase/Credit Card Format Rules, and Require Distribution of Status for Requisitions associated with Purchase/Credit Card Payment.</b> This change establishes revised procedures for formatting the DLMS requisition transactions with impact to multiple functional processes. It also establishes XP fund code on the Fund Code to Billed Office DoDAAC table to denote DOD EMALL credit card billing for all Components and Agencies. Revises Chapter 2, Billing Procedures and DLMS Implementation Conventions (ICs) 511M, 511R, 856S, 869A, 869F, 870S, 940R, and 945A.</p>	4

ADC Number	Date	Change Description	Version
1043A	8/20/2014	<p><b>Revised Procedures for Department of Defense (DOD) Standard Line of Accounting (SLOA)/Accounting Classification to Support Transaction Rejection Requirements.</b> Amends ADC 1043 guidance regarding rejection transactions returned when DLMS transactions include discrete SLOA data elements that do not correspond to the entries in the SFIS Fund Code to Fund Code Account Conversion Table for the Fund Code in the transaction. Revises Chapter 6, Defense Automatic Addressing System and DLMS 824R, 180M, 511M, 511R, 517M, 810L, 842A/W, 856S, 867I, 869F, and 940R.</p>	4
1043B	10/1/2014	<p><b>Revised Procedures for Department of Defense (DOD) Standard Line of Accounting (SLOA)/Accounting Classification to Modify Business Rules for Beginning Period of Availability Fiscal Year Date.</b> Amends ADC 1043 to revise the business rules within the DLMS and the Web Fund Code Application to allow the SLOA data element, Beginning Period of Availability Fiscal Year Date, to be used in DLMS transactions to represent Program Year when the Availability Type Code is X, which indicates No Year, non-expiring funds. Revises Appendix 4, Web Fund Code Master File Layout and DLMS 180M, 511M, 511R, 517M, 810L, 842A/W, 856S, 867I, 869F, and 940R.</p>	4
1043C	12/22/2014	<p><b>Administrative Corrections for SLOA Data the 810L Logistics Bill and other DLMS ICs.</b> Amends ADC 1043 to remove SLOA data element Budget Line Item from the header, as it has no apparent applicability to the header (summary bill), corrects DLMS notes erroneously applying or omitting references to the line of accounting data elements being modifiable in certain ICs, and changes DLMS 810L loop 2/FA1/350 from mandatory to used, as non-interfund bills may not provide SLOA data and lack of data would cause the transactions to fail. Revises the DLMS 511R, 517M, 810L, 842A/W, 867I, 869F, and 940R ICs. Also accomplishes administrative changes to the DLMS 140A, 180M, 511M, 511R, 517G, 517M, 527D, 527R, 536L, 567C, 650A, 650C, 810L, 812L, 812R, 824R, 830D, 830R, 830W, 842P, 846A, 846C, 846D, 846F, 846I, 846P, 846R, 846S, 856N (4010 &amp; proposed 4030 versions), 856R (4010 &amp; 4030 versions), 856S, 867D, 867I, 869A, 869C, 869F, 870L, 870M, 870N, 870S, 888A, 888I, 888W, 940R, 945A (4010 and 4030 versions), and 947I (4010 and 4030 versions). ICs removing an obsolete reference to an Accounting Classification Appendix.</p>	5

ADC Number	Date	Change Description	Version
1043D	7/1/2015	<p><b>SLOA Data Element Sub-Allocation Holder Identifier Subsuming Limit/Subhead Data Element.</b> Subsumes the Limit/Subhead data element into the Sub-Allocation Holder Identifier data element included in the Standard Financial Information Structure (SFIS) Fund Code to Fund Account Conversion Table and changing the data element name from Limit/Subhead to the abbreviated Sub-Allocation in the Web Fund Code application data entry screens and reports. It also changes the Sub-Allocation Holder Identifier on the DLA default appropriation value in MILSBILLS Appendix 2.2 from “5999” to “5CBX”. Revises Chapter 4, Adjustment Procedures, AP1.1, Fund Code to Fund Account Conversion Table, AP2.2, Fund Codes, and AP 4, Web Fund Code Master File Layout.</p>	5
1043E	10/5/2015	<p><b>Invalid Fund Code Edit and Remove Suspense Account F3885.</b> Extends Defense Automatic Addressing System (DAAS) edits for invalid or missing fund codes to include transactions with Signal Codes A, B, J, and K and one scenario pertaining to Signal Codes C and L that had previously been omitted. Revises Chapter 5 Interfund Billing System Procedures, Chapter 6 Defense Automatic Addressing System, and Appendix 2.2 Fund Codes.</p>	6
1068B	10/23/2014	<p><b>Revised Procedures for Requisitioning via DOD EMALL and GSA Internet Ordering: Component Verification of Funds Availability.</b> Establishes enhancements and revises routing rules for adoption concurrent with the implementation of the procedures for verification of funds availability established under ADC 1068 and employed by DOD EMALL and GSA Advantage/GSA Global for eCommerce. This change also documents a deviation from approved procedures for de-obligation of funds currently in use between GSA Advantage and the Army Funds Control Module (FCM). Revises Chapter 7, Verification of Funds Availability Web Call for Requisitions Submitted via Internet Ordering Applications and Appendix 2.11, Funds Verification Codes.</p>	4
1084	11/25/2015	<p><b>New Procedures for Non-Manager Owned Suspended Stock Stored in DLA Distribution Locations.</b> Allows credit to be issued for non-manager owned suspended stock stored at a DLA Distribution location when a stock screening request results in identification of non-compliant materiel. This change leverages existing procedures for processing of the Stock Screening Request, Storage Quality Control Report (SQCR), SDR, and Materiel Release Order (MRO) to accomplish the necessary steps to recognize, suspend, provide notification of suspected non-conforming materiel, provide credit to the materiel owner if the materiel is determined to be non-compliant, and transfer ownership to the manager—all with minimal system impact to existing systems and procedures. Updates Chapter 4 Adjustment Procedures, Appendices 2.3 Billing Advice Codes, and 2.5 Type of Bill Codes.</p>	6



ADC Number	Date	Change Description	Version
1103	8/20/2014	<p><b>Revise DLMS 824R, Reject Advice, to Include Rejections of Logistics Bills, Clarify use for Rejection of DLMS MILSTRIP Transactions, and Document Administrative Updates.</b>                      Modifies the DLMS 824R to expand the scope to include rejection of logistics bills and make administrative adjustments to convert the supplement into an implementation convention (IC) and to reflect current element use by DLA Transaction Services. Revises Chapter 2, Billing Procedures; Chapter 6, Defense Automatic Addressing System; Appendix 2.12, Other Codes; and Appendix 3, Record Formats. Revises DLMS 824R</p>	4
1134	7/17/2014	<p><b>Administrative Corrections to MILSBILLS.</b> Corrects the record positions for the quantity field in the legacy DIC FJR/FJS format and other typographical corrections discovered in DLM 4000.25, Volume 4. Revises Chapter 3, Processing and Payment of DLMS Bills and; Chapter 4, Adjustment Procedures; and Appendix 3, Record Formats.</p>	4
1160	1/19/2016	<p><b>Procedures for Recommending and Authorizing Credit for Validated SDRs, Associated Reply Code Revisions, and Required use of the Reason for Reversal Code in Issue Reversals (Finance/Supply/SDR).</b> Clarifies procedures to prepare supply discrepancy report (SDR) replies when used to request/report a financial adjustment for a validated discrepancy; updates available SDR reply codes; updates DLMS guidance for use of the issue reversal transaction and establishes a requirement to include an issue reversal reason code for all Components as a DLMS enhancement; expands the scope of available codes beyond those currently used; clarifies requirement for generation of the prepositioned materiel receipt (PMR) for directed discrepant materiel returns and tracking for the return shipment; updates Military Standard Billing System (MILSBILLS) procedures to formally document the option to provide credit to the billed activity for discrepant shipments prior to storage activity receipt of the returned discrepant materiel. Revises Chapter 4, Adjustment Procedures.</p>	7
1204	4/11/2016	<p><b>Notification Procedures for Mass Billing Errors.</b> Provides procedures for billing offices to notify their Finance Process Review Committee (FPRC) representatives of significant or mass billing errors, who in turn will assist in coordination with appropriate Component FPRC representatives and the FPRC Chair. Revises Chapter 2 Billing Procedures.</p>	7

ADC Number	Date	Change Description	Version
1233	8/4/2016	<p><b>Administrative Update to the Defense Logistics Manual (DLM) 4000.25 Series of Manuals Front Matter Page Numbering and Definitions for DLMS Supplement and Implementation Convention.</b> Revises the page numbering of the "front matter" (Foreword, Process Change History, Table of Contents, Acronyms and Abbreviations, Definitions and Terms, References) in the DLM 4000.25 series of manuals to prepend an alphabetic indicator to the page numbers in each section of the front matter. Each page number will begin with an abbreviation of that section's name. Revises the front matter of the manual.</p>	7

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## **C2. CHAPTER 2**

### **BILLING PROCEDURES**

#### **C2.1. CRITERIA FOR BILLING**

C2.1.1. Shipments from Stock. Billing will be effected on the basis of drop from inventory or performance of services. Exceptions are as follows:

C2.1.1.1. Security Assistance. Billings for security assistance will be effected upon constructive delivery.

