

8YZbgY

DYfgcbU DfcdYfmDfc[fUa

Electronic Bill Payment

Phase I

Concept of Operations

Version 9.1

19 December 2005

Headquarters, Military Surface Deployment

And

Distribution Command

200 Stovall Street, Alexandria, Va. 22332-5000

-Unclassified-

**Families First Electronic Bill Payment Phase I Concept of Operations
Version 9.1, 5 December 2005
Change Notification**

The following is a summary list of the major changes made to this document since version 8. This is just an overview and the reader is directed to the changed sections to view the detailed text modifications.

| | |
|---|---|
| Throughout | <ul style="list-style-type: none"> • All references to Transportation Provider (TP) changed to Transportation Service Provider (TSP). |
| Section 5 Business Rules for Phase 1 Implementation | <p>Section 5.1</p> <ul style="list-style-type: none"> • Updated process flow to include TGET system <p>Section 5.2</p> <ul style="list-style-type: none"> • Included business rules for appropriation conversion with use of TGET by CWA <ul style="list-style-type: none"> ▪ Modified wording for documentation requirements stating that the <i>member</i> –signed 619 will be retained by the TSP and Approval of hard copy 619 is not required as this takes place electronically in CWA |
| Section 6.0 Metrics | <ul style="list-style-type: none"> • Revised and added metrics to be reported |
| Appendix A Financial Processes | <ul style="list-style-type: none"> • Incorporated the Interim Automated Back-end CONOPS |
| Appendix D Hard Copy Documentation | <ul style="list-style-type: none"> • Added OSD(C) response |
| Appendix E Success Criteria | <ul style="list-style-type: none"> • Discussion of Success Criteria and Accomplishments added |
| Appendix F MOA between Services and USCG | <ul style="list-style-type: none"> • Signed Updated Memorandum added |
| Appendix H Implementation Plan for full rollout | <ul style="list-style-type: none"> • Deleted |
| Appendix I Prompt Payment Procedures | <ul style="list-style-type: none"> • Added PPA procedures as confirmed by DFAS |
| Appendix J Double Payment Interest | <ul style="list-style-type: none"> • Added Penalty Payment Interest |
| Appendix K Diversion Business Rules and Procedures | <ul style="list-style-type: none"> • Added Diversion Business Rules and Procedures |
| Appendix L Contingency Plan | <ul style="list-style-type: none"> • Added Contingency Plan |
| Appendix M Contingency Plan | <ul style="list-style-type: none"> • Added Proper Invoice Submission |

Table of Contents

| | |
|--|-----------|
| 1.0 Introduction | 6 |
| 1.1 Overview | 6 |
| 1.2 Objective | 6 |
| 1.3 Scope | 7 |
| 1.4 Organization of Document | 7 |
| 2.0 High-Level As-Is Procedures for Personal Property Shipments | 9 |
| 3.0 Roles and Responsibilities for Phase I | 13 |
| 4.0 CONOPS and Procedures for the Phase I Implementation | 16 |
| 5.0 Business Rules for the Phase I Implementation | 22 |
| 5.1 PowerTrack Payment Model for Personal Property | 23 |
| 5.2 Key Process Business Rules | 23 |
| • Orders Issuance (1.0) | 23 |
| • Customer and Shipment Data Entry (2.1) | 24 |
| • Electronic Customer and Shipment Data Feed (2.2) | 25 |
| • BoL Access (2.3) | 25 |
| • Invoice Submission/NOSC Entry (3.0) | 25 |
| • Services Approval (5.0) | 27 |
| • <u>Personal Property Statistical Sampling Methodology for Documentation Review</u> | 27 |
| • DTOD Mileage (6.1) | 31 |
| • Rating (6.2) | 32 |
| • EDI 858 Submission from CWA (7.0) | 32 |
| • Transportation Service Provider Payment Approval (8.0) | 32 |
| • Transportation Service Provider Payment (9.0) | 34 |
| • Payment Data Feed (10.1) | 34 |
| • Feed to FACTS (10.2) | 34 |
| • PowerTrack Summary Invoice (PSI) Certification (11.0) | 35 |
| • U.S. Bank Payment (12.0) | 39 |
| • Post-Payment Audit Data Retrieval (13.0) | 40 |
| 6.0 Metrics | 41 |
| Appendix A: Interim Automated Finance and Accounting Process CONOPS | 43 |
| 1.0 Overview | 44 |
| Objective | 44 |
| Scope | 44 |
| Organization of Document | 44 |
| 2.0 Interim Environment | 46 |
| 2.1 Interim Context Descriptions | 46 |
| 2.2 Interim Business Process Flow | 47 |
| Glossary of Terms | 55 |
| Appendix B: EDI 858 Shipment Data Feed | 57 |

**Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations**

| | |
|--|------------|
| Appendix C: EDI 810 Invoice Data Feed..... | 58 |
| Appendix D: Certifying Officer Business Rules..... | 59 |
| 1.0 General..... | 60 |
| 2.0 Statistical Sampling Plan..... | 61 |
| <u>Preparing to Select Transactions for Review</u> | 61 |
| <u>Transactions Requiring 100% Review</u> | 61 |
| <u>Selecting the Sample of Transactions for Post-TSP Payment Verification</u> | 62 |
| <u>Conducting the Post-TSP Payment Verification on a Statistical Sampling Basis</u> | 62 |
| <u>PowerTrack Transaction Review Elements</u> | 62 |
| Appendix E: GSA Pre-Payment Audit Approval..... | 67 |
| Appendix F: Hard Copy Documentation Process Approval..... | 70 |
| DFAS Review on the Hard Copy documentation process..... | 71 |
| OSD(C) Response on Sampling Methodology Approval..... | 72 |
| GAO response to the hard copy process..... | 73 |
| Appendix G: Success Criteria for the Phase I Evaluation Period..... | 82 |
| Appendix H: Memorandum of Agreement Between Military Services and the US Coast Guard..... | 85 |
| Appendix I: Prompt Payment Procedures..... | 91 |
| 1.0 Introduction..... | 92 |
| 2.0 Main Guidelines for Application and Calculation of Prompt Payment Interest (ref. OMB Circular 5 CFR Part 1315 and DFAS’s guidance on the current process)..... | 92 |
| 3.0 Requirements for a Proper Invoice..... | 93 |
| 4.0 Overall Business Rules for Notification of an Improper Invoice (as outlined in Families First Phase 1 CONOPS)..... | 94 |
| 5.0 As-Is Improper Invoice Notification and PPI Clock Usage under Phase I..... | 94 |
| 6.0 Application of Prompt Pay Interest – Scenarios..... | 96 |
| 7.0 The Interim Process for Calculation and Posting of Prompt Pay Interest..... | 99 |
| 7.1 The Long-Term Process for Calculation and Posting of Prompt Pay Interest..... | 100 |
| Appendix J: Penalty Interest Request Procedures..... | 101 |
| Appendix K: Diversions Business Rules and Procedures..... | 104 |
| 1.0 Introduction..... | 105 |
| 2.0 Main Guidelines for the proper execution of Diversions for Domestic Shipments:..... | 105 |
| 3.0 Main Guidelines for the proper execution of Diversions for International Shipments:..... | 106 |
| 4.0 Application of Diversions, Scenarios:..... | 107 |
| Appendix L: Contingency Plan..... | 112 |

Appendix M: Proper Invoice Submission..... 115

1.0 Introduction

1.1 Overview

On 7 July 1997, the Under Secretary of Defense (Comptroller) issued Management Reform Memorandum #15 (MRM #15), which requires the reengineering of the defense transportation documentation and financial processes, as part of an effort to revolutionize DoD business practices across all Services and Agencies. A major component of the MRM #15 efforts is the implementation of a third party e-commerce solution: U.S. Bank's PowerTrack. MRM #15 has been implemented for DoD freight shipments, and now efforts are focused on DoD personal property shipments, which involve moving DoD service members, civilians, their families, and their belongings to posts around the world.

In June 2002, the USTRANSCOM Personal Property report was released, and USTRANSCOM issued a directive calling for work to begin on the future Personal Property program. USTRANSCOM tasked SDDC, in conjunction with the Services and Industry, to map out the DoD F ghgpug'Rgtuqpcn'Rtqr gtv\ 'Rtqi tco Program by 31

August 2002. As a part of the F ghgpug'Rgtuqpcn'Rtqr gtv\ 'Rtqi tco effort, SDDC has officially stated that PowerTrack will be the third-party payment system for the F ghgpug'Rgtuqpcn'Rtqr gtv\ 'Rtqi tco .

To begin moving forward with the F ghgpug'Rgtuqpcn'Rtqr gtv\ 'Rtqi tco , SDDC was tasked with developing a Concept of Operations (CONOPS) that would outline the implementation of an interim Phase I that would capitalize on the electronic payment of bills. On 19 December 2002, SDDC briefed their draft CONOPS for Phase I of the F ghgpug'Rgtuqpcn'Rtqr gtv\ 'Rtqi tco , and achieved sign-off from the Services on the high-level concept.

A key element of SDDC's F ghgpug'Rgtuqpcn'Rtqr gtv\ 'Rtqi tco CONOPS is a new Defense Personal Property System (DPS).

The DPS will be used for accessorial authorization and for costing shipments (based on the MRT). DPS will subsume the CWA functionality in this regard.

Overall, this program eliminates the need for maintaining hard copy ledgers, log books or other hard copy documentation at the PPSO.

1.2 Objective

The objective of Phase I is to implement the new electronic bill payment processes, in the effort to move towards the F ghgpug'Rgtuqpcn'Rtqr gtv\ 'Rtqi tco . The electronic bill payment processes for Phase I will:

- Use U.S. Bank's PowerTrack as a payment tool to pay Transportation Service Providers (TSP)
- Provide information visibility for Stakeholders (PPSOs, TSPs)
- Improve the DFAS payment and collection process
- Reduce paper documentation

1.3 Scope

Phase I includes all the Service's (except the Air Force) and Coast Guard's installations for selected domestic and international shipments. SDDC's goal for Phase I is to implement PowerTrack and CWA at every PPSO installation and commercial TSP

In order to participate in F ghgpug'Rgtuqpcn'Rtqr gtv\ 'Rtqi tco , Transportation Service Providers must be DoD-approved and have a trading partner agreement on file with U.S. Bank.

1.4 Organization of Document

The remainder of this document is organized as follows:

Section 2.0 – High-Level As-Is Procedures for Personal Property Shipments. This section presents a high-level data flow diagram of the current Personal Property payment process, along with a description of each step of the payment process.

Section 3.0 – Roles and Responsibilities for Phase I. This section presents the key organizations (stakeholders), as well as their roles and responsibilities, involved in the Personal Property electronic payment model.

Section 4.0 – CONOPS and Procedures for the Phase I Implementation. This section presents a data flow diagram of the electronic payment concept for the F ghgpug'Rgtuqpcn'Rtqr gtv\ 'Rtqi tco Electronic Bill Payment Phase I target environment, along with a description of each step of the payment process.

Section 5.0 – Business Rules for the Phase I Implementation. This section contains the business rules that are specific to the F ghgpug'Rgtuqpcn'Rtqr gtv\ 'Rtqi tco Electronic Bill Payment Phase I implementation.

Section 6.0 – Metrics. This section describes the metrics used to evaluate the F ghgpug'Rgtuqpcn'Rtqr gtv\ 'Rtqi tco Electronic Bill Payment Phase I Implementation.

Appendix A – Interim Automated Finance and Accounting Process CONOPS. This section contains the Concept of Operations for the Interim Automated Finance and Accounting Process.

Appendix B – EDI 858 Shipment Data Feed. This implementation convention (IC) describes the standard or convention the Department of Defense (DoD) will use to process personal property shipment information. It details the data requirements of the U.S. Government Bill of Lading - Privately Owned Personal Property (Standard Form 1203) (PPGBL); and supporting documents including the Statement of Accessorial Services (DD Form 619) and reweigh tickets, and specifies where the data must appear in the 858 transaction set.

Appendix C – EDI 810 Invoice Data Feed. This Draft Standard for Trial Use contains the format and establishes the data contents of the Invoice Transaction Set (810) for use within the context of an Electronic Data Interchange (EDI) environment. The transaction set can be used to provide for customary and established business and industry practice relative to the billing for goods and services provided.

Appendix D – Certifying Officer Business Rules. This section contains the detailed business rules for Certifying Officer to certify the PowerTrack Summary Invoice.

Appendix E – GSA Pre-Payment Audit Approval. This section includes a letter from the General Services Administration approving this program as meeting the pre-payment audit requirements.

Appendix F – Hard Copy Documentation Process Approval. This section includes the OSD (C) and GOA opinion and DFAS legal review on the Hard Copy documentation requirements and the associated random sampling methodology.

Appendix G – The Phase I Evaluation Period. This details the Success Criteria that was used during the initial Evaluation Period of Phase I and the successes achieved.

Appendix H – Memorandum of Agreement between Military Services and US Coast Guard. This section contains the signature block of the relevant entities.

Appendix I – Prompt Payment Procedures. This details how the prompt payment act applies to the electronic billing and payment process and how the automation of prompt payment interest will be handled in CWA and PowerTrack.

Appendix J- Double Interest Request Procedures. A high level process for paying double interest for interest payments that have not been made within 10 days of the original invoice payment date.

Appendix K – Diversions Business Rules and Procedures. The purpose of this document is to detail how Personal Property Shipping Offices (PPSOs) should handle diversions. The guidelines and procedures were derived from both the Domestic and International Rates Solicitations (D-9 and I-15).

Appendix L – Contingency Plan. A high level process of a possible contingency option to process shipments manually in cases where TOPS is down and there is no internet connection.

Appendix M – Proper Invoice Submission. This appendix documents guidelines the carrier will use when submitting invoices to CWA for services performed. Adherence to these guidelines will ensure the carrier is submitting the invoice properly and all charges are properly processed in a timely and efficient manner

2.0 High-Level As-Is Procedures for Personal Property Shipments

Figure 2-1 presents a high-level process flow diagram of the As-Is Personal Property payment process. The diagram depicts the participating organizations as rectangles, processes as ovals, and the lines between them as data and information flows. The steps of the current Personal Property payment process are described on the following pages. These are presented as generic steps since there is variation across the Services.

There are sixteen key processes within the current Personal Property payment process. These sixteen processes are:

- Rates Data Submission (0.)
- Orders Issuance (1.)
- Shipment Data Entry (2.)
- BoL Generation (3a.)
- Shipment Data Feed (3b.)
- EDI 858 to DFAS-IN, FACTS, and GSA (4.)
- Accessorial Authorization (5.)
- Invoice Submission (6.)
- Pre-Payment Audit (7.)
- Dispute Resolution (8.)
- DFAS Data Entry (9.)
- DTOD Mileage (10.)
- Transportation Service Provider Payment Approval (11.)
- Transportation Service Provider Payment (12.)
- Payment Data Feed (13.)
- Post-Payment Audit (14.)

PLEASE NOTE: Even though this is a high-level process flow and description, there are still some differences in the current payment process that will be documented in the process description on the next few pages. These process differences have to do with the DFAS-IN Personal Property payment process, particularly with regards to the DFAS-IN EDI Invoice process, but also with DFAS-IN Paper Invoice process.

**Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations**

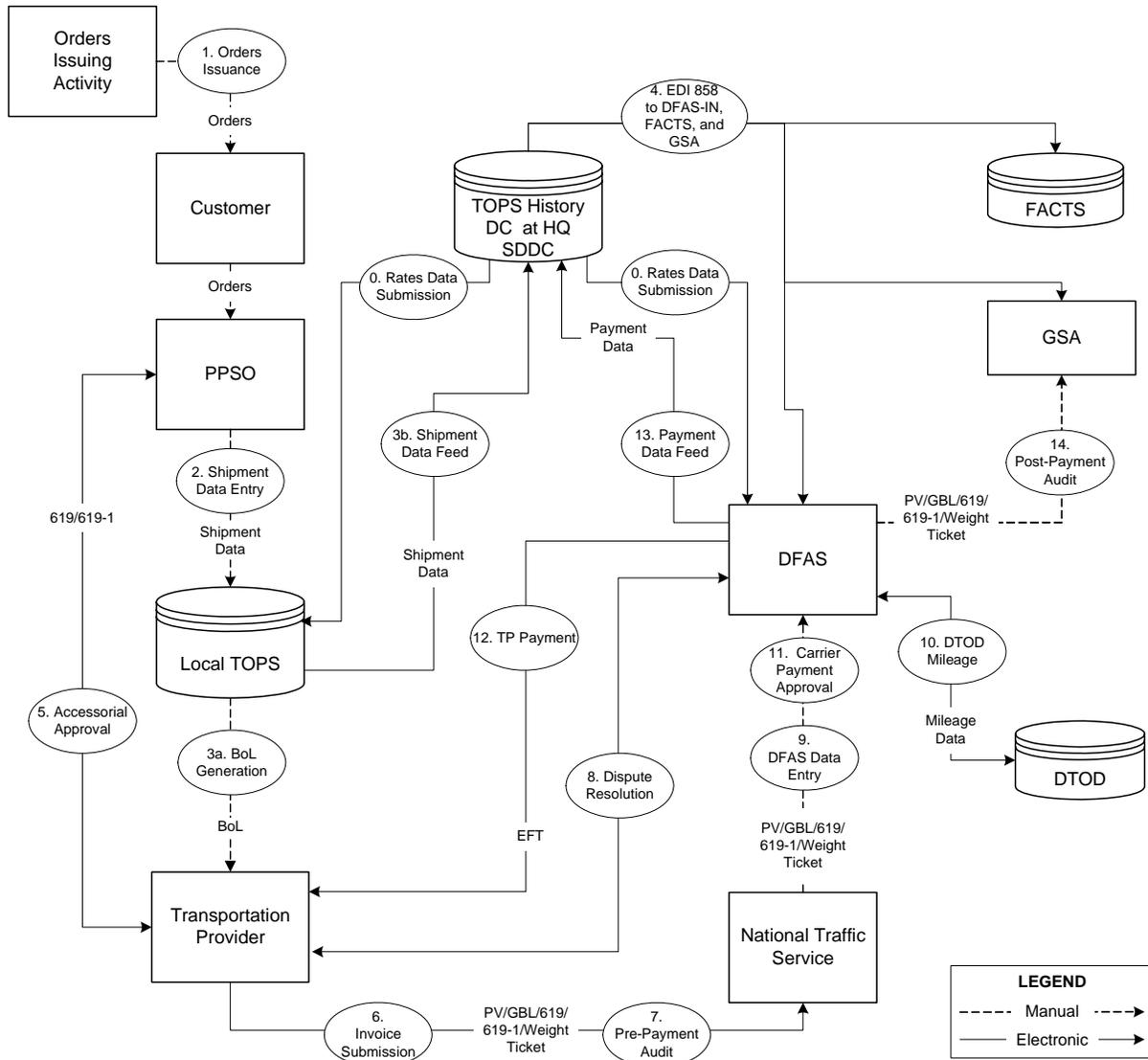


Figure 2-1: High-Level As-Is Process

0. Rates Data Submission. SDDC receives rates submitted by the TSP Industry, which are provided to the PPSO TOPS databases and DFAS for each rate cycle. These rates are used by the PPSO to establish their tonnage distribution records (TDR). DFAS requires this data for costing payments to the TSPs.

1. Orders Issuance. The Orders Issuing Activity prepares the orders, and that activity's funds manager/budget office makes sure that the proper accounting data (e.g., LOA, TAC, and MDC) is entered on the Transfer Orders Document. The orders are given to the Customer, who then provides them to the PPSO.

2. Shipment Data Entry. The PPSO enters shipment data into TOPS.

3a. BoL Generation. The PPSO generates a hard copy Bill of Lading (BoL) in TOPS and provides it to the TSP. The PPSO is required to maintain a copy (electronic or hard copy) of each Bill of Lading issued, including those that are cancelled. (For the purposes of this document, BoL encompasses both domestic and international Bills of Lading)

3b. Shipment Data Feed – On a daily basis, the local TOPS systems forwards the shipment data to TOPS History databases.

4. EDI 858 to DFAS-IN, FACTS, and GSA - TOPS receives customer and shipment data from the TOPS databases and then creates the EDI 858 transaction sets to DFAS-IN, GSA, and FACTS. The feeds are updated as new data is entered into CWA.

5. Accessorial Approval. The TSP performs services, and prepares and submits the DD Form 619 to the Origin PPSO for authorization and the DD Form 619-1 to the Destination PPSO for authorization. The Origin and Destination PPSOs review and authorize the DD Forms 619 and 619-1 respectively, and return them to the TSP.

6. Invoice Submission. The TSP submits the hard copy Public Voucher (PV), along with the GBL, 619, 619-1, and weight ticket to the DFAS Payment Center (or similar payment center organization - e.g., TVCB-Albany and USCG FINCEN). The hard copy documentation is either sent to National Traffic Service (NTS) directly or the documents are sent to DFAS and then forwarded on to NTS. In addition to accepting Paper invoices, DFAS-IN also accepts EDI invoices from TSPs. No supporting paper documentation is sent for EDI invoices to DFAS-IN. 85% of the invoices received by DFAS-IN are EDI invoices.

7. Pre-Payment Audit. National Traffic Service, the third-party auditor for Marine Corps, Navy, Coast Guard, and for paper invoices for Army and Air Force, performs the pre-payment audit utilizing the hard copy documentation. Once the audit is complete, the hard copy documentation is forwarded/returned to DFAS. NTS does not perform pre-payment audits on DFAS-IN Army and Air Force EDI invoices. GSA has issued DFAS-IN a waiver for not having a complete pre-payment audit for EDI invoices.

8. Dispute Resolution. DFAS and TSP representatives work to resolve billing discrepancies, such as missing signatures or differing cost amounts. If a billing dispute needs to be escalated, it is raised to SDDC, and eventually to GSA if the disagreement cannot be resolved.

9. DFAS Data Entry. Upon receipt of the hard copy documentation from the TSP at DFAS, shipment data is manually entered into the DFAS payment center system. There is no manual data entry for the data that is contained in the EDI 858s and EDI invoices that are sent to DFAS-IN.

10. DTOD Mileage. Extraction of mandated distance information is used for computation of line haul and accessorial costs by DFAS.

11. Transportation Service Provider Payment Approval. DFAS reviews and certifies the invoice for payment. For DFAS-IN EDI invoices, the line haul data submitted by TOPS in the EDI 858 is rated and matched against the line haul data submitted by the TSP. The accessorial charges are paid as billed by the TSP.

12. Transportation Service Provider Payment. DFAS makes payment to the TSP.

13. Payment Data Feed. DFAS-IN sends payment data to TOPS.

14. Post-Payment Audit. DFAS forwards the invoice and the supporting paper documents (i.e., GBL, 619, 619-1, and Weight Ticket) to GSA. GSA will then perform a post-payment audit using the hard copy documents for Navy, Marine Corps, Coast Guard, Army, and Air Force shipments.

For DFAS-IN EDI invoices, DFAS-IN does not send hard copy documentation to GSA, since DFAS-IN is not receiving paperwork for the EDI invoices from the TSP. For the DFAS-IN Army and Air Force EDI invoices that are audited, GSA sends a request for the supporting paper documents to the TSP.

3.0 Roles and Responsibilities for Phase I

Below are the key Organizations (Stakeholders) involved in the electronic payment concept for Personal Property. Exhibit 3-1 is a high-level context diagram of the Organizations, and is followed by a description of the roles and responsibilities of these Stakeholders.

