

## CHAPTER 5

INTERFUND BILLING SYSTEM PROCEDURESA. POLICY

1. General. The interfund billing system and policies governing its **use are prescribed** in DoDI 7420.12 (reference (h)). Except for the exclusions shown below, it is DoD **policy** that DoD customers **shall** authorize suppliers to use the interfund billing system to reimburse themselves for materiel.

2. Exclusions

a. The interfund billing system is not mandatory for use when the funds involved are Military Assistance Grant Aid or where only limited sales occur between DoD Activities.

b. The interfund billing system may not be **used** to bill **non-DoD** customers (e.g., state or local governments, private contractors, individuals, or nonappropriated fund instrumentalities) or major end items such as complete aircraft, ships, tanks, space vehicles, and missiles.

c. Except for the GSA, non-DoD suppliers may not use the inter **fund** billing system to bill DoD customers.

B. PRINCIPLES OF THE INTERFUND BILLING SYSTEM

1. The interfund billing system allows suppliers to reimburse themselves, from appropriations designated by the customer, at the time of billing. The supplier forwards an automated billing to the billed office and reports, to the Treasury, a reimbursement of the supplying funds, with an offsetting charge to the customer's fund.

2. Interfund bills, therefore, are both "bills" and notices to the customer that its funds have been charged and the "bill" paid.

3. Billed offices will, upon receipt of the "bill", either accept and record the charge or, when the charge is questionable or erroneous, suspend the charge. Charges will be suspended by transferring the questionable or erroneous portion to the interfund clearing account (treasury account symbol **F3885**). When the charge is acceptable but the account disbursed by the billing office is not, the billed office will accept and record the charge to the proper account. The billed office will also follow procedures prescribed by its disbursing officer to correct the account reported to Treasury.

4. Only the billing office is authorized to adjust or otherwise reverse reimbursements reported by the billing office.

C. PREPARATION OF INTERFUND BILLS

Interfund bills will be prepared in accordance with procedures prescribed in chapter 2.

D. INTERFUND REPORTS

1. Billing office reports. Billing offices will report interfund reimbursements in accordance with procedures prescribed by their Service or Agency.

2. Billed office reports. Billed offices will report; that is, correct or otherwise clear, interfund disbursements charged to their office in accordance with procedures prescribed by their Service or Agency..

3. Departmental level reports. Central accounts offices will consolidate billed and **billing office** reports and include any needed adjustments in a departmental level "Statement of Interfund Transactions" and related reports as prescribed in this chapter.

E. STATEMENT OF INTERFUND TRANSACTIONS

1. Purpose and Reports Control Symbol. This section prescribes a monthly report on interfund transactions. The Statement of **Interfund** Transactions provides the OSD with a summarized classification of receipts and outlays processed under the interfund billing system. These reporting requirements are assigned the reports control symbol of **DD-Comp(M) 1655**.

2. Applicability and Scope. The provisions of this section apply to all DoD Components and to their disbursing officers, as well as to the Department of the Navy associate disbursing officers (referred to collectively as "disbursing officers"). It establishes the requirements and procedures for the preparation and submission of reports on interfund transactions.

3. Report Form. The Statement of Interfund Transactions must be submitted to the **ASD(C)** on **DD Form 1400**, Statement of Interfund Transactions (figure 5-1), or **DD Form 1400m**, Statement of Interfund Transactions (figure 5-2). The **DD Form 1400** is designed for preparation by use of a typewriter and the **DD Form 1400m** is designed for preparation by use of automatic data processing equipment. Minor deviations in the format of the **DD Form 1400m** are permitted if approved in advance by the **ODASD(MS)**. The Statement of Interfund Transactions may be submitted in tape format prescribed for the Statement of Transactions by the DoD Accounting Manual (reference (i), if the reporting **DoD** Component has been formally notified by the **ASD(C)** that machine sensible data **will** suffice. The GSA will submit a Statement of Intra-Governmental Transactions (figure 5-3).

