# Treasury Commissioner Letter SFIS Meeting – September 12, 2012

12 September 2012 Update

1. Agenda. This meeting is to:
	1. Discuss the draft [Proposed DLMS Change](http://www2.dla.mil/j-6/dlmso/Archives/Finance/meetings/06Sep12/PDC-1035_Interfund-BIlling-Frequency1.docx) (PDC) to authorize sellers to increase the frequency of Interfund Summary Billing transactions through their Central Accounts Offices (CAOs) to Treasury from monthly to shorter intervals at their discretion.
		1. This change is needed to support accelerating payments to contractors, per [OMB guidance](http://www2.dla.mil/j-6/dlmso/Archives/Finance/meetings/06Sep12/Waiver-of-Cash-Management-Memo.pdf), while ensuring that suppliers can bill more frequently to remain cash solvent.
		2. This change moves toward Treasury goal for eliminating monthly reporting to improve the daily Funds Balance with Treasury.
	2. Get a brief update on overall [GWA status](http://www2.dla.mil/j-6/dlmso/Archives/Finance/meetings/06Sep12/FINAL_DRAFT_INTERFUND_GWA_Update_11Sep2012.pptx) for Interfund billing. Our latest understanding is that Classification Transactions Accountability(CTA) module (Reclass) will be the approved mechanism for supporting DOD Interfund billing and that Treasury will continue to support SIBAC for federal agency Interfund billing pending alternative solution. Request that Offices of Treasury, OSD(C) and DFAS GWA lead provide status updates as available.
2. Meeting participants included representatives from Treasury, DOD Finance PRC, authorized federal Interfund trading partners and interested parties. Several small group meetings and the 6th Annual GWA IPAC Conference have been held since the last large group DCO/telcom.
	1. Bob Hammond, FPRC Chair, briefed draft PDC 1035. Per DOD policy, changes to DLMS processes are staffed as PDCs with Component and Agency PRC representatives for coordination (see [**DLMS Manual, Volumes 1, 2, 3, 4, 6 & 7 (Complete Manual)**](https://www2.dla.mil/j-6/dlmso/elibrary/Manuals/DLM/DLM_4000.25_DLMS_Manual_Combined.pdf). Among things Components and Agencies assess feasibility, warfighter impacts, current and proposed processes, cost and alternatives. Approved DLMS Changes may then be issued. DLA, who is the predominate seller for Logistics, sponsored PDC 1035. Staggered implementation is planned. Increasing the frequency of Interfund billing had been discussed in prior meetings and was discussed again, including a review of draft PDC 1035. There were no technical issues impacting feasibility identified.
	2. **Advantages:** Supports OMB direction for accelerating contractor payments and the Treasury Commissioner’s goal of improving the accuracy of the daily FBWT while maintaining seller cash flow to remain solvent.
	3. **Disadvantages:** Allows less time to ensure that buyer obligations are correctly recorded and that the correct appropriation has been cited prior to Treasury transfer of funds between buyer and seller appropriations for Interfund bill clearance. FMR allows 10 days to post obligations. Many logistics processes and ordering systems are involved.
3. Mary Kemp, Office of OSD Comptroller BIO, gave status brief on Interfund Billing reporting requirements to comply with GWA/CARS. She identified bulk file upload as the reporting vehicle into Treasury’s Classification Transactions & Accountability (CTA) module within CARS and future milestones. See: <http://www2.dla.mil/j-6/dlmso/Archives/Finance/meetings/06Sep12/FINAL_DRAFT_INTERFUND_GWA_Update_11Sep2012.pptx>

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31 May 2012 Update

Roxanne Degner briefed the Interfund process for GSA.

<http://www2.dla.mil/j-6/dlmso/Archives/Finance/documents/GSA_Interfund_Process_Overview.ppsx>

Roxanne Stasulli briefed the Interfund process for NOAA.

<http://www2.dla.mil/j-6/dlmso/Archives/Finance/documents/NOAA-NWS_Interfund_Overview.pdf>

During the call Bob Hammond recommended incorporating DAAS edits/validations in bill processing systems design. He also noted that DAAS currently offers a facility for automated updates of DoDAAC table information, and a similar automated feed of the Fund Code table is under development.

[NOTE: On May 17, 2012 released the following memo with key milestones for Non-Treasury Disbursing Officers relating to the transition from CA$HLINK II to PIR:

<http://www2.dla.mil/j-6/dlmso/Archives/Finance/documents/PIR_MEMO-to-NTDO-05-17-12.pdf>.]