C2.1.1.2. Petroleum, Oil, and Lubricants (POL). Billings for bulk POL shipments may be billed after notification of receipt or 15 calendar days after the date of shipment or issue, whichever occurs first.

C2.1.1.3. Perishable Subsistence Chill and Freeze Items. Billings for perishable subsistence chill and freeze items will be effected upon drop from inventory. Billings for fresh fruits and vegetables will be effected upon receipt of an issue transaction from DLA Troop Support.

#### **C2.1.1.4. Drawdowns**

C2.1.1.4.1. Materiel requisitioned under authority of Section 506 of the Foreign Assistance Act, as amended (i.e. , when the Foreign Military Sales (FMS)/Grant Aid (GA) type of assistance code is C), may not be billed until funds are appropriated, with the exception of Working Capital Fund activities. Although Section 506 does not provide obligation or disbursing authority, it does permit the drawdown of existing DoD stocks subject to an appropriation to be made at a later date. Since there is no assurance that DoD accounts will be reimbursed, the transfers cannot be recorded as accounts receivable. Therefore, issues under Section 506 will be treated as transfers without reimbursement. The transfer without reimbursement will be reversed when appropriations are received to reimburse the DoD account for the transfer. Section 506 draw downs of General Services Administration (GSA) or other non-DoD stocks are not authorized.<sup>1</sup>

C2.1.1.4.2. All requests for Defense Working Capital Fund (DWCF) activities (to include transportation) will include a funding source, allowing DWCF

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<sup>1</sup>Section 552 of the Foreign Assistance Act of 1961 allows the President to "direct the drawdown of commodities and services from the inventory and resources of any agency of the United States Government". Under DLMS, except for the use of DoD (Section 506) or any agency (Section 552) assets, drawdowns under both sections are identified and treated similarly.

activities to be reimbursed by the Military Departments without delay. Orders will not be accepted without a funding source. Refer to [DoD 7000.14-R](#), "Department of Defense Financial Management Regulations (FMRS)", Vol. 12, paragraph 230502 and Vol. 11B, paragraph 110106.A.).

C2.1.2. Direct Deliveries of Materiel from Contractors. When an inventory item is out of stock, is not carried, or has otherwise been requested via direct delivery of materiel from a vendor, the billing will be effected upon notification of receipt of materiel by the customer or notification of shipment by the vendor.

C2.1.3. In-Storage Visibility Lateral Redistributions. When an Integrated Materiel Manager/Inventory Control Point (IMM/ICP) laterally redistributes materiel, reimbursement to the reporting activity and billing to the requisitioning activity will be effected upon notification of receipt by the requisitioning activity.

C2.1.4. In-Storage Visibility Procurement Offset. When materiel is returned to the IMM/ICP to offset or preclude procurement, reimbursement to the returning activity is authorized upon receipt, inspection, and acceptance of materiel as evidenced by the IMM/ICP's generation of a creditable Materiel Receipt Status.

C2.1.5. Customer Asset Report Credits. Materiel Return Program (MRP) credits are authorized upon receiving notification that materiel authorized for return under creditable procedures has been received in the offered condition and quantity.

C2.1.6. Materiel Services. Billings for services related to materiel shipments and returns not included in the materiel price are authorized after the services are rendered.

C2.1.7. Obligations for Requisitioned Materiel. Establishing an obligation for the proper amount under the requisition document number is essential for the timely and automated processing of interfund bills. Failure to do so is a violation of financial management procedures and may delay processing and increase workload for both DFAS and submitting Component personnel. DoD Components that either (1) establish business processes for requisitioning outside their customer's Component sponsored supply system, e.g., via internet ordering applications, or (2) authorize their own Component personnel to satisfy requirements through the use of external ordering processes, will support adherence to standard DoD financial business processes.

C2.1.7.1 DoD Components may authorize manual recording of the financial obligation by the customer as a separate action until such time as an automated interface between the ordering application and a Component-sponsored financial system is available. Where an interface is not available, external ordering applications will alert users to comply with their Component-directed financial procedures.



C2.1.7.2 Procedures for on-line internet ordering application real-time verification of funds availability and funds availability response for are provided under DLMS Vol 4, Chapter 7.

## C2.2. PREPARATION OF BILLS

C2.2.1. General. Bills will be prepared within 30 calendar days of the criteria provided in section C2.2 and must identify each shipment, delivery, service performed, or refund earned.

C2.2.2. Materiel Billing and Credit Amounts. In general, billings for materiel will be at the standard price in effect at the time of shipment, and credit adjustments (refunds) will be at the price originally billed. Exceptions are identified in the following subparagraphs. Billings and credits for services or allowances related to materiel shipments will be processed as prescribed by section C2.5.

C2.2.2.1. Lateral Redistribution Credits. Reimbursements for materiel laterally redistributed will be processed at the standard price in effect at the time of shipment. Credits may be fully or partially reversed by the IMM/ICP when a validated discrepancy report documents the materiel was not shipped in a condition or quantity warranting full credit.

C2.2.2.2. In-Storage Visibility Procurement Offset and MRP Credits. Credits will be processed at the acquisition cost in effect at the time of receipt. Credits may be lower if, in the opinion of the IMM/ICP, the received materiel is not in a condition and/or quantity to warrant full credit.

C2.2.2.3. Quality Deficiency Reports. When the original requisition number cannot be identified, the credits will be at the current standard price.

C2.2.2.4. Materiel Returns to DLA from Industrial Sites under Base Realignment and Closure Retail Storage and Distribution/Inventory Management and Stock Positioning, and National Inventory Management Strategy<sup>2</sup>. A variation of the MRP program is used for processing materiel returns to DLA from selected sites in support of the Base Realignment and Closure (BRAC) Retail Storage and Distribution (SS&D)/Inventory Management and Stock Positioning (IMSP) and the National Inventory Management Strategy (NIMS). Standard MRP DLMS/MILSTRIP transactions do not apply. No credit for packaging, crating, handling, or transportation (PCH&T) will be provided.

C2.2.2.4.1. Industrial Sites. DLA managed materiel returned by an industrial customer at BRAC industrial sites will be accepted into DLA inventory

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<sup>2</sup> DLA is required to request approval of new procedures supporting BRAC/NIMS allowing full materiel credit for returns regardless of asset position with no credit for PCH&T.

regardless of DLA wholesale asset stock position. Credit will be processed based upon a receipt of the returned materiel corresponding to a sale to Service maintenance (identified by DoD Activity Address Code (DoDAAC) series/internal customer group) for the same materiel and condition completed within the 60-day period prior to the date on the return. Up to 100 percent credit will be processed at the full selling price of the item on the original order(s) used as reference for return quantity less than or equal to the quantity on the reference order(s). DLMS/MILSBILLS Billing for Issue from Stock (DLMS 810L/DIC FA2) will be used to provide credit under modified business rules. Credit for any quantity returned over the original amount, in a different condition code from the original sale or unmatched is subject to DLA ICP stock position using business rules equivalent to the MRP for determining whether to provide credit/credit amount contained in [DoDM 4140.01](#), "DoD Supply Chain Materiel Management Procedures," February 10, 2014. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (DLMS 810L/DIC FD2).

C2.2.2.4.2. National Inventory Management Strategy Sites. Credit for materiel returns from a NIMS site customer will be processed based upon the return receipt. The DLA ICP will process the receipt and determine whether a sale has occurred for the same materiel, condition code, and customer within a 60-day time frame reflecting the exact same document number as the receipt (return) document. If there is an exact matching sale, the customer will receive credit equal to the original sale. Credit for any quantity returned over the original amount, in different condition code from the original sale or unmatched is subject to credit/credit amount from C2.2.2.4.1. The Service's financial system will be notified of any resulting credit via a DLMS/MILSBILLS Materiel Returns Program Credit (DLMS 810L/DIC FD2).

### C2.2.3. Method of Billing

C2.2.3.1. Bills arising from transactions containing a National Stock Number (NSN) within the DoD will be collected through the Military Standard Billing System (MILBILLS) interfund billing procedures when supported by the supply and accounting systems. The provider will not accept a Military Interdepartmental Purchase Request (MIPR) if interfund can be used. Manual billing (e.g., the XP fund code) will not be used unless approved by the Deputy Chief Financial Officer. For intragovernmental interfund disputes, follow the dispute process outlined in Chapter 4.<sup>3</sup> Billings to DoD offices must be under interfund procedures except as provided below.

C2.2.3.2. Billing will be under noninterfund procedures when:

C2.2.3.2.1. The bill-to office is non-DoD (Bill-To Service Code is numeric, G, or Z).

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<sup>3</sup> From DoD 7000.14-R, Volume 4, Chapter 3 Receivables, Paragraph 030504.B (November 2009)

C2.2.3.2.2. The bill-to office is a DoD contractor (Bill-To Service Code is C, E, HG, L, Q, SD, or U).

C2.2.3.2.3. The bill-to office is DoD (Bill-To Service Code is alpha other than C, E, G, HG, L, Q, SD, U, or Z) and the fund code requires noninterfund billing (normally XP fund code).

C2.2.3.2.4. The bill-to office is another-DoD Component (Bill-To Service Code is H) and the fund code is not identified as a valid fund code.