4. Frequency and Distribution. The Statement of Interfund Transactions must be submitted to the **ASD(C)** as promptly as possible,

STATEMENT OF INTER-FUND TRANSACTIONS					
1. SERVICE AND STATION/AGENCY NUMBER			2. ACCOUNTING PERIOD		
U.S. Army/ 2100			January 1985		
NAME AND ADDRESS OF INSTALLATION					
U.S. Army Finance and Accounting Center/ FINCO-C Indianapolis, In 46249					
APPROPRIATION OR FUNDSYMBOL				REIMBURSEMENTS (Credits)	EXPENDITURES (Charges)
PT	FISCAL YEAR	SYMBOL	SUB OR LIMIT		
.7	5	1105			1,437,685.27
.7	5	1405			16,467.12
.7	x	4911			4,986,453.66
11	5	2020			45,674,284.77
11	4	2031			3,165.93
11	5	2031			79,684.55
11	4	2060			7,800.00CR
11	5	2060			83,268.34
11	x	4991		79,459,924.55	
11	x	4991			68,276,964.42
57	5	3010			59,216.89
57	5	3080			456,387.65
57	x	4921			39,856,045.21
97	5	0100			13,487,259.40
97	5	0400			259,163.80
97	x	4961		95,203,322.42	
<b>TOTALS</b>				174,563,246.97	174,563,246.97
<b>DATE</b>			<b>SIGNATURE AND TITLE</b>		
February 20, 1985			John J. Doe, Accounting Officer		

DD FORM 1400  
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Figure 5-1. DD Form 1400, Statement of Inter fund Transactions

STATEMENT OF INTER-FUND TRANSACTIONS				REPORT CONTROL SYMBOL OSD-1119			
SERVICE AND STATION/AGENCY NUMBER U.S. Army / 2100			2. ACCOUNTING PERIOD January 1985				
NAME AND ADDRESS OF INSTALLATION U.S. Army Finance and Accounting Center/ FINCO-C Indianapolis, In 46249							
APPROPRIATION OR FUND SYMBOL				REIMBURSEMENTS (Credits)		EXPENDITURES (Charges)	
EPT.	FISCAL YEAR	SYMBOL	SUB OR LIMIT				
17	5	1105				1 432	685 22
17	5	1405				16	467 12
17	x	4911				4 985	453 66
21	5	2020				45 674	284 77
21	4	2031				3	165 93
21	5	2031				79	684 55
21	4	2060				7	1800 00CR
21	5	2060				83	268 84
21	x	4991		79	459	1924	55
21	x	4991				68	276196442
57	5	3010			1	59	216 89
57	5	3080				456	387 66
57	x	4921				39	856 045 21
97	5	0100				13	487 259 40
97	5	0400				259	163 80
97	x	4961		95	203	322	42
TOTALS				174 663 246 97		174 563 246 97	
DATE February 20, 1985			SIGNATURE AND TITLE <i>John Q. Doe</i> John Q. Doe, Accounting Officer				

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Figure 5-2. DD Form 1400m, Statement of Interfund Transactions

(will be included at a **later** date)

Figure 5-3. Statement of **Intra-Governmental** Transactions

but in any event, it must be delivered no later than the close of business on the eighth workday of the month immediately following the close of the reporting month.

5. Adjustments. In preparing the Statement of **Interfund** Transactions, central accounts offices or offices designated by the Army, Navy, Air Force, and the GSA will convert the fiscal year of lapsed accounts reported on billing and billed office interfund reports to the "M" account and invalid account symbols to **the** clearing account "**F3885**" - "Undistributed Intragovernmental Payments".