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19 April 2012 Update

Ronnie Daniels (DFAS –IN) briefed on the Army Interfund billing process. The briefing is available at: <http://www.dla.mil/j-6/dlmso/Archives/Finance/documents/Interfund_process_overview_preliminary_draft.pptx>. This combined with the DFAS briefings of the previous two meetings covers all three DFAS CAOs’ Interfund processes.

Mary Kemp (OSD Comptroller Office) is communicating with Treasury to have representatives attend the next meeting (May 3rd).

[NOTE: The Treasury Commissioner released on March 23, 2012 a follow-on memo to the previous memo of 2011. The latest memo is available at the following URL: <http://www.dla.mil/j-6/dlmso/Archives/Finance/documents/CFO_Letter_2012_Final.pdf>.]

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5 April 2012 Update

Angel Sweetser (DFAS-CO/JADB) briefed the Air Force Buyer and Seller Interfund processes. Interfund allows for supplier and be reimbursed at the time of billing using the referential Fund Code data element. There are robust edits regarding DoDAAC and Fund Code that will cause seller bills to reject in the event of error. In some instances, buyers fail to record obligations in their source systems (for emergency call center requisitions as an example). Processes are in place to match seller bills for recording obligations properly and initiatives are being worked to minimize this occurrence. Angel Sweetser will send the following to FPRC Chair for posting to the web: Form 7113, Form 1220, Seller form DD-1400, Acronym list of terms used in AF Interfund briefing. Mary Kemp (OSD Comptroller office) requested that DFAS Indianapolis brief their Interfund process at the next meeting.

* The briefing is available at: <http://www.dla.mil/j-6/dlmso/Archives/Finance/meetings/05Apr12/AF_Interfund_process_overview.pptx> ]

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1 March Update

1. DFAS reported they can derive Sub-Class and Sub-Account and Type-Code for Treasury reporting
2. Gary Reed of DFAS Cleveland presented on the Interfund billing process at DFAS Cleveland The briefing is available at: <http://www.dla.mil/j-6/dlmso/Archives/Finance/documents/Interfund-process-High-Level--Mar-2012.pptx>
3. Mary Kemp (OSD Comptroller Office) will follow up with Treasury regarding attendance at future meetings and a briefing on eliminations.

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16 Feb Update

This brief meeting covered the following:

1. Reiterated the importance of providing input regarding the draft LOA memo discussed below in the 13 Feb update. Please distribute for comments as relevant.
2. Stephanie Olson has received confirmation that all of DFAS is able to derive from the transactions the Treasury/SFIS elements for sub-class and sub-account. She is working to document the mechanics for how this process works. DFAS was also asked to explain any related issues needed to enable DLMS procedures to support their systems.
3. Following the meeting, DoD FPRC Chair requested the following from Treasury at the earliest opportunity:
	1. Confirmation) that:
		1. Interfund summary level billing will be supported
		2. Daily/increased frequency of reporting to Treasury to improve the accuracy of funds balance with Treasury is a goal that DoD may work toward as systems and policy/procedure changes etc. can be accomplished
		3. “Eliminations” is not deemed to be an issue for DoD Interfund billing, as funds are currently transferred between appropriations at the main account level
	2. There is no solution yet for federal agencies, who support $2B annually in sales to DoD via Interfund. Intra-Governmental Payment and Collection System is a much more labor intensive with uncertain DOD impacts and is not deemed a viable alternative. Our understanding is that NOAA, FAA and GSA already use the reclass process via the GSA SiBAC application. The wrinkle seems to be that a Treasury Agency Location Code (ALCs) is used. Since FAA will become their own Central Account Office reporting to Treasury for themselves and NOAA, would it be possible to simply use reclass with GSA, FAA and NOAA ALCs?
	3. Arrange the briefing on Treasury Eliminations that was deferred from the August 2011 Finance Process Review Committee (FPRC) meeting. We would like to have that presented at the 15 March meeting and would appreciate specific focus on Interfund billing. It is my understanding that since Interfund billing is simply a transfer of funds between the buyer and seller at the main account level, it is self-balancing and would not contribute to the often cited Material Weakness for Eliminations. If Interfund contributes in any way, we would like to be aware of this, so that the FPRC may implement process changes to address any deficiencies. This is also integral to supporting GWA.
4. Following the meeting DFAS-CL provided a presentation on Navy Interfund Billing to be presented at the next meeting. The briefing is available at: <http://www.dla.mil/j-6/dlmso/Archives/Finance/documents/Interfund_process_overview.pptx> ]

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13 Feb Update (***Following email distributed by Finance PRC Chair for comment***)

Good afternoon FPRC Team.

