

**VOLUME 10, CHAPTER 13: “COMMERCIAL TRANSPORTATION PAYMENTS”****SUMMARY OF MAJOR CHANGES**

Changes are identified in this table and also denoted by [blue font](#).

Substantive revisions are denoted by an asterisk (\*) symbol preceding the section, paragraph, table, or figure that includes the revision.

Unless otherwise noted, chapters referenced are contained in this volume.

Hyperlinks are denoted by [\*\*\*bold, italic, blue, and underlined font\*\*\*](#).

The previous version dated [March 2022](#) is archived.

PARAGRAPH	EXPLANATION OF CHANGE/REVISION	PURPOSE
All	Updated hyperlinks and formatting to comply with current guidance.	Revision
1.2.3	Removed Defense Transportation Regulation (DTR) reference, as the DTR prescribes transportation/movement procedures and is not an authoritative guidance.	Deletion

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## CHAPTER 13

**COMMERCIAL TRANSPORTATION PAYMENTS**

## 1.0 GENERAL

## 1.1 Purpose

This chapter establishes policies and responsibilities within the DoD for the financial management of various types of transportation payments. It outlines the policies and responsibilities for payment of transportation documents, including bills of lading (BOL) and third-party transportation invoices. It also includes requirements for prepayment and post-payment audits, reviews, claims, and related General Services Administration (GSA) procedures. The policies in this chapter also apply when the Transportation Working Capital Fund pays the commercial Transportation Service Provider (TSP).

## 1.2 Authoritative Guidance

The following laws and regulations comprise the current requirements for the efficient and effective use of Government and commercial transportation resources. This policy includes the roles, responsibilities, and authority in applying these requirements, to include policy pertaining to payment of transportation and transportation-related services for the DoD.

1.2.1. [Title 10, United States Code \(U.S.C.\), Chapter 157](#) and [31 U.S.C. § 3726](#) provide information concerning the laws surrounding the transportation of both personnel and supplies and the general conditions under which a carrier may submit claims for payment. Title 31 U.S.C. § 3726 also establishes the role of GSA in settling claims, identifies when claims must be filed with GSA, and identifies requirements for conducting and funding prepayment and post-payment audits.

1.2.2. [DoD Instruction 5158.06](#) and [DoD Directive 4500.09](#) govern the worldwide movement of passengers, cargo, and personal property for DoD.

1.2.3. [Federal Acquisition Regulation \(FAR\), Part 47](#) prescribes policies for applying transportation and traffic management considerations in the acquisition of supplies, and it prescribes policy for acquiring transportation or transportation-related services by contract methods.

1.2.4. [Defense Federal Acquisition Regulation Supplement, Part 247](#) contains additional transportation guidance as a supplement to FAR, Part 47 provisions.

1.2.5. [Title 41, Code of Federal Regulations \(CFR\), Part 102-118](#), codifies statutes and other policies that assure transportation services are uniform and appropriate. It also defines authority for GSA to conduct prepayment and post-payment audits, and establishes agency prepayment audit requirements.

1.2.6. The following laws and regulations provide guidance for payment of Non-Temporary Storage (NTS) and local drayage of Household Goods (HHG):

1.2.6.1. [Title 5 U.S.C. § 5726](#);

1.2.6.2. [Title 41 CFR 302-8](#); and

1.2.6.3. [Joint Travel Regulations \(JTR\)](#).

## 2.0 POLICY

### 2.1 Valid Line of Accounting (LOA)

Every transportation shipment, when initiated, must have a valid LOA to include the Standard Document Number, or in its place, an associated Transportation Account Code (TAC) representing a valid LOA, prior to processing shipment requests, automation of obligation recording, and invoice certification and payment.

2.1.1. The Transportation Officer (TO) or the Traffic Management Officer (TMO) will not provide transportation services without first obtaining proper supporting documentation. At a minimum, this documentation must include an authorization to use, and a citation of, a valid and funded LOA provided by a designated Fund Manager (FM) or financial management official.

2.1.2. If funding data supporting the shipment request fails validation when processed, the TO/TMO will suspend further processing efforts until the shipping customer provides written (electronic or hardcopy) verification indicating the LOA is valid.

2.1.3. For further guidance and exceptions regarding the LOA and TAC, please refer to [Defense Transportation Regulation \(DTR\) 4500.9-R, Part II](#), Appendix V and attachments.

### 2.2 Funded Line of Accounting (LOA) and Associated Transportation Account Code (TAC)

Shipping customers requesting transportation services will provide the TO/TMO with the FM's written or electronic verification of a funded LOA (funding document), or the associated TAC, before entering the Government into a contract with a carrier. The FM verification may be annotated on the Movement Request Order, usually a DoD [\(DD\) Form 1348-1A](#), Issue Release/Receipt Document, or [DD 1149C](#), Requisition and Invoice/Shipping Document.

### 2.3 Anti-Deficiency Act (ADA)

Any transportation shipment request processed without an authorized, valid, and funded LOA, resulting in an obligation on behalf of the Federal Government, could result in a violation of the ADA under [31 U.S.C. § 1341](#). See Volume 14, Chapters 2 and 3 for additional information concerning appropriations and violations of the ADA.

### 2.4 Internal Controls

Internal controls must be in place to ensure that duplicative or erroneous payments do not occur. These controls will ensure that sufficient management control mechanisms are available so that DoD funds are spent appropriately and in accordance with all applicable laws and regulations. Refer to Chapter 1 for additional policy specific to internal controls.