C2.2.3.2.5. The bill-to office is Army & Air Force Exchange Service (AAFES) (Bill-To Service Code is H followed by an X).

C2.2.3.2.6. The bill-to office is SC4210, representing DoD EMALL, and the fund code is XP. This combination indicates billing via customer-provided Government purchase card or corporate credit card. No other use is authorized.<sup>4</sup>

C2.2.3.2.7. Transaction Services will reject bills when they fail any of the edits. See Chapter 6.2 for information about the routing and editing of bills processed through Transaction Services. Rejected bills will be reported back to the originating activity using DLMS 824R (Reject Advice Transaction) citing the applicable Reject Advice Code from DLM 4000.25-2, MILSTRAP, Appendix 2.8. Rejected bills may include a narrative description indicating the reason for rejection, in addition to the Reject Advice Code. Billing offices will correct the rejected bills and resubmit them to the Transaction Services. Billing offices will ensure that all appropriate adjustments for rejected billings and interfund collections are made to seller accounting records.

C2.2.3.3. Method of Billing Summary. Billing methods are summarized in Table C2.T1.

Table C2.T1. Method of Billing

<u>Condition Number</u>	<u>Billed DoDAAC Begins With:</u>	<u>And Fund Code is:</u>	<u>Then the Billing Method is:</u>
1	C, E, G, HG, HX, L, Q, SD, U, Z, or numeric	Any	NON INTERFUND
2	Any Service code	XP or otherwise designates noninterfund	NON INTERFUND

<sup>4</sup> Refer to ADC 1009A.

3	H	Not identified as eligible for interfund billing	NON INTERFUND
4	SC4210	XP	Government purchase card or corporate credit card (Reserved for DoD EMALL requisitions)
5	Anything other than conditions described by 1, 2, 3, or 4		INTERFUND

C2.2.4. Determining Bill-To Parties

C2.2.4.1. Billed Party. Ordering activities will identify a billed party DoDAAC for all requisitions or other orders, including nonreimbursable orders.

C2.2.4.2. Billed Party Not Identified. Item managers or other providers of goods and services will reject requisitions or other orders when a valid billed party is not identified. In the event an order comes through without a valid bill-to party, billing offices will designate the ordering or submitting activity as the bill-to party if, for whatever reason, they are unable to identify a valid billed party. The Service Security Assistance Control Office will be designated as the bill-to party for unidentifiable security assistance requisitions. The Service control offices are: Army–W25P02, Navy–N65916, and Air Force–FG2303.

C2.2.4.3. The mailing address for noninterfund bills will be the clear text address prescribed for billing (TAC 3 if assigned; otherwise TAC 1) in the DoDAAD ([DLM 4000.25](#), Defense Logistics Management Standards Manual, Volume 6, Chapter 2). The routing for interfund bills will be based on the billing Communication Routing Identifier (COMMRI).

C2.2.5. Nonreimbursable Bills. Materiel issued under nonreimbursable procedures must be reported to the billed office using the Notice of Nonreimbursable Issue (810L/DIC FE\_).

C2.2.6. Interfund Bills

C2.2.6.1. Use of Interfund. If the bill is paid under interfund procedures, the billing office will report the collection to its servicing finance center on its seller interfund

report. A separate interfund bill will be prepared for billings applicable to a bill-to DoDAAC and treasury symbol.

C2.2.6.2. An interfund bill consists of a Summary Billing Record (DS 810L, DIC FS\_) and one or more detail billing records, but must not contain more than 495 records in total. Noninterfund records must not be included on the same bill.

C2.2.6.3. Interfund bills are forwarded to Transaction Services electronically for editing and further routing to the offices billed as described in Chapter 6. Only billings routed by Transaction Services will be eligible for interfund collection as prescribed in Chapter 5.

C2.2.6.4. Separate detail billing records, selected from the Appendix 3 series appendices, will be prepared for each shipment or delivery supporting the summary billing record.

C2.2.6.5. The fund code (see Appendix 2) provides procedures for converting fund codes to appropriations charged.

C2.2.6.6. A separate interfund (or noninterfund) bill will be prepared:

C2.2.6.6.1 when the billed office DoDAAC or fund code changes,

C2.2.6.6.2. when the net amount of the bill (net amount of the detail billing records) equals or exceeds 10 million dollars,

C2.2.6.6.3. when the number of billing records (summary plus detail billing records) exceed 495 records, or

C2.2.6.6.4. when there are different Security Cooperation Customer Codes.

C2.2.6.7. The recommended standard for interfund bill numbers appears in Table C2.T2.

Table C2.T2. Standard Interfund Bill Numbers

<u>If the Billing Month Is:</u>	<u>The 1st Position of the Bill Number Will Be:</u>	<u>If the Billing Month Is:</u>	<u>The 1st Position of the Bill Number Will Be:</u>
January	A or B	July	N or P
February	C or D	August	Q or R

Table C2.T2. Standard Interfund Bill Numbers

<u>If the Billing Month Is:</u>	<u>The 1st Position of the Bill Number Will Be:</u>	<u>If the Billing Month Is:</u>	<u>The 1st Position of the Bill Number Will Be:</u>
March	E or F	September	S or T
April	G or H	October	U or V
May	J or K	November	W or X
June	L or M	December	Y or Z
The remaining four positions of the bill number will be alpha or numeric (characters A-Z or 0 or 9). The bill number must be unique within the billing month.			

C2.2.7. Noninterfund Bills

C2.2.7.1. When an activity is unable to use electronic data interchange (EDI) methods (i.e. DLMS 810L), it may use the [SF 1080](#), “Voucher for Transfers between Appropriations and/or Funds,” or other form approved by the Treasury Department, such as [GSA Form 789](#), “Statement, Voucher, and Schedule of Withdrawals and Credits” as the billing document for noninterfund bills.

C2.2.7.2. An original of the noninterfund billing will be provided to the billed office. Noninterfund billings will, at a minimum, be supported by the following information<sup>5</sup>: document order number, description of the article or services, delivery or other performance date, quantity, and price. The document order number and description will usually be satisfied by the requisition document number and NSN. The delivery or performance date is the same as the day of year prescribed for the detail billing record appropriate for the issue or service.

C2.2.7.3. Billing offices may, at their option and with the customer’s concurrence, provide automated support for noninterfund billings using the G series billing records. These billing records will be transmitted electronically to Transaction Services, which will pass the records to the billed office by the best means available. Hard copy billing documents are not required.

C2.2.8. Standard Line of Accounting/Accounting Classification. The Office of the Under Secretary of Defense (Comptroller) identified Standard Financial Information

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<sup>5</sup> Though not required, to facilitate the resolution of billing or payment disputes involving noninterfund bills, billing offices should also include electronic contact information on the bill.

System elements that make up the Standard Line of Accounting (SLOA)/accounting classification elements.<sup>6</sup> These SLOA elements are included in DLMS bills. Some elements may be acquired referentially through the authoritative data source SFIS Fund Code to Fund Account Conversion Table maintained at Transaction Services. Updates to the fund code table are accomplished by Component Fund Code Monitors designated in writing by their respective Components.

### C2.3. RETENTION OF BILLING RECORDS

C2.3.1. Billing offices must have accessibility to billing records for six years, three months after the month of the billing. Billing records include a copy of the bill and supporting records.

C2.3.2. Notwithstanding the requirements of C2.3.1, adjustment processing activities will retain accessibility to billing records for whatever time period is required to enable them to process adjustments for requests or validated discrepancy reports when the request or report leading to the adjustment is received within prescribed timeframes.

C2.3.3. For security assistance, interfund bills are considered supporting execution documentation required to be maintained by the Implementing Agency in accordance with DoD 7000.14R, Volume 15, 0602.J.7.

### C2.4. CORRECTION OF ERRONEOUS BILLINGS

C2.4.1. Billing Forwarded to Customer. When a billing office finds it has issued an invoice containing one or more erroneous billing lines, it will correct the erroneous billing line in a later invoice. Normally, billing offices are expected to reverse and reissue only the erroneous billing line, not the entire invoice. The corrections will be processed as soon as practical and will not await customer requests for adjustments.

C2.4.2. Billing Rejected by Transaction Services. Billings rejected by Transaction Services must be corrected and resubmitted to obtain reimbursement. Corrective procedures will include **preserving** the accounting records **along with records of causative research** to maintain the audit trail and the validity of the records. For example, in-transit interfund collections and paid accounts receivables related to the rejected bills will have to be reversed.

**C2.4.3. Notifications. Billing offices will advise their Finance PRC representative of significant or mass billing errors and their planned corrections. Finance PRC representatives will assist in coordinating with billed offices and will apprise the impacted primary/alternate PRC members of the situation via e-mail. Notify the**

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<sup>6</sup> Joint Deputy Chief Management Officer and Under Secretary of Defense (Comptroller) Chief Financial Officer memorandum of September 14, 2012, subject "Department of Defense Standard Line of Accounting/Accounting Classification."

***PRC Chair simultaneously at DLMSO Finance (financehq@dla.mil). Note that some financial systems may reject bills resubmitted with the same billing number.***

C2.5. CANCELLATIONS. When a provider accepts a customer's request to cancel a requisition or other order, any billings generated for that requisition will be reversed in the next billing cycle. When the cancellation involves diverting materiel back to stock, the billing will be reversed upon receipt of the materiel. Any charges related to the cancellation, such as contract termination costs, will be billed under noninterfund procedures.

