CHAPTER 2

BILLING PROCEDURES

A. BILLING POLICIES

DoD 7420.13-R (reference (f)), DoD Directive 7220.9 (reference (9)), and DoD Instruction 7420.12 (reference (h)) provide the DoD policies governing procedures in this chapter.

B. CRITERIA FOR BILLING

1. Shipment from Stock. Billings will be effected on the basis of drop from inventory, provided that notification of warehouse refusal or other advice of nonavailability has not been received by the inventory control point within seven calendar days of drop from inventory. Exceptions are as follows:

   a. Billings for foreign military sales and military assistance program shipments will be effected upon constructive delivery.

   b. Billings for bulk POL shipments under mode/method codes 2, 8, W and Z will be effected upon receipt notification provided that such notification has been received by the billing office within 15 days of the date of delivery; otherwise, billing will be effected upon notice of shipment or issue.

   c. 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 a Defense Subsistence Office.

   d. MAP sales requisitioned under authority of Section 506 of the Foreign Assistance Act (FM S/MAP requisition record position 35, FM S/MAP Type of Assistance Code, is “C”) may not be billed until funds are appropriated. The determination to use Section 506 does not provide obligation or disbursing authority. Section 506 permits the drawdown of existing DoD stocks subject to an appropriation to be made at a later date to effect reimbursement to the Defense accounts. Should Congress fail to appropriate funds for this purpose, the Defense account must absorb these costs. Section 506 drawdowns of GSA or other non-DoD stocks are not authorized.

2. Direct Deliveries of Materiel from Contractors. When an inventory manager is out of stock, does not carry an item or otherwise requests 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. However, issues by mode/method codes 2, 8, W and Z will be billed based upon the issue transaction if the notification is not received by the inventory manager within 15 days of the date of issue.
C. **PREPARATION OF BILLS**

1. **General.** Bills will be prepared within 30 days of the criteria provided in section B and will identify each shipment or delivery.

2. **Method of Billing**

   a. Billings to DoD offices will be under interfund procedures except as provided below.

   b. Billing will be under noninterfund procedures when:

      (1) the bill-to office is non-DoD (bill-to service code is numeric, G, or Z),

      (2) the bill-to office is a DoD contractor (bill-to service code is C, E, L, Q, or U),

      (3) the bill-to office is DoD (bill-to service code is alpha other than C, E, G, L, Q, U, or Z) and the fund code requires noninterfund billing, and

      (4) the bill-to office is an other DoD Component (bill-to service code is H) and the fund code is not listed in the other Defense Agencies ("A") appendix of the supplement.

3. **Determining Billed Offices**

   a. Billed offices will be assigned in accordance with the signal code cited on the requisition, report of excess, etc. When the signal code is C or L, the billed office is assigned by converting both positional of the fund code to a billed DODAAC. The B series appendices of the supplement (reference (b)) provide appendices to be used, in conjunction with the Service or Agency code of the requisitioning DODAAC, to convert fund codes to billed DODAACs.

   b. Whenever the coding or other information provided on a requisition, report of excess, or similar document does not designate a billed office DODAAC or designates a DODAAC not currently published in the DODAAD (reference (e)), the requisitioning, excess reporting, or activity submitting the document will be designated as the billed office. For IL requisitions, the requisitioning control office (Army/W25P02, Navy/N65916, and Air Force/FA2303) will be assigned as the billed office.

1**Billing offices for DLA and GSA have until 1 Nov 89 to implement this provision. If billed DODAACs are assigned based on only the first position, billed offices must follow Billing Advice Code 13 procedures if an incorrect billed DODAAC is assigned.**

2**Billing offices have until 1 Nov 89 to implement this provision.**
c. 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 and the routing for interfund bills will be based on the same criterion.

4. Nonreimbursable Bills
   a. Except for the provisions of subparagraph c. below, materiel issued under non reimbursable procedures will be reported to the billed office using the DI Code FE_ series format.
   
   b. DoD 7220.9-M (reference (i)) provides that if the amount of billings for any one customer is less than $100 at the end of a fiscal year quarter the billing may be waived. Working capital funds and the Corps of Engineers civil works funds must not waive reimbursement of any amount.
   
   c. GSA sometimes, at its discretion, processes requisitions of $1 or less without billing. Therefore, any DoD Component having such items unbilled 60 days after receipt of materiel may assume that they will not be billed and cancel the obligation accordingly.