## 3.0 RESPONSIBILITIES

### 3.1 United States Transportation Command (USTRANSCOM)

Per DoD Instruction 5158.06, the Secretary of Defense has designated [USTRANSCOM](#) as the single manager within the DoD for transportation, other than Service-unique or theater-assigned assets. USTRANSCOM operates three component commands: Surface Deployment and Distribution Command, Military Sealift Command, and Air Mobility Command. USTRANSCOM operates two subordinate commands: Joint Transportation Reserve Unit and Joint Enabling Capabilities Command.

### 3.2 Defense Finance and Accounting Service (DFAS)

DFAS maintains the software/database support for the Transportation Global Edit Table (TGET).

3.2.1. TGET is a centralized repository that contains established transportation LOAs formatted in accordance with Service/Agency LOA requirements and associated TACs.

3.2.2. Each Component is responsible for updating the TGET and ensuring it contains valid LOAs and TACs.

### 3.3 Shipping Customers

Shipping customers can be individuals (Service members or civilian employees), units, or organizations within the Military Services, Defense Agencies and other Government (non-DoD) agencies (federal, state, or local) requesting shipment of freight or personal property. The shipping customer will obtain and present to the TO/TMO, in written or electronic form, a valid and funded LOA from a designated FM.

### 3.4 Transportation Officer (TO) and Traffic Management Officer (TMO)

TOs and TMOs are individuals who are designated to process approved shipment requests for transportation or storage of military goods and other items entitled to be transported or stored at Government expense and related accessorial or special services. The TO/TMO responsibilities include:

3.4.1. Preparing and editing shipment documentation to ensure quality electronic data and timely submission to support total movement shipment processes;

3.4.2. Reviewing shipment requests presented by the shipping customer to ensure that the approved funding and shipping documents fully support each shipment request;

3.4.3. Ensuring that any shipment request that is found to be incomplete or is not fully supported by the proper funding authorization will be suspended and not be accepted for shipment; and

3.4.4. Resuming the shipment request process when written or electronic verification of a corrected LOA, or other required shipping and supporting documents, is received.

### 3.5 Fund Manager (FM)

FMs are individuals legally responsible for managing the appropriate use of funds and will assist and provide advice to the TO/TMO on all financial related matters. The FM will:

3.5.1. Maintain and issue authorizations to use LOAs, based on requests, to ensure their appropriate use and the availability of sufficient funding;

3.5.2. Coordinate and administer changes and modifications to LOAs and ensure updated data is uploaded to the TGET when necessary;

3.5.3. Provide a properly formatted LOA and associated TAC for input into the shipper system when utilizing electronic processing and third-party billing;

3.5.4. Coordinate with the appropriate finance and accounting office to resolve edit exceptions encountered in the obligation and accrual recording and invoice payment processes;

3.5.5. Work with the TO/TMO and/or certifying officer to correct fund citation edit exceptions;

3.5.6. Provide the shipping customer with documentation supporting funds availability and record the commitment/obligation appropriately. Documentation must include a valid, appropriate, and funded LOA, as well as the point of contact information of the FM (e.g., name, phone number and, e-mail address);

3.5.7. Monitor execution of transportation costs and make adjustments as needed; and

3.5.8. Coordinate with the contracting officer and/or TO/TMO in addressing any issues associated with transactions that have not yet been certified for payment.

### 3.6 Certifying Officer

Certifying officers are properly qualified and trained individuals designated in writing by the activity commander and will perform their duties in accordance with Volume 5, Chapter 5. All certifying officers will be appointed using a [DD 577](#), Appointment/Termination Record – Authorized Signature. Certifying officers are responsible for:

3.6.1. Ensuring the accuracy of facts stated on a voucher to include the supporting documents and records, pursuant to [31 U.S.C. § 3528](#);

3.6.2. Ensuring accurate computation of vouchers under 31 U.S.C. § 3528 and [31 U.S.C. § 3325](#);

3.6.3. Ensuring the legality of a proposed payment under the appropriation or fund involved, pursuant to 31 U.S.C. § 3528;

3.6.4. Ensuring that when a manual, electronic, or digital signature is affixed to a voucher, the certifying officer certifies to a disbursing officer that the items listed therein are correct and proper for payment from the appropriation(s) or other funds designated thereon or on supporting vouchers, and that the proposed payment is proper, correct, and not prohibited by law;

3.6.5. Ensuring the use of and certifying a [Standard Form \(SF\) 1113](#), Public Voucher for Transportation Charges, and ensuring the form includes the correct amount and fund cites when processing documents such as requests for payments, invoices, and other transportation documents;

3.6.6. Forwarding the certified SF 1113, with the attached supporting documents, to the proper payment office for recording into the accounts payable system and disbursement of payment to the provider;

3.6.7. Returning, and not certifying, vouchers which are inaccurate, inadequate, improper, incorrect, impermissible by law, or contain invalid or inadequate funding information; and

3.6.8. Performing additional duties and responsibilities of certifying officers concerning the review, reconciliation, and certification of the DoD Third Party Payment System (TPPS) monthly summary invoices as discussed in paragraph 10.3.



### 3.7 Payment Office

Each payment office will:

3.7.1. Provide finance and accounting support to designated shipping customers, FMs, TOs/TMOs, and certifying officers;

3.7.2. Ensure that a valid electronic record of the transportation obligation is posted in the accounting system prior to disbursing funds;

3.7.3. Record accruals, if appropriate, and then disburse payment upon receipt of the certified request for payment or electronic data feeds. See Volume 4, Chapter 9 for additional information;

3.7.4. Ensure that commitment, obligation, accrual, and expense transactions are reconciled and processed into the appropriate accounting systems. See Volume 3, Chapter 8, and Volume 4, Chapter 9 for additional information;

3.7.5. Send electronic funds transfer disbursement to the vendor or third-party payer with an accompanying remittance advice; and

3.7.6. Collect any overpayments, as required. See Volume 16 for additional information.

### 3.8 General Services Administration (GSA)

GSA is the executive agent for the Federal Government and is responsible for oversight of prepayment and post-payment audits and associated collection actions. GSA also handles payment claims and disputes that cannot be resolved between the TSP and [the contracting officer](#) and the payment office. See sections 4.0 and 9.0 for additional policy concerning transportation audits, reviews, and TSP claims.