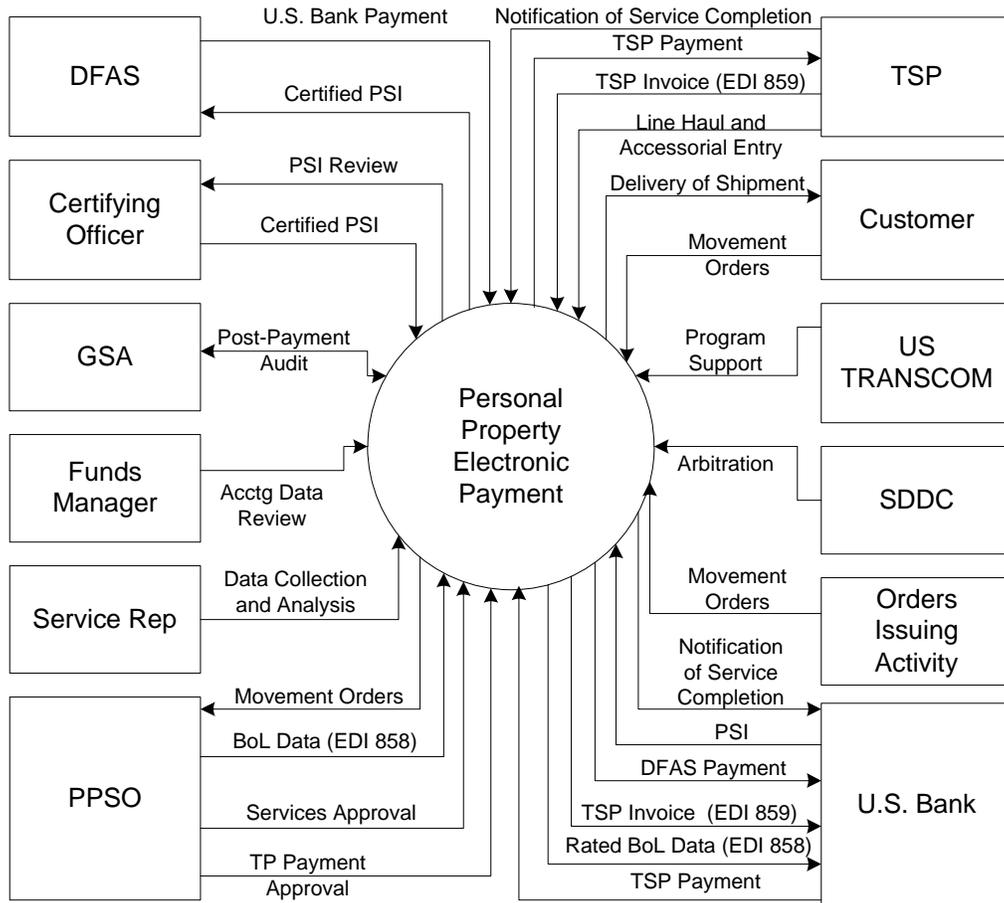


Figure 3-1: Context Diagram

The Personal Property electronic payment Stakeholders are responsible for the following functions:

- **Orders Issuing Activity:** The Orders Issuing Activity issues the movement orders to the Customer (Service Member). The Orders Issuing Activity is responsible for relaying correct, valid and appropriated accounting information on each order.
- **Funds Manager:** The Funds Manager (FM) is responsible for the funds cited. The FM resolves Transportation Account Code/Line of Accounting/Movement Designator Code (TAC/LOA/MDC) disputes with Orders Issuing Activity. The FM ensures sufficient funding

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

levels that permit timely payment of the PowerTrack Summary Invoice (PSI) (formerly known as the Monthly Billing Statement (MBS)).

- **Service Representative:** Each participating Service will have a representative on the Phase I Implementation Team. Each representative is responsible for Service-specific issue resolution, implementation coordination, and analysis of the Phase I effort. In addition, each Service Representative will work with the Implementation Team to make recommendations based on issues identified during the implementation efforts.
- **Personal Property Shipping Office (PPSO):** The PPSO is responsible for receiving and processing movement orders using the Personal Property shipping system (CWA). The PPSO provides a Bill of Lading to the TSP/agent. The PPSO will resolve billing disputes with TSP. In addition, the PPSO uses the Personal Property Central Web Application to approve invoices and generate an EDI 858 containing the line haul and accessorial data, which is then rated and sent to PowerTrack. The PPSO is also responsible for approving TSP payment in PowerTrack, if necessary.
- **Transportation Service Provider (TSP):** The TSP performs required services at Origin and Destination, picks up the shipment, transports it to its destination, and provides destination delivery services. The TSP will submit an EDI 859 invoice, along with Notification of Service Completion (NOSC), or by using the web interface. The TSP will be responsible for entering all accessorial services to include packing materials, weights, actual pickup date, actual delivery date to/from residence origin, destination or storage in transit (SIT) facility. The TSP receives payment from U.S. Bank and, as needed, works with the PPSO to process any credit adjustments via PowerTrack.
- **U.S. Bank:** U.S. Bank is responsible for issuing payment to TSPs based on the charges that are either automatically or manually approved by the PPSO in PowerTrack. U.S. Bank also generates a PowerTrack Summary Invoice (PSI) that is provided to the PPSO of record for approval and payment. U.S. Bank subsequently receives reimbursement from DFAS.
- **Certifying Officer (CO):** The CO, who is designated/appointed by the appropriate Service or Coast Guard authority, is responsible for certifying the PowerTrack PSI. The CO is a U.S. Government employee who does not disburse U.S. Government funds. The CO prints out the PSI created by U.S. Bank and certifies the charges. After reviewing and signing the statement, the CO submits the certified statement to DFAS for payment to U.S. Bank. Once the electronic process is in place, the CO will certify electronically for FA2 LOAs as relayed by CWA to PowerTrack and print the hard copy PSI with text LOAs.
- **Defense Finance and Accounting Service (DFAS):** As the disbursement agency, DFAS receives the certified PSIs from the CO and processes the payments to U.S. Bank.
- **SDDC:** SDDC is responsible for monitoring the accuracy of CWA's rating engine for personal property shipments and administering the DoD Personal Property Shipment and Storage Programs as directed by USTRANSCOM. SDDC will also assist the Services and TSPs in the resolution of disputed charges.

***Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations***

- **USTRANSCOM:** USTRANSCOM provides program oversight, regulatory, and statutory support. USTRANSCOM has oversight of the Personal Property/PowerTrack Phase I effort and provides program support.
- **General Services Administration (GSA):** GSA is responsible for overseeing the pre-payment audit, performing the post-payment audits and conducting administrative reviews. GSA will relay their findings for Services and SDDC's guidance.
- **Customer:** The Customer (Service Member) receives the movement orders from the Orders Issuing Activity, which results in the Customer bringing the orders to the origin PPSO. The customer will sign documents as required.

4.0 CONOPS and Procedures for the Phase I Implementation

Figure 4-1 presents a step-by-step process flow diagram of the Electronic Bill Payment

Phase I process. The diagram depicts the participating organizations as rectangles, processes as ovals, and the lines between them as data and information flows. Each step of the Phase I process is described on the following pages.

There are twenty-two key processes within the process. These processes are:

- Solicitation Rate Data (0.)
- Orders Issuance (1.)
- Customer and Shipment Data Entry (2.1)
- Electronic Customer and Shipment Data Feed (2.2)
- BoL Access (2.3)
- Pre-Move Survey (2.4)
- Pre-Approval Request (2.5a)
- Entry and Pre-Approval of Services (2.5b)
- Invoice Submission/NOSC Entry (3.)
- EDI 859 Submissions from PowerTrack (4.)
- Services Approval (5.1)
- Status Review (5.2)
- DTOD Mileage (6.1)
- Rating (6.2)
- EDI 858 Submissions from CWA (7.)
- Transportation Service Provider Payment Approval (8.)
- Transportation Service Provider Payment (9.)
- Payment Data Feed (10.1)
- Feed to FACTS (10.2)
- PSI Certification (11.)
- U.S. Bank Payment (12.)
- Post-Payment Audit Data Retrieval (13.)

**Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations**

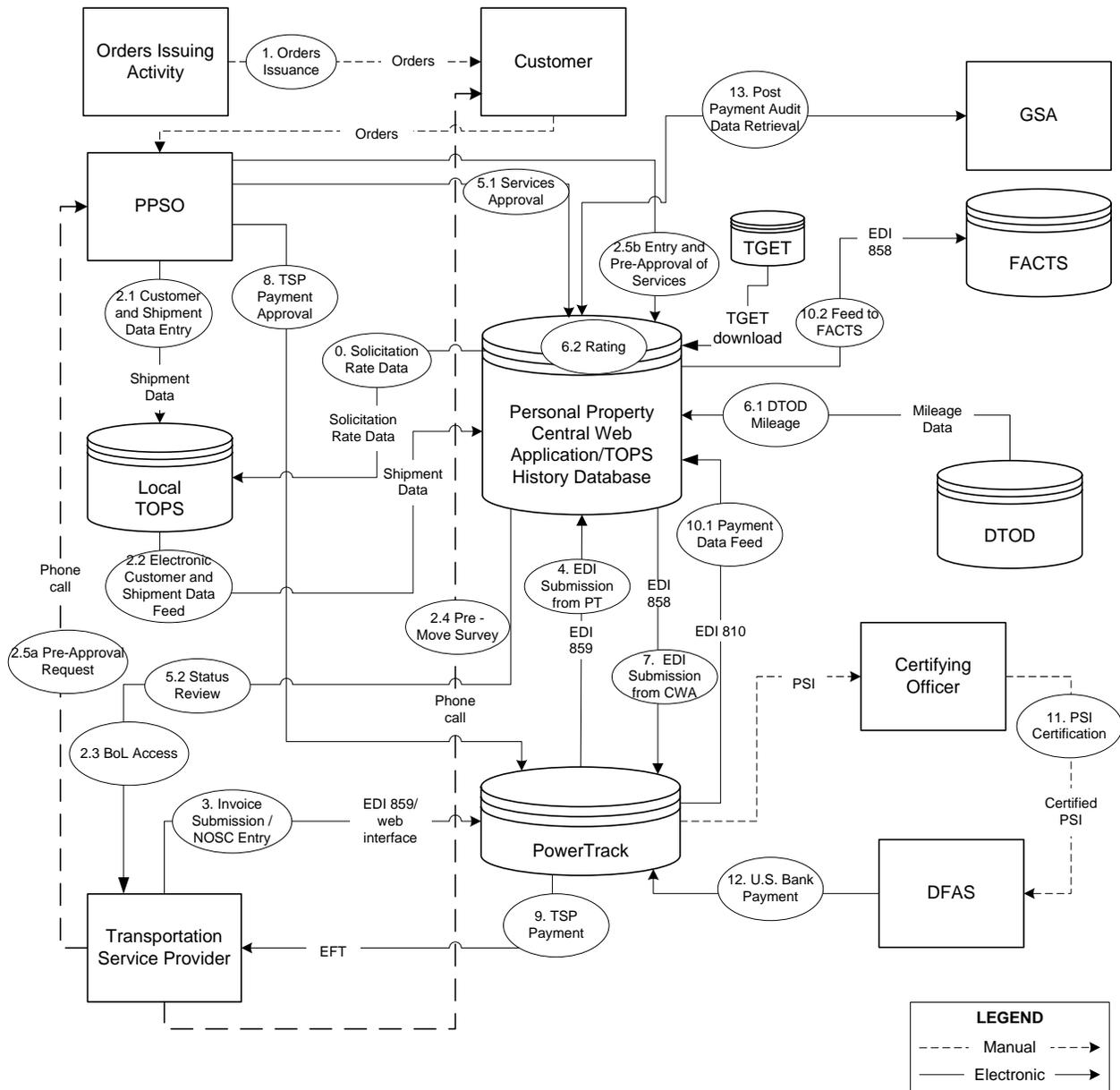


Figure 4-1: Proposed Phase I Process

0. Solicitation Rate Data. Military solicitation rate data is exported from TOPS History into the Personal Property Central Web Application/Database (known as CWA), as well as the Local TOPS sites.

1. Orders Issuance. The Orders Issuing Activity prepares the orders, and that activity’s funds management office makes sure that the proper accounting data (e.g., LOA, TAC, MDC) is entered on the Transfer Orders Document. The orders are given to the Customer, who then provides them to the PPSO.

2.1 Customer and Shipment Data Entry. The Customer presents the orders to the Personal Property Shipping Office (PPSO) and shipment and accounting data is entered into Local TOPS. A copy of the BoL is printed and given to the TSP/Agent.

2.2 Electronic Customer and Shipment Data Feed. This is the data that is produced by the TOPS application, which is transmitted to the CWA. (The transmission from TOPS is triggered by the PPSO printing the BoL.) CWA will receive downloads from the Transportation Global Edit Table (TGET) 4 times daily and convert appropriation data to FA2 format for each BoL received from TOPS.

2.3 BoL Access. The TSP or other organizations such as GSA will be able to print out a BoL from CWA via the web.

2.4 Pre-Move Survey. TSP performs pre-move survey and identifies accessorial services requiring pre-approval (i.e., approved by PPSO before TSP performs services).

2.5a Pre-Approval Request. TSP/Agent will request pre-approval via telephone, fax or email.

2.5b Entry and Pre-Approval of Services. PPSO will enter services into CWA and provide pre-approval verbally and electronically.

3. Invoice Submission/NOSC Entry. After delivery to SIT or residence, the TSP submits invoice for services provided to PowerTrack, along with Notice of Service Completion (NOSC) indicating the transit status, for line haul and accessorial services. The invoice and NOSC can be submitted either electronically in an EDI 859 or manually via the PowerTrack web interface.

The TSP will provide the weight tickets to the PPSO within seven days of pickup and maintain copies of all supporting documents for audit and dispute purposes. All other documents such as the annotated GBL, inventory and member-signed 619 will be requested by a random sample for PPSO review.

4. EDI 859 Submission from PowerTrack. PowerTrack sends the information from the invoice needed for rating to CWA along with a unique PowerTrack assigned line-item identifier.

5.1 Services Approval. Origin and Destination PPSOs will approve or deny the requested services (line haul and accessories) in the CWA. A denied status is given when the PPSO does not agree with the item submitted for payment. The TSP and PPSO must manage any resolution in the CWA, as both Origin and Destination PPSOs have visibility of the line-items submitted for approval. The Destination PPSO does not have visibility in PowerTrack. The steps for hard copy documentation sampling are detailed in section 5.2 business rules

5.2 Status Review. TSPs can review approval status of services via the web interface of CWA. The TSP can adjust the quantity for the PPSO to review and approve if all line items have not been approved or denied.

6.1 DTOD Mileage. CWA will transmit the From and To location information to DTOD, and DTOD will return the number of miles between the From and To location points.

6.2 Rating. Once all services on the invoice are approved or denied, the CWA will rate all line-items, and assign a quantity of zero and cost of zero dollars for denied services.

7. EDI 858 Submissions from CWA. CWA feeds an EDI 858 containing data for rated line haul and accessorial services, and denied services (with a quantity of zero and zero dollars) to PowerTrack.

8. Transportation Service Provider Payment Approval. PowerTrack compares the TSP cost data against the CWA cost data using the Matching Model with multiple invoices per BoL. PowerTrack will “match” data for each invoice at the line-item level. The Shipper side of the transaction will establish the maximum total dollar amount that can be paid to the TSP for an invoice.

If there are services submitted for each side, the Shipper and TSP must match costs within a predetermined tolerance on the line-item total. PowerTrack will flag the invoice on which the line-item costs are not within tolerance as an “**Audit Exception**”. If all the invoice line-item dollar amounts are equal (or within the tolerance) to the Shipper side, the invoice will be automatically approved for payment.

If an audit exception exists, the TSP will adjust their cost to match the PPSO data and once the cost has been updated and matched, the transaction will automatically be approved. TSPs using EDI 859 for invoice submission will have the option to resubmit a corrected 859 with updated quantities and/or rates or use the web interface to make their adjustments. No PPSO action is required in PowerTrack for invoices in the Audit Exception status.

PowerTrack also checks whether the total cost of the invoice is less than a pre-determined maximum price threshold. The purpose of this threshold is to flag shipments, whose costs are at, or above, the high-end of the cost curve, for further review prior to approval for payment. Using historical data, Services determine the threshold-level.

If the line-item costs are within the established tolerance, and the total invoice cost is less than the maximum established threshold, PowerTrack automatically “**Approves**” payment of the TSP invoice. If the total cost is above the maximum threshold, PowerTrack flags the invoice as being in “**Approval Required**” status. The PPSO then must manually approve the invoice for payment on PowerTrack. No TSP action required in PowerTrack for invoices in Approval Required status.

Examples of Auto Approval/Audit Exception under Line-Item Matching

Line Haul (LH) and Accessorial Line-Item Tolerance is +/- \$10 (value is purely for example)
and Invoice Threshold is <= \$1,500 (value is purely for example)

Example #1:

Government Cost = \$1,290
LH = \$1,000
Accessorial A = \$200
Accessorial B = \$90
TSP Cost = \$1,301
LH = \$1,000
Accessorial A = \$205
Accessorial B = \$96

Total cost < \$1,500
AND Cost difference on individual line-items < \$10
PowerTrack will approve for Payment

Example #2:

Government Cost = \$1,290
LH = \$1,000
Accessorial A = \$200
Accessorial B = \$90
TSP Cost = \$1,307
LH = \$1,000
Accessorial A = \$211
Accessorial B = \$96

Total cost < \$1,500
BUT Cost difference on Accessorial A > \$10
PowerTrack will place transaction in Audit Exception

9. Transportation Service Provider Payment. As invoices are approved for payment, and as long as an NOSC has been submitted by the TSP, U.S. Bank makes payment to the TSP.

10.1 Payment Data Feed. PowerTrack feeds actual payment data on each line-item to the Personal Property Central Web Application.

10.2 Feed to FACTS. The Personal Property Central Web Application feeds the EDI 858 to FACTS.

11. PowerTrack Summary Invoice (PSI) Certification. The PSI is printed out, reviewed, and certified by the Certifying Officer. The Certifying Officer sends the certified PSI to DFAS. As the Interim Automated Finance and Accounting Process is being implemented in stages, the PSIs – upon certification – will be submitted electronically to DFAS for further processing (ref. Appendix A).

12. U.S. Bank Payment. DFAS pays U.S. Bank the amount on the certified PSI.

13. Post-Payment Audit Data Retrieval. GSA will conduct post-payment audits, using invoice data from PowerTrack and data on authorized services and weights from the CWA. GSA reserves the right to request hard copy supporting documentation from the TSP to conduct post-payment audits.

5.0 Business Rules for the Phase I Implementation

This section presents the business rules that were established based on discussions with the stakeholders, including the military services and the TSP industry associated with the Phase I implementation. The business rules are subject to changes and enhancements throughout the implementation.

Section 5.1 describes the PowerTrack payment model that will be used for Personal Property invoice payment. Knowledge of this model is helpful in understanding the business rules that are described in the following sections.

Section 5.2 summarizes the business rules for the key processes that were identified in Section 4.0. These processes are repeated below.

- Solicitation Rate Data (0.)
- Orders Issuance (1.)
- Customer and Shipment Data Entry (2.1.)
- Electronic Customer and Shipment Data Feed (2.2.)
- BoL Access (2.3.)
- Pre-Move Survey (2.4)
- Pre-Approval Request (2.5a)
- Entry and Pre-Approval of Services (2.5b)
- Invoice Submission/NOSC Entry (3.)
- EDI 859 Submission from PowerTrack (4)
- Services Approval (5.1)
- Status Review (5.2)
- DTOD Mileage (6.1)
- Rating (6.2)
- EDI 858 Submissions from DPS (7.)
- Transportation Service Provider Payment Approval (8.)
- Transportation Service Provider Payment (9.)
- Payment Data Feed (10.1.)
- Feed to FACTS (10.2.)
- PSI Certification (11.)
- U.S. Bank Payment (12.)
- Post-Payment Audit Data Retrieval (13.)

5.1 PowerTrack Payment Model for Personal Property

The PowerTrack business process model for Phase I is the Line Item Matching Model.

Matching Model with Multiple Invoices per Bill of Lading: Both Shipper and TSP submit shipment price data to PowerTrack. The Shipper's transaction data will be submitted via multiple EDI 858 transaction sets from the Central Web Application (CWA). The TSP may submit his invoices via EDI 859s or manual submission through the PowerTrack web interface. PowerTrack will assign a unique line item identifier to each line item in the TSP invoice and send this amended EDI 859 invoice to CWA for approval and rating. The rated Shipper side of the transaction, sent back to PowerTrack via EDI 858, will establish the maximum line item dollar amounts that can be paid to a TSP for each invoice. The total dollar amount paid for each BoL will increase with each additional invoice submitted and paid.

While payment in PowerTrack is at the invoice level, matching will occur at the line item level. What this means is that, for each invoice, PowerTrack will compare each line item and dollar amount against the line item and dollar amount on the shipper's invoice for that BoL. If either the line item cannot find its corresponding match or the dollar amounts for matched line items are not equal (or within tolerance), the invoice will be go into Audit Exception status. If all line items and costs match on an invoice, the invoice will be automatically approved for payment. If the invoice amount is above a preset threshold the transaction will go in Approval Required status. To facilitate payment for transactions in Approval Required status, the PPSO will manually approve these invoices in PowerTrack.

5.2 Key Process Business Rules

- **Orders Issuance (1.0)**
 - a. The order issuing process will remain unchanged for the Phase I implementation.
 - b. The appropriate orders issuing activity (e.g. personnel office) prepares the Transfer Orders Document.
 - c. The orders issuing activity determines the correct appropriation data (e.g. LOA, TAC, MDC) to assign to the orders. If necessary, the orders issuing activity will confer with the appropriate funds manager to make sure that the correct data is entered onto the Transfer Orders Document.
 - d. The Transfer Orders Document is provided to the Customer, who then provides it to the Personal Property Shipping Office (PPSO).

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

- **Customer and Shipment Data Entry (2.1)**

- a. As part of the process of counseling the Customer regarding their entitlement and shipping options, the PPSO will enter the Customer's data into CWA for all shipments processed by CWA. The PPSO will also enter the accounting information from the customer's orders, (the exact data varies by Service).
- b. CWA does not capture the Standard Document Number (SDN) that may appear on a customer's orders (The SDN is critical for particular Services in order for the liquidation of the correct fund cite to occur). As part of the Transportation Global Edit Table (TGET) functionality incorporated into CWA – which translates Transportation Account Codes to Lines of Accounting (LOA) - the PPSO will have to input SDN for those LOAs requiring this type of input.
- c. The weight ticket information must be entered into CWA by the PPSO. The TSP, as per the Defense Transportation Regulation (DTR), has to provide this required document within 7 days of pickup. The entry of this information triggers a number of significant actions in CWA inclusive of the population of the weights into CWA.
- d. PPSO will enter in CWA the proper Origin PPSO and Destination PPSO GBLOCs for the shipment. The GBLOC is used to identify the site in the CWA. If the wrong identifiers are used, the wrong PPSOs will be assigned to view the shipment in CWA.

Without the weight ticket, PPSO should dispute the invoice in CWA. If the TSP continues to be non-compliant with the weight ticket submittal, PPSO should follow current practices and procedures for action against the TSP.

