
Sealift Direct Booking and Carrier Payment



Business Rules

Version 7

January 22, 2002

PURPOSE

The purpose of this document is to establish business rules governing the Direct Booking process using the PowerTrack payment approach under the Management Reform Memorandum 15 (MRM #15) Sealift process. This document presents the baseline business rules. These business rules are inclusive of both the “invoice” and the “invoiceless” payment approach to sealift carrier payment. Where a rule is specific to one approach, this document highlights the specificity.

These business rules will not override any contractual requirements and responsibilities imposed on all parties under applicable Military Traffic Management Command (MTMC) contracts.

OBJECTIVES

The objectives of the Direct Booking Business Rules are to:

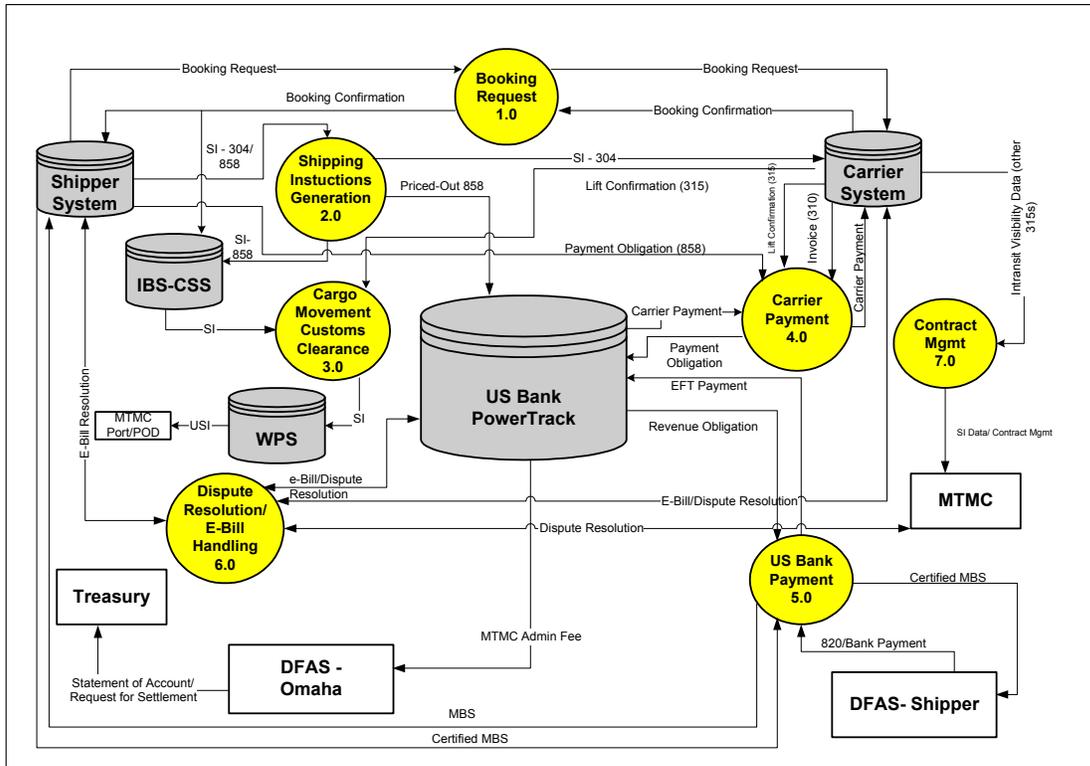
- Provide shipper guidelines for booking sealift cargo via carrier web sites.
- Provide business and operational procedures in line with contractual and legal obligations.

SCOPE

The scope of the implementation will remain within the Commercial Liner Business area for containerized shipments moving under current Universal Service Contracts (USC), Regional Domestic Contracts (RDC), Dedicated Contracts and selected tariffs.

PROCESSES

The process flow diagram shown below presents a general representation of the business rules for each process. Details of the business rules are described within the body of this document. Details of the processes and procedures are provided in the Concept of Operations (CONOPS) documents that have been developed for the Direct Booking process.



BUSINESS RULES

The Direct Booking Business Rules relate to the 7 primary functions in the process:

1. Booking
2. Shipping Instructions
3. Cargo Movement and Customs Clearance
4. Carrier Payment
5. US Bank Payment / Payment Certification
6. Dispute Resolution / eBill Handling
7. Contract Management

1.0 BOOKING

- 1.1 Shipper selects cargo routing based on established carrier selection criteria (Best Value criteria, contract/tariff, vessel schedule, etc.). The shipper's responsible Ordering Officer (OO)\Transportation Officer (TO) must ensure that:
- all requested services are applicable under the contract
 - there is a valid and accurate Line of Accounting (LOA) for the booking request
 - a competent authority issued the request.