### 3.9 Transportation Service Provider (TSP)

The TSP is the commercial provider of transportation services for either freight or HHG.

3.9.1. The TSP certifies that the shipment has been delivered in good condition and submits certified invoices for payments of services rendered.

3.9.2. The certified invoice is sent to the activity designated in the shipping request.

### 3.10 Contracting Officer

A contracting officer is a U.S. military officer or civilian employee who has been properly appointed on a [SF 1402](#), Certificate of Appointment.

3.10.1. A contracting officer has the authority to enter into, administer, and/or terminate contracts, and make related determinations and findings. See definition of contracting officer in [FAR 2.1](#).

3.10.2. Within the context of this chapter (for transportation charges falling outside of TPPS processes) the contracting officer:

3.10.2.1. Prepares solicitations and contracts for transportation and/or transportation-related services;

3.10.2.2. Specifies authorization of prepaid freight in contracts;

3.10.2.3. Ensures that the requirements of the DTR 4500.9-R are included in appropriate contracts for all applicable shipments and enforces these requirements concerning shipments under their control; and

3.10.2.4. Includes in the solicitation and contract all applicable services, provisions, clauses, and instructions concerning first destination transportation charges and electronic invoicing. The solicitation and contract must also identify a separate LOA for prepaid freight.

#### 4.0 PAYMENT, AUDITS, AND COLLECTIONS

##### 4.1 Request for Payment

The payment office will process a request for payment in accordance with the applicable commercial rates, fares, or charges for transportation by any common carrier of any property for the United States, or on its behalf, as approved by the TO/TMO, or designee, and certified by the certifying officer. Transportation payments will be made by the payment office designated in the contract.

##### 4.2 Prepayment Audit

Title 31 U.S.C. § 3726 establishes that each agency that receives a bill from a carrier or freight forwarder for transporting an individual or property for the U.S. Government must verify its correctness (to include transportation rates, freight classifications, or proper combinations thereof) using a prepayment audit, in accordance with regulations prescribed by the GSA. Meal tickets and meal checks are not subject to audit since they do not represent bills from a TSP. Implementing instructions are in 41 CFR 102-118, which provides responses to the most frequently asked questions concerning transportation payments and audit.

4.2.1. GSA has complete oversight of the prepayment audit process; however, it can further delegate that authority to the DoD Components if the delegation is determined to be cost-effective or otherwise in the public's best interest, as prescribed in 31 U.S.C. § 3726(g).

4.2.2. The [GSA Transportation Audits Division](#) keeps a central repository of electronic transportation billing records for legal and audit purposes. Therefore, the DoD must forward all

relevant electronic transportation billing documents to GSA as soon as possible following the end of the month; this is accomplished by the TPPS contractor which provides all shipping and payment data available in support of DoD transportation payments ([FAR 47.103-1](#) and 41 CFR 102-118.80).

4.2.3. The payment office must ensure, during its prepayment audit of a hardcopy (non-TPPS) TSP bill, that the TSP filled out the SF 1113 completely, including the taxpayer identification number and standard carrier alpha code. An SF 1113 must accompany all hardcopy (non-TPPS) billings (41 CFR 102-118.100).

4.2.4. In accordance with 41 CFR 102-118.280, [31 U.S.C. § 3521\(b\)](#), and [GAO's Policy and Procedures Manual for Guidance of Federal Agencies, Title 7](#), statistical sampling is permitted on TSP bills under \$2,500. See Volume 5, Chapter 5, section 6.0 for additional details concerning statistical sampling.

4.2.5. In accordance with 31 U.S.C. § 3726(a)(3), expenses for prepayment audits must be funded by DoD appropriations used for the transportation services.

#### 4.3 Prompt Payment Act (PPA)

Transportation payments are subject to the PPA. PPA regulations require that agencies pay transportation bills within a certain time period and pay interest penalties when payments are late.

4.3.1. Unless specified differently in the contract, transportation charges must be paid within 30 days after the original completed BOL reaches the designated billing office, and the carrier certification, as described in paragraph 4.4, is completed on the document.

4.3.2. If an invoice or accompanying documentation is determined to be incomplete or incorrect, the agency must provide the TSP with written notice of an apparent error, defect, or impropriety within 7 days of receipt of the bill. See [FAR 32.905](#) for additional information.

4.3.3. Refer to Chapter 7 for additional PPA policy.

#### 4.4 Certified Invoice

Transportation invoices must be certified by the carrier that the shipment has been delivered in good order and condition. A TSP cannot demand advance payment for transportation charges submitted on a BOL, per 41 CFR 102-118.200.

#### 4.5 General Services Administration (GSA) Post-Payment Audit

A carrier's BOL and the supporting documents, which represent payments made by agency payment offices for freight and passenger transportation services, must be forwarded to GSA for a post-payment audit (41 CFR 102-118.415 and 41 CFR 102-118.425).

4.5.1. GSA reviews the carrier's transportation rates, freight classification, and other information for correctness during the audit and has a number of applicable actions it can take based on post-payment review outcomes (41 CFR 102-118.430 and 41 CFR 102-118.435).

4.5.2. Expenses of post-payment audit contract administration and audit-related functions are financed from overpayments collected from the TSP's bills previously paid by the DoD and similar type refunds (41 CFR 102-118.440).