Please see the attached email regarding meeting minutes from the February 1, 2012, Business Enterprise Common Core Metadata (BECCM) meeting that were distributed on 10 Feb. The minutes include a suspense for evaluating a draft Enterprise “Line Of Accounting (LOA) /Accounting Classification memorandum by COB 28 Feb 2012. I need your comments on the included matrix by 24 February 2012 in order to consolidate them into a reply for FPRC. This is extremely important.

At the February 1, 2012, Business Enterprise Common Core Metadata (BECCM) meeting, Mr. Bombac (DCMO) provided the draft memorandum, calling for systems that process general ledger information to store and transact all Standard Financial Information Structure (SFIS) LOA data elements rather than referentially identifying the LOA. The proposed course of action is not in line with Military Standard Billing System (MILSBILLS) policy and procedures outlined in DoD 4000.25-7-M/DoD 4000.25-M or with the referential data approach previously coordinated with DCMO and OSD(C), briefed to the SFIS Governance Board, staffed as PDC 365 and finalized as ADC 435 with comments resolution.

Please note that others from your Component may also be coordinating input separately, as there was Component and Agency participation at the BECCM. I encourage you to share your input to them/their staffs as well. I put together some quick notes in update for this and the related GWA initiative, which you may also share. The Sub Account and Sub Class LOA data elements are part of GWA and our SFIS implantation. The last page on our missions is included in the event that you are coordinating with others who do not know what an FPRC is. We will discuss the draft LOA and GWA at our 16 Feb Treasury Commissioner Letter/SFIS meeting.

My understanding is that Component and Agency participation is welcome at the BECCM. I will get you the slides from the last meeting and forward what I receive on the March meeting.

FPRC Chair

Referenced Material:

* FPRC BECCM 13 Feb Update

<http://www.dla.mil/j-6/dlmso/Archives/Finance/documents/FPRC_BECCM_Update_2012_02_13.docx>

* BECCM Meeting Minutes

<http://www.dla.mil/j-6/dlmso/Archives/Finance/documents/BECCM_Minutes_02_01_2012_Final.docx>

* BECCM LOA Letter Comment Matrix

<http://www.dla.mil/j-6/dlmso/Archives/Finance/documents/Comment_Matrix.doc>

BECCM COI Meeting Briefing Slides

<http://www.dla.mil/j-6/dlmso/Archives/Finance/documents/BECCM_02_01_2012.pptx>

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2 Feb Update:

**MEETING PURPOSE.**  The focus of the meeting was addressing four issues identified in the January 27, 2012 meeting. Attendees as noted are linked at
<https://www2.dla.mil/j-6/dlmso/certaccess/archives/meetingdocs/fprc/TreasuryAttendees_Feb02.xlsx>. DCMO and Treasury representatives were unable to participate in this meeting. All action items are due prior to February 16, 2012.

1. **SUBCLASS, SUBACCOUNT, BUSINESS EVENT TYPE CODE**

There is concern that there are insufficient fund codes available to cover the maximum possible accounting lines, given the permutations of mapping limit/subhead to the SFIS subclass and subaccount. DFAS has been evaluating whether DFAS can derive the subclass and subaccount from the transaction data. DFAS is also evaluating whether Business Event Type Code (BETC) can be derived. This would alleviate these potential issues. If DFAS cannot derive these data elements, the FPRC will be asked to assess impacts, costs and alternatives.

**Action Item(s):**

* Stephanie Olson (DFAS) to verify that all of DFAS can derive the subclass and subaccount for all transactions.
* Tracy Jackson (DFAS, DoD GWA Lead) to send the SFIS data element definitions to Bob Hammond (FPRC Chair) for distribution.
* Stephanie Olson to verify that all of DFAS can derive BETC.

**2. FEDERAL AGENCY REPORTING SOLUTION**

GSA confirmed that a solution still needs to be identified for Federal Agencies reporting to Treasury ($2 billion plus in Interfund sales annually). Stephanie Olson noted that there is an FMS meeting planned for February 3rd, which might be an opportunity to discuss the issue. IPAC is not deemed a feasible mechanism. If an alternate solution is not proposed by Treasury FMS, the FPRC will be asked to assess impacts, costs and alternatives.

**Action Item(s):**

* Stephanie Olson distributed the FMS call-in information for those that want to participate.
* Stephanie Olson and Alex Suchland (DFAS) will summarize the DFAS impacts of requiring IPAC implementation.
* Roxanne Degner (GSA) will prepare the same summary for Federal Agency billing. If no other solution is proposed, The FPRC will be asked to also validate feasibility and cost of implementing IPAC.