## C2.6. BILLING FOR ACCESSORIAL AND ADMINISTRATIVE COSTS

### C2.6.1. DoD Shipments

C2.6.1.1. Purpose. Accessorial and administrative costs may be invoiced using either interfund or noninterfund reimbursement methods. However, in all cases, billing will be accomplished in the same manner as the materiel. DoD 7000-14-R, Volume 6, provides the DoD policy for billing accessorial and administrative costs.

C2.6.1.2. Normal Charges. Unless otherwise indicated on ordering documents or transactions, accessorial costs incurred for supply items requisitioned by DoD Activities will be charged to the same funds as the materiel.

C2.6.1.3. Retail Loss Allowance. DoD 7000.14-R, volume IIB, requires the DWCF to grant a discount for retail losses to retail stock funds based upon net issues after authorized credits or offsets have been applied. These discounts are to provide funds for losses experienced at the retail stock fund level. Retail loss discounts will not be granted for sales to commissaries and customers of retail or installation level stock fund activities. However, retail loss discounts are authorized for all military clothing items sold to Military Exchanges.

### C2.6.1.4. Packing, Crating, Handling, and Transportation (PCH&T)

C2.6.1.4.1. Reimbursements for packing, crating, and handling costs for (a) IMM/ICP directed lateral redistributions, (b) IMM/ICP authorized MRP and sales returns, and (c) IMM/ICP directed procurement offset returns associated with In-Storage Visibility (ISV) will be a percent of the materiel credit price. The rate will be 3.5 percent for consumable items and 1 percent for reparable items. Billing offices will use the Accessorial and Other Miscellaneous Billings record format to support these billings and reimbursements.

C2.6.1.4.2. Reimbursements for transportation costs for (a) IMM/ICP directed lateral redistributions, (b) IMM/ICP authorized MRP and sales returns, and (c) IMM/ICP directed procurement offset returns associated with ISV will be for an amount equal to the IMM/ICP's cost recovery rate for second destination transportation included



in the selling price of the materiel and will be supported by a Billing for Transportation record format.

C2.6.1.4.3. Billing offices will use the Accessorial and Other Miscellaneous Billings or other appropriate record to support billings and reimbursements for other authorized PCH&T, administrative, or accessorial charges.

C2.6.1.4.4. Reimbursement for PCH&T will not be provided for materiel returns to DLA industrial sites under BRAC SS&D/IMSP, or NIMS sites<sup>7</sup>. Refer to C2.2.2.4.

## C2.6.2. GSA Shipments

C2.6.2.1. General. GSA will assess accessorial and administrative costs on shipments to the Department of Defense as indicated in this section.

### C2.6.2.2. Transportation Charges

C2.6.2.2.1. Paid by GSA. GSA will pay transportation charges on stock items to:

C2.6.2.2.1.1. Consignees in the CONUS, and, where scheduled, surface commercial transportation services are available in Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, the southeast peninsula of Alaska, central Alaska (rail belt), and Kodiak Island.

C2.6.2.2.1.2. A U.S. port of embarkation for overseas destinations not included in subparagraph C2.6.2.2.1.1.

C2.6.2.2.2. Paid by Customer. GSA will not pay transportation charges for shipments of special order program (nonstock) items, purchased free on board (FOB) origin. GSA will, however, prepay and bill the agency as a separate item for:

C2.6.2.2.2.1. Transportation charges to a CONUS destination or a U.S. Port of Embarkation on F.O.B. origin items.

C2.6.2.2.2.2. Transportation charges from a CONUS destination or a U.S. Port of Embarkation to consignees in Hawaii, the Commonwealth of Puerto Rico, the Virgin Islands, the Southeast Peninsula of Alaska, Central Alaska (rail belt), and Kodiak Island.

C2.6.2.2.2.3. Transportation charges billed under interfund procedures will be billed using the Accessorial and Other Miscellaneous Billings record.

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<sup>7</sup> DLA is required to request approval of new procedures supporting BRAC/NIMS allowing full materiel credit for returns regardless of asset position with no credit for PCH&T.

### C2.6.2.3. Export Charges

C2.6.2.3.1. Surcharge will be assessed at the rate of 10 percent of the value of the materiel ordered and shipped to customers overseas from GSA wholesale distribution centers and vendors when unique DoD marking/packing requires the shipment be physically handled by a GSA export packing facility. The export surcharge will be billed as follows:

C2.6.2.3.2. A flat fee of \$5 administrative charge per requisition line will be assessed for export shipments not physically handled by a GSA export packing facility.

C2.6.2.3.3. The export services performed on shipments for customers overseas may vary by customer location, commodity, mode of shipment, and other criteria and include: monitoring and expediting delivery to meet required delivery date; over packing and documenting dangerous/hazardous shipments; challenging air eligible shipments; unitizing, consolidating, and palletizing cargo; arranging for seavans to source load cargo and document shipments for delivery to ports of embarkation; and others.

C2.6.2.3.4. GSA will annually review actual costs to perform export services and, as appropriate, propose changes in the above rate for use throughout each fiscal year. The Under Secretary of Defense (Comptroller) will be advised sufficiently in advance for appropriate program and budget planning.

## C2.7. BILLING FOR PROGRESS AND ADVANCE PAYMENTS

### C2.7.1. Progress Billings

C2.7.1.1. Purpose. Progress payments may be billed via interfund whenever the order received from the customer specifies that progress billings via interfund are authorized. Documentation of the agreement by the customer to allow progress billing via interfund may be used in lieu of a specific provision on each order.

C2.7.1.2. Billing Basis. Billings made for progress payments will be based upon documentary evidence of satisfactory performance and must not exceed the amount of the customer order.

C2.7.1.3. Offsets. The billing office will offset billing lines for deliveries against all outstanding progress billings related to those deliveries. Billing lines will be reported for both the sales price of the shipment and the amount of the progress billing being liquidated. The billing method elected for the progress payment will also be the method used to invoice for the delivery.

C2.7.1.4. Multiple Progress Billings. Although multiple progress billings may have been submitted against an order, a single recoupment billing may be reported for the total amount of the progress billings.

#### C2.7.2. Advance Billings

C2.7.2.1. Applicability. Advance billings may not be billed via interfund. When authorized, advance funding will be satisfied via noninterfund and by the use of appropriation level, rather than project or order level, advances.

C2.7.2.2. Application of Advances. Received advances must be returned or applied to accounts receivable before the end of the fiscal year.

### C2.8. INTO-PLANE FUEL SALES

C2.8.1. Applicability. These procedures apply to DoD into-plane issues (sales) of fuels to DoD aircraft except when other billing procedures are specified by the terms of an inter-Service support agreement.

C2.8.2. Reimbursable Issues. Reimbursable issues (sales) of fuel into DoD planes by DoD activities will be billed at the standard price in effect at the time of issue.

C2.8.3. Contractor Fuel Issues. Contractor into-plane fuel issues will be billed at the standard price applicable to each such issue.

C2.8.4. DWCF Billing. Billing offices funded by the DWCF will grant credit for DoD aircraft defueling based on supply defueling slips at DWCF prices.

C2.8.5. Credits. Credits will be given for contractor into-plane defueling of DoD aircraft based on a defueling slip at the standard price given for each defueling.

C2.8.6. Into-plane fuel bills will use the Billing for Into-Plane Issues record format.

### C2.9. HAZARDOUS MATERIEL and WASTE BILLINGS

C2.9.1. Users of DLA's hazardous materiel and waste disposal services will provide DLA with a disposal turn-in document ([DD Form 1348-1A](#), "Issue Releases/Receipt Document," or [1348-2](#), "Issue Release/Receipt Document with Address Label") as prescribed by DLM 4000.25. Since these services are provided on a reimbursable basis, the order will be funded in accordance with the standards prescribed by DoD 7000.14-R. The order will generally authorize DLA to use the interfund billing system to reimburse themselves for these services.

## C2.9.2 General<sup>8</sup>

C2.9.2.1. General policies and procedures governing hazardous materiel's and waste disposal within the Department of Defense are prescribed by [DoD 4160.21-M, "Defense Materiel Disposition Manual," August 18, 1997](#). DLA Disposition Services (formerly the Defense Reutilization and Marketing Service) is authorized to bill for these services under interfund billing procedures and will use the Billing for Decentralized, Noncatalogued, and Nonstocked Items billing record.

C2.9.2.2. Requestors of services wanting to dispose of hazardous waste and materiel must follow the procedures in DoD 4160.21-M and Chapters 3 and 5 of [MILSTRIP DLM 4000.25-1](#). These procedures require preparation of a disposal turn-in document (DTID) in accordance with instructions prescribed by MILSTRIP<sup>9</sup> and provide it to the DLA Disposition Services Field Office (formerly Defense Reutilization and Marketing Office (DRMO)). The DLA Disposition Services Field Office will provide the generator with a receipt copy of the DTID at the time of turn-in.

## C2.9.3. Hazardous Waste Disposal

C2.9.3.1. Hazardous waste disposal services are provided on a reimbursable basis and generators must, therefore, contact their servicing finance office to ensure that funds are obligated for these services. Prior to actual turn-in and disposal, the cost of hazardous waste disposal services may be estimated by referring to the contract governing the materiel being disposed of. The estimated cost of the disposal must be obligated under the DTID number. Contact the DLA Disposition Services Field Office for assistance in estimating the cost.