Shipper then enters booking reservation requirement in the carrier's web based booking system.

- 1.2 Where a shipper is using a best value contract and the shipper elects to utilize a BV-2 carrier, the shipper must document either in their system or manually the reasoning for selecting the BV-2 carrier over the BV-1.
- 1.3 Shipper will only book Defense Transportation System (DTS) cargo to a U.S. Flag vessel unless expressly authorized in writing by MTMC to use a foreign flag vessel or combination service (U.S. Flag/Foreign Flag service). Carrier web sites must identify U.S. Flag vessels to shipper when booking is made.

1.3.1 If U.S. Flag vessels are not available to meet shipment requirements or there is no U.S. Flag service or a Combination Flag Service, the shipper will contact MTMC who will authorize use of such service via email or fax. On routes where there is no U.S. Flag service or a Combination Flag Service, MTMC may provide a blanket letter to the affected shippers authorizing use of such service on a routine basis.

1.3.2 Shipper must maintain a copy of this MTMC authorization.

- 1.4 If prior to or at time of booking, a shipper determines that there is no established rate for a particular service they will contact MTMC for action to obtain a rate. MTMC will follow established acquisition procedures to solicit the necessary rates.

- 1.5 At time of booking shipper is responsible for creating the TCN for each container based on the following format:

- Consignor DoDAAC
- Julian Year and Day of Booking
- "S" (Identifies shipment as direct booking)
- Sequence number
- Shipping Terms.

Shipper will enter first TCN of booking into carrier web site. Carrier has the option to generate subsequent TCNs based on the TCN entered by the shipper and the number of containers assigned to the booking.

The shipper generated TCN appearing on the Shipping Instruction (SI) will be considered the final and official TCN of the shipment.

1.6 Required Delivery Date (RDD) is a mandatory field that must be calculated and entered by the shipper in the carrier web site. This date must also be entered in the shipper's system. The RDD will be calculated by the shipper based on the applicable contractual requirements (time definite standards as identified in the each contract) and will be considered as the maximum date that the carrier must deliver the cargo to the consignee. For RDD administration, the shipper is required to maintain a hard copy of the booking confirmation supplied by the carrier web site. The hard copy booking confirmation will consist of at least the following minimum fields:

- Carrier Booking Number
- Commercial Vessel Name
- Commercial Voyage Number
- POE Sail Date at time of confirmed booking
- POD Arrive Date at time of confirmed booking

1.7 Carrier provides printable booking confirmation immediately upon completion of the booking details by the shipper and acceptance of the booking by the carrier web-based system. Booking is considered confirmed when carrier issues a unique Carrier Booking Number and provides the information listed in 1.6. Carrier's booking number replaces the Port Call File Number (PCFN) as the shipment identification number.

Carrier then begins actual service by providing equipment to the shipper or having the shipper select equipment from their approved container pool.

1.8 Shipper can change the booking terms anytime prior to container equipment (associated to the booking) is turned over to the carrier. Shipper is also responsible for notifying carrier of any booking changes via the carrier's web based booking system. If the carrier system cannot accept changes, shipper will notify carrier via fax, email or telephone.

1.9 Shipper is responsible for communicating cancellations to carrier in a timely manner via carrier web site, telephone or facsimile.

1.10 Shipper is responsible for any container no-show, custom inspections, dry-runs and any other additional charges stipulated in the applicable contract. In such cases carrier must initiate a stand-alone eBill in PowerTrack.

- 1.11 Carrier is responsible for providing container load list to MTMC Fort Eustis according to the terms of the contract after vessel sails from each load port. A load list may be made available via carrier web site.
- 1.12 MTMC is the final authority for prioritizing Defense Transportation System (DTS) booked cargo that can be loaded on a vessel if the total booked volume exceeds vessel capacity. However, this does not relieve the shipper and carrier from working together and coordinating the movement of any containers that may have been left behind in such cases.
- 1.12.1 If MTMC directs a carrier to load specific containers to a vessel ahead of other Government DTS containers and the carrier does not have sufficient space to load all government containers as a result; the carrier will not be liable for liquidated damages for failure to load under the condition that carrier has met minimum space requirements as stated in the applicable contract.
- 1.13 Carrier may refuse to load a container at the Port of Embarkation (POE) without penalty when the following conditions exist:
- Carrier has had less than one (1) Government Business Day (GBD)¹ to review a booking and
- Container contains hazardous/dangerous items that carrier cannot handle.
 - Shipment has special requirements (such as over-dimensional characteristics) that are not identified in booking.
 - Cargo for which there are no rates or service.
- 1.14 After a booking is entered into the carrier web system, carrier has one (1) (GBD) to counter or cancel the booking if requested services cannot be provided or rates/routes are not authorized under applicable contracts. Carrier will immediately contact the shipper and obtain positive confirmation that the shipper understands the counter or cancellation.