#### 4.6 Overpayments

If the agency conducts prepayment audits of its transportation bills, agency transportation certifying and disbursing officers are liable for any overpayments made. If GSA has granted a waiver to the prepayment audit requirement, and the agency performs a post-payment audit (31 U.S.C. § 3528 and [31 U.S.C. § 3322](#)), neither the certifying nor disbursing officers are liable based on the reasons listed in these two cited statutes (41 CFR 102-118.160).

4.6.1. If an overpayment results from the use of improper transportation rates, classifications, or from the failure to deduct the proper amount, the disbursing officer or certifying officer will normally not be held liable for overpayments.

4.6.2. Relief of liability may normally be granted when the certification was based on official records and the certifying officer did not know, and by reasonable diligence and inquiry could not have discovered, the correct information, or the obligation was incurred in good faith, and diligent collection actions were undertaken in accordance with established procedures. Refer to Volume 5, Chapter 6.

#### 4.7 Collection / Offset of Overcharges

The Director of the GSA Transportation Audits Division has the authority and responsibility to audit and settle all transportation-related accounts (31 U.S.C. § 3726). When instructed to do so by GSA, the payment office will offset, as appropriate, any overcharge amounts due the United States from an unpaid carrier's bill. [The GSA has the authority to audit but only has the authority to adjudicate and settle when there is a dispute between the contractor and a government party to the contract.](#)

4.7.1. The payment office will inform GSA if they do not have, and are not likely to have, a subsequent voucher to collect an overcharge.

4.7.2. GSA then handles the collection as a U.S. claim against the payee (41 CFR 102-118.640). If GSA collects the overcharged amount, the collection is retained by GSA.

4.7.3. The payment office must report all voluntary refunds to the GSA Transportation Audits Division (so that no Notice of Overcharge or financial offset occurs), unless other arrangements are made (41 CFR 102-118.500(a)).

4.7.4. Once a Notice of Overcharge is issued by the GSA Transportation Audits Division, then any refund is no longer considered voluntary, and the payment office must forward the refund to the GSA Transportation Audits Division (41 CFR 102-118.500(b)).

4.7.5. Title 31 U.S.C. § 3726(d) states that not later than 3 years (excluding time of war) after the time a bill is paid, the Government may deduct from an amount subsequently due a carrier or freight forwarder an amount paid on the bill that was greater than the rate allowed.

## 5.0 TRANSPORTATION PAYMENT DOCUMENTATION

### 5.1 Prescribed Forms

The DoD may receive payment requests for transportation and related services in various forms, such as paper or electronic BOLs, or periodic billing statements. Transportation offices will use commercial payment practices and electronic processing to the maximum extent possible in accordance with DoD policy set forth in the DTR 4500.9-R.

### 5.2 Commercial Bills of Lading (BOL)

The [Commercial BOL](#) (the industry-wide form used by transportation carriers) is the preferred document used for the transportation of property per [48 CFR 53.247](#). This document will be used for the receipt of goods, as documentary evidence of title, and as documentary evidence of delivery. The use of the commercial BOL is the initial step in satisfying the GSA's and DoD's ongoing initiatives to maximize electronic processing of transportation documents. In its electronic form (i.e., without the issuance of a hard-copy Government BOL), the commercial BOL is referred to as a "virtual" Government BOL.

## 6.0 TRANSPORTATION DELIVERY TERMS

### 6.1 Delivery Terms

Delivery terms are listed in the contract indicating the point at which title and risk of loss of merchandise pass from the seller to the buyer. They define the obligations and the responsibilities of the buyer and seller during the delivery of goods. See [FAR 47.3](#) for additional details.

6.1.1. Free on Board (FOB) Origin. If the shipping contract states FOB origin, the ownership of the cargo is passed on to the buyer when the goods are placed on the conveyance by

which they are to be transported. Unless the contract states otherwise, the cost of shipping and risk of loss are borne by the buyer (Government), per FAR 47.303-1.

6.1.2. FOB Destination. If the shipping contract states FOB destination, the supplier owns the goods until they arrive at their destination. Unless the contract states otherwise, the cost of shipping and the risk of loss are borne by the seller (contractor). Pursuant to FAR 47.303-6, transportation costs that are included in contracts for material delivered FOB destination must not be paid.

6.1.3. Most Advantageous Delivery Point. If the shipping contract includes both FOB origin and FOB destination delivery terms, the payment office will process each payment in accordance with the assigned contract terms for the goods being shipped. Refer to FAR 47.304-1(b) when the contracting officer includes both options to obtain the most advantageous delivery point.

## 6.2 Prepaid Freight

Contractor prepaid freight is any type of transportation amount authorized to the point specified in the contract, which is to be prepaid at (FOB) origin by the contractor and later submitted for reimbursement on the contractor's invoice, per FAR 47.303-4.

6.2.1. When providing goods, the TSP can be authorized reimbursement for prepaid freight within their contracts.

6.2.2. Contractors will support the prepaid transportation freight charges with a copy of the carrier's receipted freight bill or evidence of receipt from the carrier. Evidence of payment is a receipted freight bill or BOL stamped or marked "To Be Prepaid" showing the charges receipted for by the carrier. If this is not present, then the BOL must bear a notation of the contractor's check number, the date paid, and proof of shipment.

6.2.2.1. If a receipted freight bill is not available, then the contractor can provide other support for the claim for reimbursement of freight charges. The contractor must furnish a copy of the transportation company's pickup record or a copy of the contractor's internal business document showing the contractor turned the material over to a particular shipper. The contractor then must support either of these documents with a copy of the transportation company's invoice and a statement that the charges have been paid.

6.2.2.2. For cost reimbursement contracts, the contractor must send freight bills to the contracting officer for a pre-payment audit, per [FAR 47.103-2](#).