C.2.9.3.2. The DLA Disposition Services Field Office will provide the generator with copies of the disposal manifest ([DD Form 1155](#)) and any modifications as the disposal request is executed and modifications are agreed to. The DLA Disposition Services Field Office will also provide the generator with a certified copy of disposal for each DTID. Generators must advise their servicing finance office when estimated amounts obligated at the time of turn-in or execution are lower than actual amounts indicated on these documents.

C2.9.3.3. Establishing an obligation for the proper amount under the DTID document number is essential for the timely and automated processing of interfund charges. Failure to do so is a violation of financial management procedures and will

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<sup>8</sup> The "background" information in this subsection is provided to assist financial personnel in understanding their responsibilities with regard to hazardous waste and materiel disposal services. Any conflicts between information contained in this subsection and procedures prescribed by MILSTRIP or DoD 4160.21-M will be resolved by following MILSTRIP procedures.

<sup>9</sup> Appendix 3.49 Transfers To DLA Disposition Services Field Office on [DD Form 1348-1a](#) Issue Release/Receipt Document, or [DD Form 1348-2](#), Issue Release/Receipt Documents With Address Label.

delay updating generator accounts and increase workload on both DFAS and generator personnel.

#### C2.9.4. Hazardous Materiel Disposal

C2.9.4.1. Unlike hazardous waste, disposal of hazardous materiel may not result in any charges to the generator. Therefore, unless you are certain you will incur disposal charges, generators should not obligate turn-ins of hazardous materiel. After receipt of the hazardous materiel DTID, the DLA Disposition Services Field Office must advise the generator if disposal costs that are the responsibility of the generator will be incurred. The following determines whether or not the generator will be charged for disposal of hazardous materiel.

C2.9.4.2. There will be no disposal costs charged to the generator if the DLA Disposition Services Field Office can dispose of the hazardous materiel through an existing contract or believes the materiel can be reutilized, transferred, donated or sold.

C2.9.4.2.1. DLA Disposition Services Field Offices will provide the generator with a monthly Disposal Funding Status Report of the DTIDs that were successfully reutilized.

C2.9.4.2.2. Generators who have open hazardous materiel disposals in process will contact the DLA Disposition Services Field Office if they fail to receive a monthly Disposal Funding Status Report.

C2.9.5. When the preceding condition does not apply, the hazardous materiel becomes hazardous waste, the disposal will be on a reimbursable basis, and hazardous waste disposal procedures apply. Funding for this hazardous waste disposal must be provided to the DLA Disposition Services Field Office within 5 workdays of notification. The DLA Disposition Services Field Office must not proceed with the disposal of the now classified hazardous waste until funding is confirmed by the generator.

### C2.10. GENERAL SERVICES ADMINISTRATION UNIQUE BILLINGS

#### C2.10.1. Automotive Vehicles

C2.10.1.1. GSA is authorized to use the interfund billing system to invoice DoD activities for automotive vehicles purchased under a category one (reimbursable) MIPR. DoD activities submitting a MIPR must do so in accordance with paragraph 8.7008 of the DoD Supplement to the Federal Acquisition Regulation, which requires activities to provide DLMS requisition data for each line-item to be delivered to each ship-to address.

C2.10.1.2. For purposes of identifying and validating charges, GSA will support interfund billings for automotive vehicles with a single line item billing register.

The register must show, in addition to the information shown on the billing record, the full MIPR number under the columns headed "STOCK NUMBER."

#### C2.10.2. GSA Customer Supply Center Billing Procedures

C2.10.2.1. GSA bills DoD customers for Customer Supply Center (CSC) billings using either a customer provided MILSTRIP document number or a constructed pseudo-document number. The document number is constructed from the ordering DoDAAC of the customer provided at the time the account was opened, the Julian day the order was placed, and the last four positions of the ticket number. GSA will treat all line items requisitioned as a single order, with or without multiple line items, and bill for the order under the constructed document number if the customer doesn't provide a MILSTRIP document.

C2.10.2.2. GSA CSC interfund bills will be supported by the GSA CSC Billing record.

C2.10.2.3. Noninterfund bills will be supported by the Single Line Item Billing Register. The register must include the customer provided MILSTRIP document number in the stock number field.

C2.10.2.4. GSA offers its customers the option of having its CSC billings billed to a Government purchase card. Activities having difficulties with interfund or [SF 1080](#) billings of CSC supplies may want to consider this option.

#### C2.11. ARMY EXCHANGE PRICING PROCESS

C2.11.1. The Army interim approach to the Exchange Pricing interim is a multi-system functionality implementation. Exchange Pricing employs a dual pricing system for a repairable NSN item based upon Standard Price (latest acquisition cost plus recovery rate) and Exchange Price (latest repair cost plus cost recovery rate) and a "buy one–return one" relationship with the customer (i.e., a qualified exchange pricing customer buys at the EXCHANGE PRICE and pays a penalty if a reparable is not turned-in within a specified period of time from the issue date). This process is applicable to Army customers and Army-managed materiel only; other Services will continue to pay Standard Price and receive 65 percent credit exchange upon receipt of carcass by the Army Primary Inventory Control Activity (PICA).

C2.11.2. Once an item of supply is identified for a national repair program and the National Item Identification Number (NIIN) has an established Exchange Price, all requisitions for the items will be priced at the Exchange Price if the customer is an authorized Exchange Price customer.

C2.11.3. When a requisition submitted to the Supply Support Activity (SSA) is processed by the Standard Army Retail Supply System (SARSS), SARSS will determine if both the customer DoDAAC is an Exchange Price customer, and the NIIN

has an established Exchange Price indicator. As this transaction is processed through the Army supply system, middleware, Funds Control Module (including Exchange Price Tracking) Defense Automatic Addressing System (DAAS), Commodity Control Supply System (CCSS), and Army Logistics Modernization Program (LMP), the Exchange Price indicator will be used to identify the transaction as Exchange Price related. All the legacy systems will continue processing the MILS transactions; LMP will process DLMS transactions that are converted by Transaction Services.

C2.11.4. All related supply transactions prepared by the Army will carry and perpetuate the Exchange Price Indicator. The following transactions will be impacted as a result of the Exchange Price implementation: Requisition; Requisition Modifier; Requisition Follow-up; Materiel Release Order; and Supply Status. The returns process will also process Exchange Price related transactions. The Materiel Receipt transaction will be generated by SARSS for all returns of Exchange Price NIINs, and will include an Exchange Price Type of Credit indicator for Unserviceable credit when applicable and an Exchange Price Conversion Indicator to identify the need to provide credit according to the pre Exchange Price credit policy, which will last for 60 calendar days following Exchange Pricing implementation.

C2.11.5. If the return has an un-repairable condition code or the item is not returned within the established timeframe (Delta Delay Days), the national level systems (LMP, CCSS) will create an obligation adjustment based on the receipt from Middleware Funds Control Module of a Materiel Returns Supply Status (Delta Bill Trigger) transaction. As a result of processing the delta bill trigger the national systems will create the logistics/interfund bill transaction with an Exchange Price Indicator and Type Bill code to identify the specific type of Exchange Price bill to the Army financial system.

## C2.12. NAVY EXCHANGE PRICING PROCESS

C2.12.1. The Navy uses a two tier pricing system for selling Depot Level Repairable (DLR) materiel to Navy customers. The Navy sells DLRs to other Services at full (standard) price and then provides carcass value credit when the carcass is returned. This is the same method the Air Force and Army use when selling repairable items to the Navy. The Standard Price is the price representing the full value of the DLR item, and is the price charged when a Not Ready for Issue (NRFI) unit (also referred to as a 'Carcass') is not turned in. The Net Price (also referred to as Exchange Price) is the price that includes the cost of repairing a DLR item, and is the price charged to customers when a NRFI unit has been or will be turned in. Navy customers indicate on their requisitions whether a NRFI unit is available for turn in via the Advice Code, and they are then charged Net or Standard Price accordingly.

C2.12.2. Received requisitions indicating that a carcass will be returned are tracked in the Navy's Carcass Tracking System. This system monitors these requisitions and matches them with carcass returns as they occur. This system also generates follow ups to customers who have not returned their carcasses as promised.

Ultimately, the system will trigger an additional charge to the customer if the carcass is not returned. Navy uses the term “Carcass Charge” for this additional billing, which represents the difference in value between Standard Price and Net (Exchange) Price. This additional billing is also referred to as a Delta Bill. If the customer returns the carcass after receiving the Carcass (Delta) Bill, then the additional billing is reversed, resulting in a Carcass Charge Reversal (Credit Delta Bill). Navy customers may also return excess DLRs for credit. The credit can be Standard, Net, or Carcass value.

C2.12.3. Under legacy format Defense Logistics Standard Systems (DLSS)/MILSBILLS billing, the Navy ICPs use the Sales Price Condition Code to indicate to customers that a bill is either Net (Exchange) Price or Carcass (Delta) Price. Once operational, the Navy’s ERP will replace the Navy ICP’s DLSS/MILSBILLS billing system with a DLMS based system. Since DLMS does not utilize a Sales Price Condition Code, Navy will use a combination of Stock Exchange Code and Type of Bill Code to indicate on the bill whether the price charged is Standard, Net, or Carcass price. DAAS will convert Navy bills back to DLSS/MILSBILLS format for any Navy customers unable to accept DLMS formats.