- e. When notified of a diversion, the origin PPSO will change the final Destination location in CWA in order for the correct destination PPSO to be associated with the destination services. TOPS does not feed CWA with diversion updates. SDDC will oversee shipments that are diverted to non-participating sites. If the new destination location is a non-participating site, the origin location must manage the approvals in CWA, in conjunction with verbal communication to the diverted destination. More detailed information on business procedures on diversions are detailed in Appendix K.
- f. The "Bill To:" field on the BoL must contain "US_Bank_PowerTrack" to identify PowerTrack shipments. This process will be automated in CWA.
- g. Phase I will include participating Service and Coast Guard Sites for Codes 1-8, T, and J shipments. With Code 5, T, and J shipments, the portion transported by the TSP will be paid by PowerTrack, while the portion transported by AMC/MSC will be paid as it is today in the current Personal Property program.
- h. Any shipment that moves on a PPBoL or PPGBL will be a part of Phase I, with the exception of:
 - Non-Temporary Storage
 - Shipments moved under contracts (e.g., delivery out of SIT after conversion to customer expense)

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

- Direct Procurement Method
 - Personally Procured Moves
 - Special Solicitations (e.g., shipments to Kuwait, Cairo, Thailand, etc.)
 - Shipments moved under Privately Owned Vehicle (POV) contracts
- i. The PPSO will use CWA to select a TSP and book the shipment. TSP selection will remain unchanged with the rollout of Phase I.
- j. If a One-Time-Only rate tender is required, SDDC-HQ will solicit for appropriate single factor rate (SFR) tenders from TSPs. SDDC-HQ will select a SFR and award the shipment to the TSP who submitted it. The SFR will be entered into DPS to be passed onto CWA for rating purposes.
- **Electronic Customer and Shipment Data Feed (2.2)**
 - a. The PPSO will print the BoL document and provide a copy to the agent or TSP. This triggers the feed of data from TOPS to CWA and PowerTrack. The printing of the BoL needs to be completed immediately after booking to ensure that the data will be in CWA by the time the Pre-Move Survey is completed.
 - b. TGET will download the Appropriation data to CWA 4 times daily and convert appropriation data to FA2 LOAs (see Appendix A for additional information).
 - c. A conversion failure report will be available on-demand identifying transactions which are missing segments in the LOA and with an indication by transaction of whether the EDI 859 has been received.
 - **BoL Access (2.3)**
 - a. Once the data is in the CWA the TSP will be able to print additional copies of the BoL from the CWA using a web interface.
 - b. Other organizations with read-only access to CWA will also have the ability to print copies of the BoL data (e.g. GSA, DFAS)
 - **Pre-Move Survey (2.4)**
 - a. The TSP will contact the customer to complete the Pre-Move Survey and identify accessorial services that will require PPSO pre-approval.
 - **Pre-Approval Request (2.5a)**
 - a. The TSP/Agent will call or fax the PPSO to receive pre-approval to perform the services.
 - **Entry and Pre-Approval of Services (2.5b)**
 - a. The PPSO will enter the services for which pre-approval was requested by telephone or fax into the CWA Pre-Approval screens at the time of the Pre-Approval Request. The PPSO must enter both the approved and denied services for reference.
 - **Invoice Submission/NOSC Entry (3.0)**

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

- a. Once a shipment has been picked up and delivered to origin or destination SIT or actual destination, the TSP will submit an invoice for the services performed and requiring payment through PowerTrack.
 - b. The TSP does not need to have the PPSO sign the DD form 619/619-1 pertaining to accessorials. Member signatures are required on the 619 forms.
 - c. The TSP will submit shipment transit status (i.e. delivered to SIT, delivered to Destination) and rated invoice data to PowerTrack via an EDI 859 transaction set (preferred), or via the PowerTrack web interface.
 - d. The invoice must contain the unique BoL for that shipment and the TSP assigned invoice number. The services on the invoice will include line haul and all the accessorials including storage in transit data (if applicable), number of boxes, packing/unpacking labor, surcharges such as fuel and bunker surcharges, etc.
 - e. The TSP must report notification of service completion (NOSC) of the shipment to PowerTrack before the payment can be made.
 - f. Each service line item will indicate whether it is an Origin or Destination service. This will be used to help CWA identify which PPSO can approve or deny line items in process 5.0.
 - g. All documentation must be maintained by the TSP, so copies (or originals if requested) can be provided to General Services Administration (GSA). GSA reserves the right to request documentation directly from the TSP at any given time.
 - h. When an item is billed solely or partially by weight, the TSP will submit to PowerTrack (either via the web interface or the EDI 859) the Billed weight, as well as the Actual Net weight (for household goods shipments) or the Actual Gross weight for baggage shipments, as applicable.
 - i. For TSPs using an EDI 859 transaction set to invoice into PowerTrack, receipt and error notification will be in the form of an EDI 997 for acknowledging receipt and/or rejection for syntax errors, and an EDI 824 report on the PowerTrack web site will identify errors from DPS besides syntax.
 - j. TSPs have the choice of submitting more than one invoice against a single BoL. Each invoice must reference the BoL number and have a unique invoice number.
- **EDI 859 Submission from PowerTrack (4.0)**
 - a. PowerTrack will assign a unique identifier known as the LineIDC for each line item submitted on the TSP's invoice and create an EDI 859 to be sent to CWA. If the TSP submitted an EDI 859 to PowerTrack, PowerTrack will insert its LineIDC into the EDI 859. This same identifier will be used by CWA. This identifier is critical in the line item matching process and will allow for the same item codes with different quantities (such as Third party Services, TSPs) to match and pay successfully on an invoice

- **Services Approval (5.0)**

- a. The Origin PPSO of record and Destination PPSO(s) of record (from CWA) will have access to the shipment data in the CWA.
- b. With the exception of certain services which are automatically approved (e.g. bunker surcharges, fuel surcharges, SIT valuation etc.) whenever a service line item is created in the CWA it will be assigned an approval status of Pending.
- c. When a PPSO logs on to the CWA they will be able to view a list of all shipments for which they are either an Origin or Destination PPSO, and for which there is at least one service line item with an approval status of Pending. The PPSO will view the list of services that have been submitted by the TSP. The PPSO will be able to filter the view by approval status to show only Approved, only Denied, only In Dispute, only Updated or only Pending service line items. The PPSO must input a note in CWA when ever a line-item is denied with a reason for their denial. The PPSO must also input a note in CWA when a line item is disputed and the reason for the dispute. The PPSO will normally request additional verification for the line item charge they put into dispute status. As part of the note, PPSO must indicate that the verification is needed in 7 calendar days otherwise the PPSO will deny the charge instead.
- d. The CWA will notify the appropriate PPSO via email twice daily that items exist in CWA requiring their approval. The PPSO has 3 GBDs in which to assign a status of Approved, In Dispute, or Denied to items within an invoice.
- e. Of the invoices for PPSO action in CWA, a random sample will be subject to documentation request for PPSO review before approval of the invoice can take place. The sampling methodology and rules are contained below:

- **Personal Property Statistical Sampling Methodology for Documentation Review**

General

The Phase I of the F ghgpug'Rgtuqpcn'Rtqr gtv{ 'Rtqi tco program for Personal Property will encompass

Electronic Data Interchange (EDI) invoices from the Transportation Service Provider (TSP) via the authorized payment system PowerTrack to the Central Web Application (CWA). The invoices in CWA will be approved or denied by the Transportation Officer (TO)/Personal Property Shipping Office (PPSO) rated in CWA and sent via EDI 858 to PowerTrack for payment to the TSP. Every invoice paid in PowerTrack will have been approved by the TO and rated by the government shipper system, CWA. GSA has certified that the internal controls of the CWA meet its prepayment audit requirements. An overall guideline for the administrative examination of disbursement vouchers is set forth in Title 7 of the General Accounting Office (GAO) Policy and Procedures Manual.

The GAO/AIMD-21.3.2 “Streamlining the Payment Process While Maintaining Effective Internal Control p. 15, indicates that “with full automation [which includes electronic signature], statistical sampling of invoices prior to payment to make inferences about the universe would no longer be necessary since the system would perform a 100-percent

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

verification of receipt and acceptance. Statistical sampling would only be needed for monitoring the system operations through periodic testing”. Therefore, until the service member’s signature is captured electronically for Personal Property, statistical sampling of supporting documentation will be conducted prior to payment of invoices.

In view of this, the following outlines the procedure for statistical sampling during Phase I of the Fghgug'Rgtuqpcn'Rtqr gtv' 'Rtqi tco initiative. This methodology is developed for pre-payment

examination and is similarly based on the OSD(C) and GSA approved Certifying Officer sampling verification for certifying the PowerTrack Summary Invoice referenced in the DODFMR volume 5, chapter 33 for post payment examination. It has been modified for TO/PPSO daily pre-payment invoice approval process in CWA.

The TO must review those CWA invoices identified in these procedures for pre-Transportation Service Provider (TSP) payment statistical sampling and verify the correctness of the invoice. The sampled invoices must be accurate or the TO must deny (the service billed was not performed) or dispute (the quantities billed are inaccurate and must be changed by the TSP) the items on the invoice for payment. The TO is not required to review the invoices not specified in these rules, but should review any known discrepancies or erroneous invoices to ensure the appropriateness of payment and the safeguarding of DOD funds.

The results of the sampled invoices will also provide management (including services’ HQ personnel and SDDC) officials with trends regarding the types and frequency of discrepancies found on these invoices.

Preparing to Select Transactions for Pre-Payment Review

Before selecting the sample, a reasonable estimate must be obtained of the number of CWA invoices expected to be processed for the **current month**. Sources of this estimate would be past data. The purpose of this estimate is to determine the sample size and sample selection criteria. All CWA invoices are subject to review through this random selection processes, regardless of category or dollar value.

Statistical Sampling Plan for Pre-Payment Review

The Evaluation Period of Phase I included a limited number of volunteer TO sites and Transportation Service Providers with an estimated volume of 300 Bills of Lading (BoLs) per month. The targeted sample size will be 100 invoices per month. The initial sample size generally may be established at a higher probability and precision level than are normally required after the process has been in place for a period of time. Therefore, as additional sites and Transportation Service Providers are added, the sample size will be smaller in proportion to the total population size.

A systematic method will be used to select the CWA invoices for review. The Sampling chart provides the approximate sample size based upon the estimated total number of invoices for the given month. Once the TO is alerted by CWA of items pending approval, the TO will use the sampling methodology to determine which invoices will require additional documentation review. For example, if the TO estimates that

**Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations**

approximately 50 CWA invoices will be processed for the day, the sample size will be approximately 5. The sampling interval would be 11, in this case.

A random start number from 1 to 11 would be selected, say 3 for example. Starting with the 3rd invoice, every 11th invoice would be selected (e.g., 3, 14, 25, etc.) until the entire population had been exhausted and the total sample achieved. Note that the actual sample size may vary from the estimate. Once a sampling interval is selected, do not change the size of the sampling interval. At the start of a new month, a different sampling interval may be used based on revisions to the estimated monthly population sizes.

The CWA will eventually be programmed to accommodate the targeted monthly sample. Until the CWA is programmed to statistically sample invoices for documentation review, the manual process to randomly sample the invoices pending approval in CWA should be followed, as documented below.

Sampling Chart

Targeted Sample Size=100

| Daily Estimated DPS Invoices Pending TO Approval | Est. Sampling Interval | Est. Sample Size | Monthly Est. Sample size (based on 20 work days) |
|---|-----------------------------------|-------------------------|---|
| 5 2 | | 3 | 50 |
| 10 3 | | 3 | 67 |
| 15 4 | | 4 | 75 |
| 20 5 | | 4 | 80 |
| 25 6 | | 4 | 83 |
| 30 7 | | 4 | 86 |
| 35 8 | | 4 | 88 |
| 40 9 | | 4 | 89 |
| 45 10 | | 5 | 90 |
| 50 11 | | 5 | 91 |
| 55 12 | | 5 | 92 |
| 60 13 | | 5 | 92 |
| 65 14 | | 5 | 93 |
| 70 15 | | 5 | 93 |
| 75 16 | | 5 | 94 |
| 80 17 | | 5 | 94 |
| 90 18 | | 5 | 100 |
| 95 19 | | 5 | 100 |

The PPSO/TO will maintain a checklist of BoL/Invoice Numbers that have been reviewed for documentation. In the case when multiple invoices occur for a given Bill of Lading, those supplemental invoices for a BoL that has been sampled previously should not be included for additional documentation requests to the TSPs. The documentation

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

for previously sampled invoices should remain on hand at the PPSO for additional review, if necessary. This interim sampling plan will be reviewed after the process has been in place for five to six months, and adjusted or amended, as needed, to reflect the most recent population and sample error trends.

| DPS PPSO Checklist | | | | | |
|--|----------------|------|----------------------------|-------------------|-------------------------------|
| Sampled Invoices for Documentation Review DD-MM-YY | | | | | |
| BOL Number | Invoice Number | SCAC | Documentation Requested | Notes from review | Action Taken |
| | | | e.g. 619, inventory etc | | e.g. Approved items in DPS |
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |

This checklist must be maintained at the PPSO and made available to the Certifying Officer responsible for post-payment certification of the respective monthly PowerTrack Summary Invoice statement. Monthly reports summarizing results of the pre payment reviews will be prepared by the Transportation Office and forwarded to applicable responsible parties. These reports will include, at a minimum, (1) the population size, (2) number of invoices randomly selected and reviewed, (3) number of invoices with errors (returned for correction or supplemental information), (4) reasons for rejected invoices, and (5) recommendation to alleviate or reduce future similar rejected invoices.

- f. Some Transportation Service Providers have offered web access to all their documentation, enabling the PPSO to retrieve and download pertinent documents. When this is the case, the link to the web documents will be posted on the CWA invoice, in the TSP header notes. The PPSO should click on the TSP header notes, click on the embedded URL to see all pertinent documentation.
- g. The appropriate PPSO reviews the line items in CWA that still have a status of Pending and assigns one of the following approval statuses based on the following criteria:
 - ❑ **Approved:** PPSO agrees that the services were requested and performed, and they agree with the quantities.
 - ❑ **Denied:** PPSO disagrees that the services were requested and performed. The PPSO must enter a reason in the Notes field for denied line items.
 - ❑ **In Dispute:** PPSO agrees that the services were requested and performed, but disagrees with the quantities. The PPSO must enter a reason in the Notes field for disputed line items.
- h. TSPs will have access to a downloadable report, which lists the approval status of services submitted to CWA. The status will show all services approved, denied, in dispute or pending action.

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

- i. TSPs will have the ability to view the status of line items via the CWA web interface. If an item is In Dispute, the TSP can adjust their quantities. If the quantity is changed, the status will be changed from In Dispute to Updated. CWA will alert the PPSO via email of items that have been updated by the TSP and requiring PPSO approval. TSPs will not be able to modify the quantity of service items that have a status of Approved or Denied.
 - j. If it is determined that the TSP is entitled to payment of a Denied item before the invoice is rated and sent to PowerTrack, the PPSO will change the status to Approved. If the invoice has already been rated and locked from further changes, the TSP may include that item on a supplemental invoice through PowerTrack.
 - k. All Disputes must be resolved in CWA as the destination PPSO does not have visibility in PowerTrack and therefore no approval authority in PowerTrack.
 - l. PPSOs will not change the quantities or rates in PowerTrack unless it is determined that DPS incorrectly rated a line item. Therefore, if a dispute is not resolved in CWA, TSPs must use supplemental invoices.
 - m. The use of Ebills will be minimal in Phase I (except as noted) as TSPs must submit supplemental invoices for additional items not paid on the original invoice. This is done so that the destination PPSO will have visibility and approval authority of the charges in CWA.
 - n. If a TSP owes the Government a refund, a negative supplemental invoice can be submitted through PowerTrack for repayments to the Government. For example: Reweighs. If a reweigh weight is input by the CWA update to CWA or directly into CWA by the PPSO prior to 858 submissions to PowerTrack, CWA will update the weight related fields with the reweigh weight and calculate accordingly.
 - o. CWA will notify PPSOs of “services awaiting approval” older than 3 GBD via email. An aging report will be available for the military Services to determine the average number of days for “services awaiting approval” by PPSOs.
 - p. If a reweigh occurs that is lower than the original weight ticket, the CWA entered weight will be reflected in CWA. If the TSP invoice is already received (but not approved) in CWA, when the reweigh weight is entered into TOPS or CWA, the CWA will recalculate all the cost associated with weight.
 - q. TSP may bill for the reweigh fee of \$50 at any point after the reweigh, the PPSO must determine if the TSP is entitled to the fee.
- **DTOD Mileage (6.1)**
 - a. For service line items which require the number of miles (e.g. Line Haul, Delivery out of SIT, etc.), CWA will transmit the location information associated with the ‘From’ and ‘To’ locations to DTOD, and DTOD will return the number of miles between the ‘From’ and ‘To’ locations for reference purposes.

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

- b. If a PPSO disagrees with the Origin or Destination location submitted by a TSP, they will mark the line item as Denied.
- c. If the PPSO disagrees with the mileage submitted by the TSP, it will be marked as In Dispute with Notes until the TSP updates the mileage.

- **Rating (6.2)**

- a. Once the PPSO has marked all items on an invoice as Approved or Denied, it will be ready to be rated by CWA.
- b. Denied line items will be assigned a quantity of zero and a cost of zero. Both approved and denied line items will be sent in the 858 back to PowerTrack.
- c. CWA will use the quantities and location information associated with each service line item to calculate the correct cost of each service line item in accordance with the rates on file for the TSP of record.
- d. If a line item is approved by the PPSO, and the CWA determines that it cannot be rated:
 - CWA assigns a status of Denied and a quantity and cost of zero
 - CWA adds text to the Notes field indicating it was denied for lack of information

- **EDI 858 Submission from CWA (7.0)**

- a. CWA feeds an EDI 858 containing data for rated (approved and denied) line items to PowerTrack
- b. The EDI 858 will reference the BoL number as the key field along with the LineIDC, and the invoice number sent in the EDI 859 from PowerTrack
- c. The initial 858 sent from CWA for a given BoL will be sent as an Original 858. As new services are approved and rated, subsequent 858s will be sent as incremental update 858s. If a diversion or reweigh occurs, the 858 will be flagged so that the header level information such as addresses and weights can be updated

- **Transportation Service Provider Payment Approval (8.0)**

- 1. **Payment Requirements**

- a. PPSOs can assign each individual PowerTrack user within an office a different maximum dollar amount for TSP payment approval. If the BoL price on a shipment exceeds a user's maximum, that user will not be able to approve TSP payment.
- b. The TSP payment process cannot begin until the Shipper and TSP portions of the transaction have been matched by the unique BoL, SCAC and Invoice Number combination. The event to confirm that services have been performed will be the receipt of the TSP's notification of service completion. Actual TSP payment will be based on

the services provided under the BoL. PPSOs should not approve invoices in PowerTrack in a status other than Approval Required.

2. Automatic Approval of Payment

- a. One of the advantages of PowerTrack is that invoices can be automatically approved for TSP payment if they meet certain criteria.
- b. Once the rated shipper's invoice is received in PowerTrack, it is the TSP's responsibility to update quantities or costs in PowerTrack to match the data submitted from CWA.
- c. If the quantity of an item was changed or denied in CWA, the TSP must edit his invoice in PowerTrack or the transaction will be placed in Audit Exception. For denied line items, TSPs must change that item cost and quantity to zero for it to match in PowerTrack. Once the items and costs match, the invoice will automatically be approved if its total cost falls below the predetermined maximum threshold.
- d. The PowerTrack Business Rule Set capability will be used to describe the conditions under which automated TSP payment approval will occur. Even if an invoice has been approved, the TSP payment process cannot begin until there is confirmation (NOSC) in PowerTrack that services have been performed. Transactions that fall outside the bounds of the Business Rules for automated approval must be approved manually.
- e. HQ SDDC, with Service Headquarters approval, will establish DoD's policy for automated TSP payment approval using PowerTrack's matching model. This policy will be encoded into the DoD Business Rule Set within PowerTrack and all organizations will use this Business Rule Set as the basis for processing transactions.
- f. Appendix I "Prompt Payment Procedures" addresses prompt payment scenarios and business rules.

Note: In the manual environment (without automation outlined in the Prompt Pay Procedures in Appendix I), SDDC will create eBills in PowerTrack for those payments that have aged beyond 30 days as a result of government system or user. PPSO's must approve all eBills of this nature.

3. Manual Approval of Payment

- a. The Origin PPSO must approve for payment the amount they determine the government is responsible to pay.
- b. The Origin PPSO must work with the Destination PPSO to correctly approve invoices for payment as only the Origin PPSO has access to the transactions in PowerTrack.
- c. Origin PPSOs must log on each workday to PowerTrack to review transactions that have a Financial Status of:

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

- Audit Exception - where the PPSO must review to determine if there are CWA rating errors requiring a manual fix of the line item or if an action is required by the TSP
 - Approval Required - where the maximum threshold is below the total cost of the invoice and manual approval is required by the PPSO
 - Hold – where the PPSO has placed an invoice on hold requesting further information on the charges
 - d. For transactions in a status of Approval Required, the PPSO must take one of the following actions within 3 Government Business Days after notification of service completion:
 - Approve the payment
 - Place on hold and request additional information from the TSP, using the Notes Section of the transaction
 - Deny payment and record reason in the Notes Section of the transaction.
 - e. Once a response is received on a hold, the Origin PPSO that placed the hold has 3 Government Business Days to approve or deny.
 - f. If an invoice matches on cost but is above the predetermined threshold it will be placed in a status of Approval Required. The Origin PPSO must manually approve these transactions within 3 GBDs. PPSO's must enter PowerTrack at least once per day to check for invoices in this status.
- **Transportation Service Provider Payment (9.0)**
 - a. US Bank will not pay the TSP until notification of service completion and PPSO approval (either automatic or manual) are received. U.S. Bank will pay the TSP after the PPSO approves the invoice for payment, removes an invoice from hold status, or resolves an eBill. The TSP payment approval process outlines the actions that Origin PPSOs should use to approve transactions.
 - b. U.S. Bank pays TSP by submitting an EDI 820 remittance to the TSP system and an electronic Funds Transfer (EFT) to the TSP bank.
- **Payment Data Feed (10.1)**
 - a. PowerTrack feeds payment data to the Personal Property Central Web Application using an EDI 810 transaction set. This data will be sent monthly at the time of the PSI generation due to the ability to change LOAs in PowerTrack up until PSI generation.
 - b. The EDI 810 will list the all line items and the corresponding dollar amounts for each invoice. It will also include the LOA/TAC/MDC and obligation data assigned to each service line item.
- **Feed to FACTS (10.2)**
 - a. The Personal Property Central Web Application feeds the EDI 858 to FACTS.

**Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations**

- **PowerTrack Summary Invoice (PSI) Certification (11.0)**

- a. Procedures for the Prompt Payment Act and the responsibilities for certifying officers, accountable officials, and review officials are contained in DODFMR, Volume 5, Chapter 33, Accountable Officials and Certifying Officers. Under the terms of the PowerTrack contract, Prompt Payment Act interest begins to accrue 15 days from the PSI availability date. The PSI and supporting documentation (detailed PSI and member's orders) must be certified and arrive at the designated DFAS payment center by the 5 GBD following receipt of the PSI. This is to ensure the payment center has sufficient time to disburse the amount owed to U.S. Bank. Designated DFAS payment centers (for addresses go to www.dfas.mil) are as follows:

| Service | Payment Center | POC | Phone Number | Fax Number |
|--|------------------------------|---------------------------|-----------------------------|---|
| Army | DFAS-Indianapolis | Al Easter | 317-510-2464 | 317-510-2397 |
| Air Force (JPPSO North East) | DFAS-Dayton (Denver Network) | Paul Caut / Thomas Gibson | 937-296-8604 / 937-296-8347 | 937-296-8179 |
| Air Force (JPPSO Anchorage) | DFAS-Pacific | Alesia Stanley | 808-472-7702 | 808-472-5827 |
| Air Force - Spangdahlem | DFAS-Limestone | Kevin W. Jones | 207-328-1605 | 207-328-1699 or 207-328-1873 (w/ coverpage, attention Mrs. Suire) |
| Navy | DFAS-Norfolk | Larry M. Johnson | 757-443-4415 | 757-443-4572 |
| Marine Corps | DFAS-Columbus | Dawn Sims | 614-693-0953 | 866-217-6523 |
| Coast Guard (for non-Coast Guard shipments) | DFAS-Indianapolis | Al Easter | 317-510-2464 | 317-510-2397 |

- b. The Certifying Officer will print the PSI after the 15th of the month (next business day, if the 15th falls on a weekend) or when U.S. Bank generates the PSI on the PowerTrack web site, whichever occurs later.

- c. The PowerTrack PSI must be reviewed and certified by the Certifying Officer prior to pre-validation of available funds by the designated DFAS payment office. (The “in-progress” PSI is available for review by the CO throughout the month). The overall scope of the review is to ensure that the invoice contains the necessary substantiation and documentation for lawful and proper payment. The Certifying Officer business rules for PSI certification are outlined in Appendix B of this document. These rules must be strictly adhered as per the DoDFMR.

- d. Line of Accounting will summarize transportation charges on the U.S. Bank PSI. Supporting detail is available in PowerTrack. The Expense Distribution Monitor or a similar report providing shipment level detail will also be printed for use in the certification process and for submission to DFAS. The Expense Distribution Monitor or a similar detail report will contain the shipment record to include the Standard Document Number. Obligation data is mandatory and must be shown on the Expense Distribution Monitor or similar detail report. If the LOA contains the Obligation data, then it will be summarized on the PSI.
 - ❑ The DFAS accounting systems require Obligation data to identify a transaction for processing within the system. If the Obligation data is not present in the incoming certified billing on a transaction, the DFAS paying office will contact the supporting Funds Manager or the Certifying Officer for valid Obligation data.

- e. If the LOA is missing, PowerTrack will assign “xx” in the LOA field. This field remains open for editing from the BoLs receipt from CWA until PSI generation. The CO must proactively research instances of missing or inaccurate LOAs for the origin site throughout the PSI cycle period using the Expense Distribution Monitor or the summary invoice, correcting the LOA for the respective TSP invoices.

Once the TSP payment has been processed, accounting data cannot be electronically edited.

- f. After the PSI is generated in PowerTrack, the LOA fields are locked from further edits. The CO, then, manually corrects LOA on the PSI hard copy before sending on to DFAS.

- g. The Certifying Officer will review the PSI from U.S. Bank to ensure that it reflects the actual TSP payments and existing LOAs and Obligation data. The Certifying Officer will accomplish the pre-payment review of the PSI by validating the shipments from the PSI against details showing shipment level detail verifying that the payment amounts are the same as those on the associated PAYMENT SETTLED requests in the PowerTrack database. Any discrepancies are to be immediately brought to the attention of the PowerTrack Help Desk. The Certifying Officer must correct any LOA or Obligation data

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

errors discovered on the PSI and/or Expense Distribution Monitor and send it to DFAS within 5 government business days (GBD) of the PSI availability date.

- Prior to certification of the PSI, the Certifying Officer will review LOAs and Obligation data for accuracy.
 - If the PSI is missing or contains the incorrect the shipper's appropriation (LOA/Obligation data), the Certifying Officer will contact the issuing order authority to resolve the discrepancy in PowerTrack. An entry in the Notes component of PowerTrack will be prepared documenting the actions taken to establish the correct appropriation.
- h. Payment from the government to U.S. Bank is required in 15 days or less ("net 15 days") from the date the PSI is first available (the "Availability Date" field in PowerTrack). The bank invoice must be certified and arrive at the designated DFAS payment center by the 5th GBD following receipt of the PSI. This is to ensure the payment center has sufficient time to disburse the amount owed to U.S. Bank.
- i. The Army Corps of Engineers (ACOE), Non Appropriated Funds (NAF) and the US Coast Guard (USCG) will have a separate PSI generated for their shipments regardless of the origin account holder in PowerTrack. For example, if a Coast Guard member moves out of Fort Belvoir. Fort Belvoir PPSO will manage the invoices for payment. Once the PSI is generated, Fort Belvoir's PSI will not include that USCG transaction as it has been separated into a USCG statement. The ACOE and USCG will have their own payment centers paying their PSI directly to US Bank. NAF PSI will be paid directly to PowerTrack from the following location: US Army Community and Family Support Center, P.O. Box 107 Arlington VA 22210.
- j. For USCG installations, all non Coast Guard shipments will be generated on a separate PSI in PowerTrack (assuming that the correct TAC has been entered into CWA and/or PowerTrack), which must be certified by the USCG CO and sent to the appropriate DFAS-IN.

If a Coast Guard move does appear on a PSI, the CO should manually enter the TAC for the noted transaction, and forward the complete PSI (including the Coast Guard move) to the respective payment center. DFAS will then process the PSI, and recoup the funds as necessary via an intra-governmental funds transfer with the Coast Guard Finance Center. The DFAS payment center will also require the PPSO to submit orders for these moves.

- k. Since the USCG is not a DoD organization, the USCG and the Services have entered into a reciprocal Memorandum of Agreement (MOA) concerning their PPSOs' approval of payments to the Transportation Service Providers (TSPs). Hence, each Origin PPSO resolves any discrepancies between the BOL data and invoice data and approves payment to the TSP on behalf of both the USCG and the Services without regard to whether the origin PPSO is a USCG member or a DoD member. The MOA is attached as an appendix of this CONOPS.

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

1. The Certifying Officer signs the PSI to certify the PSI as correct and proper for payment to U.S. Bank. This must be accomplished within 5 GBDs from the PSI availability. Certification means that the PSI accurately reflects actual payments made to TSPs in comparison to the Transaction Manager or Expense Distribution Monitor Report. The initial pre-TSP-payment approval process certified each payment transaction as being true and correct. The signed PSI and the detailed statement with member's orders are sent by fax (preferred) or overnight mail (by traceable means) to the DFAS payment center designated for that Certifying Officer. The certified PSI and Expense Distribution Monitor (or similar detail) must arrive at the appropriate DFAS payment center NO LATER THAN 5 GBDs from the PSI availability date. Note: An additional requirement for Navy PSI certification is the Prompt Payment Certification and Deduction Form (PPCD). The PPCD is completed and signed by the Certifying Official and is submitted each month to DFAS-Norfolk along with the manually submitted PSI. Related policy and guidance are provided in Appendix B. The PPCD is used to identify/clarify payment related information, adjustments, and/or deductions (including TAC/LOAs not provided on the PSI) to ensure payments to US Bank are timely and accurate. With the implementation of the Interim Automated Finance and Accounting Process – as detailed in Appendix A – there will be no need for submission of the PPCD.
-
- The following certification statement must appear on the face of the PSI along with signature of the authorized certifying officer:

“Pursuant to authority vested in me, I certify that this billing statement is correct and proper for payment, except as may be noted herein or on supporting documents.”

John Doe
Authorized Certifying Officer

**Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations**

| Business Rules for PSI Certification | |
|--|---|
| Condition | Rule |
| Certifying Officer prints PowerTrack Summary Invoice (PSI) delivered via the PowerTrack desktop | Certifying Officer stamps Prompt Pay Act effective date on PSI. Under the terms of the PowerTrack contract, Prompt Payment Act interest begins to accrue 15 days from the PSI availability date. |
| PSI not available or Certifying Officer encounters problems printing PSI. | Certifying Officer contacts PowerTrack Help Desk. If the PSI “availability date” shown on the PowerTrack statement differs from the actual availability date (due to PowerTrack system errors) the CO should note the actual Available Date on the statement before submitting to the DFAS payment center |
| Certifying Officer performs pre-payment statement review to ensure statement reflects actual TSP payments. | Review PSI Shipment Detail Listing and verify that the payment amounts are the same as those on the associated PAYMENT SETTLED requests in PowerTrack |
| Certifying Officer reviews Summary By Accounting Code section of PSI to identify any invalid LOAs. | Use PowerTrack to drill down to transactions for invalid LOAs and use information to contact the PPSO and/or shipment requestor and correct LOA entries. Certifying Officer has five (5) GBDs to correct the LOAs. |
| Certifying Officer determines the PSI to be correct and proper. | Certifying Officer signs PSI and submits it to proper DFAS OPLOC for their Service. Certifying Officer certifies within 5 GBDs days and sends by fax or express mail (by traceable means) to DFAS or Coast Guard Finance Center. PSI must arrive at payment center NLT 5 GBDs from PSI availability date. |
| PPSO or Certifying Officer discovers overpayment | PPSO or Certifying Officer effects price adjustment by requesting TSP submit credit invoice or as a last resort create ebill refund. In PowerTrack |

- **U.S. Bank Payment (12.0)**

- a. The U.S. Bank PSI charges will be summarized by Line of Accounting. Supporting detail is available in the download details of PSI in PowerTrack.
- b. If the LOA fails the edit because of the obligation is not established, DFAS will contact the funds manager to obtain permission to record the obligation. Once the obligation is recorded the in accounting system, DFAS will process the payment against the obligation.

**Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations**

- c. Adjustments will be credited/debited to the detail LOA and will offset or increase the amount paid to U.S. Bank for that PSI.

| Business Rules for Bank Payment | |
|--|--|
| Condition | Rule |
| Line of Accounting fails edit in the entitlement system because of insufficient obligation | DFAS will contact the Funds manager for authority to increase the obligation prior to payment |
| Line of Accounting fails edit in the entitlement system because of no obligation | DFAS will contact the funds manager to identify the appropriate accounting data, record the obligation and process the payment to U.S. Bank. |
| Line of Accounting fails edit in the entitlement system because of validity | DFAS will contact the funds manager to identify the appropriate accounting data, record the obligation and process the payment to U.S. Bank. |
| DFAS receives certified PSI | DFAS must provide payment for the PSI within 15 calendar days after the PPSO received the invoice from U.S. Bank. |

- **Post-Payment Audit Data Retrieval (13.0)**

- a. GSA will conduct post-payment audits, using invoice data from PowerTrack and data on authorized services and weights from the DPS. GSA reserves the right to request hard copy supporting documents to conduct post payment audits.

- **Help Desk Information**

PowerTrack Help Desk
powertrack@usbank.com
 (800) 101-5396 Toll Free Phone

DPS Help Desk
DPS-helpdesk@sddc.army.mil
 (703) 428-3230
 DSN 328-3230
 (800) 331-7348 Toll-Free Phone

**Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations**

6.0 Metrics

This section describes the metrics that will be used to evaluate the Personal Property prototype implementation – to measure successes, identify and resolve issues. Metrics are to be collected and evaluated by site to ensure that the Personal Property prototype accomplishes the following goals:

- Improve accuracy of payments and collections (1.0)
- Improve timeliness of payments and collections (2.0)
- Establish better upfront transportation documentation (3.0)

The following table provides specific metrics to be collected and analyzed to accomplish the above goals.

| No | Metric | Definition | Goal | Source | Unit |
|----|--|---|------|----------------|---------|
| 1 | Transportation Provider payment cycle time | No. of days from PowerTrack create date to Payment Settled | 1,2 | US Bank | Days |
| 2 | PPSO response to Pending items | Avg. no. of days from Pending to Approve, Deny or Dispute | 2 | C WA | No. |
| 3 | PPSO response | Percentage of responses to CWA invoices in 3 days | 2 | CWA | % |
| 4 | Bank payment cycle time | Time from PSI generated until the EFT is generated by DFAS | 1,2 | DFAS U.S. Bank | Days |
| 5 | % of eBill occurrences | Percentage of eBills relative to the total number of shipments processed | 1,3 | US Bank | % |
| 6 | Dollar amount for eBill occurrences | The absolute dollar value of the eBills | 3 | U.S. Bank | \$'000s |
| 7 | Invalid LoAs | Number of LoA transactions that use invalid LOAs (future) | 1,2 | CWA | No. |
| 8 | Dollar amount of invalid LoAs | Dollar amount of LoA transactions that use invalid LoAs | 1,2 | DFAS | \$'000s |
| 9 | Interest paid on late payment to U.S. Bank | Total dollar value of interest paid to U.S. Bank | 1 | DFAS/U S Bank | \$'000s |
| 10 | Delinquent Bank payment | Total dollar amount overdue to U.S. Bank | 1 | U.S. Bank | \$'000s |
| 11 | Automated approval | No. of approvals done automatically through PowerTrack | 2,3 | U.S. Bank | No. |
| 12 | Dollar amount of automated approvals | Dollar value of approvals done automatically through PowerTrack | 2,3 | US Bank | \$'000s |
| 13 | Threshold Approval | No. of transactions above the dollar value threshold | 2 | U.S. Bank | No. |
| 14 | Manual approval | No. of approvals done manually through PowerTrack | 2,3 | U.S. Bank | No. |
| 15 | Dollar amount of manual approvals | Dollar value of approvals done manually through PowerTrack | 2,3 | US Bank | \$'000s |
| 16 | Pre-Approvals | Average No. of Pre-approvals per BoL | 3 | CWA | No. |
| 17 | No. of PowerTrack BoLs | No. of shipments booked for PowerTrack vs. No. of total shipments for the activity. (Eligible vs. Actual) | 3 | C WA/TOPS | No. |
| 18 | Variance of BoL and TSP payment | The absolute dollar amount difference paid to TSP compared to Rated BoL. | 1 | C WA | \$'000s |
| 19 | Invoice Accuracy | The absolute variance from TSP original invoice amount to | 1 | U.S. | \$'000s |

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

| | | | | | |
|----|------------------|--|-------|------|-----|
| | | paid actual invoice amount. | | Bank | |
| 20 | Invoice Accuracy | No. of line items on an invoice not rated due to insufficient data or systems deficiency | 1,2 C | WA | No. |

Fghgug'Rgtuqpcn'Rtqr gtv 'Rtqi tco 'Grgextqpk'Dkm'Rc{o gpv'Rj cug'KEqpegr v'qh'Qr gtcvkqpu Automated

Operations

Appendix D – EDI 810 Data Feed. This section provides the Interface Convention for an EDI

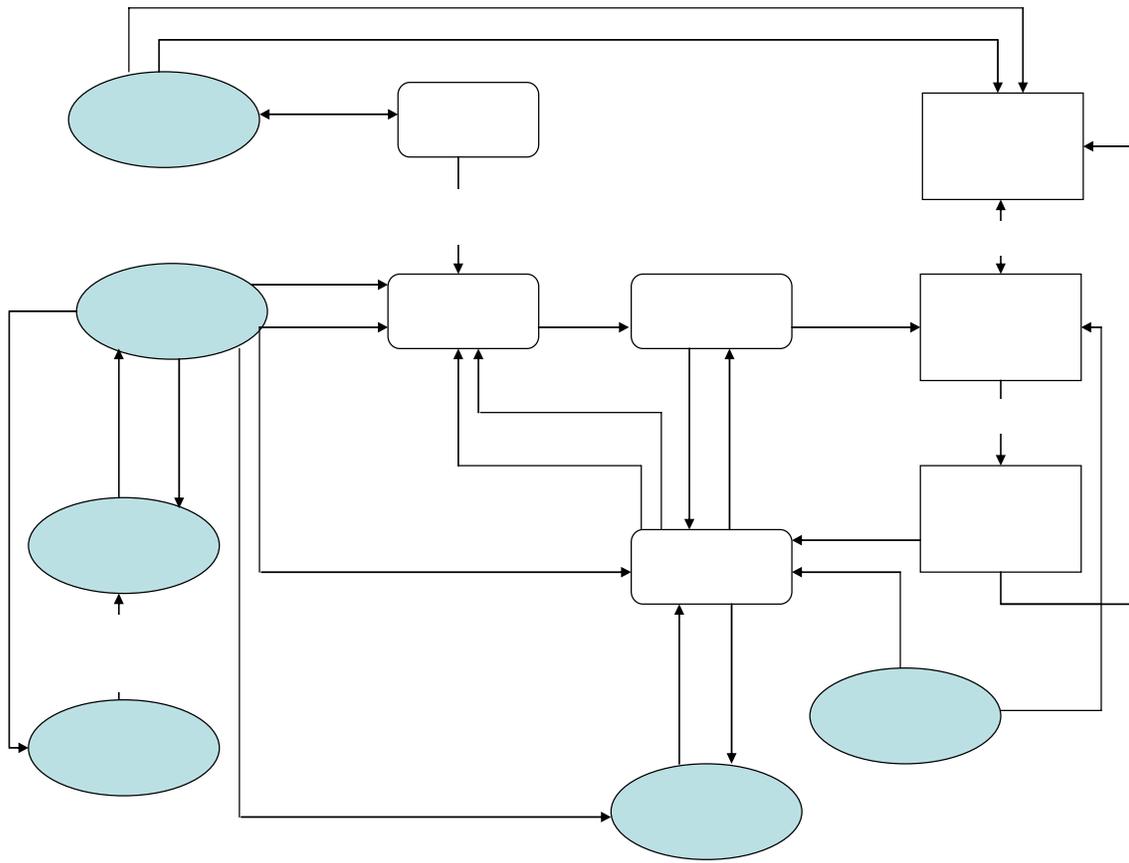
Operations

2.0 Interim Environment

Defense Personal Property Program Automated Commercial Payment and Accounting Process Concept of

Operations

- **Global Exchange Service (GEX)** – GEX is responsible for translating and routing EDI-



Operations

Figure 2-1: Interim Automated Process Diagram

Defense Personal Property Program Automated Commercial Payment and Accounting Process Concept of

Operations

fiscal year on a monthly basis. The level of activity is closely tied to the overall annual budget

Defense Personal Property Program Automated Commercial Payment and Accounting Process Concept of

Operations

Process 4.0 – Validate/Edit Accounting Data

Defense Personal Property Program Automated Commercial Payment and Accounting Process Concept of

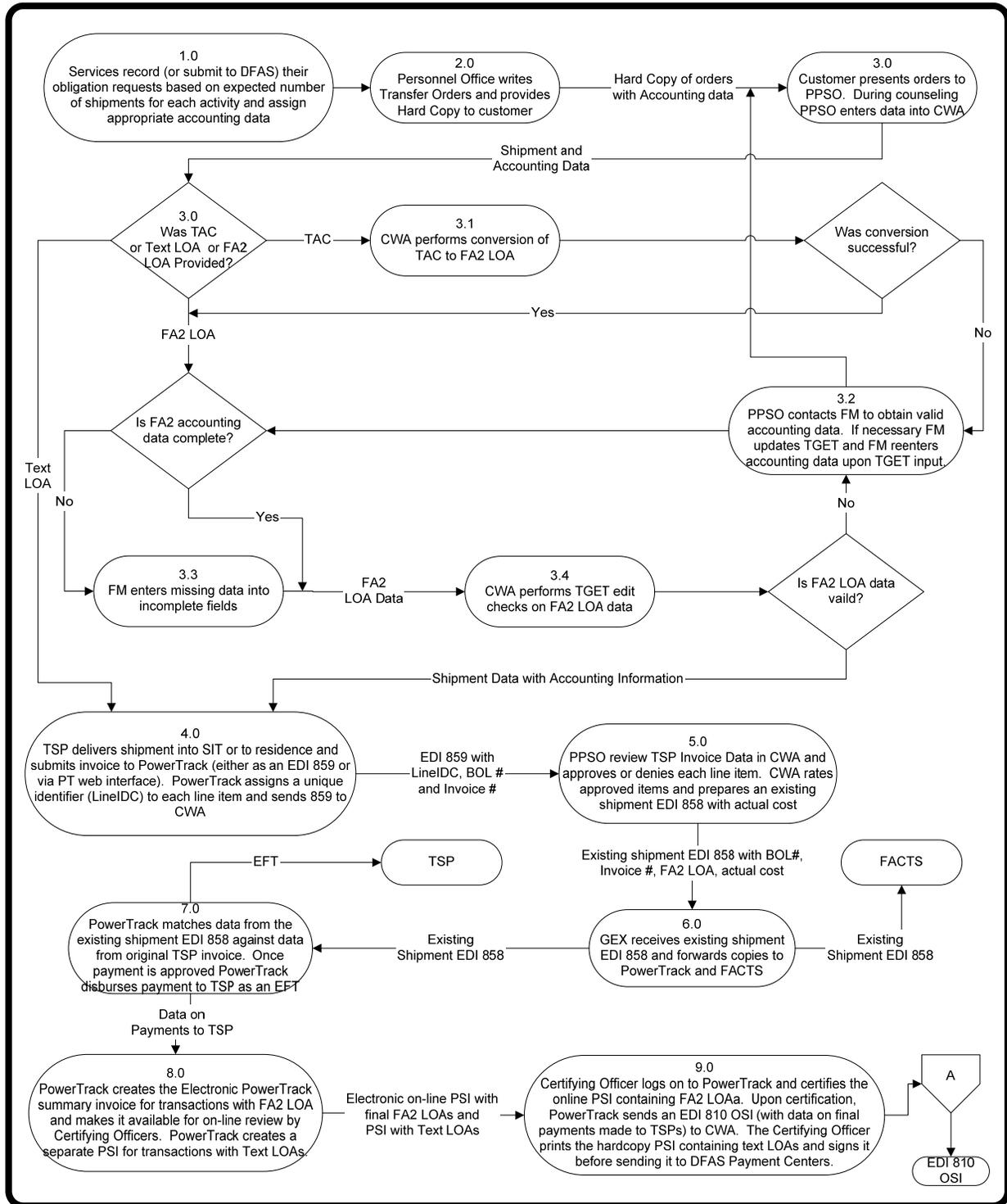
Operations

Process 6.0 – Approve TSP services and Cost TSP Invoice

Defense Personal Property Program Automated Commercial Payment and Accounting Process Concept of

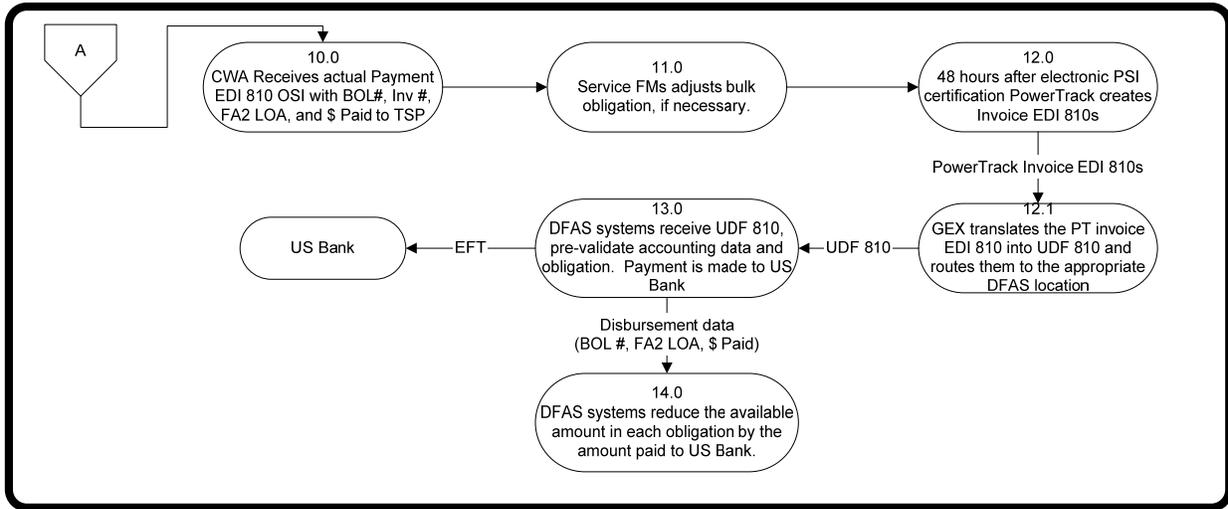
Operations

Step 8.2 The CO will have the same 5 business days to certify all transactions on the



Automated Commercial Payment and Accounting Process Concept of Operations

Figure 2-2: Detailed Interim Automated Process Flow (1 of 2)



Glossary of Terms

Bill of Lading (BoL): A contract between the shipper and the TSP whereby the TSP agrees to furnish transportation services subject to the conditions printed on the BoL. Also refers to the data feed (priced-out BOL) from the shipper system (CWA) to PowerTrack® that contains shipment information.