6.2.2.3. Per FAR 47.303-17(d)(1), the Government may determine that receipted freight bills or other evidence of receipt are not required for transportation charges of \$100 or less if the following conditions are met:

6.2.2.3.1. The underlying contract specifies retention by the contractor of all records for at least 3 years after final payment under the contract;

6.2.2.3.2. The contractor agrees to furnish evidence of payment when requested by the Government; and

6.2.2.3.3. Per FAR 47.303-17(e), shipments and invoices will not be split to reduce transportation charges to \$100 or less per transaction as a means of avoiding the required documented support for the charges.

6.2.2.4. Per FAR 47.303-17(d)(2), a Government agency may pay an invoiced, but unsupported, transportation charge of \$250 or less per transaction if the following conditions exist:

6.2.2.4.1. The contractor cannot reasonably provide a receipted bill; and

6.2.2.4.2. The agency has determined that the charges are reasonable. Determination of reasonableness may be based on the following: past experience (authenticated transportation charges for similar shipments); rate checks; copies of previous bills submitted by the contractor; or other information submitted by the contractor to substantiate the amount claimed. [Any alternation in rates incorporated and/or applied from another department policy or regulation must also include identified equipment in addition to commodity, destination, and origin.](#)

6.2.3. When deliveries are made at points other than the designated FOB point, the contracting officer will make an adjustment in the contract price that corresponds to the resulting increase or decrease in the amount of freight charges.

6.2.4. The payment office will not make an adjustment on the amount of the freight charges if deliveries are made to places other than the FOB point.

6.2.5. The payment office will not make an adjustment to freight charges when a contractor contends that it paid transportation expenses, which the Government was obligated to pay.

6.2.6. The payment office cannot deduct for potential excessive freight charges paid by the Government. Such adjustments must be submitted to the respective legal counsel for referral to the GSA for direct settlement as claims.

### 6.3 Reimbursable Prepaid Freight

Reimbursement to a contractor for prepaid freight covers the cost of transporting the material being shipped from the designated FOB origin point to the designated destination(s).

6.3.1. The contractor may be authorized by the contracting officer to pay transportation costs subject to the terms and conditions of the BOL on behalf of the Government. The contractor pays for shipping on a commercial BOL, other commercial form, or through the postal system.

6.3.1.1. If a contractor is directed by a contracting officer to ship FOB origin via parcel post, then postal charges are reimbursable.



6.3.1.2. The contractor must list this expense as a separate item on the invoice.

6.3.1.3. Charges are included in accounting records as a part of the cost of material.

6.3.2. The contractor will bill the DoD Component for the cost of the transportation. This billing is shown as a line item on the contractor's invoice and is supported by a receipt, per FAR 47.303-17(d).

6.3.3. Contractor prepaid freight is not authorized within overseas areas. A contractor, however, may be reimbursed for prepaid freight within the United States to a stateside port of embarkation for further shipping by Government means to the overseas area.

6.3.4. Contractor prepaid freight costs are obligated as a cost of the contract.

6.3.5. If it is advantageous to the Government, the contracting officer may authorize the contractor to ship supplies, which have been acquired FOB origin, to domestic destinations, including DoD air and water terminals by common carriers on commercial BOLs. Such shipments must not exceed 150 pounds by commercial air, or 1,000 pounds by other commercial carriers, and must not have a security classification, per FAR 47.303-17(a).

6.3.6. GSA does not audit fixed price contractor prepaid freight charges.

6.3.7. Contractors directed to prepay freight may maintain charge accounts with companies specializing in delivery of small parcels.

#### 6.4 Excessive Freight Charges

Excessive freight charges are freight costs incurred by a contractor that exceed costs from the FOB point specified in the contract, and they are not reimbursable costs. The contracting officer will need to make a determination whether to pay excessive freight charges and provide that determination to the payment office before any approved adjustments to payments can be made by the payment office.

6.4.1. If a contractor prepays freight for a shipment contrary to the current contract terms, payment of shipment charges may be made to the contractor after receipt of contract modification authorizing the prepaid shipment. The payment may not exceed the cost that would have been incurred by the Government. The prepaid freight receipt will be attached to the contractor's request for payment.

6.4.2. Any premium freight (e.g., overnight delivery, first class mail, or airfreight) to be paid by the Government must be authorized by the contracting officer, per FAR 47.304-1(c)(4).

6.4.3. Where the original contract was FOB origin, and the TO/TMO changes the destination point, the Government may be held liable for all additional freight costs.



6.4.4. If the contractor changes the location from where the item is being shipped from, thereby increasing the freight costs, then the contractor is liable for any increased freight costs.

6.4.5. Shipment of perishable or medical supplies that are subject to in-transit deterioration is an example of a situation when solicitations will normally be on an FOB destination-only basis because it is advantageous to the Government per FAR 47.304-1(g)(4).

## 6.5 Funding Determination Guidelines

When Government property is shipped from one point to another, specific guidelines will be applied to determine the appropriation or fund to be charged for transportation.

6.5.1. Transportation charges are applied to the fiscal year and the appropriation in which they accrue, as stated in the contract.

6.5.2. The transportation (movement) of cargo can have multiple segments (e.g., base to shipping port, then receiving port to base). Each segment may have a different fund-citation, depending on the type of shipment.

6.5.3. Transportation charges for material shipped from one U.S. Government installation to another are not considered part of the contract expense in buying the material.

6.5.4. Transportation charges incurred for transporting exchange or commissary supplies are charged to the applicable exchange fund or to the Defense Commissary Agency.

6.5.5. If freight is damaged in shipment, regardless of which entity is responsible for the damaged goods, transportation funds will not be used to pay for the replacement or repairs of damaged goods.

6.5.5.1. For FOB origin shipments, destination sites will furnish procurement officials with any available information to support the shipper's claim for damage(s).