**C2.13. INCLUSION OF TRANSPORTATION CONTROL NUMBERS ON DLMS LOGISTICS BILLS.** Suppliers may bill on partial shipments with identical quantities under the same document number, which makes the bills appear as duplicates. Including the Transportation Control Number (TCN) on the DLMS Logistics Bill will resolve that problem. Partial shipment codes are part of the TCN structure in accordance with [DTR 4500.9-R](#), “Defense Transportation Regulation”. Accordingly, reporting activities will include the TCN in DLMS Logistics Bill transactions. This is a DLMS enhancement, which may be implemented without prior authorization.



## **C4. CHAPTER 4**

### **ADJUSTMENT PROCEDURES**

#### C4.1. REQUESTING ADJUSTMENTS

##### C4.1.1. Submission of Adjustment Requests

C4.1.1.1. Unless otherwise indicated in this chapter, requests for adjustment, follow-ups, and replies will be submitted by electronic means.

C4.1.1.2. Requests are generally prepared using the Request for Billing Adjustment (DLMS 812R, DIC FAE) record. However, into-plane and bulk fuel related adjustment requests must use the Request for Adjustment of Fuel Billing (DLMS 812 R, DIC FJE). Refer to other Chapter 4 sections for more specific information on preparing requests for adjustments and follow-ups.

C4.1.1.3. Requests for adjustments will normally indicate the billing office as the addressee and will be submitted to Transaction Services for processing and routing to the billing office. Requests for adjustments of GSA billings will be addressed to the GSA National Customer Service Center (DoD Activity Address Code (DoDAAC) 476437, RI code GSA). Correspondence to the Service Center, if necessary, may be directed to:

General Services Administration  
National Customer Service Center  
1500 East Bannister Road  
Kansas City, Missouri 64131-3087  
Telephone: (800) 488-3111 (DSN) 465-1416

C4.1.2. Nonreimbursable. Forward a request for adjustment in the format prescribed for billing account code (BAC) 14 when the coding of the requisition indicates that the materiel was requisitioned under nonreimbursable procedures and a materiel billing was received.

C4.1.3. Accessorial. A request for adjustment in the format prescribed for BAC 15 will be forwarded whenever accessorial costs are charged and the charges are not authorized.

C4.1.4. Timeframes. All requests for adjustments should be submitted within 30 calendar days of receipt of the billing. Initial requests for adjustment received after the record retention period for billing records may be denied. When a discrepancy report or adjustment request is received within prescribed timeframes, nonavailability of records,

or the passing of the record by the time the report is validated or the request is processed, may not be used as a basis for denying the adjustment.

#### C4.1.5. Minimum Value

C4.1.5.1. Adjustment for Billing Errors. In general, no request for adjustment should be submitted for billing errors when the amount of the error is \$250 or less. As an exception to the general guideline, no request for adjustment should be submitted for billing errors when the amount of the error is \$100 or less and the billing office is GSA or the materiel involved is a subsistence item.

C4.1.5.2. Adjustment Types. There is no minimum value for requesting status on an anticipated or required billing, requesting a corrected bill when the received bill is incomplete, requesting a copy of a bill, requesting a change in the type of billing (interfund to noninterfund and noninterfund to interfund), or requesting adjustments for validated discrepancy reports.

C4.1.5.3. Foreign Military Sales Billing Errors. There is no minimum value for adjustment of foreign military sales (FMS) billing errors. However, adjustment requests for FMS shipments may not be submitted when the request can be rejected per the general conditions of the U.S. Department of Defense Letter of Offer and Acceptance.

### C4.2. CANCELING OR AMENDING REQUESTS FOR ADJUSTMENT

C4.2.1. Canceling Requests. Submitting offices may cancel requests for adjustments whenever the request is no longer valid or appropriate and the billing office has not provided a final reply to the request.

C4.2.2. Amendments. Requests for adjustments may be amended by canceling the original request and submitting a new request.

### C4.3. FOLLOW-UP ON UNANSWERED REQUESTS FOR ADJUSTMENT

C4.3.1. Adjustment Requests. Except for follow-ups to Transaction Services, offices submitting adjustment requests will follow-up on requests for adjustments remaining unanswered for more than 14 calendar days after submission. If the request for adjustment remains unanswered for more than 14 calendar days after follow-up, submitting offices will forward a second and final follow-up by letter or message to the billing office. In addition to providing the billing office with the information required to process the request, the final follow-up will identify the dates of initial and follow-up request.

C4.3.1.1. Follow the procedures prescribed for noncompliance and other problems (see Chapter 1) when requests for adjustments or requests for MRP credits

remain unanswered for more than 30 calendar days after the second follow-up or if an interim response was received and the promised date has passed.

C4.3.1.2. Follow up to Transaction Services ([daashelp@dla.mil](mailto:daashelp@dla.mil)) for copies of interfund bills that were requested but not received.

C4.3.2. Credit Follow-Up. Offices designated to receive Materiel Returns Program (MRP) credit will initially follow-up on the credit due when the credit has not been received and more than 30 calendar days have elapsed since the creditable status was received. A second follow-up will be submitted if a reply or credit is not received within 30 calendar days of the initial follow-up.

#### C4.4. REPLYING TO REQUESTS FOR ADJUSTMENT OR MATERIEL RETURNS PROGRAM CREDIT

C4.4.1. Processing Adjustments. Billing or adjustment processing offices will reply to adjustment requests using Defense Logistics Management Standard (DLMS) 812L, Adjustment Request Reply transaction. The DLMS Supplement will also be used to reply to follow-up requests.

C4.4.2. Responding to Requests. Billing offices will respond to all requests for adjustment within 13 calendar days of the date the request is received. Billing offices will respond to follow-up requests for adjustment within 13 calendar days of the date the request is submitted. Replies to adjustment requests (DLMS 812L, Document Identifier Code (DIC) FAR) and follow-ups (DLMS 812L, DIC FAS) are required and will also be forwarded to Transaction Services for processing and further routing to the adjustment requestor. As with the requests, fuel-related replies will follow the equivalent DIC FJ\_ series formats. All adjustment replies will include an appropriate coded reply.

C4.4.2.1. Responses to adjustment requests will be forwarded to the office designated by the recipient of billing status code. Adjustments will be forwarded to the original billed office.

C4.4.2.2. Billing offices will respond to initial requests and first follow-up for MRP credit in the DLMS 812L, DIC FTB format. Responses will be forwarded, via DSN, to the office designated by the materiel receipt status (870M, DIC FTZ).

C4.4.2.3. Billing offices will respond to second follow-up requests for adjustments and MRP credit within 30 calendar days of receipt. If the request cannot be answered within 30 calendar days, an interim response by letter or message will be provided. The response must be completed within 60 calendar days.

C4.5. ADJUSTMENT AMOUNT. In general, adjustments, when warranted, will be at the originally billed price. Adjustments for validated product quality deficiency reports (PQDRs) will be processed at the current standard price when the original billed price cannot be determined. Adjustments for Materiel Returns Program (MRP) credits will be

at the current acquisition price or at a reduced price if, in the opinion of the Integrated Materiel Manager (IMM), the condition warrants such reduction.

#### C4.6. INCOMPLETE OR UNSUPPORTED BILL

C4.6.1. An incomplete bill is one in which the interfund or noninterfund bill is not fully supported by detail billing records or information, respectively.

C4.6.2. Since Transaction Services will not pass incomplete interfund bills to billed offices and billing offices will not be reimbursed for bills not submitted to Transaction Services, a copy of the "incomplete" interfund bill will be requested from Transaction Services.

C4.6.3. Requests for incomplete (i.e., unsupported) noninterfund bills will be addressed to the billing office and must cite BAC 19. In addition to responding to the request, whenever the bill referred to is on file, billing offices must always provide a fully supported copy or corrected bill to the billed office.

#### C4.7. BILLING STATUS PROCEDURES

C4.7.1. Obtaining Bill Status. When requisitioned materiel is received, intended billed offices must use an Adjustment Request (DLMS 812R, DIC FAE) to seek the status of the bill. When materiel was not ordered, or if ordered and not received, discrepancy report procedures apply. See DLMS Volume 2, [Chapter 17](#) and [DoD 4500.9-R](#), Defense Transportation Regulation, Volume 2, Chapter 210 for discrepancy report procedures.

C4.7.2. Shipment Bill Status. When shipment status is received for requisitioned materiel and the materiel can be billed only upon evidence of constructive delivery, intended billed offices must use an Adjustment Request (DLMS 812R, DIC FAE) citing BAC 35 to seek the status of the bill. Billing offices may generate the required billing when properly completed requests are received and a billing is awaiting evidence of constructive delivery. Billing offices will also initiate appropriate actions with their supply office to identify and resolve problems underlying this condition.

C4.7.3. Timeframe. At least 90 calendar days must have elapsed after receiving the materiel or, in the case of FMS shipments, shipment status before requesting the bill status. However, the status must be requested within a year of the shipment date (2 years for FMS shipments). Billing offices may reject requests for billing status that are not submitted within these timeframes.