**3. FREQUENCY OF TREASURY REPORTING**

Clarification is still required from Treasury FMS regarding the frequency of billing to Treasury required for Interfund. It is currently done monthly to Treasury. If Treasury is unable to support monthly billing the FPRC will be asked to assess impacts, costs and alternatives.

**4. SUMMARY LEVEL BILLING**.

Clarification is still required from Treasury FMS regarding continued support of Interfund Summary Level Billing, where individual detailed bills are exchanged between trading partners, with supporting summary level billing to Treasury . If Treasury is unable to support summary level billing the FPRC will be asked to assess impacts, costs and alternatives.

**5. OTHER ACTION ITEMS**

* FPRC Chair, supported by Paul Macias will add appropriate headings to all hyper-link references in the meeting notes and calendar invitations to better accommodate participant schedules.
* FPRC Chair will revise the Outlook calendar invitation for future bi-weekly meetings to Thursday mornings at 1000. Next meeting is planned for 16 February 2012

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27 Jan Update:

It is very important that all involved make quick progress on these issues below in order to inform leadership for lead-time planning; senior leadership meetings with Treasury, OSD Comptroller and Chief Financial Officers. DoD is working very closely with Treasury toward meeting their requirements. DoD Finance/Supply Process Review Committees are working to implement SFIS requirements.

At this point I believe there are four primary issues left to be worked through/clarified soonest.

1) Treasury has proposed a reclassification process, but it is questionable whether the current SFIS solution in ADC 435 can facilitate all the data needed by Treasury. The potential issue arises when trying to map legacy DoD limit/subhead to the SFIS sub-class and subaccount. Separate fund codes would have to be generated for the various permutations and there are not enough fund codes to account for all the possible mappings. (See attached current limit/subhead and SFIS Master Appropriation data). A solution of adding data elements in our variable length DLMS transactions (considered in ADC 435) is not viable for meeting this requirement, as many Trading partners, (Federal, DFAS, etc) and legacy feeder systems will not be DLMS capable in the near term. They rely on 80 record position data, including fund code.

2) Federal agencies (i.e. GSA, FAA and NOAA), which are trading partners with the DoD need a solution for reporting their Interfund data to Treasury. IPAC is not considered a viable alternative. Also, GSA is in a code freeze as they prepare for a 2013 implementation of a replacement system; FAA is preparing to implement their own billing system, which may also support NOAA.

3) Frequency of Treasury Reporting (currently done at the end of the month).

4) Summary Level Billing

It is very important that all involved make quick progress on these issues in order to inform leadership for lead-time planning

Please include Paul Macias, paul.macias.ctr@dla.mil, in emails regarding finance.

* DFAS MANUAL 7097.01, Chapter 1D – LIMIT, ACCOUNTING CLASSIFICATION DATA ELEMENTS

( <http://www.dla.mil/j-6/dlmso/programs/Committees/Finance/Documents/limit_subhead.doc> )

* Extract of SFIS Master Appropriation Data as of 1/17/2012

( <http://www.dla.mil/j-6/dlmso/programs/Committees/Finance/Documents/sfismasterappropriation.xlsx> )

* Component Definitions for TAS and BETC

( <http://www.dla.mil/j-6/dlmso/programs/Committees/Finance/Documents/DoD-FMSStardardTAS.PPTX> )

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1. From the November 15, 2011 Finance Process Review Committee Meeting, the Treasury Team indicated that a simple reclassification strategy was being evaluated for Interfund and that confirmation was anticipated by November 30, 2011. Appreciate the Treasury Team addressing the following at this meeting:

 a. How will the reclassification strategy work and is it a final or interim solution?

 b. Is TAS/BETC applicable? It is not currently supported.

 c. Is daily reporting applicable? It is not currently supported.

 d. What is the solution for Federal Agencies (SIBAC)?

