



Program Statement

OPI: FPI
NUMBER: 8536.01
DATE: 7/31/2003
SUBJECT: Transportation,
Payments and Audits

1. **PURPOSE AND SCOPE.** To establish procedures for ordering transportation services and for conducting an audit of transportation charges for moving freight and related services prior to making payments to the transportation service provider.

- ◆ These payments are to be made in accordance with the provisions outlined in the Federal Regulations on Prompt Payment.
- ◆ After payment has been made, it is required that transportation documents be submitted to the General Services Administration (GSA) for a post-payment audit.

The Travel and Transportation Reform Act of 1998 (P.L. 105-264) mandates that Federal agencies conduct prepayment audits of transportation expenses. This requirement is included in the revised Federal Management Regulations (FMR), 41 CFR 102-117 and 102-118, and is in addition to the requirement to submit transportation documents to the GSA for post-payment audit.

- ◆ Payments to transportation service providers are subject to the regulations contained in 5 CFR 1315, Prompt Payment.

In addition, the FMR also states that Government Bills of Lading (GBL) will "completely phase out for domestic shipments on March 31, 2002, and be replaced by commercial bills of lading." 41 CFR 102-117.90.

- ◆ These changes, the requirement for a prepayment audit of transportation bills and the elimination of the GBL, **do not change** the requirement that all transportation payment documents be sent to the GSA Audit Division for a post-payment audit.

Note: Procedures included in this Program Statement **do not** pertain to privately owned personal property (i.e., household goods movements).

2. **PROGRAM OBJECTIVES.** The expected results of this program are:

a. Transportation of freight will be ordered and payment made using proper transportation documents.

b. Payments for transportation services will be accurate and proper.

c. Transportation payment vouchers will be audited according to provisions outlined in the Federal Management Regulations.

d. Transportation payments will be made according to guidelines established in the Federal Regulations on Prompt Pay.

e. Transportation documents will be sent to the General Services Administration after payment for a post-payment audit and for archiving.

3. **DIRECTIVES REFERENCED**

PS 8000.01 UNICOR Corporate Policy and Procedures
(5/13/81)

PS 8531.09 Collecting Non-Federal Debt - FPI (6/13/02)

US Government Freight Transportation Handbook (7/25/00)

5 CFR 1315 Prompt Payment

41 CFR 102-117 Transportation Management

41 CFR 102-118 Transportation Payment and Audit

4. **STANDARDS REFERENCED**

a. American Correctional Association 3rd Edition Standards for Adult Correctional Institutions: None

b. American Correctional Association 3rd Edition Standards for Adult Local Detention Facilities: None

c. American Correctional Association 2nd Edition Standards for Administration of Correctional Agencies: None

5. DEFINITIONS

- ◆ **Bill of Lading.** Sometimes referred to as a commercial bill of lading (but includes GBLs), this document is used as a receipt of goods, and documentary evidence of title.
- ◆ **Freight.** Property or goods transported as cargo.
- ◆ **Transportation Service Provider (TSP).** Any party, person, agent, or carrier that provides freight or passenger transportation and related services to an agency.

For a freight shipment this would include packers, truckers, and storers.

- ◆ **Offset.** Agency use of money owed by the agency to a transportation service provider (TSP) to cover a previous debt incurred to the agency by the TSP.
- ◆ **Post-payment Audit.** An audit of transportation billing documents after payment to decide their validity, propriety, and conformity with tariffs, quotations, agreements, or tenders.

This process may also include subsequent adjustment and collection actions taken against a TSP by the Government.

- ◆ **Prepayment Audit.** An audit of transportation billing documents before payment to determine their validity, propriety, and conformity with tariffs, quotations, agreements, or tenders.
- ◆ **Rate Authority.** The document that establishes the legal charges for a transportation shipment.

Charges included in a rate authority are those rates, fares, and charges for transportation and related services contained in tariffs, tenders, and other equivalent documents.

- ◆ **Rate Schedule.** List of freight rates, taxes, and charges assessed against non-household goods cargo.
- ◆ **Rate Tender.** An offer a TSP sends to an agency, containing service rates and charges.