C4.7.4. When the billing status request involves fuels and is forwarded to DLA Energy (RIC S9F), the request will be mailed and must identify the supply source. If the supply source is a DLA Energy regional location, provide the location's DoDAAC. If the supply source is a contractor, including contractor Into-plane, provide the contract number.

C4.7.5. Restrictions. Except for billings awaiting evidence of shipment or receipt, billing offices will not generate bills based solely upon a request for billing status.

C4.7.6. DoD 7000.14-R, Department of Defense Financial Management Regulations (FMRS), Volume 10 has allowances for writing off unbilled liabilities and de-obligating the related obligation when an invoice has not been received within 180 calendar days from the date of acceptable final performance and there is documentation on file that at least two written requests for an invoice have been made. Refer to the reference for other conditions that must be met, such as establishing a reserve for late bills.

#### C4.8. BILL COPY PROCEDURES

C4.8.1. Requesting Copies. Requests for copies of interfund bills will be addressed to Transaction Services if the Transaction Services record retention period has not expired. Requests must use the Request for Retransmission of Interfund Bill (DLMS 812R, DIC QB1) format. See Chapter 6 for Transaction Services record retention requirements and options for retrieving bill copies.

C4.8.2. Retransmitting Copies. Transaction Services will retransmit copies of all bills wherein the billing office DoDAAC, bill number, and year within decade and month of credit match the same information on the request.

C4.8.3. Copies of Noninterfund Bills. Requests for copies of noninterfund bills will normally be addressed to the billing office.

#### C4.9. REQUESTS FOR CHANGE IN BILLING METHOD

##### C4.9.1. Change in Billing Method

C4.9.1.1. When billing offices bill under interfund procedures and MILSBILLS procedures do not allow for such billing, billed offices will forward requests for adjustment in the format prescribed for BAC 52.

C4.9.1.2. When MILSBILLS procedures prescribe billing under interfund procedures, billing offices will deny requests for improperly billed interfund.

C4.9.1.3. When the requisition or customer asset report improperly designates interfund billing and the interfund billing cannot be processed, refer to the following subparagraph for requesting rebilling under noninterfund procedures.

##### C4.9.2. Properly Billed Interfund to Noninterfund

C4.9.2.1. When a billed office is unable to process a billing record under interfund procedures, the billed office may have the item or items billed under noninterfund procedures by forwarding a request for billing adjustment citing BAC 51.

Use of this advice code is an admission by the billed office that the requisition or other document was incorrectly coded.

C4.9.2.2. Requests citing BAC 51 may be submitted only when the funds or charge cannot be disbursed or processed under interfund procedures. All such requests will be honored by the billing office; the billing office may challenge this assertion.

#### C4.10. ADJUSTMENTS FOR DISCREPANCY REPORTS

##### C4.10.1. Financial Adjustment

C4.10.1.1. Discrepancy reports will be submitted, reviewed, processed, validated, and responded to in accordance with the procedures described in the requirements in Table C4.T1.

Table C4.T1. Adjustments to Discrepancy Reports

Reporting of Transportation Discrepancies in Shipments <a href="#">DTR 4500.9-R</a> "Defense Transportation Regulation"
Supply Discrepancy Reporting, <a href="#">DLM 4000.25, Volume 2, Chapter 17</a>
Product Quality Deficiency Program, <a href="#">DLAR 4155.24/AR 702-7/SECNAVINST4855.5A/AFR 74-6</a>
Stock Readiness Program, <a href="#">DLM 4000.25, Volume 2, Chapter 21</a>

C4.10.1.2. Billing offices will process financial adjustments or claims citing the applicable Type of Bill Code (QD, WP, WU, or TD) based on the discrepancy report when the discrepancy report is validated and all of the following MILSBILLS or GSA criteria are met:

C4.10.1.2.1. Discrepancy Not Otherwise Resolved. The discrepancy was not resolved otherwise; for example, the vendor does not replace deficient materiel for a validated PQDR.

C4.10.1.2.2. Materiel Billed and Paid. The materiel was billed and paid previously or, in the case of reporting on a constructed document number, there is a reasonable basis for assuming that the items were previously billed and paid.

C4.10.1.2.3. Materiel Returned. The materiel is received by the **storage activity** in those cases where the discrepancy report reply requires the return. ***At the discretion of the SoS, adjustments may be processed prior to materiel***

***return and then subsequently rebilled under the original document number due to failure to return materiel as directed.***

C4.10.1.3. The discrepancy involves GSA shipments and the Transportation Discrepancy Report (TDR) exceeds \$25 per line (detail billing record) (DBR) or the Supply Discrepancy Report (SDR) exceeds \$50 per line (DBR). There is no minimum adjustment level on PQDRs involving GSA shipments. There are no adjustment dollar value limitations for discrepancies involving DoD shipments or materiel in storage reported via Storage Quality Control Report (SQCR).

C4.10.1.4. The original MILSTRIP requisition number is included on the PQDR, SDR, or SQCR. When the original requisition number cannot be identified, the originator, material owner, or screening point must include a constructed 14 position MILSTRIP document number using the originator, owning activity, or screening point's DoDAAC for the first six characters, the current Julian date (YDDD) for the next four positions, and a four position serial number beginning with "U" as the first position of the serial number. An example of a constructed document number is F123453175 U001. Code U is also carried as a utilization code under DLMS. Note: For SDRs, circumstances authorizing the use of a constructed document number are restricted to those described in DLMS, Volume 2, Chapter 17. For SQCRs, circumstances authorizing the use of a constructed document number are restricted to those described in DLMS, Volume 2, Chapter 21.

C4.10.1.5. Improper Commitment. When a reply to a discrepancy report improperly commits the billing office to providing an adjustment (e.g., the shipment was never billed), the billing office will ask the replying office to correct the reply to the discrepancy report.

#### C4.10.2. Other Discrepancy Adjustment Rules

C4.10.2.1. Adjusting Discrepancy Reports. Requests for adjustments related to TDRs will be submitted only when the adjustment is not received and more than 60 calendar days have elapsed since the report was filed. Requests related to PQDRs, SDRs, and SQCRs should be timely, but must not be submitted until a minimum of 60 calendar days have elapsed since receiving notification that the discrepancy is validated (i.e., that an adjustment is approved). When the promised adjustment for a discrepancy is contingent upon the return of materiel, the request will not be submitted until a minimum of 60 calendar days have elapsed since shipping the materiel with additional allowance for transportation time to the shipping activity. When a reply to a discrepancy report is not received, follow up as prescribed by DLMS Volume 2, Chapter 17 or 21, as applicable.

C4.10.2.2. The portion of credits for materiel laterally redistributed may be fully or partially reversed by the IMM when a discrepancy report documents the materiel was not shipped in a condition warranting full credit.

C4.10.2.3. Activities responsible for discrepant shipments may be held responsible for costs incurred for repackaging, disposal, unauthorized returns, deficient packaging, and other item and packaging discrepancies that have been documented and validated under SDR procedures. Although other mutually agreeable arrangements may be made, such costs will normally be recovered under noninterfund procedures and will be supported by the validated discrepancy report. In addition, when such returns are creditable, these discrepancy costs may be offset against the credit to which the returning activity is otherwise entitled.

C4.10.2.4. Adjustments based upon PQDRs will be forwarded to the code and bill-to DoDAAC indicated on the PQDR. If omitted, adjustments will be sent to the DoDAAC indicated (TAC 3, or TAC 1 if no TAC 3 exists) of the requisition number provided on the PQDR and the fund codes in Table C4.T2.

Table C4.T2. Default PQDR Fund Codes

BILLED SERVICE CODE	FUND CODE
N, P, R, or V (Navy)	96
All Others	QD

#### C4.11. ADJUSTMENTS FOR BILLING ERRORS

C4.11.1. The following are billing errors and will not be accepted for processing unless the minimum value criterion (Section 4.1) for requesting adjustment is met:

- C4.11.1.1. Duplicates
- C4.11.1.2. Wrong amount billed
- C4.11.1.3. Wrong office billed
- C4.11.1.4. Improper billed
- C4.11.1.5. Promised adjustment not received
- C4.11.1.6. Other problems

#### C4.11.2. Duplicates

##### C4.11.2.1. Duplicate Billing Line

C4.11.2.1.1. A duplicate billing line is a second or later billing for a single shipment or adjustment. If the second or later billing resulted from a second or later shipment, financial adjustment procedures do not apply. See, instead, discrepancy report procedures for duplicate shipments in DLMS Volume 2, Chapter 17.



C4.11.2.1.2. To obtain adjustment for duplicate detail billing records not previously adjusted by the billing office, submit a separate request for each duplicated billing record in the format prescribed for BAC 11.

#### C4.11.2.2. Duplicate Bill

C4.11.2.2.1. This is an interfund or noninterfund bill (SF 1080 or equivalent), that is supported entirely by duplicate detail billing records. In the case of interfund bills, the bill is also included on the billing office's interfund report.

C4.11.2.2.2. Adjustments for duplicate interfund bills may be requested only upon confirmation that the bills (original and duplicate) were, in fact, reported to the buying service's Central Accounts Office (CAO). To obtain an adjustment, submit a Request For Summary Level Billing Adjustment (DLMS 812R, DIC FDE) for each duplicated bill citing:

C4.11.2.2.2.1. BAC 42 when the bill, details and summary are identical, including the bill number to a previous bill,

C4.11.2.2.2.2. BAC 43 when, except for the bill number, the bill details and summary are identical to a previous bill, and

C4.11.2.2.2.3. BAC 44 when all of the supporting detail billing records of one bill have been included on another bill. The bill containing such previously billed DBRs is the duplicate bill.