5. Inter fund Bills
   a. All inter fund bills will be forwarded, via AU TO DIN, to DAASO for editing and routing to the offices billed. Bills will be transmitted to DAASO (route-to COMM RI of “RUE EOZZA” and content indicator code of “IF FBB”) no later than the fifth working day of the month following the month in which the related inter fund report is forwarded to the finance center.
   
   b. Separate detail billing records, selected from the “B” series appendices, will be prepared for each shipment or delivery supporting the summary billing record.
   
   c. With the exception of FMS requisitions, the A series appendices of the supplement (reference (b)) provides appendices to be used, in conjunction with the Service/Agency code of the billed DoDAAC, to convert fund codes to appropriations. When a requisition cites an invalid fund code but is identified as FMS-funded, the FMS trust account will be charged. In addition, the FMS country code will be entered in the summary billing record of all FMS bills.
   
   d. A separate inter fund bill will be prepared for billings applicable to a given billed office for each appropriation and fund code within appropriation or when the sum of the detail billing records equals or exceeds 10 million dollars. A summary billing record may not summarize more than 494 detail billing records.

\[\text{See definitions and terms.}\]
6. **Noninterfund Bills**

   a. SF 1080, Voucher for Transfers between Appropriations and/or Funds, (figure 2-1) or other form approved by Treasury, such as GSA Form 789, Statement, Voucher and Schedule of Withdrawals and Credits (figure 2-3), will be used as the billing document for non-interfund bills. A computerized version (figure 2-2) of the SF 1080-EDP is also available.

   b. An original and two copies of the noninterfund billing will be provided to the office billed. If an identification or bill number is used, only an original and one copy will be sent.

   c. Noninterfund billings will be supported by the following minimum information: document order number, article or services, delivery date, quantity, and price. The first two items of information will usually be satisfied by the requisition document number and national stock number. The delivery date is the same as the day of year prescribed for the detail billing record appropriate for the issue. Billing offices need not provide EAM cards in the format prescribed in the B series appendices.

   d. The procedures described in this section are based upon procedures prescribed by the Department of Treasury in chapter 2500 of the Treasury Financial Manual (reference (j)).

D. **RETAIL LOSS ALLOWANCE**

   DoD 7420.13-R (reference (f)) requires the DLA Defense Stock Fund and other wholesale stock funds 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 shall not be granted for sales to commissaries and customers of retail or installation level stock fund activities. The discount will be included in standard prices as an additional surcharge element. The discount or allowance will be supported by a billing record in the DI Code FL series format.

E. **INTO-PLANE FUEL SALES**

   1. 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.

   2. 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.

   3. Contractor into-plane fuel issue will be billed at the standard price applicable to each such issue.
Figure 2-1. Sample SF 1080
SF 1080-EDP  

VOUCHER FOR TRANSFERS  

BETWEEN APPROPRIATIONS AND/OR FUNDS  

DEPT., ESTABLISHMENT, BUREAU, OR OFFICE RECEIVING FUNDS  

DEFENSE INDUSTRIAL SUPPLY CENTER  

700 ROBBINS AVENUE  

PHILADELPHIA, PA. 19111-5096  

DEPT., ESTABLISHMENT, BUREAU, OR OFFICE CHARGED  

PAID BY  

VETERANS ADMIN '512  

BILL NO. 8J154  

GOVERNMENT ACCOUNTS SECTION  

PO BOX 2976  

AUSTIN TX 78769  

BILL DATE 24 AUG 87  

ORDER DATE OF  

NO.  

DELIVERY ARTICLES OR SERVICES  

QUAN- UNIT PRICE  

AMOUNT  

(DATE)  

TITLE  

ACCOUNTING CLASSIFICATION - OFFICE RECEIVING FUNDS  

97X4961.5105 01 CS15  

36054 1,038.52  

9770100.5105 99 CS15 P330 S36054 FDP  

36.35  

CERTIFICATE OF OFFICE CHARGED  

I CERTIFY THAT THE ABOVE ARTICLES WERE RECEIVED AND ACCEPTED OR THE SERVICE PERFORMED AS STATED AND SHOULD BE CHARGED TO THE APPROPRIATION (S) AND/OR FUND (S) AS INDICATED BELOW; OR THAT THE ADVANCE PAYMENT REQUESTED IS APPROVED AND SHOULD BE PAID AS INDICATED.  

AUTHORIZED ADMINISTRATIVE OR CERTIFYING OFFICER  

ACCOUNTING CLASSIFICATION - OFFICE CHARGED  

PAID BY CHECK NO.  

Figure 2-2. Sample SF 1080-EDP
Figure 2-3. Sample GSA Form 789
4. Billing offices for stock funds will grant credit for DoD aircraft de fueling based on supply de fueling slips at stock fund prices.

5. Credits will be given for contractor into-plane de fueling of DoD aircraft based on a de fueling slip at the standard price given for each de fueling.