6.5.5.2. If freight is damaged in shipment, then follow the requirements of the DTR 4500.9-R, Part II, Chapter 209 for reporting damages.

## 6.6 Property Loss or Damage

The Government generally retains the risk of loss and/or damage to its property that is not the legal liability of the commercial carriers. In addition, the Government generally does not buy insurance coverage for its property in the possession of commercial carriers per [FAR 47.102](#). However, in cases where loss or damage risk does reside with the carrier based on contractual agreement, deductions can be made from amounts due the carrier using the following guidance, per [10 U.S.C. § 2636 \(a\)\(1\) and \(2\)](#):

6.6.1. If deducted due to loss of, or damage to, material in transit for a military department, the amount must be credited to the proper appropriation, account, or fund from which the same or similar material may be replaced; or

6.6.2. If deducted as an administrative offset for an overpayment previously made to the carrier under any DoD contract for transportation services, or as liquidated damages due under any such contract, the amount must be credited to the appropriation or account from which payments for the transportation services were made.

## 6.7 Non-DoD Funding

Non-DoD agencies that wish to use DoD transportation services must provide funds with the appropriate LOAs to the sponsoring DoD Component. Non-DoD funding is required before services can be provided. The sponsoring Component may set up a reimbursable account where the third-party billing system can continue to pay the TSP, and the sponsoring Component can establish a Service/DoD LOA/TAC for the paying office to process. See Volumes 11A and 11B for additional reimbursable policy.

## 7.0 NON-TEMPORARY STORAGE (NTS) AND LOCAL DRAYAGE OF HOUSEHOLD GOODS (HHG)

### 7.1 Definitions and Guidelines

An authorized DoD official will determine if local drayage and storage of HHG is authorized when it provides the best value to the Government. The TO/TMO responsibilities include obtaining these transportation services to meet operational needs.

7.1.1. NTS. NTS of HHG is all storage other than temporary (e.g., storage in transit) or special storage (e.g., access-controlled environment). NTS includes any shipment, movement, packing/unpacking, and crating/uncrating necessary to transport the HHG to and from the designated storage facility.

7.1.1.1. NTS authority is normally included in the permanent change of station (PCS) travel authorization/order and must be obligated against the appropriation current at the time of the contract award, or against the appropriation current at the time the service is rendered, per Volume 3, Chapter 8 ([section 11.0](#)). Follow these same obligational criteria for storage of a privately owned vehicle (POV).

7.1.1.2. Where the contracting officer acquires these storage services (NTS or POV) as non-severable services, obligations are applied to the appropriation current at the time of the contract award. Where storage services are designated as severable, obligations are applied against the appropriation current at the time the services are rendered unless under authority of [10 U.S.C. § 3133](#). A contract that crosses fiscal years must have a period of performance not to exceed 1 year. Refer to Volume 3, Chapter 8 ([subparagraph 3.4.2](#)) for additional information regarding distinctions between severable and non-severable services in the context of a contracting activity procuring services on behalf of customer organizations.

7.1.1.3. All Invoices for NTS services are processed electronically through a TPPS using the policy provided in section 10.0.

7.1.2. Local Drayage. Local drayage includes hauling HHG to a designated storage facility.

7.1.2.1. The TO/TMO responsibilities include the following actions concerning the processing of invoices pertaining to local drayage of HHG:

7.1.2.1.1. Receiving and verifying invoices with supporting documents from the ordering officer;

7.1.2.1.2. Documenting the service for local drayage has been performed and determining the entitlement pertaining to beginning and ending periods of storage and excess weight;

7.1.2.1.3. Certifying the invoiced services have been performed;

7.1.2.1.4. Verifying with the Family Housing Management Office or Billeting Office regarding entitlement to local drayage incident to assignment of Government quarters; and

7.1.2.1.5. Preparing, approving, and certifying the [SF 1034](#), Public Voucher for Purchases and Services Other Than Personal, and forwarding it to the proper payment office with documents to support these entitlements for recording into the accounts payable system and for disbursement of the payment to the provider.

7.1.2.2. When moving HHG to or from storage locally (drayage), the TO/TMO will:

7.1.2.2.1. Provide to the payment office a copy of the invoice containing a certificate of performance signed by both the contractor and ordering officer; a copy of the [DD 1164](#), Service Order for Personal Property; a copy of the [DD 1299](#), Application for Shipment and/or Storage of Personal Property; and a copy of any special orders or other authority; and

7.1.2.2.2. Provide to the ordering office a copy of the paid removal from storage voucher.

7.1.2.3. The payment office responsibilities include the following actions concerning the processing of invoices pertaining to local drayage of HHG:

7.1.2.3.1. Certifying funds availability on the basis of a purchase order request and record obligations based on receipt of a [DD 1155](#), Order for Supplies or Services, with the coordination of the FM;

7.1.2.3.2. Obtaining evidence of receipt of services before paying a contractor's invoice. This may be accomplished by a TO/TMO statement on the invoice that states the date the services ordered were received, with the TO/TMO official's printed name, signature, and contact information placed on that invoice; and

7.1.2.3.3. Obtaining a copy of the obligating document and the contractor's invoice to support the payment voucher.

## 7.2 Military Members

7.2.1. See JTR, Chapter 5, Part C, Section 0513 and 0514 for details concerning HHG weight allowances.

7.2.2. See JTR, Chapter 5, Part C, Section 0518 for details concerning HHG storage.

7.2.3. The housing office issues assignment and reassignment orders for movement of member's personal property placed in NTS incident to occupancy of Government or Government-controlled quarters.

## 7.3 Civilian Employees

7.3.1. As stated in 5 U.S.C. § 5726 (b), the maximum combined weight for HHG transported and/or stored for civilian employees is 18,000 pounds. The Government may pay the total transportation cost, and other charges applicable to any excess weight that exceeds the HHG weight allowance, and collect reimbursement for the excess cost from the civilian employee.

