

CHAPTER 8

FINANCIAL OPERATIONS

A. GENERAL. The policies and procedures contained herein will be followed in implementing and executing Integrated Materiel Manager (IMM) assignments,

(segment H of the database) distributed by DLSC for the Gaining Inventory Manager (GIM) prior to the Effective Transfer Date (ETD) will contain the transfer price.

B. POLICY

1. Financial management of consumable items will be accomplished in accordance with current Department of Defense (DoD) policies and instructions and the procedures stated herein.

c. The transfer standard price will be reflected in the transfer documents processed in accordance with Military Standard Transaction Reporting and Accounting Procedures (MILSTRAP).

2. Decapitalization of materiel from losing stock funds and appropriation financed accounts and capitalization in gaining stock fund accounts as a result of the logistic reassignments (LR) will be on a nonreimbursable basis pursuant to DoD Directive 7420.13-R (reference (w)).

d. The GIM will establish the transfer standard price in accordance with the following criteria:

3. Wholesale inventories of materiel capitalized in the execution of an LR will be stock funded.

(1) When the item is to be transferred, the LIMs standard price will be applied without revisions.

4. Stock fund standard pricing for LRs will be in accordance with the following:

(2) The GIM will not normally adjust standard prices of items **after** transfer until time of new procurement or next regularly scheduled standard price update.

a. Changes in standard prices will be held to a minimum at time of transfer.

(3) Financial management responsibility for wholesale inventories of an item will be assumed by the GIM on the ETD. The LIMs have finding responsibility for clearing the existing pipeline unless otherwise requested by the GIM.

b. Items will be recapitalized from the losing accounts and capitalized by the gaining stock fund at the predetermined standard price established by the Losing Inventory Manager (LIM). The Catalog Management Data (CMD)

(4) Each Service is responsible for **identifying** its requirements along with complete justification and backup data to the GIM in a

timely manner to ensure adequate planning, programming, and budgeting support.

(5) Responsibility for budgeting and finding to support requisitions for prepositioned war reserve stocks and retail stocks including initial support requirements will remain with the requiring Semites.

(6) No accessorial, administrative, or other general overhead charges shall be made by the GIM on issues, sales, and transfers of materiel to another DoD component. The GIM standard price will be used in the billing process for all Service requisitioners.

(7) The initial assignment of such operations resources will be established in accordance with Program Change Procedures.

(8) Wholesale assets, other than Supply Condition Codes F, H, J, K, L, M, P, Q, R, S, or W, generated during the first year subsequent to the ETD, will be recapitalized by the LIM to the GIM on an expedited basis. Excess serviceable and economically restorable materiel will be offered to the GIM for return and credit in accordance with DoD Directive 7420. 13-R (reference (w)) after the first year following the transfer.

(9) The LIM will fund the following costs (incident to LRs):

(a) -Continuation of procurement actions (contracts, purchase requests (PRs), and recommended buy quantity) less premium costs associated with-expediting PRs and expediting

delivery of material on LIM-generated contracts, as directed by the GIM.

(b) Restoration costs of unserviceable materiel scheduled for restoration prior to ETD.

(c) Litigation costs.

(d) Costs of first destination transportation for undelivered orders at time of transfer. (Undelivered orders are defined in OMB Circular 34, Section 21.1, "Terminology", page 9.)

(e) Relocation costs (warehousing services and transportation) incident to a LIM requested movement of LR stocks to a GIM designated storage site unless otherwise negotiated.

(f) Reacquisition costs for technical data not transferred by ETD describing items cataloged as Type I, fully descriptive, and Type 4, partially descriptive.

(g) Credit in accordance with MILSBILLS for all dues-in on materiel returns authorized prior to the ETD and for all reported discrepancies and billing errors related to shipments made prior to the ETD.

(h) Costs associated with DMSMS up to 30 days prior to ETD and reimbursement of costs incurred by the GIM where notice of discontinuance put the item in a DMSMS position 30 days or more prior to ETD.

(i) One copy of all technical data

available at the LIM. Additional copies will be provided on a reimbursable basis.

(9) The LIM will pass on the following: (incident to LRs):

(a) Reimbursement or replacement materiel received from a contractor in settlement of a Product Quality Deficiency Report (PQDR).

(10) The GIM will find the following costs:

(a) Transportation costs incident to materiel movements to points in the United States including Alaska and Hawaii as directed by the GIM.

(b) Additional costs incurred as a result of diversion/reconsignment of items due-in from undelivered contracts, if such action is requested by the GIM.

(c) Repackaging costs due to a GIM directed change in unit of issue (U/1)/measure.

(d) Restoration costs for materiel capitalized in an unserviceable condition and subsequently scheduled for restoration by the GIM.

(e) Relocation costs (warehousing services and transportation) incident to a GIM requested movement of LR stocks from a LIM to a designated GIM storage site unless otherwise negotiated.

(f) Premium costs associated with expedited delivery of LIM-generated PRs when requested by the GIM.

(g) Granting credit or providing replacement materiel to the customers when materiel contracted by the LIM is found to be defective under PQDR procedures.

(h) Additional copies of technical data if requested by the GIM. First copy will be provided by the LIM without financial reimbursement from the GIM.

C. TRANSFER OF BUDGETING AND FUNDING RESPONSIBILITIES

1. The LIM is responsible for transferring stock fired wholesale inventories of an item of supply on hand to the ETD. Materiel will be received by the ordering stock fund or procurement account and subsequently transferred to the gaining stock fund; this in no way precludes diversions of shipments from contractors' plants to a preferred first storage destination. Commitments for outstanding PRs will be converted to obligations at the time of award by the LIM Service, resulting in items on order and due-in as directed by the GIM.

2. Any initial adjustments of operating resources due to item transfers will be submitted as a program change request in accordance with approved program/budget procedures.

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