¹ Government Business Day is defined as a U.S. Federal Government work day and does not include Saturday, Sunday or federally approved holidays.

2.0 SHIPPING INSTRUCTIONS

- 2.1 After a container has been stuffed, shipper will use the confirmed booking data as a baseline to generate the Shipping Instructions (SI). One SI is generated per container.
- 2.2 Shipper will submit completed SI to IBS-CSS via an EDI 858R Transaction Set (TS) (or flat file) and carrier via an EDI 304 TS (or fax/email) based on the following guidelines:

Non-Hazardous Cargo

- a) SI submitted to IBS-CSS no later than 24 hours after vessel cut-off.
- b) SI received by carrier no later than vessel sail.

Hazardous Cargo

- a) SI submitted to IBS-CSS no later than 24 hours before vessel cut-off.
- b) SI received by carriers no later than vessel cut-off.

Vessel port cut-off is calculated based on the vessel departure date advertised by the carrier in its sailing schedules.

- 2.3 Shipper will supply carrier providing linehaul or drayage services with a hard copy of the SI meeting DOT or host nation requirements (for shipments originating overseas) before the truck leaves the shipper facility.
- 2.4 If the SI has not been received in IBS-CSS within the time frame outlined in paragraph 2.2, MTMC Fort Eustis Documentation Office will contact the shipper to determine if the SI was submitted or not. If the SI was submitted but not received, the Documentation Office will contact the responsible Information System Office who will then research and resolve the problem directly with the shipper. If the SI was not submitted, shipper will submit the data directly to IBS-CSS within one (1) GBD after notification of missing SI.

If carrier has not received the SI, carrier will contact shipper. Shipper will submit data directly to carrier within (1) GBD after notification of missing SI.

- 2.5 In accordance with the applicable contract, carriers will generate and transmit status transactions (315 TS) to IBS-CSS (via the Department of Defense EDI mailbox) for the Vessel Departure (VD) event no later than 24 hours after the event occurred. The carrier will generate and transmit one 315 TS for each container lifted. They will also transmit 315 TS data to U.S. Bank for entry into PowerTrack.
- 2.6 In the event a 315 TS is not received by IBS-CSS, MTMC Fort Eustis Documentation Office will actively monitor the Missing 315 TS Report to detect instances where a 315 TS is not received. When a missing 315 TS is identified,

- MTMC Fort Eustis Documentation Office will then contact the carrier to determine if the VD has occurred and the 315 TS was submitted. If the 315 TS was not submitted carrier will submit the data within one (1) GBD of notification that the 315 TS is missing. If the 315 TS was submitted, then the responsible Information System Office will research and resolve the problem with the carrier.
- 2.7 Upon receipt of the 315 TS in IBS, IBS-CSS will match workload data between the SI and the 315 TS to ensure that the container was lifted, and cargo routing is the same as documented in the SI.
 - 2.8 If there is a match between SI and 315 TS VD data in IBS-CSS, then IBS-CSS generates the Updated Shipping Instructions (USI) feed that is transmitted to WPS to support customs clearance at the POD.
 - 2.9 If there is a mismatch between SI and 315 TS data in IBS-CSS, MTMC Fort Eustis Documentation Office will monitor the Exception Report and will contact the carrier and shipper notifying them of the discrepancy. MTMC Fort Eustis Documentation Office will make necessary changes in IBS-CSS. Shipper and carrier will be responsible for any changes required in PowerTrack and in their respective systems.
 - 2.10 Actual carrier payment will be based on the services provided under the contract, or tariff, in effect at the time lift occurs.

3.0 CARGO MOVEMENT AND CUSTOMS CLEARANCE

- 3.1 Shipper is ultimately responsible to ensure that the carrier is provided with an accurate booking and SI.
- 3.2 Carrier is expected to perform services based on booking data entered by the shipper in the carrier's web based booking system.
 - 3.2.1 If there is a discrepancy between the SI received by the carrier and the booking entered by the shipper into its web based booking system, carrier is to immediately contact shipper via telephone and resolve the discrepancies.
 - 3.2.2 If the SI is incorrect, shipper will immediately correct the SI in their system and retransmit the corrected SI to the carrier and MTMC.
 - 3.2.3 If the booking is incorrect, shipper will immediately correct the booking information in its system and the carrier web based booking system (if carrier system allows for update). If the carrier

web based booking system does not allow updates or changes, carrier is responsible for updating booking with the correct information.

