



COMPTROLLER

OFFICE OF THE UNDER SECRETARY OF DEFENSE

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MEMORANDUM FOR ASSISTANT SECRETARIES OF THE MILITARY DEPARTMENTS
(FINANCIAL MANAGEMENT AND COMPTROLLER)
DIRECTORS OF DEFENSE AGENCIES
DIRECTORS OF DOD FIELD ACTIVITIES

SUBJECT: Annual Reconciliation, Payment, and Clean-up of Transportation Accounts
(FPM20-13)

This memorandum establishes policy for the timely reconciliation, payment, and clean-up of transportation accounts using a Third Party Payment System (TPPS). Effective immediately, 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. This new requirement does not revise or eliminate any of the current review, certification, and payment requirements of monthly TPPS billings.

The TPPS is a payment system utilized by third parties (currently U.S. Bank) to provide payment processing on behalf of the Department of Defense (DoD) for Freight, Household Goods, Direct Procurement Method shipments, and Non-Temporary Storage services for military members and DoD civilians during permanent change of station travel. A new contract for TPPS services was recently awarded in February 2019 and began performance in March 2020 for the management and processing of transportation transactions.

This memorandum reinforces existing policy prescribed in the Defense Transportation Regulation (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 Defense Finance and Accounting Service (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.

The environment under the previous transportation contracts, awarded in 1998, 2004, and 2015, lacked specific timelines for reconciling/paying outstanding bills, and resulted in many aged, unpaid TPPS accounts. This resulted in Prompt Payment Act interest penalties, audit concerns, and a significant amount of manual effort by DFAS, DoD transportation offices, and DoD Components to research and resolve. The DTR contains specific requirements for transportation officers, fund managers, and certifiers in the review and approval of transportation bills. This policy sets a specific annual timeline for the reconciliation, payment, and clean-up of outstanding transportation accounts to prevent these accounts from becoming overaged, and difficult to research and resolve.

This policy will be incorporated into the next publication of the DoD Financial Management Regulation (FMR) Volume 10, Chapter 13. It has also been presented to the TPPS Council for review, coordination, and proposed incorporation into the DTR, Parts II and IV, and a response is pending.

The DFAS point of contact for the FMR policy update is Mr. Paul Huey. He may be reached at paul.a.huey.civ@mail.mil or 614-701-3117.

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