- ◆ **Standard Carrier Alpha Code (SCAC).** An unique four-letter code assigned to each TSP by the National Motor Freight Traffic Association, Inc.
- ◆ **Transportation Document (TD).** Any executed agreement for transportation service, such as a bill of lading (including a GBL).
- ◆ **Transportation Service.** Service involved in the physical movement (from one location to another) of products and any other objects by a TSP for an agency as well as activities directly relating to or supporting that movement. Examples of this are storage, crating, or connecting appliances.

6. **ACQUIRING TRANSPORTATION OR RELATED SERVICES.** FPI has an agreement with the GSA whereby that agency maintains the Standard Tender of Service (STOS) as the government-wide specification for the procurement of freight transportation services.

- ◆ The STOS establishes the rates, rules, and charges that carriers must follow in conducting business with FPI.

The GSA also assists FPI to develop changes in STOS provisions that will benefit FPI traffic operations. In lieu of using the GSA tender of service, it may be cost effective for a product group or location to use other methods to acquire transportation or related services.

In those cases, the General Manager or Associate Warden of Industries and Education/Superintendent of Industries (AW/I&E, SOI) are authorized to:

- ◆ use another agency's contract or rate tender with a TSP only if allowed by the terms of that agreement or
- ◆ contract directly with a TSP using Federal acquisition procedures.

7. **TRANSPORTATION DOCUMENTS.** Transportation of freight and related transportation services (e.g., packing, storage) may be ordered with a bill of lading, or if needed for international shipments, a GBL.

a. For domestic shipments, locations may use the TSP's commercial bill of lading or a locally designed bill of lading.

The Standard GBL is to be used for other than domestic shipments. In addition to the standard information, the following must be included on any bill of lading FPI uses:

- ◆ A statement referencing the appropriate governing regulations, i.e.:

"This government shipment is subject to the terms and conditions of 41 CFR 102-117 and 41 CFR 102-118."

- ◆ The appropriate GSA tender number and corresponding estimated price. If the GSA STOS is not being used, then the appropriate contract number must be included on the bill of lading.
- ◆ FPI's reference (control) number.

Each location is to use a unique sequential number, in the following format:

- Characters 1 through 3 denote the letters FPI,
- Characters 4 through 5 denote the fiscal year,
- Characters 6 through 11 denote the numerical sequence,
- Characters 12 through 15 denote the location and factory symbol (i.e., FPI02000001ASFT).

At the beginning of a fiscal year, the numerical sequence starts over at 000001.

Locations are to phase out use of the block of numbers obtained from GSA Ft Worth.

b. Unless waived by the GSA, commercial carriers are required to submit bills for freight and express transportation using the Public Voucher for Transportation Charges (SF-1113). (Shipments for express, courier, or small package shipments moving on a commercial bill of lading are not billed on SF-1113s.)

- ◆ This form is to be accompanied by a copy of the commercial bill of lading or, in the case of non-domestic shipments, the original GBL.

8. TRANSPORTATION RESERVE REGISTER. The Transportation Reserve Register is a register or spreadsheet that serves as an accountability record for all bills of lading FPI uses.

Since it contains the necessary accounting detail, it also serves as a subsidiary ledger supporting the Transportation Expense Payable general ledger account (217000).

- ◆ In addition, it provides an important safeguard to prevent duplicate payments.

a. Bills of lading issued by an FPI location, as well as those furnished by customers and chargeable to their appropriation, are to be included in the register. (Customer provided bills of lading may be accounted for separately.)

- ◆ The register itself is supported by a numerical file copy of the bills of lading.

b. For each bill of lading used, the Transportation Reserve Register must include:

- ◆ the FPI reference control number,
- ◆ date issued,
- ◆ carrier name,
- ◆ shipper or consignee, and
- ◆ factory.

The appropriate accounting code and estimated amount of the transportation service are to be included for those bills for which FPI is paying. These amounts are to be estimated at the time of issue and posted to the register.

- ◆ The estimate is to be based upon the STOS as maintained by the GSA, or by the contract that FPI has with the particular TSP.

c. The Transportation Reserve Register is to be used to support the journal entry to the accrued Transportation Expense Payable general ledger account (217000). As transportation bills are vouchered and passed for payment, the accountant is to record:

- ◆ the document number,
- ◆ payment run number, and
- ◆ the date (month and year) certified on the Transportation Reserve Register.