Certifying Officer (CO): The CO, who is designated/appointed by the appropriate Service, is responsible for certifying the PowerTrack Summary Invoice (PSI). The CO is a U.S. Government employee who does not disburse U.S. Government funds. Upon reviewing the PSI, CO certifies electronically all transactions on the PSI and ensures correct FA2 LOAs usage on these transactions. The CO prints the “Manually Billed” portion of the hard copy PSI with text LOAs, and relays it to DFAS payment centers to ensure timely payment to US Bank.

Concept of Operations (CONOPS): A high level methodology/description of processes for understanding the way a system works.

Data Feed: A complete electronic business document such as an invoice, a purchase order, or a remittance advice.

Defense Finance and Accounting Service (DFAS): DoD agency responsible for a number of services related to the accounting, internal billing, and payment of transportation BoLs. DFAS identifies and implements finance and accounting requirements, systems and functions for appropriated funds activities.

eBill: A transaction posted in PowerTrack® to off-set a previously executed over/under payment.

Electronic Data Interchange (EDI): Computer to computer exchange of data using standards jointly developed and established standards groups, i.e., ANSI, EDIA, and EDIFACT.

EDI 810 Data Feed: Electronic Data Interchange Data Feed used as a generic electronic interface for invoice data (in an accounting context).

EDI 858 Data Feed: Electronic Data Interchange Data Feed used as a generic electronic interface for shipment information.

EDI 859 Data Feed: Electronic Data Interchange Data Feed used as a generic electronic interface for TSP invoice information.

Electronic Funds Transfer (EFT): The electronic transfer of funds from payer to payee through a banking system.

Funds Manager (FM): Individual who provides Shipping Customers with the financial and accounting data that accompanies a shipment request. The FMs are responsible for establishing LOAs and ensuring proper funding supports an established LOA.

Line of Accounting (LOA): Accounting/appropriation data; represents specific financial/budgetary appropriations.

Automated Commercial Payment and Accounting Process Concept of Operations

Movement Request Order (MRO): A requisition document initiated by a Personnel Office for the procurement of transportation services for a Service Member.

Personal Property Shipping Office (PPSO): Person responsible for entering the data from the Movement Request Order (MRO) into DPS and/or DPS and ensuring that the presented documentation entails a correct and fully funded LOA.

PowerTrack®: A proprietary software offered by U.S. Bank that provides on-line payment processing and transaction tracking.

PowerTrack Summary Invoice (PSI): U.S. Bank submits a monthly statement to the CO reflecting payments made to the Transportation Service Providers (TSPs).

Segmented LOA: The Segmented LOA is the ANSI X-12 FA2 format data segment used to specify the detailed accounting data associated with a transaction. The format of the segmented LOA for DoD shipments is defined by the DTEDI Implementation Conventions.

Service Member: Any member of the government's uniformed or civilian service.

Transportation Account Code (TAC): A four-digit code that is tied to an LOA and its appropriate service's program, project or account to be charged for transportation.

Transportation Global Edit Table (TGET): A table of established LOAs, TACs, and an edit logic supporting the Service/Agency LOA requirements. This logic is used to validate segmented LOAs and TACs within the shipper systems prior to the shipper systems transmitting the data to DFAS accounting systems and PowerTrack®.

Transportation Service Provider (TSP): Any party, person, agent, or carrier that provides freight and/or personal property transportation and related services to an agency, including Motor Carrier, Freight Forwarder and Broker.

User Defined File (UDF): a custom data file jointly defined by the sending and receiving parties.

UDF 810 Data feed: Custom data feed used to communicate invoice data (in an accounting context)

Appendix B: EDI 858 Shipment Data Feed



Adobe Acrobat
Document

Appendix C: EDI 810 Invoice Data Feed



Adobe Acrobat
Document

Appendix D: Certifying Officer Business Rules

1.0 General

Overall guidelines for the administrative examination of disbursement vouchers are set forth in Title 7 of the General Accounting Office (GAO) Policy and Procedures Manual. These types of reviews are typically divided into either pre or post payment examinations. In the transportation functional area, a TSP pre-payment review is conducted by the Transportation Officer (TO) or other appropriate official appointed as the Certifying Officer's designee to approve payments to TSPs using PowerTrack, a commercial payment system maintained by US Bank under contract with the Department of Defense. GSA has certified the internal controls in PowerTrack as a prepayment audit system. Due to this certification, only the post-TSP payment statistical sampling verification procedures approved by GSA and OSD(C) can be accomplished by the Certifying Officer, in the review and certification of the PowerTrack Summary Invoice (PSI). Up-front supervisory review and automated edit checks and computation methods have been demonstrated to provide adequate internal controls to qualify as a prepayment audit system.

Commanders, activity directors, and other personnel of equivalent position of an organization appoint a Certifying Officer (CO) in writing. Typically, the CO will be the Transportation Officer but Commanders have the prerogative to appoint any qualified individual as a Certifying Officer. There must be a separation of duties between the TO approving invoices in DPS versus the Certifying Officer certifying the PSI for DFAS to pay US Bank. Certifying Officers must be Department of Defense civilian employees or military personnel. Contractors are not eligible to be Certifying Officers. The Commander, activity director, and other personnel of equivalent position can appoint whomever he or she wants as a Certifying Officer; does not have to be a part of the Transportation Office. The Certifying Officer will ensure that the DFAS paying offices have the required documentation on file for the appointed Certifying Officers who certify the US Bank PSI(s). The required documentation is the Certifying Officer appointment letter and the specimen signature card (DD Form 577). Certification of the PSI will be in accordance with Chapter 33 of Volume 5 of the Department of Defense (DoD) Financial Management Regulation, DoD 7000.14-R. To accomplish the tasks outlined below, access to PowerTrack and the establishment of internal controls within PowerTrack are under the purview of the CO even if the individual were outside of the Transportation Office.

Qualifications for Certifying Officers are located in the Department of Defense Financial Management Regulation [DODFMR], Volume 5, Chapter 33, Accountable Officials and Certifying Officers. Requirements for TSP prepayment audit review are located in 41 CFR parts 101-41 and 102-118; requirements for PSI certification are located in the DODFMR, Volume 5, Chapter 33. The extent of the liability of the CO is located in the DODFMR reference. The 41 CFR is available through the Government Printing Office Reference Library at www.gpo.gov (then, Quick Links to Code of Federal Regulations). The DODFMR is available through the Defense Finance and Accounting Service (DFAS) Reference Library at www.dfas.mil. Certifying Officers may not concurrently serve as a Disbursing Officer or Deputy Disbursing Officer.

The CO must review those PowerTrack transactions identified for post-TSP payment statistical sampling and verify the correctness of the PSI. All TSP payment approval transactions regardless of thresholds and tolerances included in the sample are applicable when reviewing the PSI for payment of correct amounts. The sampled transactions must be accurate or collection action must be taken (e-bill or otherwise). The CO is not required to review other billings not specified in these rules, but should review any known discrepancies or erroneous billings to ensure the appropriateness of payment and the safeguarding of DOD funds.

The PowerTrack PSI must be reviewed and electronically certified in PowerTrack by the CO prior to submission to and processing by the DFAS payment office. The overall scope of the review is to ensure that the invoice contains the necessary substantiation and documentation for lawful and proper payment. The CO utilizes the

PowerTrack database and relies on information supplied by the accountable official, and works with the appropriate funds manager to ensure:

- The PSI has complete Lines of Accounting (LOAs) for each line item on the PSI.
- Each transaction has a Standard Document Number (SDN) if applicable. (not all Services use SDNs)
- The PSI certification is completed and received by the DFAS payment center within 5 government business days of receipt of the PSI.
- Complete LOAs and/or SDNs are annotated on the PowerTrack Summary Invoice (PSI) or other service required payment document.
- The certified manual PSI with the attached detailed PSI and members orders, for that time period is forwarded to the designated DFAS paying office for processing; the electronic portion of the PSI will be automatically sent to the appropriate payment center via EDI 821/810 following electronic certification by the CO.
- The amount billed and the certified amount is accurate on the PSI.

The CO will review the PSI from U.S. Bank to ensure that it reflects the actual TSP payments. The CO will also ensure that the detailed amounts identified supporting documentation equals the amount certified on the PSI for reimbursement to the Bank. Adjustments for incorrect or erroneous charges shall be processed for credit in subsequent billings. The CO will maintain records of such items until their final resolution and documented in PowerTrack and then processed in a PSI. The detailed PSI will contain a full LOA, including the SDN if applicable for each LOA to be charged. The CO should provide the PSI and member's orders, electronically if the capability exists. The CO will ensure that the PSI or other documentation is annotated with any missing data (i.e., full LOA, SDN) before forwarding to the DFAS.

2.0 Statistical Sampling Plan

The DODFMR provides for a sampling method that reduces the length of time that it would take a CO to certify a PSI. If the CO properly executes his/her duties as described above and uses the sampling technique as outlined in these business rules, they will have satisfied their DODFMR fiduciary responsibilities. The following paragraphs describe a simple yet effective manner for personnel to review and certify the PowerTrack PSI. These procedures describe the manner in which PowerTrack transactions are to be sampled and the criteria for determining if discrepancies exist. The results of the sampled transactions will also provide the supervisor and higher-level management officials with trends regarding the types and frequency of discrepancies found on PowerTrack transactions.

Preparing to Select Transactions for Review

Before selecting the sample, a reasonable estimate must be obtained of the number of PowerTrack transactions expected to be processed for the current month. Possible sources of this estimate would be past data. The purpose of this estimate is to determine the sample size and sample selection criteria. All categories of PowerTrack transactions regardless of dollar value are subject to review through random selection processes.

Transactions Requiring 100% Review

Any PowerTrack transaction that does not contain an accounting classification or contains a partial accounting classification will be reviewed prior to PSI certification. Any PowerTrack transaction over \$2,500 for a shipment

or that has had a price variance greater than 30% from the original price will be reviewed. Instruct personnel who are authorized to approve TSP payments in PowerTrack to record all upward price adjustments in the journal entry section of the transaction. No transactions requiring 100% review will be included in the transactions sampled for post-payment verification.

Selecting the Sample of Transactions for Post-TSP Payment Verification

A systematic method will be used to select the PowerTrack transactions for review. The Sampling/Interval Determination chart below provides the approximate sample size based upon the estimated total number of transactions for the given month. For example, if the transportation office estimates that approximately 2,000 PowerTrack transactions will be processed for the current month, the sample size will be approximately 95. The sampling interval would be 21, in this case.

A random start number from 1 to 21 would be selected, say 5 for example. Starting with the 5th transaction, every 21st transaction would be selected (e.g., 5, 26, 47, etc.) until the entire population had been exhausted and the total sample achieved. Note that the actual sample size may vary from the estimate. Once a sampling interval is selected, do not change the size of the sampling interval during the month. At the start of a new month, a different sampling interval may be used based on revisions to the estimated monthly population sizes.

Conducting the Post-TSP Payment Verification on a Statistical Sampling Basis

The next step is to conduct the review of the PowerTrack transactions. Prepare a PowerTrack Certifying Officer Checklist or annotate the Expense Distribution Monitor (EDM) Report for all transactions reviewed and upon completion, retain in the Certifying Officer's file for reference. See below for the sample checklist. The CO should compare any available source documentation (i.e., the Movement Request Order) with transactions from other source systems to ensure that input to PowerTrack was accurate. If there is a deviation from the source documentation or source input and the PowerTrack PSI, any journal entries related to the transaction will be reviewed for an explanation of the differences. If the TSP was overpaid, the CO will still certify the PowerTrack PSI and direct that an e-bill be created to recoup the overpayment. This process must be accomplished within 30 days. Collections against vendors/TSPs no longer in the PowerTrack system or who have filed for protection under the bankruptcy rules will be accomplished in accordance with existing debt management processes (See Volume 10, DODFMR). Note: TSPs in bankruptcy cannot be approved for Auto Approval.

PowerTrack Transaction Review Elements

The purpose for including these elements in the review is to ensure that the transactions have been properly accomplished and that any source documentation and/or source input supports the sampled PowerTrack transactions. This list is not exhaustive and can be augmented by review elements.

- Standard Carrier Alpha Code is correct
- Complete accounting classifications are present on the PSI
- Amount claimed by the TSP is same amount on the shipping instructions
- Any adjustments to rate or price are documented via the Journal Entry feature in PowerTrack or the e-bill process
- All service rates and charges are clearly identified and authorized on the shipping instructions
- Applicable Military Surface Deployment and Distribution Command regulations have been adhered to as applies to movement charges billed
- Complete PowerTrack transaction is reviewed for:
 - Fraud, waste, and abuse by the TSP or others involved in the TSP payment approval process

***Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations***

- Additional monies the government or may be owed—create an e-bill
- Irregular or incomplete entries in the Journal Entry feature for that transaction
- Notification of the Service HQ and SDDC HQ (See Chapter 27 of Defense Transportation Regulation) of any TSP found abusing the fast payment process.
 - Implementing regulations will provide for a review and appeal process associated with discrepancies and will require removal from the PowerTrack system of those found abusing the system

**Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations**

**Sample Size/Interval Determination
Target n =100**

| Estimated Monthly Population Size | Sampling Interval Size | Estimated Sample Size | Estimated Monthly Population Size | Sampling Interval Size | Estimated Sample Size |
|--|-------------------------------|------------------------------|--|-------------------------------|------------------------------|
| 100 | 2 | 50 | 3600 | 37 | 97 |
| 200 | 3 | 67 | 3700 | 38 | 97 |
| 300 | 4 | 75 | 3800 | 39 | 97 |
| 400 | 5 | 80 | 3900 | 40 | 98 |
| 500 | 6 | 83 | 4000 | 41 | 98 |
| 600 | 7 | 86 | 4100 | 42 | 98 |
| 700 | 8 | 88 | 4200 | 43 | 98 |
| 800 | 9 | 89 | 4300 | 44 | 98 |
| 900 | 10 | 90 | 4400 | 45 | 98 |
| 1000 | 11 | 91 | 4500 | 46 | 98 |
| 1100 | 12 | 92 | 4600 | 47 | 98 |
| 1200 | 13 | 92 | 4700 | 48 | 98 |
| 1300 | 14 | 93 | 4800 | 49 | 98 |
| 1400 | 15 | 93 | 4900 | 50 | 98 |
| 1500 | 16 | 94 | 5000 | 51 | 98 |
| 1600 | 17 | 94 | 5100 | 52 | 98 |
| 1700 | 18 | 94 | 5200 | 53 | 98 |
| 1800 | 19 | 95 | 5300 | 54 | 98 |
| 1900 | 20 | 95 | 5400 | 55 | 98 |
| 2000 | 21 | 95 | 5500 | 56 | 98 |
| 2100 | 22 | 95 | 5600 | 57 | 98 |
| 2200 | 23 | 96 | 5700 | 58 | 98 |
| 2300 | 24 | 96 | 5800 | 59 | 98 |
| 2400 | 25 | 96 | 5900 | 60 | 98 |
| 2500 | 26 | 96 | 6000 | 61 | 98 |

Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations

| | | | | | |
|------|----|----|------|----|----|
| 2600 | 27 | 96 | 6100 | 62 | 98 |
| 2700 | 28 | 96 | 6200 | 63 | 98 |
| 2800 | 29 | 97 | 6300 | 64 | 98 |
| 2900 | 30 | 97 | 6400 | 65 | 98 |
| 3000 | 31 | 97 | 6500 | 66 | 98 |
| 3100 | 32 | 97 | 6600 | 67 | 99 |
| 3200 | 33 | 97 | 6700 | 68 | 99 |
| 3300 | 34 | 97 | 6800 | 69 | 99 |
| 3400 | 35 | 97 | 6900 | 70 | 99 |
| 3500 | 36 | 97 | 7000 | 71 | 99 |

For monthly population sizes greater than 7000, the sampling interval is approximately equal to the population size divided by 100. For example, if the number of PowerTrack transactions processed each month is approximately 7500, then the sampling interval is 75, the sampling frequency is 1/75 and the total number of PowerTrack transactions selected for audit is approximately 100.

Appendix E: GSA Pre-Payment Audit Approval

*Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations*



U.S. General Services Administration

OCT 23 2003

Colonel Thomas Keller
Headquarters, Military Traffic Management Command
Hoffman II, Room 10567-24
200 Stovall Street
Alexandria, VA 22332-5000

Dear Colonel Keller:

The General Services Administration, Audit Division (GSA) is responsible for the audit of all transportation bills in accordance with section 322 of the Transportation Act of 1940, as amended (31 U.S.C. § 3726). In accordance with prepayment audit requirements defined in 41 CFR 102-118.325, the Department of Defense (DoD) has requested approval of the Central Web Application (CWA), a key element of the DoD Future Personal Property Program (DFPPP) electronic bill payment system, designed for costing shipments and accessorial authorization.

GSA has reviewed the Military Traffic Management Command (MTMC) Concept of Operations (CONOPS) outlining the implementation of an interim Phase 1, and observed demonstrations of the CWA. Based on an assessment of the process, GSA grants tentative approval, pending a more in depth analysis of the outcomes resulting from the addition of DoD sites and transportation providers.

Moreover, GSA has identified several issues that are critically important to the audit processes:

- (1) The postpayment audit recovery of overcharges, represented by e-bills should be limited to 30 days, rather than the current Business Rule provision for 6 months. Prepayment and postpayment audit actions should be defined in accordance with 31 U.S.C. § 3726.
- (2) GSA requires access to CWA and Powertrack to accommodate a postpayment review.
- (3) The DFPPP electronic bill payment system effectively replaces Defense Finance and Accounting Service and consequently, impairs GSA's ability to collect debt using the setoff process. The recently designed Setoff CONOPS must be implemented to facilitate setoff actions.

1800 F Street, NW
Washington, DC 20405-0002
www.gsa.gov

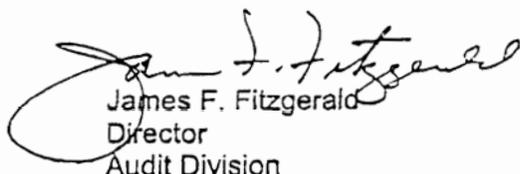
**Defense Personal Property Program
Electronic Bill Payment Phase I Concept of Operations
Concept of Operations**

- (4) DoD's commitment to promptly address problems discovered in the postpayment audit is essential to GSA's task of protecting Government transportation dollars.

MTMC has agreed to grant GSA access to Power Track and the CWA. All other identified issues must be addressed. GSA is advising that the Business Rules be modified to satisfy these requirements.

GSA looks forward to the successful implementation of this program. GSA's approval is subject to periodic review, which is an element of a permanent process to evaluate the effectiveness of the system. If you require any further assistance, you may contact me at (202) 501 3894.

Sincerely,


James F. Fitzgerald
Director
Audit Division

Appendix F: Hard Copy Documentation Process Approval

DFAS Review on the Hard Copy documentation process



DEFENSE FINANCE AND ACCOUNTING SERVICE
ARLINGTON

1931 JEFFERSON DAVIS HIGHWAY
ARLINGTON VA 22240-5291



FEB 26 2004

DFAS-DFV

MEMORANDUM FOR DIRECTOR, MILITARY TRAFFIC MANAGEMENT COMMAND
(ATTN: Mr. Keller/MTPP-PD)

SUBJECT: Request for DFAS Review of Personal Property Shipping Office (PPSO)
Approval Process in the MTMC Central Web Application (CWA)

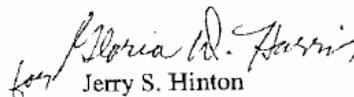
This responds to your request for a review of the PPSO approval process in the CWA. Specifically we are addressing the elimination of the hard copy DD Form 619 and the risk of pecuniary liability for the certifying officer.

Current procedures require that the transportation provider (TP) submit a copy of the member signed DD Form 619 to the Transportation Office (TO). In the future process, the TP will not submit the hard copy DD Form 619. Information needed to compute the payment for charges associated with the DD Form 619 will be provided on the TP invoice. The Military Services, who will certify the transactions for payment, are concerned about the risk of the TO making fraudulent payments and incurring pecuniary liability without the hardcopy DD Form 619.

Based on our review of the process and meetings with MTMC personnel, we feel the process offers reasonable assurance that payments will be correct and free from fraud or error. MTMC will use an approved sampling process where they will review all documentation, to include the DD Form 619, for selected transactions. In addition, the TO will be able to view all charges in the MTMC CWA before approving them for payment. There are also edit checks that will flag abnormal charges. The TO will have the opportunity to request supporting documentation to substantiate questionable charges.

However, the new process does alternate from the current requirements for supporting documentation. Considering this, we recommend that, in accordance with the guidelines in Title 7, MTMC request approval of the alternative procedure from the General Accounting Office.

Refer any questions or comments to Ms. Cheryl L. Ford at (703) 607-5029.


Jerry S. Hinton
Director for Finance

Your Financial Partner @ Work
www.dfas.mil

OSD(C) Response on Sampling Methodology Approval



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE
1100 DEFENSE PENTAGON
WASHINGTON, DC 20301-1100

JUL 30 2004

MEMORANDUM FOR DEPUTY CHIEF OF STAFF, PASSENGER AND PERSONAL
PROPERTY, MILITARY SURFACE DEPLOYMENT AND
DISTRIBUTION COMMAND, DEPARTMENT OF THE ARMY

SUBJECT: Request for Review and Approval of the Military Surface Deployment and
Distribution Command's Sampling Methodology for Household Goods Shipment

The subject request is returned without action. We understand that your request to the General Accounting Office (GAO) under Title VII, "Fiscal Guidance," of the GAO's "Policy and Procedures Manual for Guidance to Federal Agencies," to eliminate the hard copy DD Form 619, "Statement of Accessorial Services Performed," includes the subject methodology. Since the methodology is currently pending before the GAO, we decline to consider it at this time.

My staff point of contact on this matter is Mr. Tom Summers. He may be contacted by e-mail: tom.summers@osd.mil or by telephone at (703) 697-3193.

A handwritten signature in cursive script that reads "JoAnn Boutelle".