6. Into-plane fuel billings will be in the DI Code FP format.

7. Bills for into-plane issues of aviation gasoline, or for aircraft de fuelings, which are not identifiable to a Service activity will be mailed, along with legible copies of the supporting DD Form 1898, AV Fuels Into-Plane Sales Slip, to the applicable control point identified below:

   a. **Army** (all Army Service/Agency codes):

      Commander
      U.S. Army Finance and Accounting Center
      ATTN: FINCO-C
      Indianapolis, IN 46249-0001

   b. **Navy** and **Marine Corps**

      (1) For bill-to Service/Agency Code R:

      Commanding Officer
      Fleet Accounting and Disbursing Center
      U.S. Pacific Fleet
      937 North Harbor Drive
      San Diego, CA 92101-5801

      (2) For bill-to Service/Agency Code V:

      Commanding Officer
      Fleet Accounting and Disbursing Center,
      U.S. Atlantic Fleet
      Bldg. 132, Naval Station
      Norfolk, VA 23593-5000

      (3) For other Navy or Marine bill-to Service/Agency codes:

      Commander
      Navy Accounting and Finance Center
      Code NAFC-521
      Washington, DC 20376-5001

   c. **Air Force** (all Air Force Service/Agency codes):

      AFAFC/TCRC
      Denver, CO 80279-5000
F. AUTOMOTIVE VEHICLES

GSA is authorized to use the interfund billing system to bill DoD activities for automotive vehicles purchased under a category one (reimbursable) MIPR. DoD activities submitting MIPRs must do so in accordance with paragraph 8.7008 of the DoD Supplement to the Federal Acquisition Regulation (reference (k)) which requires activities to provide MILSTRIP requisition data for each line item which is to be delivered to each ship-to address. For purposes of identifying and validating charges, GSA will support interfund billings for automotive vehicles with a GSA Format 952, Single Line Item Billing Register. The format (figure 2-4) will show in addition to the information shown on the billing record, the last five digits of the MPR number under the columns headed "DIST CD PROJ CD."

G. OPTIONAL BILLING PROCEDURE FOR FRESH FRUITS AND VEGETABLES

1. DoD Components and participating Agencies may elect to have DLA's Defense Personnel Support Center summarize billings for FF&V. The option is available on a DoD Component or Agency wide basis only. Currently, only the Air Force has elected this billing option.

2. Under the optional FF&V billing procedure, DLA will summarize onto a single billing line all FF&V issues to a Service or Agency. The billings will be summarized by requisition month and fiscal year. These summarized billings will be prepared in the DI Code FV1 or FV2 format and will be forwarded to a predesignated central office in that Service or Agency. DLA will provide microfiche copies of the supporting detail billing records when requested.

H. BILLING FOR ACCESSORIAL AND ADMINISTRATIVE COSTS

1. Method of Billing

a. Accessorial and administrative costs may be billed via interfund or noninterfund. However, to the extent practicable, billing will be accomplished in the same manner as the materiel.

b. When billed via interfund, accessorial and administrative costs billings will follow the procedures and formats prescribed for the charge.

2. DoD Shipments. DoD Instruction 7510.4, (reference (l)) provides the DoD policy for billing accessorial and administrative costs.

3* GSA Shipments. GSA will assess accessorial and administrative costs on shipments to DoD as indicated in this section.
Figure 2-4. Sample GSA Format 952
a. Transportation

(1) Except as outlined in paragraph (2) below, GSA will pay transportation charges on stock items to:

(a) 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.

(b) A U.S. port of embarkation for overseas destinations not included in (1) above.

(2) GSA will not pay transportation charges for shipments of Special Order Program (nonstick) items. GSA will, however, prepay and bill the agency, as a separate item for:

(a) Transportation charges to a CONUS destination or a U.S. Port of Embarkation on items purchased F.O.B. origin; and

(b) 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.

b. Export Services

(1) A surcharge will be assessed at the rate of six percent of the value of the material ordered and shipped to customers overseas from GSA wholesale distribution centers and vendors.

(2) 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; overpacking and documenting dangerous/hazardous shipments; challenging air eligible shipments; unitizing, consolidating, and palletizing cargo, arranging for sea-vans to source load cargo and document shipments for delivery to ports of embarkation; among others.

(3) Annually, GSA will review actual costs to perform export services and, as appropriate, propose changes in the above rate for use throughout each fiscal year. The AS D(C) will be advised sufficiently in advance for appropriate program and budget planning.

(4) The surcharge for export services will not always be assigned the same bill number as the related material.

c. Fund Code Charged. GSA billings for accessorial costs incurred for supply items requisitioned by DoD activities will reflect the following fund codes (t denotes the FY within decade of the billing date):
1. BILLING FOR PROGRESS AND ADVANCE PAYMENTS

1. Progress Billings

   a. Progress payments may be billed via interfund whenever the order received from the customer specifies that progress billings via interfund are authorized. Interfund billings for progress payments will use DI Code FU1/2. 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.

   b. Billings made for progress payments will be based upon documentary evidence of satisfactory performance and will not exceed the amount of the customer order.

   c. The billing office will offset bills for deliveries against all outstanding progress billings related to those deliveries. Billing records will be reported for both the full value of the shipment (i.e., DI Code FA1) and the amount of the progress billing being liquidated. The billing method elected for the progress payment will also be the method used to bill for the delivery.

   d. Although multiple progress bills may have been submitted against an order, a single recoupment billing record may be reported for the total amount of the progress billings.