Locations may use other payment data in lieu of the above as long as the other data is quickly accessible and procedures are in place to prevent duplicate payments.

d. The accountant is to reconcile periodically throughout the month and at month-end the sum of open items in the Transportation Reserve Register to the 217000 general ledger account.

e. Any items recorded on the Transportation Reserve Register for which a billing was not received within one year from the date of issue is to be cleared to the Other Expense account.

9. **SUBMITTING TRANSPORTATION BILLS FOR PAYMENT.** When the shipment is tendered, the initial TSP will be given the completed bill of lading and appropriate copies. The TSP is to bill FPI at the billing office address listed on the bill of lading and in the manner outlined below.

a. Except when waived by the GSA, the TSP must use the Public Voucher for Transportation Charges (SF-1113) and Memorandum Copy, in billing charges for transportation services to FPI.

- ◆ The original or a copy of the bill of lading must accompany the SF-1113. (If the shipment was by GBL, the original document is required.)
- ◆ Small shipments (generally not exceeding \$100 in transportation charges) are not to be invoiced to FPI on the SF-1113. These shipments will be billed using normal commercial invoicing documents.
- ◆ The SF-1113 must include the TSP's Taxpayer Identification Number (TIN) and SCAC identifier.
- ◆ If either is omitted, the form and all supporting papers are to be returned to the TSP unpaid with a request that the missing information be added to the form.

b. In no case may FPI make a prepayment of charges for transportation services.

c. The following payment procedures apply when the GSA has waived the requirement for the SF-1113:

- ◆ The TSP is to mail the original invoices to the applicable location upon delivery of services. Copies of invoices are not to be mailed unless requested by the location.

At a minimum, an invoice will contain:

- ◆ the date the invoice is issued,
- ◆ an invoice number,
- ◆ the PRO Number (the PRO Number may be used in lieu of the invoice number),
- ◆ FPI's contract number,
- ◆ the FPI reference control number, and
- ◆ a description of articles, rates, and charges.

The invoice is to be supported by copies of the applicable bill of lading and proof of delivery.

- ◆ When the original invoice is received, the supporting commercial bill of lading will be validated against the Transportation Reserve Register and other invoices received to ensure that:
 - the bill is legitimate;
 - the bill is not a duplicate billing; and/or
 - has not already been paid.
- ◆ Incorrect billings, improper invoices, disputes and payment terms are to be governed by the procedures as outlined in the Prompt Payment Act.
- ◆ The FPI Controller may grant deviations from these procedures upon written request from the Business Manager.

10. **PREPAYMENT AUDIT OF TRANSPORTATION VOUCHERS.** As with all payment vouchers for goods and services, the Business Manager is responsible for ensuring that a prepayment audit is conducted for all transportation vouchers prior to payment.

The prepayment audit is to compare the charges on the bill against the charge permitted under the rate tender or contract, depending upon how the transportation service was acquired.

a. The following information must be annotated on all transportation bills when the prepayment audit has been completed:

- ◆ the date that the bill was received from the TSP;
- ◆ the TSP's bill number;
- ◆ UNICOR, Federal Prison Industries;
- ◆ the FPI reference control number on the bill of lading or GBL);
- ◆ the amount billed and the amount payed;
- ◆ the document number (voucher number);
- ◆ the complete tender or tariff authority, including item or section number, or contract number;
- ◆ the TSP's TIN and SCAC;
- ◆ the accountant's signature or signature of person performing the review; and
- ◆ a copy of any statement of difference sent to the TSP.

The accountant or reviewer must ensure that each TSP bill contains enough information for the prepayment audit to determine

which contract or rate tender is used and that the type and quantity of any additional services are clearly delineated.

b. The TSP must be notified in detail the reasons for any adjustment to the TSP's bill electronically or in writing within seven days of receiving that bill. The notice must include the TSP's:

- ◆ invoice number,
- ◆ billed amount,
- ◆ TIN,
- ◆ SCAC, and
- ◆ the charges calculated by FPI.

c. The Business Manager must direct all appeals by a TSP of any reductions to their bills to the FPI General Counsel in Central Office.