JoAnn Boutelle
Deputy Chief Financial Officer

Attachment:
DCS Request for Approval

GAO response to the hard copy process



did not perform tests of your current or proposed system or validate information provided to us.

In order to respond to DOD's request, we contacted your staff to gain an understanding of Defense Personal Property Program

. We considered additional information about the proposal provided by your staff. We analyzed sections of the law pertaining to this request. We interviewed GSA staff concerning their audit responsibilities in the transportation area, including for Defense Personal Property Program.

As explained to us, Defense Personal Property Program does not fully meet Title VII documentation requirements for federal payments because the documentation that DOD is to use as evidence of receipt of accessorial⁴ services does not provide adequate assurances about the propriety of these services. This is because the documentation is prepared by the transportation service provider (TSP) without independent corroboration upon preparation, and then the documentation is retained by the TSP. These documentation procedures increase the potential risk of improper transportation payments.

Management must determine what changes to the documentation procedures or what additional controls will mitigate these risks so that the documentation requirements of Title VII are fully met. The objective of such controls should be to ensure that invoiced accessorial services are allowed, necessary, and were indeed rendered. Automated procedures do not reduce the need for effective internal control nor relieve a certifying/disbursing officer of his or her responsibility. These officers must have sufficient knowledge of the automated systems in order to carry out their responsibilities, and must make sure they can rely on the quality of the automated systems to ensure that transportation invoices authorized for payment are legal, proper, and correct.

Background

The Surface Deployment and Distribution Command (SDDC) is DOD's Traffic Manager for the Household Goods and Personal Property Program. SDDC⁵ provides an interface between DOD's local shipping offices and the commercial shipping industry. SDDC is developing the Defense Personal Property Program under DOD's business process reengineering efforts. SDDC staff estimate that Defense Personal Property Program will process over 500,000 shipments at a cost of almost \$2 billion annually. The goal for Phase I of Defense Personal Property Program is to implement a new electronic bill payment process in a Web-based environment.

Our Title VII procedures are designed to complement existing federal accounting, internal control, and systems standards.⁶ Title VII does not provide specific guidance on

⁴Accessorials are services such as packing or special boxing that are performed by a carrier in addition to the linehaul transportation charges.

⁵SDDC is a major command of the United States Army that is under the control of the United States Transportation Command.

⁶In May 2000, GAO issued a guide to agencies in reengineering payment systems, entitled *Streamlining the Payment Process While Maintaining Effective Internal Control*, GAO/AIMD-21.3.2. (Washington, D.C.: May 2000).

how to process financial transactions involving travel and transportation. Those functions, originally covered under Title V of GAO's *Policy and Procedures Manual for Guidance of Federal Agencies*, were transferred to the Executive branch on June 30, 1996. However, Title VII does provide general guidance on disbursements, including necessary steps to help ensure disbursement transactions can be verified as to their legality, propriety, and correctness and to spell out the responsibilities of accountable officials.

Section 3726 of title 31, U.S. Code requires each agency that receives a bill from a carrier or freight forwarder for transporting property for the U.S. government to verify the bill's correctness using a prepayment audit⁸ in accordance with the requirements prescribed by GSA.⁹ The official certifying a transportation voucher is responsible for computation of payment amounts and for the legality of payments.¹⁰ The certifying official is also responsible for verifying transportation rates, freight classification, and other information provided on a government bill of lading or transportation request, unless GSA has determined that the prepayment audit of such vouchers will not adequately protect the interest of the government.¹¹ The law makes a special provision that permits advance payment for transportation services, provided certain usual documentation, such as an invoice or bill of lading, is submitted.¹² SDDC indicated that GSA has tentatively approved its prepayment audit procedures,¹³ although at the time of our inquiries GSA had not yet audited any Phase I transactions.

Our understanding is that linehaul¹⁴ charges make up the single largest component of programwide billings. The second largest cost component, and the topic dealt with in this letter, is accessorial, which are services such as packing or special boxing that are performed by a TSP in addition to linehaul charges. Existing Defense Transportation Regulations¹⁵ require the TSP to furnish the original DD Form 619, *Statement of Accessorial Services Performed*, and DD 619-1, *Statement of Accessorial Services*

⁷Public Laws 104-53 (Nov 19, 1995) and 104-316 (Oct 19,1996) transferred GAO's authority over claims settlements and related advance decisions, waivers, and other functions to the Director of the Office of Management and Budget (OMB), who in turn delegated specified functions to various executive agencies. Among those functions delegated to the General Services Administration are settling claims for travel, transportation, and relocation expenses of federal civilian employees and reviewing transportation carrier appeals. See B-275605, March 17, 1997.

⁸According to 41 C.F.R. § 102-118.265 (2004), prepayment audit for transportation consists of comparison of charges on the TSP's bill against charges permitted under the applicable contract, rate tender, or other agreements.

⁹GSA may exempt bills from prepayment audit and verification and, in lieu thereof, require postpayment audit as determined by the public interest, cost effectiveness, or other factors. See 31 U.S.C. § 3726 (a) (2). ¹⁰See 31 U.S.C. § 3528 (a); Title VII, chapter 6, section 6.5, page 7.6-8.

¹¹31 U.S.C. §§ 3528 (a) (5), 3726(a) (2); and see 41 C.F.R. 102-118.160.

¹²31 U.S.C § 3726(h).

¹³In a memo from GSA to SDDC on October 23, 2003, GSA granted tentative approval to SDDC's prepayment audit procedures pending certain action steps critical to the audit process, and an in-depth analysis after Phase I has been more widely implemented.

¹⁴Linehaul charges include transportation of cargo over carrier routes from point of origin to destination, with the exclusion of certain charges such as local pickup or delivery.

¹⁵DOD 4500.9-R, subject: Defense Transportation Regulation, Part IV (Aug. 2003), chapter 405.F.1

Performed (Storage in Transit Delivery and Reweighs /6 to the transportation officer within the Personal Property Shipping Office. The Personal Property Shipping Officer (PPSOY7 uses these forms to validate receipt of accessorial services submitted with the TSP's invoice.

Proposed Process for Phase I of Defense Personal Property Program

The focus under Phase I of the Defense Personal Property Program program is on streamlining payments to the TSPs by using a third-party Web-based payment system called PowerTrack. PowerTrack, which is owned and operated by U.S. Bank, has automated prepayment audit and verification procedures that are to be satisfied prior to payment. U.S. Bank remits electronic payments to TSPs for system-approved transactions and DFAS subsequently reimburses U.S. Bank¹⁵

As described to us, the business process begins when the local DOD PPSO receives a service member's movement order, calling for transport of household goods and personal property.¹⁰ Upon receipt of the order, the PPSO is to procure the services of the TSP, and prepare an electronic Bill of Lading (BOL) that functions as a contract for shipping the household goods. The TSP or its agent is to visit the origin site, conduct a move survey, and obtain preapproval²⁰ by either facsimile, e-mail or telephone conversation for those authorized accessorial line items or special services that require PPSO preapproval.²¹ The PPSO indicates approved or denied status with a record in the SDDC's Central Web Application (CWA). The TSP is to prepare an inventory of what is to be moved and the DD Form 619. The TSP and service member are to sign these documents and copies are to be provided to the service member. Under the proposal, the TSP would retain all original source documents, except for the weight ticket.²²

Within 7 days of picking up the shipment, the TSP is to physically send the original weight ticket to the PPSO, who then is to enter the shipment weight into the CW A²¹ and retain the document.

Once the move is completed and the household goods have reached their destination, the TSP provides the service member a copy of the inventory listing and the DD Form 619-1. Then, the TSP is to prepare and send an electronic invoice to the PPSO that includes a

HThroughout this document, we will refer to the DD Form 619 generically, to encompass both the DD Form 619 and the DD Form 619-1.

"Throughout this document, we will use the term Personal Property Shipping Officer (PPSO) to refer to the transportation officer within the local DOD Personal Property Shipping Office.

IWe did not review the rights and responsibilities that may have been agreed to between DOD and U.S. Bank with respect to these payments.

IIThroughout this document, the term "household goods" will be used generically to refer to household goods and personal property.

2"These services do not need to be entered in the DD Form 619.

"Certain accessorial services require pre approval, while others do not. Pre approval is not required to be documented on the DD Form 619.

"The weight ticket is from a third-party, state-regulated weighing station, and documents the shipment weight.

"Technically, the PPSO enters the amount from the weight ticket into a local database, which then populates CW A.

Notice of Service Completion (NOSCY4 stating that the shipping services were provided. The PPSO is to review invoiced services submitted for payment, in terms of linehaul charges, and for accessorial services, compare those charges against the PPSO recorded preapproved services in CW A. In addition, the PPSO is to select a sample from the invoices submitted daily and request copies of supporting documentation from the TSP for those invoices selected. The PPSO is to review the scanned or faxed copies of supporting documentation, such as the DD Form 619 and inventory listing for the accessorial portion of the invoiced charges before approving them for payment. The PPSO's review is aimed at ensuring the services in CW A were performed and the quantities are correct. Once approved, an automated matching process is to occur within PowerTrack, where the TSP-submitted invoice data are compared to the cost data in CW A. Items that match successfully within established tolerances and threshold levels are to be automatically paid to the TSP by U.S. Bank.

Next, the Certifying Officer (COY5 prints and reviews the PowerTrack Summary Invoice (PSI),²⁶ listing the monthly total of all TSP invoices paid by U.S. Bank. The CO is to check for the presence of the necessary elements²⁷ for all transactions and verify their accuracy primarily from information available in PowerTrack. The CO is to review all transactions over \$2,500, those that meet a DOD-established threshold for price variances, and a random selection of additional PowerTrack transactions. The overall objective of these steps, according to SDDC, is to ensure the invoices contain the necessary substantiation and documentation for lawful and proper payment. Once the CO has verified the accuracy of the PSI, he or she is to sign the PSI to certify it as correct and proper for payment and DFAS reimburses U.S. Bank.

GAO's View of Proposed Documentation Policy

Improvements to streamline the disbursement process related to service member's moves should be made within a framework of adequate controls that reasonably ensure that payment transactions are properly authorized and sufficient records of these transactions are maintained. In theory, proper application of technology makes it possible to perform prepayment examination without assembling physical documentation. However, implementation of such technology does not change the basic objectives of prepayment examinations.²⁸ Title VII identifies three essential steps to ensure that proper payment is authorized: (1) the acquisition of goods and services has been properly authorized as evidenced by an approved purchase order or contract; (2) the goods and services ordered have been delivered and accepted, evidenced by a

"NOSC is a requirement before any consideration of payment on invoice can proceed.

'-The certifying official is appointed by the commander, activity director, or others of equivalent rank in writing and does not need to be part of the transportation office.

"This occurs after the 15th of each month, or when U.S. Bank generates the PSI, whichever occurs later. "Examples of necessary data elements include a complete line of accounting for each line item and, where required, a standard documentation number for each transaction.

"The objectives of prepayment voucher examinations are described in Title VII, section 6.5 entitled, "Prepayment Examination of Vouchers, General Requirements." See also page 6 of *Streamlining the Payment Process While Maintaining Effective Internal Control*, GAO/AIMD-21.3.2. (Washington, D.C.: May 2000).

Defense Personal Property Program

Electronic Bill Payment Phase I Concept of Operations First Electronic Bill Payment Phase I

receiving and inspection report; and (3) a claim has been made against the government as evidenced by receipt of an invoice or bill. Defense Personal Property Program does not fully meet Title VII documentation requirements for federal payments because the documentation that DOD is to use as evidence of receipt of accessorial services does not provide adequate assurances about the propriety of these services as intended in step 2 above. The documentation is not able to provide the necessary assurances on accessorial services because it is prepared by the TSP without independent corroboration upon preparation. Although the service member is to sign the inventory sheets and DD Form 619 upon pickup, when the documentation is prepared, and upon delivery of the household goods, the service member's role in signing this documentation is not designed in such a way as to provide government verification of receipt of approved services. Further, the service member or other designated representative may lack the ability or incentive to verify all accessorial services. In addition, the documentation does not necessarily include all accessorial services applicable to a particular move. Apart from the copies viewed as part of sampling, the only evidence of service delivery that the PPSO would see for all shipments is the TSP's NOSC on the invoice. To create the invoice the TSP is to extract accessorial and other shipment data from original source documents in their custody and input the information into PowerTrack as part of invoice submission. Then the TSP in essence self-certifies that the services ordered have been delivered and accepted, carrying out step 2 above through the NOSC indication in PowerTrack.

The proposal also increases potential risk because the generated documentation supporting certain accessorial services is to be retained by the TSP. Phase I of SDDC's Defense Personal Property Program

increases the level of automation in DOD's personal property program, but does not completely eliminate all paper documentation. Therefore, physical document control remains an important part of the proposed process. One core objective of document control is to preserve and protect the integrity and validity of the information contained in the documents. Because the process is structured so that the original source documents are created by and remain in the custody of the TSP, and the PPSO reviews copies^{2H} of original documents on a sample basis, the assurance to be gained by review of such documents is hindered by the increased risk that they may contain invalid data or be subject to potentially undetected alteration, whether intentional or unintentional.

Preparation and custody of original source documentation by a service provider rather than the agency, though not expressly prohibited, does increase risk to the payment process. Other permissible modifications to the traditional practice that agencies confirm receipt of services prior to payment have been made. For example, agency payment of transportation charges in advance of completion of services is specifically allowed by statute. Federal "Fast Pay" procedures also contemplate payment to vendors for purchases under \$25,000 before the agency processes evidence of its receipt of goods

^{2H}SDDC indicated that the copies would most likely be faxed to the PPSO or scanned by the TSP and sent electronically to the PPSO.

and services, but these procedures call for proper documentation of such receipt.³⁰ Each permissible modification to the traditional payment practice increases the risk of improper payments and the combination of such practices further increases such risk, absent compensating controls.

These factors, when considered collectively in context with the objectives of Title VII documentation requirements, increase the risk of improper transportation payments. Management must determine what changes to the documentation procedures or what additional controls will mitigate these risks so that the documentation requirements of Title VII are fully met. The objective of such controls should be to help ensure that invoiced accessorial services are allowed, necessary, and were indeed rendered. Recognizing that cost-benefit considerations are important to any control procedures, management must make such assessments and determinations based on its experience, through both quantitative and qualitative analysis. Such analysis should be applied to the full range of potential options for possible solutions. In our discussions, SDDC told us of certain planned procedures, such as quality control inspections where DOD quality control inspectors would be present at selected shipments when being picked up or delivered. If based on relevant analysis and potential deterrence for shipments not inspected is factored in, these inspections may be part of the solution. Another possibility would be strengthening the service member's role in representing the government's interest. A fully electronic signature system that complies with GAO guidance³¹ is another option for management consideration from a cost-benefit standpoint.

As with any control procedure, effectiveness is dependent upon many factors, including whether the control activity is directly related to the control objective, how the control is applied, including the frequency with which it is applied and the proficiency of the personnel who apply the control, the reasonableness and relevance of the criteria used, and actions taken when an exception is identified, including follow-up. Therefore, monitoring of these procedures is needed to verify that they properly address the related risks, particularly related to the validity of the underlying transactions.

As discussed earlier, the changes to transportation billing and payment proposed under Defense Personal Property Program

Phase I and the use of PowerTrack do not influence one way or the other the need for effective internal controls. In fact, GAO and Inspectors General audits of another bank sponsored electronic billing and payment system, the government-wide purchase card program, have found many instances of improper and fraudulent payments.³² While new technologies and reengineered business processes may change how accountable officials operate, their basic responsibilities and accountabilities remain unaltered. Consequently, these officials must have valid and documented assurances that the systems and key controls on which they rely for authorizing payments are working as intended and remain intact and effective over time.

³⁰48 C.F.R. § 13.402(f)(2004).

³¹*Streamlining the Payment Process While Maintaining Effective Internal Control*, GAO/AIMD-21.3.2 (Washington, D.C.: May 2000).

³²*Purchase Cards: Increased Management Oversight and Control Could Save Hundreds of Millions of Dollars*, GAO-04-71T (Washington, D.C.: April 28, 2004).

In this regard, the Federal Managers' Financial Integrity Act of 1982^a (FMFIA) requires all executive branch agencies to periodically assess their systems of internal control using the assessment guidance issued by the OMB.³⁴ Title VII also provides that FMFIA reviews be designed, executed, and reported in ways that show that payment processing controls are reliable. As part of DOD's required internal control review under FMFIA, special emphasis could be given to testing controls of the Defense Personal Property Program Phase I process, in order to help ensure effective implementation.

The contents of this report were discussed with Mr. George Thomas, Jr. of your staff. We hope our comments are responsive. If you have any questions, or would like to discuss these matters further, please contact me at (202) 512-6906 or Mary Arnold Mohiyuddin, Assistant Director, at (202) 512-3087. This report will be available at no charge on GAO's Web site at <http://www.gao.gov>.

Sincerely yours,



McCoy Williams
Director, Financial Management
and Assurance

(195035)

^a31 U.S.C. 3512 (c), (d), commonly referred to as FMFIA.

³⁴OMB Circular A-123, *Management's Responsibility for Internal Control*, was revised on December 21, 2004, and this revised version is effective for fiscal year 2006.

Appendix G: Success Criteria for the Phase I Evaluation Period

Success Criteria for the Phase I Evaluation Period

The Phase I Evaluation Period was approved by DFAS to include up to a maximum of 25 sites. By September 2004, the evaluation period included 13 Live PPSO sites and 144 volunteer Transportation Service Providers (TSPs). The limited rollout as agreed would not impact DFAS with the manual PSI process while awaiting the completion of the Automated Back End.

The purpose of the Evaluation Period was to fully test and validate that the process works as intended. All shipment types and codes of service identified in the Phase I scope were not represented among the initial volunteers' sites. Additional sites were volunteered, however, to add shipments such as Code 3 in order to attempt a true representation of Phase I.

During the Evaluation Period, key metrics identified were reported to all stakeholders. The intent of the metrics was to:

- Identify significant issues and risk factors
- Show continued progress/improvement through issue resolution and risk mitigation

Minimum criteria were developed for declaring the Evaluation Period a success. Two consecutive months of the following needed to occur in order to deem the EP a success:

- 95% of TSP invoices paid without incurring Prompt Payment Interest

This criteria was met and even exceeded for all months of the Phase I Evaluation Period, March 2004 to September 2004. Of the 602 invoices paid during the evaluation period, none of them incurred interest. As such, 100% of the TSP invoices paid for a total of \$2.8 million were paid without incurring interest (based on Defense Personal Property Program Metrics update as of September 2004).

- 95% of PSI's paid by DFAS within 15 days

This criteria has not been explicitly met. However, upon further review it was determined that actions of the Defense Personal Property Program cannot directly control this outcome. Business rules state that PSIs are taken first action on by the PPSO within 3 business days of availability and then being sent to DFAS within the first 5 days. The majority of the PSIs are being paid within 15 days as outlined in the CONOPS. Meanwhile, DFAS as well as the Navy have faced some internal issues and requirements that have prevented the timely payment to US Bank.

A more accurate reflection of PSI payments can be seen through the percentage of interest payments to US Bank. The total interest as of June 2005 (\$9,686.79) in relation to total dollars paid to US Bank by DFAS is 0.034% (based on DFAS Spotlight Reports of June 2005).

A key to measuring success is to identify As-Is metrics as a baseline for comparing the To-Be process. The current program allows TSPs to bill their invoices via EDI to DFAS-IN and TSPs on average receive payment in 6 days. This process is not considered compliant with the GSA pre-payment audit requirements, as there is limited prepayment review of the invoice prior to payment. Paper invoices are paid on an average within 38 days.

The progression beyond the Evaluation Period therefore was primarily dependent upon accomplishing the following:

1. Meet or surpass Evaluation Period Success Criteria
2. Develop and test Automated Backend to include the TGET functionality in CWA

**Appendix H: Memorandum of Agreement Between Military Services and the
US Coast Guard**

Families First Program

Memorandum of Agreement

between

Military Services and the U. S. Coast Guard

December 31, 2004

1/10/2005

I. BACKGROUND AND OBJECTIVE

The U.S. Coast Guard (CG) and the Military Services hereby enter into a reciprocal agreement for each agency to provide Personal Property Shipping Office (PPSO) functions for the other agency in the payment of Transportation Service Providers (TSPs) invoices in PowerTrack under the Families First Program Phase I. In addition, this agreement also covers the CG Certifying Officer's (CO) responsibility for certifying PowerTrack Summary Invoices (PSI) for non-CG shipments at the CG installations.

The PPSO/CO functions covered in the agreement will be provided at no cost to either agency.

The Families First program went live on March 29, 2004 and as of this writing SDDC continues to "phase in" transactions by adding PPSOs and TSPs to the program. This agreement replaces the MOU that was signed by all participants, dated February 11, 2004.

II. AUTHORITY

37 USC 404 authorizes the transportation of household goods for service members.

37 USC 411 states, "the Secretaries concerned shall prescribe regulations that are, as far as practicable, uniform for all of the uniformed services."

14 USC 141 allows the Coast Guard to "utilize its personnel and facilities to assist any Federal agency" and to "avail itself of such facilities of any Federal Agency."

31 USC 1535 (the Economy Act) permits agencies to order goods or services from another agency on a reimbursable basis.

STATEMENT OF WORK

As basis for the Statement of Work, please refer to the Families First Electronic Bill & Payment Phase I Concept of Operations. Version 8 of the Concept of Operations was released on May 6, 2004.

Section 4.0 in the CONOPS outlines the processes for Families First Electronic Bill Payment Phase I, while Section 5.0 details the key business rules associated with the processes. The specific business rules associated with this Memorandum of Agreement are detailed under Services Approval (Step 5.0 in the Process Flow) under g. and PSI Certification (Step 11.0 in the Process Flow) under i. and j.

TRAINING

While SDDC does provide training and support, it is up to the respective sites to determine who should specifically receive training or, for example, notify SDDC that more training is necessary as the result of staff turnover.

1/10/2005

V. POINTS OF CONTACT

Air Force

Name: Sharon L. Goodson
E-mail address: Sharon.Goodson@pentagon.af.mil
Address: HQ,USAF/ILGD, 1030 AF Pentagon
Washington, DC 20330-1030
Phone number: (703) 697-1078
Fax Number: (703) 695-6799

Army

Name: Gene A. Thomas
E-mail address: Gene.Thomas@hqda.army.mil
Address: DALO-FPT (Pentagon 1D343)
Phone number: (703) 614-1029
Fax Number: (703) 614-6013

Coast Guard

Name: Kelvin Hunter
E-mail address: KHunter@comdt.uscg.mil
Address: Commandant (G-WPM-2)
U.S. Coast Guard
2100 Second St. SW Rm 5500
Washington DC 20593
Phone number: (202) 267-2209
Fax number: (202) 267-4823

Marine Corps

Name: Willie County
E-mail address: countyw@hqmc.usmc.mil
Address: Commandant of the Marine Corps
Code LPC-4
2-Navy Annex
Washington DC 20380-1775
Phone number: (703) 695-7762/5
Fax Number: (703) 695-8160

Navy

Name: Susan S. Ducombs
E-mail address: susan_s_ducombs@navsup.navy.mil
Address: 5450 Carlisle Pike
P.O. Box 2050
Mechanicsburg, PA 17055-0791
Phone number: (717) 605-5862
Fax Number: (717) 605-5854

1/10/2005

PERIOD OF PERFORMANCE

This Memorandum of Agreement is effective upon signature and shall remain in effect until terminated by any party, per Section VII below.