#### C4.11.3. Wrong Amount Billed

C4.11.3.1. Purpose. A wrong amount billed refers to a billing line in which the unit price, quantity, or price extension is erroneous.

C4.11.3.2. Exceptions. Do not request adjustment for wrong amount if:

C4.11.3.2.1. The unit price is the correct standard or catalog price and you are questioning the price. Follow price challenge procedures instead.

C4.11.3.2.2. The extension does not agree with the amount billed and Sales Price Condition code B is indicated. In this case, the unit price shown on the billing record is the inventory carrying value, the standard unit price. The billing unit price, if needed, must be computed.

C4.11.3.2.3. The quantity billed equals the quantity ordered or shipped and a lesser quantity is received. Follow the appropriate DLMS Volume 2, Chapter 17 discrepancy reporting procedure instead.

#### C4.11.4. Wrong Office Billed

C4.11.4.1. Request. Request an adjustment for wrong office billed when the office billed does not agree with the coded requirements of the requisition or adjustment request and the coding indicated a valid billed office DoDAAC. A valid billed office DoDAAC is one listed in the DoD Activity Address Directory (DoDAAD) with the proper authority code (See Chapter 6, C6.2.2.1.2 of this volume).

C4.11.4.2. Request Denial. When the billing was prepared in accordance with the requisition or modification received by the Inventory Control Point/Integrated Materiel Manager (ICP/IMM), the request will be denied.

C4.11.4.3. Wrong Office Assigned. When the billing office assigned the billed office as prescribed in Chapter 2 and the office assigned is not the intended office, the billed office will transfer or otherwise process the bill in accordance with procedures prescribed by the DoD Component. If the offices involved are serviced by the same finance center, the billed office will contact the intended billed office or requisitioner and make arrangements for transferring the bill.

#### C4.11.5. Improper Billing

C4.11.5.1. General. A DLMS 812R, Adjustment Request citing the proper billing advice code should be submitted to billing offices to request adjustments for improper billings. For purposes of this section, an improper billing is a billing line which:

C4.11.5.1.1. Charges for materiel requisitioned under nonreimbursable procedures;

C4.11.5.1.2. Charges improperly for accessorial costs;

C4.11.5.1.3. Charges for materiel following a reply that a billing could not be rendered; or

C4.11.5.1.4. Charges for materiel confirmed cancelled when the materiel is not received.

C4.11.5.2. Cancelled. When a billing for materiel is received on a requisition that was confirmed cancelled by the ICP or IMM and the materiel is not received, a request for adjustment in the format prescribed for BAC 17 will be forwarded to the billing office. When the materiel was received or if the requisition was not confirmed cancelled by the ICP or IMM, MILSBILLS procedures do not apply. Follow instead procedures prescribed for reporting SDRs. Although annotations on a shipping document, in conjunction with other factors, may support a discrepancy report, they do not support an adjustment for improper billing. A validated discrepancy report is needed.

C4.11.5.3. Backordered. A request for adjustment in the format prescribed for BAC 18 will be forwarded to the billing office whenever a billing is received on a

requisition that was backordered and the receipt of the billing status, confirming that the materiel was not received. Do not submit requests citing BAC 18 prior to obtaining this status.

C4.11.5.4. Billing Cannot Be Rendered. Billed offices will request adjustment in the format prescribed for BAC 20 whenever the billing office issues a bill after advising, in a response to a request for billing status (Billing Status Codes DC and DF), that a bill could not be rendered.

C4.11.6. Promised Adjustment Not Received. Billed offices will forward an Adjustment Request (DLMS 812R, DIC FAB/FJR) with the proper billing advice code to the billing office to follow-up on unreceived promised adjustments and more than 30 calendar days have elapsed since receiving a reply promising the billing or adjustment.

C4.11.7. Lateral Redistributions (In-Storage Visibility for Both Consumables and Repairables). Offices promised credits for lateral redistributions (In-Storage Visibility (ISV) for both consumables and repairables) will follow up on credits not received within 30 calendar days of the date shipment confirmation is submitted to the ICP/IMM. The initial request must be made by submitting a Request for Billing Adjustment (DLMS 812R, DIC FAE) record citing BAC 27 to the ICP/IMM.

C4.11.8. Other Billing Problems. Billed offices or others will request adjustments for problems not covered by billing advice codes by forwarding a letter (or message) of explanation along with the information required to process the request for BAC 55. The billing office will normally respond with an Adjustment Request (DLMS 812L, DIC FAR or FJR format).

C4.12. PRICE CHALLENGES AND VERIFICATION. [DoDM 4140.01](#), DoD Supply Chain Materiel Management Procedures, February 10, 2014 prescribes the basic DoD requirements under Service and Agency Price Challenge And Price Verification Programs. Price challenges and verification are often mistaken for MILSBILLS "wrong unit price billed" procedures. Contact IMM/ICP customer service for assistance filing price challenges.

C4.13. DISPUTED RESPONSES TO REQUESTS FOR ADJUSTMENT. Billing and billed offices are expected to resolve their differences regarding adjustment requests. However, when a billed office does not agree with the billing office's response and the billed office considers the amounts involved significant, the billed office may consider the dispute an unresolved problem and follow the procedures prescribed in Chapter 1.

#### C4.14. ADJUSTMENTS FOR CHANGE NOTICES

C4.14.1. Recording Undelivered Orders. If an order is placed with or through the DWCF, an undelivered order (obligation) should be recorded when the order is placed. A non-stock numbered item should be recorded as an undelivered order when the order

is accepted. An adjustment to the undelivered order should be processed when a change notice affecting price, quantity, or an acceptable substitution of a like item is received from the stock fund. Refer to [DoD 7000.14-R](#) Volume 6 for more specific information on the above requirements.

C4.14.2. Customer Not Receiving Change Notice. If a DBOF customer does not receive a change notice at all or in time to cancel or modify the order and additional funds are required, the materiel may be refused or returned to the DBOF and an adjustment requested. Adjustments for this reason will be forwarded by mail and must be signed by the activity accounting officer. The request must meet the following requirements and will state essentially:

"As a result of a price change, quantity change, or authorized substitution, the value of the materiel received exceeds amounts obligated and all available obligation authority. Request credit for the indicated quantity and items delivered under the following requisition document and suffix number. Please also provide us with the return instructions for the materiel."

C4.14.3. Honoring Requests. The billing office will honor all such requests and provide adjustment, without regard to dollar value, after the materiel is returned. The ordering activity will also contact the ICP/IMM to arrange for the return.

#### C4.15. SECURITY ASSISTANCE DISCREPANCIES AND BILLING ERRORS

C4.15.1. The Military Department may automatically grant adjustments<sup>1</sup> and charge or credit the administrative surcharge fund when:

C4.15.1.1. The request cannot be rejected per the general conditions of the U.S. Letter of Offer and Acceptance, and

C4.15.1.2. The transaction was billed on a [DD Form 645A](#), Foreign Military Sales Statement.

C4.15.1.3. The amount of the adjustment requested is either (1) less than \$100 or (2) less than the amount approved<sup>2</sup> for that Military Department by the Defense Security Cooperation Agency.

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<sup>1</sup> Automatic adjustments may be withheld from specific customers if there is a pattern of abuse of this authority. When such a pattern exists, all discrepancies and billing errors from that customer should be researched.

<sup>2</sup> Military Departments may request approval for a different adjustment level. The dollar amounts of automatic adjustments will be determined by an agency cost effectiveness study which compares the administrative cost of conducting necessary research to determine specific responsibility versus the cost which will be incurred by the administrative surcharge pool if an automatic refund is authorized. The agency cost effectiveness study must be submitted to Defense Security Cooperation Agency for review and approval.

C4.15.2. Adjustments for IMM/ICP charges that may not be automatically charged to the administrative fund will be prepared and forwarded to the IMM/ICP in accordance with the procedures contained in this chapter.

#### C4.16. CREDITS FOR EXCESS REPORTS (MATERIEL RETURNS PROGRAM)

C4.16.1. Procedures. Materiel returns program procedures are prescribed by DLMS Volume 2.

C4.16.2. Processing Credits. Billing offices will process credits for excess reports during the first billing cycle after receiving notification that materiel authorized for return under creditable procedures has been received in a condition warranting credit. The portion of credits for materiel laterally redistributed may be fully or partially reversed by the IMM when a discrepancy report documents that the materiel was not shipped in a condition warranting full credit.

C4.16.3. Materiel Returns Program or Procurement Offset Status Request (In-Storage Visibility for Both Consumables and Repairables). Offices expecting MRP or procurement offset (ISV for both consumables and repairables) will request credit status using the Follow-up for Materiel Returns Program Credit (DLMS 812R, DIC FTP). The initial request should be prepared when the credit has not been received and more the 30 calendar days have elapsed since the Materiel Receipt Status (DLMS 870M, DIC FTZ), citing a creditable status or the Shipment Status (DLMS 856S, DIC AS6) is received by the IMM/ICP.