2. Advance Billings

   a. 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.

   b. Advances received must be returned or applied to accounts receivable before the end of the fiscal year.

J. CORRECTION OF ERRONEOUS BILLINGS

1. Billing Forwarded to Customer. When a billing office finds it has issued a bill containing one or more billing lines requiring correction in some way, it will reverse the erroneous charges or
credits - and only such charges or credits - irrespective of dollar amount and include corrected charges or credits in a subsequent bill. The corrections will be processed as soon as it is practical and will not await customer requests for adjustments.

2. Billing Not Forwarded to Customer. When a billing office has determined, or has been informed, that an interfund bill was rejected by DAASO and not forwarded to the billed office under other distribution procedures, and the billing was reported to a particular Service or Agency Central Accounts Office (CAO) and charged to that Service's funds, the billing office will process a reversal of the erroneous billing transmitted to the CAO. The reversal billing Summary Billing Record (SBR) will reflect the exact same information as the original billing and will not include any additional charges or credits. In all cases, the third position of the reversal SBR will be a “2” if the original billing contained a “1”, and vice versa. Further, an information indicator code of “R” will be inserted in record position 39 to indicate that this is a reversal. Corrections will be processed as soon as practical (i.e., next interfund report) and will not await customer requests for adjustments.

K. CANCELLATIONS

When an ICP determines that a requisition (and related shipments) has been canceled, any billings which were generated for that requisition will be reversed in the first available 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 by noninterfund procedures.

L. RETENTION OF BILLING RECORDS

1. Records supporting MAP or FMS billings will be maintained for two years and others for one year after the billing month.

2. Adjustment processing activities will retain the necessary records for whatever time period required to enable them to process adjustments when the request or discrepancy report leading to the adjustment is received within allowable timeframes.

M. ROUTING AND RETENTION OF INTERFUND BILLS BY THE DAASO

1. All sellers must forward their interfund bills to DAASO for routing to the billed office.

2. Interfund billings to be routed by DAASO must be transmitted to DAASO with a Content Indicator Code of "IFBB." The DAASO "Route to" COMM RI code must be "RUEOZZA." Billing offices will not forward copies of bills to DAASO for routing if the office to receive the copy differs from the actual billed office.
3. An interfund bill message may consist of a summary billing record (DI Code FS) and one or more detail billing records but shall not contain more than 495 records (DI Codes FS, FL, FA, etc.) on the message. With the header and trailer records, messages will consist of no more than 497 records.

4. DAASO will edit each interfund bill to ensure that:
   a. The record count shown in pos. 5-7 of the summary billing record equals the actual count of the supporting billing records.
   b. The bill-to address shown in pos. 30-35 of the summary billing record is a valid DoDAAC.
   c. The amount shown in pos. 65-73 of the summary billing record equals the sum of the amounts shown in pos. 65-73 of the supporting billing records.

5. DAASO will reject interfund bills which fail any of the edits. Rejected interfund bills will be returned to the originating communications center with a narrative description indicating the reason for rejection. Billing offices must correct the rejected bills and resubmit them to DAASO. If the billing was included on the billing office's interfund report and the billing will not be forwarded to the billed office, the erroneous billing must be corrected (see section J).

6. Upon successful completion of the edits, DAASO will route interfund bills by an appropriate means (AUTODIN, mail, message, etc.) to the billed office. A narrative header record “For Accounting and Finance Officer” will be included with each interfund bill.

7. The DAASO will retain in their files, non-FMS interfund bills routed by them for one year and FMS interfund bills for two years. Chapter 4 prescribes procedures for obtaining copies from DAASO.

N. DAAS EDIT OF OTHER DoD COMPONENT FUND CODES

1. The DAAS will edit Service Code “H” requisitions from other DoD Components to ensure that interfund procedures are appropriate. Other DoD Component requisitions for which interfund billing is appropriate are those in which the requisitioning Do DAAC is listed in appendix D of the Fund Code Supplement (reference (b)). The DAASO will ensure, by changing if necessary, that the fund code cited on other DoD Components requisitions processed through the DAASO is “XP” when the requisitioning Do DAAC is not listed in the appendix.

2. Other DoD Components may add (allow for interfund billing when the fund code cited on the requisition is not “XP”) or delete a listed DoDAAC (ensure non-interfund billing) by forwarding a letter or message to the DAASO (see chapter 1, section F for the address).