MODIFICATIONS

This agreement is subject to modification based upon general policies of the Services, SDDC and the Coast Guard. Any change in the parties' obligations under this agreement will be formalized by an appropriate written amendment to this agreement, which will specify the exact nature of the change and will be signed by each party.

VIII. EXPIRATION & TERMINATION

Either party may terminate this Agreement by providing 60 days written notice to the other.

1/10/2005

VIII. SIGNATURES

US COAST GUARD:



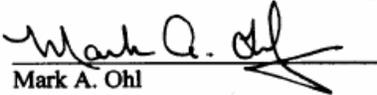
K. D. Forslund
Captain, U. S. Coast Guard
Chief, Office of Military Personnel

AIR FORCE:

James T. McAllister, GS-15, DAFC
Chief, Distribution & Traffic Management Division
Director of Logistics Readiness
DCS/Installations & Logistics

As of 05 May 2005, there is no Air Force signature, due to their current non-participation in Phase I.

NAVY:



Mark A. Ohl
Captain (Sel), SC, USN
Deputy Commander
Navy Family Support

ARMY:



Jolie Lay
Chief, Transportation & Distribution Division
ODCS, G-4, HQDA

MARINE CORPS:



Robert S. Thien, GS-15,
Head, Logistics Distribution Branch
Installations and Logistics
Headquarters, U.S. Marine Corps

1/10/2005

**Appendix I: Prompt Payment Procedures
(October 5, 2005)**

1.0 Introduction

The purpose of the following document is to detail how Prompt Pay Act (PPA) interest due to the Transportation Service Providers (TSPs) are calculated and posted in both the interim (Phase I of Defense Personal Property Program) as well as in the long-term (Phase II and beyond),

Procedures for calculating the number of days a Service Provider's (in this case a Transportation Service Provider (TSP)) invoice has been outstanding and the eventual associated Prompt Payment Interest (PPI) due is detailed in 5 CFR Part 1315. This can also be accessed at www.fms.treas.gov/prompt. Below are referenced the guidelines of premier importance for outlining the process for defining whether interest should be due and how the PPI should be calculated.

DFAS has reviewed the Phase I process to determine how the PPA applies. In its legal opinion, DFAS has stated that there will be no pause or hold of the clock, i.e. at any point the clock stops, it will restart at zero. In addition, DFAS' legal opinion indicated that the Phase I process as originally depicted in the Defense Personal Property Program Phase I CONOPS (version 8 and earlier) penalizes the TSP for having to make changes in 2 systems. If the TSP has to make updates in CWA when an item is "In Dispute", the TSP must make the same changes in PowerTrack to resolve Audit Exceptions. DFAS has stated that the subsequent number of days in Audit Exception will not stop the PPA clock.

Despite DFAS' legal opinion, and the potential for Prompt Pay Interest charges given the circumstances outlined in the previous paragraph, the Services have determined (on a conference call 3/31/2005) that the dispute functionality should remain in CWA. As such, the PPSO will still be able to approve, deny or dispute line items on an invoice in CWA.

2.0 Main Guidelines for Application and Calculation of Prompt Payment Interest (ref. OMB Circular 5 CFR Part 1315 and DFAS's guidance on the current process)

1. The Prompt Payment Act (PPA) clock will begin when PowerTrack receives an invoice in PowerTrack (Invoice Create Date), either in the form of an EDI 859, or when created using the PowerTrack User Interface.
2. All days referenced are calendar days.
3. Proper invoices will be paid within 30 days from date stamp in PowerTrack to avoid PPA interest.
4. Interest is paid based on the number of days exceeding 30.
5. If an invoice is deemed to be improper, the TSP will be notified by EDI 997 or by the TSP status report from PowerTrack within 7 days of submission. Status codes will be used to explain why a TSP invoice is improper.
6. Notification of an improper invoice stops the PPA clock. The PPA clock is re-started at 0 upon receipt of the corrected invoice. Payment will be made within 30 days from the receipt of the corrected invoice to avoid interest payment.
7. If notification of an improper invoice exceeds 7 days, subtract the number of days in excess of 7 from 30 to determine the time allowed for payment of the corrected invoice.
8. Interest is calculated on the paid invoice amount.
9. Interest calculations are based on a 360-day year.

10. Interest days are calculated from day 31 until the “Payment Settled” date in PowerTrack.
Note: DFAS has pointed out that (per 5 CFR 1315) the payment date for an EFT payment should be the day the payment is credited to the vendor’s financial institution. However, in PowerTrack the EFT date is the date the Bank generates the EFT and the invoice is marked as Payment Settled. This may not be the date upon which the TSPs financial institution is credited. This is based solely upon the Automated Clearing House (ACH) rules.
11. Payments falling due on a weekend or government holiday may be made on the following business day without incurring late payment interest penalties.
12. The interest rate is obtained from the Treasury Department (1-800-266-9667). Late payment interest is calculated at the interest rate in effect on the day after the payment due date.
13. An additional penalty payment is owed to a TSP if the late payment interest is not included in the original payment, is not paid within 10 days of the actual payment date of the invoice and the TSP makes a written request within 40 days of the original payment (additional caveats are referenced in the CFR1315, Section 1315.11. Any additional penalty owed shall be equal to 100 percent of the original late payment interest but cannot be less than \$25.00 nor exceed \$5,000.

3.0 Requirements for a Proper Invoice

While most items pertaining to TSP’s proper invoicing as outlined in the circular are self-explanatory, the items pertaining to Defense Personal Property Program Phase I has been outlined below (based on DFAS’ meeting Notes from October 1, 2003). Areas of specific attention are discussed in detail.

Table 1

| Circular Requirement | Description | Source |
|---------------------------------|---|--|
| Name of Vendor | Name or SCAC | Vendor Invoice |
| Vendor Address | USPS Mailing address | Not required on vendor invoice; already on file at PowerTrack |
| Invoice Date | Date of Vendor’s Invoice | Vendor Invoice |
| Gov’t Contract No. | Bill of Lading Number | Vendor Invoice |
| Description Line | item/sub-line item/price/weight/quantity/s ervices rendered by vendor | Vendor Invoice |
| Shipping and Payment Terms | Conditions outlined in either contract or BoL unless otherwise noted. | Not required for Phase I invoices to PowerTrack |
| TIN (Tax identification number) | Vendor IRS identification | Not required on vendor invoice; already on file at PowerTrack |
| Banking Information | Vendor’s financial instructions for payment | Not required on vendor invoice; already on file at PowerTrack. |
| Contact name | Vendor contact information | Not required on vendor invoice; already on file at |

Defense Personal Property Program

Electronic Bill Payment Phase I Concept of Operations

| | | PowerTrack |
|------------------------------------|--|--|
| Other substantiating Documentation | Documentation required to support invoice details, as required | Hard-copy DD form 619 must be maintained by TSP and furnished to PPSO on demand. |
| Receiving reports information | Certification of service completion | Required on vendor invoice; also known as “notice of service completion”. Provided in the EDI 859. |

4.0 Overall Business Rules for Notification of an Improper Invoice (as outlined in Defense Personal Property Program Phase 1 CONOPS)

The current business rules for Phase I state:

- All line items on the individual invoice must be approved, denied or disputed in CWA.
- The PPSO must take action within 3 Government Business Days (GBDs) on invoices awaiting PPSO action in CWA.
- This 3 GBD timeframe falls within the required 7 calendar day period for notification to the TSP of an improper invoice.
- If this notification exceeds 7 calendar days, the number of days between the notification day and the 7 calendar days in question will be subtracted from the 30 calendar days allowed for payment of the invoice. For example, if an agency receives an invoice on November 1 but does not return it as improper to the TSP until November 13 – 5 days after required – and the agency receives a corrected invoice on November 20, the payment due date is December 15, or 5 days earlier, if the payment was due 30 days after receipt of a proper invoice.
- Agencies are required to identify all defects that prevent payment.
- The PPSO will daily receive e-mails requesting an action to outstanding invoices in CWA. Also, an Aging Report has been established in CWA to identify transactions to which action is overdue. Likewise, a TSP status report also exists for transactions in PowerTrack. This report - sent daily via email - outlines the status of each invoice, (including cancelled invoices) and depicts each line item’s quantities and cost as approved in CWA.

5.0 As-Is Improper Invoice Notification and PPI Clock Usage under Phase I

The following process flow depicts the points in the process where notification of an improper invoice may occur and where the PPA clock will start and stop.

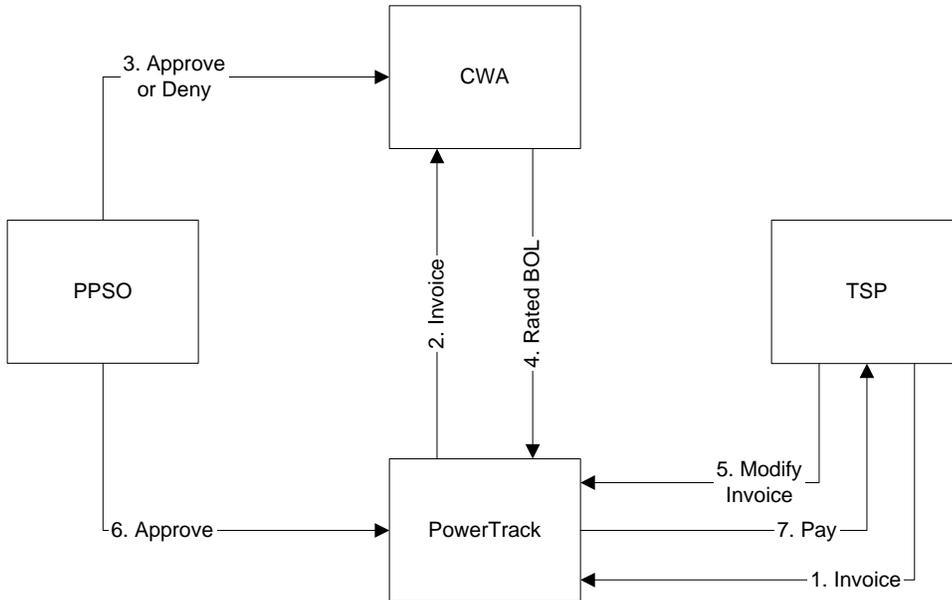


Figure 1: Recommended Process Flow for Phase I.

1. **Invoice Submission.** TSP submits an EDI 859 Invoice to PowerTrack or creates invoice via the PowerTrack User Interface. PowerTrack performs edit checks and will acknowledge receipt of EDI 859 via EDI 997 (includes notification of error as well). If the invoice is rejected, the clock stops.
2. **Invoice Relay from PowerTrack to CWA:** PowerTrack posts the TSP invoice and sends a copy via EDI 859 to CWA. CWA performs edit checks to include validating correct SCAC/BOL combination and acknowledges receipt via EDI 997 and/or rejects via EDI 824. Rejected invoices will be cancelled in PowerTrack. The clock stops. The PowerTrack create date will be the start of the clock if there are no CWA rejected invoices.
3. **PPSO Invoice Approval/Denial/In Dispute:** PPSO will receive email of pending invoices from CWA and approves, denies or disputes the line items within 3 Business Days (notification of invalid invoice is required in 7 calendar days). The TSPs are required to input the shipment weight information in CWA prior to invoicing. For approved line-items, CWA will then rate those on the invoice. Denied line items will be rated as zero quantity and cost. For approved and denied line-items, the clock does not stop in CWA. With regards to disputed line-items, the PPI clock will stop and restart at zero when the dispute has been resolved.
4. **Rated BoL submission:** CWA sends EDI 858 of rated BoL/invoice to PowerTrack which then matches the TSP invoice
5. **Invoice Modification:** If the TSP invoice in PowerTrack does not match price or quantity to the CWA rated BOL/invoice, the invoice will be in a status of Audit Exception in PowerTrack. TSPs receive the TSP Status Report via email daily notifying the status of all the invoices in PowerTrack including those cancelled via EDI 824 from CWA. If there are

denied line items, TSP accepts the partial payment (of the approved line items). The TSP will resolve the denied line items with the PPSO and resend a supplemental invoice for those denied items they are entitled to. Clock will restart at zero with the new invoice.

The PPSO and the TSP will resolve any disputed line items in CWA. Upon resolution, the PPSO will approve the line-item, which in turn will be submitted to PowerTrack. **The line items will only be submitted to PowerTrack as part of the entire invoice, when ALL line items have been updated to the approved or denied status.** At that point, the clock will re-start at 0. The transaction may wind up in Audit Exception in PowerTrack. The TSP will modify their invoice to match the output from CWA. The clock will not stop while the invoice is in Audit Exception and will only stop when the TSP updates their invoice.

If the TSP believes that the items were denied incorrectly by the PPSO/CWA rating engine and the original invoice amount and quantities were correct, the TSP must contact the SDDC help desk, initiating the request for PPA interest. These instances will be handled on a case-by-case basis and will not be automated.

6. **Invoice Approval:** If the TSPs invoice amount is above the maximum dollar threshold established by the military services, the transaction will be in “Approval Required” status and the PPSO has to provide approval in PowerTrack before the TSP is paid. Clock does not stop while transactions are in this status.
7. **Invoice Payment:** If the CWA rated BoL/invoice matches on price and quantity with the TSPs invoice the transaction will be automatically paid. The applicable clock start will be from the “Create Date” in PowerTrack until the Payment Settled date.

Note: As part of the invoice verification process, the Origin PPSO has the privilege to request hard-copy documentation from the TSP (to include the DD Forms 619 and 619-1) for any invoice. In addition, the PPSO is required – ref. the sampling methodology as detailed in the CONOPS for Defense Personal Property Program Phase I (version 8 and 9) – to review the hard-copy documentation for a set number of transactions selected at random. Under any circumstance, the PPSOs request for hard-copy documentation will result in the PPI clock being stopped and restarted at 0 once documentation has been received by the TSP.

6.0 Application of Prompt Pay Interest – Scenarios

To further detail the application of Prompt Pay Interest – given the steps outlined in section 5 - the following examples have been developed:

| <i>Scenario</i> | <i>PPI Application</i> |
|---|--|
| <p>Scenario 1: TSPs invoice EDI 859 submitted to PowerTrack by the TSP has improper format (caused by syntax errors). TSP will receive an EDI 997 (acknowledgement of receipt will state invalid</p> | <p>➔ <i>Invoice is considered improper and will not be captured in PowerTrack</i></p> <p>➔ <i>PPI clock stops.</i></p> |

| | |
|---|--|
| <p>invoice), generated by PowerTrack. (No EDI 997 for User Interface-created invoice will be provided – it is either passes or fails in the User Interface itself).</p> | |
| <p><u>Scenario 2:</u> TSPs EDI 859 or User Interface invoice submitted to PowerTrack by the TSP has the proper format and is sent to CWA, but incurs errors beyond syntax, e.g. Vendor Name/SCAC, (e.g. The BoL number and SCAC combination are incorrect). An EDI 824 error report is generated by CWA and made available to the TSPs in PowerTrack. PowerTrack will push a Status Report to the TSPs by e-mail.</p> | <ul style="list-style-type: none"> ➔ <i>Invoice is considered improper and will be cancelled in PowerTrack</i> ➔ <i>PPI clock will stop and re-start at 0 upon resubmission of invoice</i> |
| <p><u>Scenario 3:</u> The TSP submits an invoice in PowerTrack and on day 7, the PPSO approves the invoice items in CWA. CWA relays the rated invoice to PowerTrack. Invoice goes into “Approval Required” in PowerTrack as it is above the threshold established by the Services. PPSO takes 25 days to approve.</p> | <ul style="list-style-type: none"> ➔ <i>Clock begins on PowerTrack invoice creation date</i> ➔ <i>TSP gets paid on day 32 from invoice creation</i> ➔ <i>2 days Prompt Payment Interest owed</i> |
| <p><u>Scenario 4:</u> The TSP submits an invoice in PowerTrack and after 10 days from invoice submission the PPSO approves 8 line items and denies 2 line items in CWA. Invoice is rated for the approved line items and sent to PowerTrack, where the invoice goes into Audit Exception on day 11 from invoice submission. TSP updates the invoice in CWA (zeros out the 2 denied line items) and in PowerTrack on day 12. The rated Bill of Lading and the TSPs’ invoice matches and is paid by PowerTrack. The TSP re-bills for the denied line items on day 12 from original invoice submission and the PPSO takes 28 days to approve line items in CWA. Invoice is automatically approved in PowerTrack on day 40 from the original invoice submission.</p> | <ul style="list-style-type: none"> ➔ <i>TSP gets paid partial amount on day 12 from original invoice submission</i> ➔ <i>PPI clock will start at 3 days (10 – 7 days)</i> ➔ <i>TSP gets paid in full on day 40 for 2nd invoice.</i> ➔ <i>No prompt payment interest on the original invoice. For the supplemental invoice, 1 day of PPI is due (28 days + 3 days – 30 days = 1 day)</i> |

| | |
|--|---|
| <p><u>Scenario 5:</u> Same scenario as under scenario number 4, but includes one additional step: Upon further investigation, it is concluded that the PPSO denied the line items incorrectly. TSP initiates request for PPA on originally denied line items that were incorrectly denied.</p> | <p>→ <i>PPI will be settled on a case-by-case basis.</i></p> |
| <p><u>Scenario 6:</u> The TSP submits an invoice in PowerTrack. The PPSO takes 3 days to dispute one line item on the invoice and approve others in CWA. The approved line items are rated and TSP zeros out the amount for the line item in dispute. PPSO approves the invoice immediately and it is send to PowerTrack. In PowerTrack the transaction winds up in Audit Exception since the rated invoice from CWA does not match the original invoice filed in PowerTrack. The TSP updates the invoice in PowerTrack and is paid immediately on day 3 from invoice submission. The disputed line item is resolved 35 days after invoice submission. The transaction is sent back to PowerTrack and is in Audit Exception. The TSP updates the invoice for the one line item on day 43.</p> | <p>→ <i>PPI clock for the original invoice stands at 3 days</i> → <i>PPI clock restarts at 0 on day 35 when the invoice for the originally disputed line-item is submitted to PowerTrack</i> → <i>TSP gets paid partially on day 3 and in full on day 43.</i> → <i>No Prompt Pay Interest due (43 days – 35 days = 8 days of PPI clock).</i></p> |
| <p><u>Scenario7:</u> The TSP submits an invoice in PowerTrack. The PPSO takes 3 days to dispute one line item on the invoice and approve the remainder in CWA. The TSP updates the invoice in CWA to reflect the government rated amount for the disputed line-item on day 35 from invoice submission. The PPSO approves the updated line-item and CWA relays the feed to PowerTrack. The transaction is sent back to PowerTrack and is in Audit Exception since the TSP did not update the invoice in PowerTrack. The TSP updates the invoice for the one line item in PowerTrack on day 80 and is paid immediately.</p> | <p>→ <i>PPI clock restarts at 0 on day 35 when the invoice is updated in CWA.</i> → <i>TSP gets paid on day 80.</i> → <i>15 days of Prompt Pay Interest due. (80 – 35 – 30 days = 15 days)</i></p> |

| | |
|--|--|
| <p><u>Scenario 8:</u> The TSP submits an invoice in PowerTrack. The PPSO takes 37 days to dispute one line item and approve the remaining in CWA. The TSP updates the one line item to reflect the government-rated line immediately in CWA. The PPSO approves the line-item immediately and the transaction is sent to PowerTrack. It winds up in Audit Exception since the TSP did not update the invoice in PowerTrack. The TSP updates the Invoice on Day 40 in PowerTrack and the invoice subsequently goes into “Approval Required” since it is above the services-established threshold. PPSO takes 3 days to approve the invoice in PowerTrack</p> | <p>→ <i>PPI clock starts at 30 days (37-7 days) when invoice is submitted to PowerTrack.</i> → <i>TSP gets paid on day 43</i> → <i>6 days of Prompt Pay Interest due (43 – 30 – 7 days = 6 days)</i></p> |
| <p><u>Scenario 9:</u> The TSP submits an invoice in PowerTrack. The PPSO approves all line items in CWA on day 8. Invoice is above the threshold and has a status of “Approval Required” in PowerTrack. PPSO approves the invoice in PowerTrack on day 34.</p> | <p>→ <i>TSP gets paid on day 34 from invoice submission</i> → <i>4 days of Prompt Pay Interest due (34 – 30 days = 4 days)</i></p> |

7.0 The Interim Process for Calculation and Posting of Prompt Pay Interest

- a. U.S. Bank generates a report for paid invoices that includes those outstanding more than 30 days using the status in PowerTrack - “Invoice Creation Date” to “Payment Settled” - as parameters. This report will be made available on demand through PowerTrack’s UI, and will include applicable invoices and lines of accounting (LOA) used for the invoices in question.
- b. SDDC will run this report 3 times per week
- c. SDDC will then analyze the invoices in question to determine if the transactions are subject to PPI. SDDC will determine if PPI is applicable taking into account the required 7 days for notification, as well as the PPI clock reset in the event a transaction has been “in dispute”.
- d. If it is determined PPI is owed, the PPI worksheet will then calculate the amount of PPI owed to the TSP. The basis of the PPI will be the entire invoice-amount
- e. SDDC creates an e-Bill in PowerTrack due to the TSP referencing the TSP invoice number and BoL Number. A specific item code for PPI will be used on the e-bill. The e-bill transactions will become another paid item on the PowerTrack Summary Invoice for a PPSO. The e-bill will contain the line of accounting for prompt payment interest as provided by the origin PPSO’s Military Service.
- f. The origin PPSO will approve the e-Bill as created by SDDC.
- g. DFAS, upon receipt of the PSI, will apply the appropriate interest to the specific Service associated with that Line of Accounting as mentioned above.
- h. The government will reimburse U.S. Bank for all interest payments made to the TSP.