7.3.2. As stated in the JTR, Chapter 5, Part F, Section 543, civilian expenses for NTS are authorized for PCS travel, or new appointee travel, to a designated isolated Continental United States (CONUS) permanent duty station (PDS). A signed service agreement for 12 months is required for each individual CONUS PCS. The period of NTS under these conditions may not exceed 3 years, per 5 U.S.C. § 5726(c).

7.3.3. As stated in the JTR, Chapter 5, Part F, Section 543, a traveler's HHG are placed in NTS when there is no authority to transport some items, or the HHG cannot be used at the Outside of the Continental United States (OCONUS) PDS. The traveler may request authority from the employer for HHG withdrawal from NTS, and transportation at Government expense, when the situation requiring NTS no longer exists, and the HHG are needed for the current tour of duty, or when a removal agreement is signed. The period of NTS, at Government expense, may be authorized for a period not to exceed the tour of duty.

## 8.0 MISCELLANEOUS TRANSPORTATION PAYMENTS

### 8.1 Drive-away and Tow-away Service

DoD vehicles may be moved by drive-away or tow-away carrier service. Authorized en route expenses may be incurred for which the carrier is not liable. Drive-away service is the movement of a vehicle under its own power by a driver of an authorized motor carrier. Tow-away service is when any motor vehicle, or combination of motor vehicles coupled together, has one or more sets of wheels on the roadway during the course of transportation. This method also includes the movement of one or more vehicles, including other than self-propelled vehicles, when towed or mounted (either full or saddle mount) upon a vehicle. See DTR 4500.9-R, Part II, Chapter 202 for additional information concerning drive-away service.

### 8.2 Meal Checks

Meal checks are used by DoD recruits, including the Department of Homeland Security Coast Guard recruits, while in transit from the Military Entrance Processing Stations (MEPS), under the command of the U.S. Military Entrance Processing Command (USMEPCOM), to the Service training centers. Meal checks will be issued only by an appointed MEPS Transportation Assistant (TA), or designated alternate, to DoD recruits traveling under provisions of the JTR.

8.2.1. During the transportation briefing, the MEPS TA will inform the recruit on the authorized use of the meal check, the procedures for completing the meal check, their responsibility to use the check for authorized meals, the locations that will accept meal checks, and their responsibility for safeguarding their meal check.

8.2.2. The MEPS will use the USMEPCOM's automated USMEPCOM Integrated Resource System (USMIRS) to issue computer-generated meal checks.

8.2.2.1. The MEPS USMIRS will print the allowable amount on the meal check depending on the type of meal authorized. The rates per meal for members are in the JTR, Chapter 2, Section 0203.

8.2.2.2. The MEPS TA will inform the recruit that he/she cannot write meal checks for amounts that exceed the applicable amount authorized in the JTR. Meals may be acquired at a lower cost. The recruit will be responsible for any costs that exceed the authorized amount published in the JTR, Chapter 2, Paragraph 020306.

8.2.2.3. Meal checks are valid at all airport restaurants owned, operated, or contracted by Host Marriott Services Corporation and most other food vendors.

8.2.2.4. The vendors will not give the recruits any change if the cost is less than the amount stated on the meal check.

8.2.3. Meal checks must not be used:

8.2.3.1. To buy alcoholic beverages;

8.2.3.2. When travel is by commercial aircraft, and passage rates include meal service;

8.2.3.3. When an advance allowance of per diem has been received;

8.2.3.4. When any portion of travel is OCONUS; or

8.2.3.5. For payment of a gratuity.

8.2.4. A contracted private sector bank will pay the restaurants electronically, within 48 hours, through the normal banking process. After the bank pays the restaurants, the payment office will reimburse the bank by electronic funds transfer.

8.2.5. See DTR 4500.9-R Part I, Appendix M for additional information concerning meal checks.

### 8.3 Meal Tickets

Meal tickets may be issued to all authorized users under the JTR provisions, with the exception of recruits assigned to MEPS. Meal tickets may be issued only as specifically authorized in the DTR 4500.9-R for members traveling together with no/limited reimbursement directed in the authorization/order, on a commercial airline flight on which courtesy meals are not served, and prior arrangements have been made for the airline to serve meals in exchange for meal tickets. See DTR 4500.9-R, Part I, Passenger Movement, Appendix M for details concerning meal tickets.

8.3.1. Meal tickets must not be used:

8.3.1.1. To buy alcoholic beverages;

8.3.1.2. When travel is by commercial aircraft, and passage rates include meal service;

8.3.1.3. When an advance allowance of per diem is received;

8.3.1.4. For travel of civilian employees;

8.3.1.5. For travel of military dependents, except when a dependent is authorized per diem for the purpose of escorting a deceased military sponsor; or

8.3.1.6. For payment of a gratuity.

8.3.2. Reimbursement of contractors accepting meal tickets will be accomplished in the following manner:

8.3.2.1. The contractor submits the original meal ticket(s), DD 652, attached to an invoice;

8.3.2.2. Payment will be made based on a SF 1034. Payment cannot exceed the number of meals nor the price set forth on each meal ticket. Each meal ticket is shown on the SF 1034;

8.3.2.3. Before payment is made, verify the meal ticket has a properly completed contractor's certification and ensure that it agrees with the certification made by the Service member who received the meal or the Service member in charge of the party;

8.3.2.4. Anyone who alters a meal ticket after it has been issued must initial and date the alteration and include their printed name and contact number;

8.3.2.5. Charge the appropriation and allotment cited on the meal ticket with the payment amount; and

8.3.2.6. These payments are due 30 days after they reach the designated billing office. Interest is due on late payments, as these transactions are subject to PPA.