2. A summary of background information includes:

1. There are potential significant systems, process, policy, data, and resource implications for the Department of Defense and Federal Agencies using Interfund billing.
2. DOD policy (DOD Financial Management Regulation, DOD 7000.14-R) mandates use of Interfund billing where possible.
3. Interfund billing is an automated, highly efficient, streamlined process, using summary level reporting to Treasury by DFAS and Federal Central Accounts Offices (CAOs). Logistics procedures, policies, and data elements (including bill validation, transaction routing, and funds transfer) are in place to support Interfund.
4. Interfund reporting is done at the summary level only, for approximately 2.1 million summary bills, supported by 51 million detail bills, totaling $55 billion annually. DFAS seller CAOs report both sides of the funds transfer between appropriations on SF 1220.
5. General Services Administration (GSA), which does Federal Agency Interfund billing for over $2 billion in annual sales to Department of Defense using the Simplified Interagency Billing and Collection (SIBAC) system, has been advised that Treasury currently plans to discontinue support for SIBAC. Treasury has suggested Intra-Governmental Payment and Collection System (IPAC) as an alternative solution.
6. Intra-Governmental Payment and Collection (IPAC) System is much more labor intensive process reported at the detail level. There are potential process, volume, and data issues associated with the use of IPAC. DFAS and Federal Agencies participating in Interfund strongly oppose IPAC as an alternative approach to Interfund.

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11/ 1 Update.

This changes the meeting to a biweekly meeting. We will assess future meeting dates, times and needed participates as we go forward.

Action items from the11/1 meeting to be discussed next week:

1. Separate small group meeting with Treasury and DoD on Interfund Process flows and reporting.
2. Separate small group meeting with Treasury and GSA/FAA on Interfund Process flows and reporting.
3. Review Component Standard TAS data elements and requirements

( <http://www.fms.treas.gov/gwa/factsheet_tas.html> )

Additional files provided:

* Example Statement of Interfund Transactions

( <http://www.dla.mil/j-6/dlmso/programs/Committees/Finance/Documents/document.pdf> )

* ADC 435, DLMS Revisions for Standard Financial Information Structure (SFIS)

( <http://www.dla.mil/j-6/dlmso/programs/Committees/Finance/Documents/ADC_435_SFIS20110830.pdf> )

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This meeting continues the discussion regarding the potential impacts of the policies outlined in the attached Treasury Commissioner’s letter to DoD and the Federal Agencies involved in DoD Interfund billing (GSA, NOAA and FAA). Of particular interest is the applicability of Government Wide Accounting TAS/BETC requirements to Interfund billing and impacts of the Payment Application Modernization (PAM), along with possible mitigation to minimize impacts. Process flow documentation/systems interfaces for interfund billing will also be discussed.

Please forward to the applicable Treasury reps (including Susan) and others who participated in the 25 October meeting, and to interested parties. I do not have email addresses or names for all.

Thank you.

Very respectfully,

Bob Hammond

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-----Original Appointment-----
**From:** Hammond, Robert DLA CIV INFORMATION OPERATIONS
**Sent:** Wednesday, October 19, 2011 4:06 PM
**To:** Finance interested parties

**Subject:** Treasury Commissioner Letter/SFIS
**When:** Tuesday, October 25, 2011 10:00 AM-11:00 AM (UTC-05:00) Eastern Time (US & Canada).
**Where:** 703-767-5141

* Treasury Commissioner Letter of January 14, 2011

( <http://www.dla.mil/j-6/dlmso/programs/Committees/Finance/Documents/commissioner.pdf> )

Please forward as appropriate.

I don't fully understand the impacts, and would like to know where we all are on this issue. We know that the federal side has impacts with the GSA SIBAC billing system used for Interfund billing and potentially with FAA planned new billing system. Treasury is planning to eliminate the system supporting SABAC and suggested that GSA use IPAC. Treasury will be briefing at the FPRC on 15 Nov, and we will follow with SFIS. SFIS implementation will provide some additional TAS info, such as beginning and ending period of availability.

I would appreciate your thoughts on items to be discussed. Here are some questions/topics that I suggest:

1. What are the currently known impacts for interfund and noninterfund billing?

2. Prior coordination with Treasury -Tracy and DFAS

3. I understand that Treasury had some meetings with DFAS recently. Does anyone have meeting minutes?

4. What, if anything, is currently being provided to Treasury for TAS/BETC and how is this being done?

5. Will we have all of the information that we need from our logistics transactions or table lookups?

6. What are the DoD systems that interface with Treasury and what Treasury system do they interface with?

7. Is Treasury eliminating any interface that we need?

8. What is our ability/plan to meet the Treasury timelines?

9. Is DFAS or GSA deriving the period of availability from the fund code table for multi-year appropriations today, and if so, how is this being done?

10. Believe that we need briefings from Tracy and possibly other DFAS folks, in addition to GSA and FAA. These don't have to be elaborate.

FPRC agenda is at: <http://www.dla.mil/j-6/dlmso/Programs/Committees/Finance/financeprc.asp>

FPRC Contact list is at: <https://www2.dla.mil/j-6/dlmso/CertAccess/SvcPointsPOC/allpoc.asp>