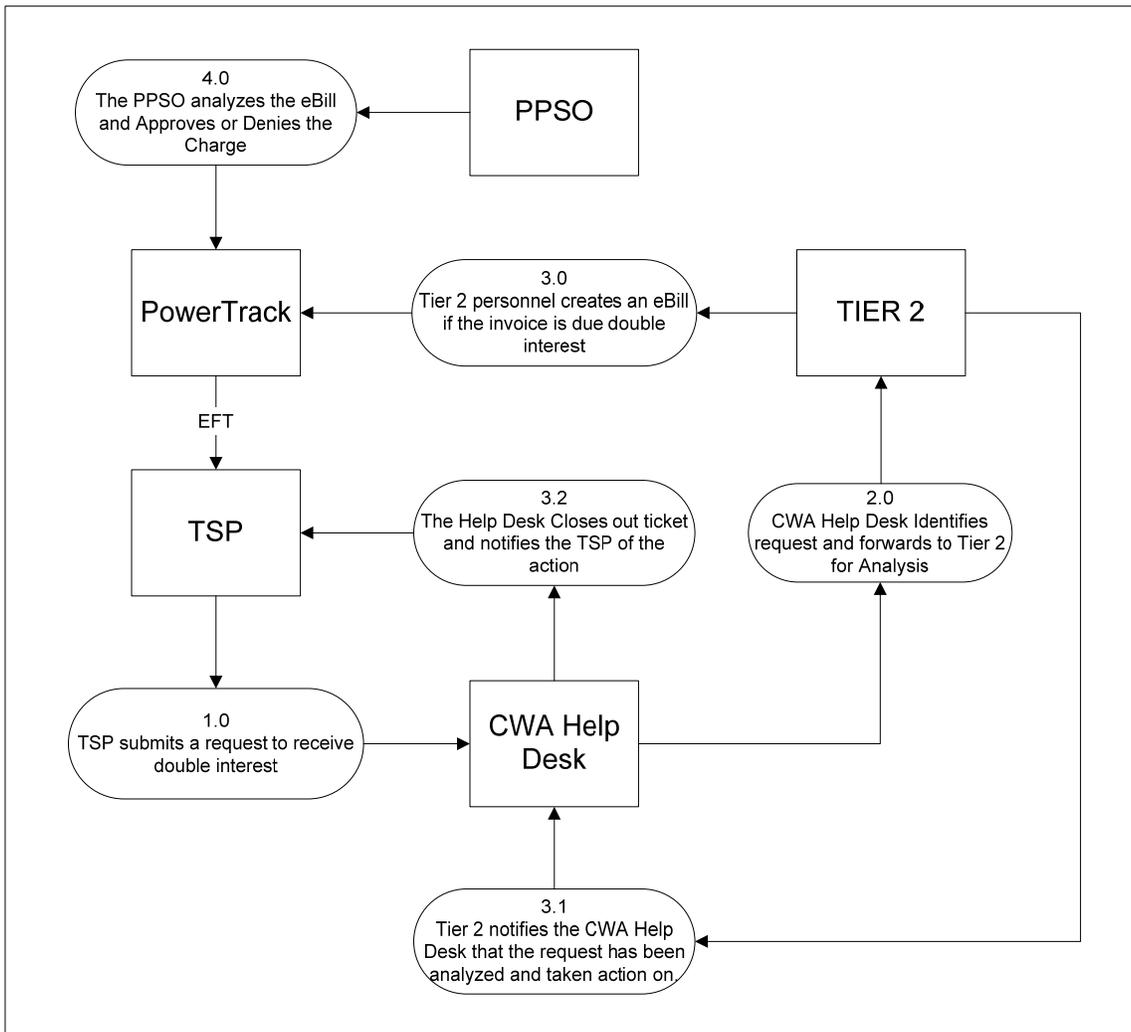
7.1 The Long-Term Process for Calculation and Posting of Prompt Pay Interest

- a. As indicated under the proposed interim solution, PowerTrack will use status “Invoice Creation Date” to “Payment Settled Date” as parameters.
- b. With the EDI 858, CWA will submit the number of days beyond the first 7 days that the PPSO took to determine an improper invoice. In the event, an invoice was disputed, the clock will not (re)start at 0 until the item has been approved
- c. US Bank creates an e-Bill to the TSP automatically upon Payment Settled of an invoice where PPI is due referencing the TSP invoice number and BoL number. US Bank will attain the current interest rate from the Treasury Department and apply it to the calculation of the PPI. In addition, the PPI e-bill will contain a specific item code for PPI. The e-bill transactions will become another paid item on the PowerTrack Summary Invoice for a PPSO. The e-bill will contain the line of accounting for prompt payment interest as provided by the origin PPSO’s Military Service.
- d. The origin PPSO will approve the e-Bill as created by PowerTrack.
- e. DFAS, upon receipt of the PSI, will apply the appropriate interest to the specific Service Line of accounting associated with that Line of Accounting used on the invoice.
- f. The government will reimburse U.S. Bank for all interest payments made to the TSP.

Appendix J: Penalty Interest Request Procedures

Business Rules and Procedures for Submitting Penalty Prompt Pay Interest Request

The figure below represents a high level process for paying penalty interest for interest payments that have not been made within 10 days of the invoice payment date. The diagram depicts the participating organizations as rectangles, processes as ovals, and the lines between them as data and information flows. The steps of the contingency process are described following the diagram.



Double Interest Payments Process Flow

- 1.0 Transportation Service Provider (TSP) creates a request to receive penalty interest on invoices that are accumulated interest but has not received an interest payment after 10 days. This request must be made within 40 days of the payment date or the request will not be valid. Request should be submitted with the proper information.
- 2.0 The CWA Help Desk then identifies the request and forwards it to Tier 2 level employees for analysis. The Tier 2 employee will first analyze and determine if the transaction is owed interest initially and whether or not the transaction is due penalty interest.

- 3.0 If the transaction is owed penalty payment of interest the Tier 2 employee then creates an eBill. The eBill will be created in PowerTrack for double the amount of interest or a minimum of \$25 and a maximum of \$5000. Additionally, if the original interest payment has been paid, the amount paid would be the double of the original interest or a minimum of \$25 and a maximum of \$5000 – original interest. i.e. if the double interest payment is \$100 and the original interest in the amount of \$50 has already been paid, $100 - 50 = 50$ is owed to the TSP due to the penalty interest. If the transaction is not owed double payment of interest, the tier 2 employee would not create an eBill and identify why the interest will not be paid.
- 3.1 The Tier 2 employee will then notify the CWA Help Desk if the eBill has been created or if they double interest request has been denied.
- 3.2 If the penalty interest was granted, the help desk will notify the TSP that an eBill has been generated and waiting approval by the PPSO. If the penalty interest request is denied, the CWA Help Desk will close out the service request with a note stating why the double interest request was denied and forward the closed service request to the TSP.
- 4.0 Once, the eBill has been created, the eBill will enter the “Approval Required” status in PowerTrack. During the routine checks for transaction in “Approval Required” Status, the PPSO will identify the eBill and approve or deny the transaction based on analysis. If approved, the eBill will enter “Payment Settled” status and will be paid by PowerTrack via Electronic Funds Transfer (EFT). If denied, the eBill will not get paid by PowerTrack and a record of the eBill will be held in PowerTrack with a note describing why the item has been denied.

Appendix K: Diversions Business Rules and Procedures

Diversions Business Rules

1.0 Introduction

The purpose of the following document is to detail how Personal Property Shipping Offices (PPSOs) should handle diversions. In this document, the term “diverted” or “diversion” will mean a change to a new destination point more than 30 miles from the original destination point in transit but does not include Storage in Transit (SIT) at destination and One Time Only (OTO) shipments for both international and domestic shipments. The following guidelines and procedures were derived from both the Domestic and International Rates Solicitations (D-9 and I-15). Proper billing procedures are also located in the solicitation.

Please note that on shipments diverted to a warehouse for SIT at a point other than original destination, the warehouse shall be considered the destination point, and transportation charges to the warehouse shall be assessed according to the rate solicitation. If instructions are received to change the destination of a shipment that is in SIT at destination, transportation guidelines under the provisions of Pickup/Delivery Transportation will apply.

2.0 Main Guidelines for the proper execution of Diversions for Domestic Shipments:

The following section highlights the proper execution of Diversions for Domestic Shipments. Billing instruction for all purposes should be referenced from the rate solicitation.

The following outlines the procedures for those shipments involving domestic diversions:

1. Orders Issuance Activity issues new orders or amendments to current orders for the Service Member while member’s shipment is in transit.
2. Service Member immediately contacts and provides a copy of the new Orders issued to a Personal Property Shipping Office (PPSO) If this information is disclosed to any PPSO other than origin, it is the notified PPSO’s responsibility to inform the origin PPSO of the diversion within 24 hours.
3. Within 24 hours of the Origin PPSO’s notification, the transportation officer will take the following actions:
 - a. Inquiry to the carrier to find where the shipment is physically located and advise them to hold shipment at that point.
 - i. Document highlights authenticity of diversity and proper information needed to be disclosed the appropriate parties.
 - ii. The TSP will provide diligent effort to locate the shipment en route and effect the change desired.
 1. The TSP will not be held responsible for failure to effect the change ordered, unless such failure is due to error or negligence of the TSP or its employees
 - iii. Determine the location of the shipment en route to determine the applicable Diversion Point

1. The diversion point will be the closest county/city combination of the closest GBLOCs' Area of Responsibility.
- b. Create a Diversion Certificate and contact the transportation service provider (TSP) of the diversion
 - i. PPSO must submit an order for diversion and provide the diversion certificate to the TSP
 - ii. The TSP will affix the diversion certificate and other required documents to support billing charges.
 - iii. Rate applicable for the channel from Origin PPSO to Diversion Point and from Diversion Point to New Destination PPSO.
 1. If the TSP does not have a rate on file from Origin PPSO to Diversion Point or from Diversion Point to New Destination PPSO, then the TSP will assume the rate that is the lowest available for that channel.
- c. Contact original Destination PPSO of the service member's diversion.
 - i. Provide documentation that the diversion did indeed occur.
- d. Contact new Destination PPSO of the service member's diversion and forward the Diversion Certificate

3.0 Main Guidelines for the proper execution of Diversions for International Shipments:

The following section highlights the proper guidelines for the execution of Diversions for International Shipments. Billing instruction for all purposes should be referenced from the rate solicitation.

The following outlines the procedures for those shipments involving international diversions:

1. Orders Issuance Activity issues new orders or amendments to current orders to the Service Member while member's shipment is in transit.
2. Service Member immediately contacts and provides a copy of the Orders and to a PPSO of the change in assignment. If this information is disclosed to any PPSO other than origin, it is the notified PPSO's responsibility to inform the Origin of the diversion within 24 hours.
3. Within 24 hours of the Origin PPSO's notification, the transportation officer must do the following:
 - a. Create the Diversion Certificate
 - a. Document highlights authenticity of diversity and proper information needed to be disclosed the appropriate parties.
 - b. Contact the TSP of the diversion
 - i. PPSO must submit an order for diversion and the diversion certificate to the TSP
 1. TSP will affix the diversion certificate and other required documents to support billing charges.

- ii. The TSP will provide diligent effort to locate the shipment and effect the change desired.
 - 1. The TSP will not be held responsible for failure to effect the change ordered, unless such failure is due to error or negligence of the TSP or its employees
- iii. Determine the location of the shipment en route to determine the applicable Diversion Point
 - 1. A diversion will be made only at an ocean or aerial port of embarkation (POE), ocean or aerial port of debarkation (POD), or at a destination point.
- iv. Rate applicable for the channel from Origin PPSO to Diversion Point and from Diversion Point to New Destination PPSO.
 - 1. If the TSP does not have a rate on file from Origin PPSO to Diversion Point or from Diversion Point to New Destination PPSO, then the TSP will assume the rate that is the lowest available for that channel.
- c. Contact original Destination PPSO of the service member's diversion.
- d. Contact new Destination PPSO of the service member's diversion and forward the Diversion Certificate

4.0 Application of Diversions, Scenarios:

The following section highlights different scenarios that may occur when handling diversion shipments. These scenarios were derived from the rate solicitation and are as follows.

- A. International Shipments with CONUS Origin
 - a. Shipment diverted at CONUS ocean or aerial POE
 - i. Diverted to a CONUS destination point.
 - 1. There will be no diversions to a CONUS destination point.
 - 2. Shipment will be terminated at the POE and the international nature of the movement will cease.
 - 3. Movement to the CONUS destination point will be affected under domestic procedures.
 - ii. Diverted to a different overseas rate area using the same (original) POE where diversion is effected. Use of the Transportation Service Provider's SFR from origin to new overseas rate area.
 - iii. Diverted to a different overseas rate area using a different (new) POE
 - 1. Use applicable line haul rate table from the origin to the original POE where diversion is effected.
 - 2. Use the Transportation Service Provider's SFR from the original POE where diversion is effected to the new overseas rate area.
 - b. Shipment diverted at overseas ocean or aerial port of debarkation (POD)
 - i. Diverted to a CONUS destination point
 - 1. There will be no diversion to a CONUS destination point.
 - 2. The shipment will be terminated at the POD and reshipped to CONUS.

- ii. Diverted to an overseas destination point in the same overseas rate area as the original destination point. Use the Transportation Service Provider's SFR from origin to destination rate area (no change in SFR).
- iii. Diverted to an overseas destination point in another rate area.
 - 1. There will be no diversion
 - 2. Shipment will be terminated and PPSO will contact SDDC, SDPP-PO for further instructions.
- iv. Diverted to an overseas destination point in another overseas rate area which uses a different POD but no further over water transportation is required.
- c. Diverted to an overseas destination point in another rate area.
 - i. There will be no diversion.
 - 1. Shipment will be terminated and PPSO will contact SDDC, SDPP-PO for further instructions
 - ii. Diverted to an overseas destination point in another overseas rate area which uses a different (new) POD and where further over water transportation is required.
 - 1. There will be no diversion to a new overseas rate area requiring further over water transportation.
 - 2. This shipment will be terminated at the POD in accordance with Termination of Shipment.
 - 3. Use of the intertheater or intratheater rate and procedure from the POD where termination is effected to the new destination point.
- d. Shipments diverted at overseas destination
 - i. Diverted to a CONUS destination point.
 - 1. There will be no diversion to a CONUS destination point.
 - 2. Shipment will be terminated at the overseas destination point and reshipped. (See Termination of Shipment and Reshipment.)
 - ii. Diverted to an overseas destination point in the same overseas rate area as the original destination point.
 - 1. Use the Transportation Service Provider's SFR from origin to destination rate area. (No change in SFR).
 - 2. Use applicable linehaul rate table for mileage rate between original and new destination.
 - 3. A handling charge equal to warehouse handling charge will apply.
 - iii. Diverted to an overseas destination point in another rate area.
 - 1. There will be no diversion.
 - 2. Shipment will be terminated and PPSO will contact SDDC, SDPP-PO for further instructions.
 - iv. Diverted to an overseas destination point in another overseas rate area which requires further over water transportation.
 - 1. There will be no diversion. The original SFR will apply.
 - 2. Shipment will be reshipped in accordance with rules for reshipments.
- B. Shipments with Overseas Origins
 - a. Shipment diverted at overseas ocean or aerial port of embarkation (POE).
 - i. Diverted at overseas POE, on an intertheater or intratheater movement, to a destination point in CONUS.

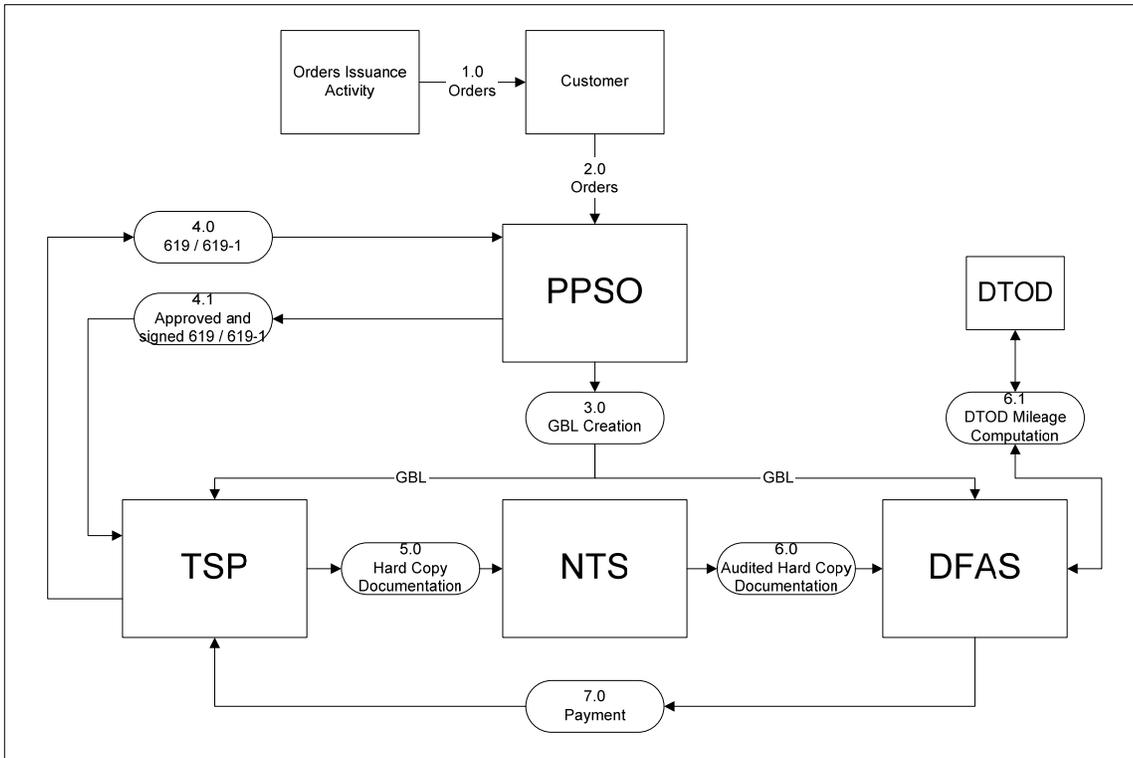
1. There will be no diversion.
 2. The shipment will be terminated at the overseas POE. Use the intertheater transportation rate and procedure from the origin to overseas POE where termination is effected. (Termination of Shipment will apply.)
 3. Reshipment to the new CONUS destination will be made under the provisions of Reshipments.
- ii. Diverted at overseas POE from a destination point in one CONUS rate area to a new destination point in another CONUS rate area.
 1. Use the Transportation Service Provider's SFR from the origin to the new CONUS rate area.
 2. If the Transportation Service Provider does not have a SFR from origin to the new CONUS rate area, terminate and reship in accordance with provisions contained herein.
 - iii. Diverted at overseas POE to an overseas destination point in the same overseas rate area as the POE where diversion is effected.
 1. Use the intratheater transportation rate and procedure for movement from origin to the POE where diversion is effected.
 2. Use the intratheater transportation rate from the POE where diversion is effected to the new destination point.
 - iv. Diverted at overseas POE to another overseas destination point in another overseas rate area.
 1. Use the intertheater or intratheater transportation rate and procedure from origin to the POE where diversion is effective.
 2. Use the intratheater or intertheater transportation rate from the POE where diversion is effected to the new destination point.
- b. Shipment diverted at CONUS/overseas ocean or aerial Port of Debarkation (POD).
 - i. Diverted at CONUS POD to a new CONUS destination point in the same CONUS rate area as the original destination point. Use the Transportation Service Provider's SFR from origin to destination CONUS rate area (no change in SFR).
 - ii. Diverted at CONUS POD to a destination point in another CONUS rate area which uses the same POD.
 1. Use the Transportation Service Provider's SFR from origin to the new CONUS rate area.
 2. If the Transportation Service Provider does not have a SFR on file from origin to the new CONUS rate area, use Transportation Service Provider's SFR to the original CONUS destination rate area with land mileage adjustment computed as follows:
 - a. If mileage between the CONUS POD used and the original destination point is less than the distance between the CONUS POD used and the new destination point, the Transportation Service Provider will be paid for such excess mileage in accordance with applicable linehaul rate tables in addition to the applicable SFR.

2. Use applicable linehaul rate table for the mileage rate between original and new destination.
 3. A holding charge equal to minimum storage rate and a handling charge equal to warehouse handling charge will apply.
- ii. Diverted to another overseas area. There will be no diversion to an overseas area. Shipment will be reshipped.
- d. Inter/Intra Theater Shipments. Shipments diverted at intermediate ocean/aerial port.
- i. There will be no diversion.
 - ii. The shipment will be terminated at the intermediate port.
 - iii. Reshipment to new destination will be made on new PPGBL.

Appendix L: Contingency Plan

High Level Contingency Process for Personal Property Shipments

The figure below represents a high level process of a possible contingency option to process shipments manually in cases where TOPS is down and there is no internet connection. The diagram depicts the participating organizations as rectangles, processes as ovals, and the lines between them as data and information flows. The steps of the contingency process are described following the diagram.



High Level Contingency Process

- 1.0 Orders Issuance Activity prepares the orders, and the activity’s funds manager/budget office makes sure that the proper accounting data (e.g., LOA, TAC, and MDC) is entered on the Transfer Orders Document. The orders are given to the customer.
- 2.0 The Service member or the customer then relays the orders to the Personal Property Shipping Office (PPSO)
- 3.0 PPSO then creates a government bill of lading (GBL) based on the orders received and forwards the document to the Transportation Service Provider (TSP) and DFAS. The PPSO maintains a copy of each GBL issued, including those that are cancelled.
- 4.0 The TSP performs services, prepares, and submits the DD Form 619 to the Origin PPSO for authorization and the DD619-1 to the Destination PPSO for authorization.
- 4.1 The Origin and Destination PPSO review and authorize the DD Forms 619 and 619-1 respectively, and return them to the TSP.
- 5.0 The TSP submits the hard copy Public Voucher (PV), along with the GBL, 619, 619-1, and weight ticket to the DFAS Payment Center. The Hard copy documentation is either sent to

National Traffic Service (NTS) directly or the documents are sent to DFAS and then forwarded to NTS.

- 6.0 DFAS and TSP representatives work to resolve billing discrepancies, such as missing signatures or differing cost amounts. If a billing dispute needs to be escalated, it is raised to SDDC, and eventually to GSA if the disagreement cannot be resolved.
- 6.1 DTOD Mileage is used for computation of line haul and accessorial costs by DFAS.
- 7.0 DFAS reviews, certifies the invoice for payment, and makes the payment to the TSP.

Processing Transactions in CWA or PowerTrack

The Service Headquarters will create a contingency plan to process transactions in CWA and PT. This plan will ensure that all transactions are processed if the PPSO site does not have the capabilities to access any of the systems. Transactions that will need to be processed during this scenario include pending invoices in CWA, Approval Required transactions in PowerTrack, and the PowerTrack Summary Invoices (PSI). The contingency plan will determine the personnel who will be responsible for processing transactions, relocation of any hardware needed for functionality, and the location of where the processing will occur.

Appendix M: Proper Invoice Submission

Proper Invoice Submission

One of the Defense Personal Property Program's objectives is to replicate the current program's billing procedures (prior to CWA) into an electronic format using US Bank PowerTrack as a payment tool to pay the Transportation Service Providers (TSPs). The electronic billing procedures would provide information visibility for stakeholders; improve the DFAS payment and collection process; and reduce the amount of paper documentation. These objectives provide a more efficient way of billing. While achieving the program's objectives, it is important to note that the business rules and procedures of the Defense Transportation Regulation (DTR) are the main guidelines for the Defense Personal Property Program.

Outlined below are guidelines the carrier will use when submitting invoices to CWA for services performed. Adherence to these guidelines will ensure the carrier is submitting the invoice properly and all charges are properly processed in a timely and efficient manner. The following guidelines highlight the Defense Personal Property Program.

Guidelines for Proper Invoicing:

1. All Origin SIT charges including line haul service (LHS) with fuel service charge, and all associated accessorial.
2. All Destination SIT with storage less than 30 days, including fuel service charge and all associated accessorial.
3. All Destination SIT charges with storage more than 30 days, including fuel service charge and all associated accessorial. These services can be billed in 30 days increments or TSP can wait until shipment is delivered before invoicing.
4. Partial Delivery of Destination SIT, including fuel service charge and all associated accessorial.
5. Partial and remaining portion of Destination SIT, including the fuel service charge and all associated accessorial.
6. Reimbursement invoice(s) (Credit invoice)
7. Reimbursement invoice(s) with re-invoiced charges (i.e. denied charge(s))
8. Direct Deliveries including line haul service (LHS) with fuel service charge, and all associated accessories
9. Any denied item code(s) from previous invoicing
10. Any item code(s) that was accidentally left off of the previous invoicing

By following the guidelines above, invoicing parties will be able to properly invoice in the Defense Personal Property Program. Exceptions to these guidelines will be handled on a case-by-case basis.

NOTE:

Carriers will not submit an invoice for each item code. Single item invoices that do not conform to the procedures outlines above will be denied. The TSP will be required to resubmit charges using one of the invoice formats listed in the invoicing guidelines.