6. Other Reporting Requirements.

a. Each Military Department (and the GSA for its equivalent report) must furnish an "extract" of the Statement of Interfund Transactions to each **DoD** Component and other Agencies for which it collects or disburses showing the transactions for that Component or Agency. **DoD** Components may be identified by the suffix/limit code on department "97" appropriations.

b. Extracts of the Statement of Interfund Transactions (and the GSA equivalent) which are forwarded to the 000 central accounts offices will be supported by summary billing records (01 code **FS\_**). The summary billing records will be forwarded to the appropriate central accounts office via AUTODIN under precedence "priority" and will cite a content indicator code of "**IFBA**" on the **AUTODIN** header record. The GSA will provide magnetic tapes of the SBRS to **DAASO** which will route the SBRS to appropriate CAO via AUTODIN. The following communications routing identifier codes will be used:

<u>CAO</u>	<u>Content Indicator Code</u>
USAFAC	RUFEDCD
AFAFC	RUEGAA
NAFC	RUEOBAW

c. A Statement of Interfund Transactions summarizing the transactions by appropriation for each **Defense** Agency must be provided to the Director for Budget and Finance, Washington Headquarters Services, Washington, **D.C.** 20301- 0001.

d. The reports should be submitted as soon as possible but no later than two workdays after the Statement of Interfund Transactions is submitted to **ASD(C)**. The worksheet, if required, **will** be forwarded as soon as possible but no later **than** two workdays after forwarding the extract. These reports must be in hard copy unless the recipient has agreed to accept the report in some other form. For example, the data needs of the Military Departments for the extract could be met by an exchange of tapes referred to in section E, if mutually agreeable.

## 7. Hard Copy Report Preparation

### a. General

(1) Each DD Form 1400 or **1400m** must be completed with the heading information required.

(2) If more than one sheet is used to report the amounts of transactions, the grand total for **each column** must be shown on the last page of the statement. Page totals are optional.

(3) Each hard copy statement must be signed by the officer under whose direction it was prepared.

(4) Negative amounts must be identified by the suffix "**Cr**".

### b. Columnar Entries

(1) **Appropriation or Fund Symbol.** Enter the department index number assigned by the Treasury Department as a prefix to that department's appropriation symbols, fiscal year or other appropriate indicator (e.g. "F" if clearing account, "X" if no year, and etc.), treasury account symbol of the appropriation, other fund, or receipt account for which the amounts of the transactions are being reported. Include any prefix or suffix prescribed by the Treasury Department on the Classification Authorization (TFS Form 7102 or 7103). No other suffix or prefix may **be** shown.

(2) **Reimbursements (Credits).** Enter the amounts of appropriation reimbursements collected applicable to each related appropriation or other fund account.

(3) **Expenditures (Charges).** Enter the amounts of disbursements chargeable to each appropriation or other fund symbol.

## F. SERVICE OR AGENCY LEVEL INTERFUND PROCEDURES

The Army, Navy, **Air Force**, **and** the GSA **will** prescribe procedures, consistent with those prescribed in this manual, for:

a. Reporting interfund reimbursements and disbursements originated by activities serviced by their disbursing offices and which will be included in their Statement of Interfund Transactions.

b. Adjusting, suspending, accepting or otherwise clearing interfund disbursements charged to activities serviced by their disbursing offices and whose adjustments will be included in their Statement of Interfund Transactions.

c. Ensuring that there are adequate controls over interfund

related transactions such that:

(1) Lapsed accounts are not reported to the Department of Treasury or other DoD Components.

(2) Invalid account symbols are converted to the clearing account, **F3885-** "Undistributed Intragovernmental Payments".

(3) Reimbursements/disbursements reported by billing offices **and** adjusted during higher **level** processing are supported or reconcilable.

(4) Disbursements charged to billed offices are processed by the billed office.

(5) Amounts placed in suspense; that is, charged to the clearing account (**F3885**), are transferred to another account or are otherwise cleared within a reasonable period. The clearing account was authorized to temporarily record erroneous collections; therefore, the reporting of the clearing account at fiscal year end **is** not authorized. Balances remaining in the clearing account at **the end of the fiscal year will** be prorated to the DoD Component's appropriations based upon estimates. These adjustments will be reversed and the clearing account restored as of the new fiscal year.