- ◆ FPI Counsel must review the appeal and respond to the TSP within 30 days.
- ◆ If the appeal cannot be resolved at the Corporate level, it will be forwarded, along with all relevant documents, including a complete billing history, to the GSA Audit Division.

d. The prepayment audit is to verify that the payment is made in accordance with the provisions of the Prompt Payment Act and any interest due is calculated correctly.

11. **PROMPT PAYMENT.** All Business Offices must adhere to guidelines established in 5 CFR 1315 when making payments. The guidelines established specifically determine the type of documents required for:

- ◆ payment to vendors and
- ◆ calculation of due dates, interest penalties, rebates, and taking discounts.

Parameters established within FPI's automated financial management system used by all FPI locations incorporate these guidelines.

Payments for transportation services must comply with the Prompt Payment Act.

Payments and any interest due on those payments are to be made in accordance with the procedures in the Program Statement on

Accounts Payable - Internal Control Procedures, Prompt Payment and Processing Vendor Payments.

12. **INTERNAL OFFSET PROGRAM.** Debts a TSP owes the Federal Government are to be offset against any payments due the TSP, upon request from the GSA.

13. **POST-PAYMENT AUDIT.** The Business Manager or designee is required to forward original paid transportation bills and all supporting documents to the GSA's Transportation Audit Division each month for post-payment audit.

The purpose of the post-payment audit is to identify transportation overcharges and recover any excess moneys paid to a carrier.

a. The information included in Section 10.a. must be annotated on all transportation bills submitted for post-payment audit.

b. Monthly submissions are to be made in the following manner:

- ◆ Assemble complete packages for each month. Include the:
 - Transmittal For Transportation Schedules and Related Basic Documents (SF-1186),
 - the SF-1113, and
 - the bill of lading, GBL, or substitute documents with freight bills or other supporting documents.
- ◆ In lieu of the agency location code (ALC), FPI locations are to include on the SF-1186 the first four digits of FPI's ALC followed by that particular location's alpha identifier (i.e., 1508AL). The name of the contact person with his or her telephone number is also to be included on the form.
- ◆ Send assembled packages to:

**General Services Administration (SOC)
Paid Document Receiving Unit
13882 Redskin Drive
Herndon VA 20171**

c. Paid transportation bills are to be submitted to the GSA at the end of each month.

- ◆ If, due to an oversight monthly submissions are not made and it becomes necessary to submit multiple account months at the same time, the most recent account month is to be forwarded with a SF-1186 in a separate package. All prior account months are to be bundled by month, **each** with an accompanying SF-1186 and payment schedule, and forwarded in one package clearly marked to indicate each month and year submitted.
- ◆ If no bill of lading or GBL is paid during the month, complete boxes 11 and 12 of the SF-1186 and submit it to the GSA. Any transportation vouchers that have not been paid because they are doubtful claims must be identified on a separate SF-1186 and forwarded to the GSA Audit Division.

d. The **original** transportation documents (if available) are to be mailed to the GSA. Business Offices are to keep copies of the original to support the voucher.

e. If no SF-1113s or invoices are paid during the month, the Business Manager or designee is to complete the appropriate blocks in the lower left corner of the SF-1186 and submit it to the GSA.

f. When a new or existing Business Office is authorized to prepare voucher payments or when authorization has been discontinued at a location, the GSA Transportation Audit Division must be notified.

14. **PAYING GSA FOR SERVICES.** FPI contributes to the support of GSA's general freight program based upon a percentage of total transportation charges pursuant to the use of GSA's freight management service that results in payment by FPI to the carrier industry.

FPI is required to provide a report to the GSA containing the number of shipments and dollar value of transportation services purchased through GSA's freight management services and paid by FPI to the carrier industry within 30 days after the end of each fiscal year quarter.

- ◆ **Transportation services acquired outside of GSA's freight management service (i.e., FPI contract with TSP) are not reported.**

15. **REPORTS.** Each location must report to its respective Field Financial Administrator (FFA) no later than the fifth of each month, the number of shipments and total dollars paid to TSPs resulting from using the GSA rate tender service.

- ◆ **Transportation services incurred using sources other than the GSA rate tender service are not to be included in the report.**

The FFAs are to report to the FMB Central Office Business Office (COBO) the cumulative amount paid to the GSA by the eighth day following the end of each quarter. The COBO will consolidate the data and initiate disbursement to the GSA.

/s/
Harley G. Lappin
Director