## 9.0 CLAIMS BY TRANSPORTATION SERVICE PROVIDER (TSP)

### 9.1 Filing Claims

A TSP may file a claim for the following reasons (41 CFR 102-118.450):

9.1.1. Amounts considered to be owed to the TSP but were not included in the original billing;

9.1.2. Amounts that were deducted or offset by the payment office that are disputed by the TSP;

9.1.3. Amounts that were previously refunded by the TSP in error; or

9.1.4. Unpaid original bills requiring direct settlement by GSA, including those subject to doubt about the suitability of payment (mainly bankruptcy or fraud).

### 9.2 Claims Resolution /Appeals

If a claim is sent by a TSP to a payment office, they must make every reasonable and legal effort to resolve the dispute directly with the TSP.

9.2.1. If resolution is not possible by the original payment office, the claim must be forwarded to the GSA Transportation Audits Division.

9.2.2. Claims forwarded to the GSA Transportation Audits Division for resolution must arrive at GSA within 3 years (excluding time of war) after the later of the following dates (31 U.S.C. § 3726 and 41 CFR 102-118):

9.2.2.1. The date of receipt of the invoice by the payment office when the demand for payment is refused by the payment office;

9.2.2.2. The date of payment; or

9.2.2.3. The date of deduction on subsequent amounts paid (if the payment office offsets subsequent bills submitted by the TSP).

9.2.3. If the TSP does not agree with the decision of the GSA Transportation Audits Division, then the TSP may appeal to the [Civilian Board of Contract Appeals](#) or file a claim with the U.S. Court of Federal Claims.

9.2.4. Appeals of GSA Transportation Audits Division decisions to the Civilian Board of Contract Appeals must be made within 6 months (excluding time of war) of the date of the decision or within the periods of limitation specified in 31 U.S.C. § 3726, as amended, whichever is later. Refer to 41 CFR 102-118.580.

### 9.3 Certificate of Settlement

When the claim has been adjudicated by GSA, and it is determined the TSP is owed money, GSA will issue a "Certificate of Settlement" indicating the amount to be paid.

9.3.1. Once a decision is made, interest may accrue beginning 30 days from the date of settlement.

9.3.2. Similarly, if a TSP appeals the decision of an agency to the GSA Transportation Audits Division or to the Civilian Board of Contract Appeals, then interest penalties do not accrue until 30 days after a decision is rendered.

9.3.3. When a dispute arises between the agency and a TSP over an amount billed by the TSP (either in whole or part), the amount in dispute is not subject to interest penalties during the period of resolution, per 41 CFR 102-118.465.

## 10.0 DoD THIRD PARTY PAYMENT SYSTEM (TPPS)

### 10.1 Background

The DoD uses a TPPS for transportation payment processing of CONUS freight, HHG shipments, and NTS services. The TPPS collects shipment and financial data from both shippers



and carriers. Transportation transactions are entered into the TPPS electronically, and carriers are reimbursed for their services by a bank. A monthly TPPS summary invoice is forwarded electronically by the bank to the designated billing office for review and approval by an authorized certifying officer. The payment office will compute and pay interest based on payment terms specified in the TPPS contract.

## 10.2 Internal Control and System Access

All DoD Components utilizing the TPPS service must implement local internal controls to prevent, detect, and report unauthorized transactions as outlined in Chapter 1, Section 2.0. All managers will ensure adequate separation of duties and limit system access to only those individuals necessary to accomplish their assigned tasks. The policy cited in subparagraph 10.3.2 concerning annual reconciliations reinforces existing policy prescribed in the DTR, Part II, Chapter 212, and Part V, Appendix A, which identifies specific reviews and controls that must occur to ensure the timely and accurate processing of transportation bills. DoD Components and transportation offices must work closely with the DFAS to perform root cause analysis and develop both automated tools and business process solutions to improve the efficiency and effectiveness of the reconciliation process, including the use of Advanced Analytics if feasible. The infrastructure should also include performance metrics for Component accountability.

## 10.3 Certification, Reconciliation, and Payment Processing

Refer to the DTR 4500.9-R, Part II, Chapter 212 for additional detailed information and procedures concerning payment documentation requirements, correcting invalid LOAs and TACs, and the monthly summary invoice certification and payment process.

10.3.1. The certifying officer is responsible for reviewing and certifying the monthly invoices. As part of this review, they must ensure the invoices contain valid and adequate funding information, are accurate, correct, and permissible by law, and must identify any transactions that do not belong to their TPPS account. Certification criteria outlined in paragraph 3.6, the DTR 4500.9-R, Part II, Chapter 212, and Volume 5, Chapter 5 must be applied.

10.3.2. The certifying officer, in conjunction with the payment office, must reconcile the account activity section of each TPPS monthly summary invoice in a timely manner to identify any carrying balance discrepancies, resolve any past due amounts, and review and verify that all fees and adjustments cited on each invoice are correct. All transportation accounts must be reconciled and paid in full on an annual basis, by the end of the first quarter following the end of the fiscal year (FY). For example, all charges on a transportation account that occurred during FY 2021 are required to be reconciled and paid in full by the end of the first quarter, FY 2022. The certifying officer will communicate any reconciliation issues to the payment office in a timely manner, as appropriate.

10.3.3. The certifying officer is responsible for returning, and not certifying, invoices that do not contain valid and adequate funding information, or are not accurate, correct, or permissible by law.

10.3.4. In addition to assisting the certifying officers when necessary, the payment office must ensure that the TPPS monthly invoice is paid in a timely manner. Any late payments will be assessed the proper PPA interest penalty. All interest penalties paid will appear in the subsequent month's fees and adjustment section of the monthly summary invoice and must be reconciled with the total and interest payments previously made.