- 3.2.4 If the corrected booking or SI cannot be made available to the carrier before containers assigned to the booking are loaded on the vessel, carrier will perform services according to the original booking. If the carrier and shipper have made telephone contact and resolve the discrepancies, the carrier will perform services based on the agreed upon resolution.

Any changes must contain authorized services under the applicable contract or tariff

- 3.3 The POD will generate customs documentation using data provided by Worldwide Port System (WPS) in the form of the Updated Shipping Instruction (USI). POD will also have access to the on-line customs screens in IBS-CSS to support cargo movement and customs clearance.
- 3.4 In the event the USI is not received at the POD, the Port representative will notify the MTMC Fort Eustis Documentation Office, who will determine if the USI was generated in IBS-CSS and transmitted to WPS.
 - 3.4.1 If the USI was generated in IBS-CSS, the MTMC Fort Eustis Documentation Office will contact the responsible Information System Office, who will research and resolve the problem to include retransmission of the USI to the POD, and report their finding to the MTMC Fort Eustis Documentation Office. In the meantime, the MTMC Fort Eustis Documentation Office can direct the MTMC Port representative to access the Customs Data available in IBS-CSS to supplement information received from the carrier.
 - 3.4.2 If the USI was not generated in IBS-CSS, the MTMC Fort Eustis Documentation Office will determine the cause (missing SI, missing 315). Then MTMC Fort Eustis Documentation Office will take the appropriate action, including manual entry of the SI into WPS and carrier lift data into IBS-CSS, to accomplish USI generation or correction of data within one (1) GBD of notification of missing USI.
- 3.5 In the event there is a change in service (including diversions) after lift has occurred, the entity ordering the change will notify the affected parties so that any required rate adjustments can be made in PowerTrack.

- 3.5.1 If a MTMC Booking Office initiated the change of service, then that Booking Office will notify the shipper and Ports as applicable.
 - 3.5.2 If the POD requests the change of service, that POD will notify the responsible MTMC Booking Office who will in turn notify the affected shipper and carrier.
 - 3.5.3 If the carrier initiated the change of service, the carrier will notify the responsible MTMC Booking Office and the shipper. If there is a change in the POD that results in a documentation charge, the shipper will collect on behalf of the government.
- 3.6 In the event the change of service is a diversion, the entity ordering the change will also notify the carrier and the new POD. The new POD will then enter IBS-CSS and pull down customs data using the "POD Diversion" function. The carrier will submit an eBill for the charges if the diversion was at government request.
- 3.7 In the event that services are accomplished that are not in the contract or lack rates in the contract, then the shipper or MTMC Booking Office will notify the MTMC Contracting Officer who will address the situation. Persons requesting services not authorized under the applicable contract may be personally liable for the cost of the service and in addition may have their Ordering Officer authority revoked.
- 3.7.1 If the service ordered is within the scope of the contract but no rate exists then the MTMC Contracting Officer will negotiate a rate for payment to the carrier and notify the shipper.
 - 3.7.2 If the service ordered is not within the scope of the contract, the MTMC Contracting Officer will notify the shipper and make a determination as to what action will be taken.
- 3.8 In the event there are detention charges associated with a container, the carrier will send a carrier detention invoice to the MTMC Booking Office or designated Port Office. The MTMC Booking Office or Port Office will determine the validity of the charges and if approved, will certify the carrier invoice and provide the original to the shipper and a copy to the originating carrier office. The carrier will submit an eBill to PowerTrack for the additional charge. Shipper will approve the eBill transaction in PowerTrack based on the certified carrier invoice received from the MTMC Booking Office or Port Office.
- 3.9 In the event of potential liquidated damages, the party making the claim will notify the MTMC Contracting Officer. The MTMC Contracting Officer will research the validity of the claim and recommend appropriate action. Party to whom liquidated damages will accrue is TBD.

4.0 CARRIER PAYMENT

- 4.1 SI data will be priced out at the ocean freight, assessorial, and type service level for transmission to PowerTrack utilizing approved carrier rates. Shipper is responsible for pricing-out the shipment. Priced-out SI will be sent to PowerTrack no later than vessel departure from the port where the booked containers were loaded.
- 4.2 If a priced-out SI has not been generated by the time the carrier's VD 315 is received by PowerTrack, the shipper will ensure that a priced out SI is transmitted to PowerTrack within three (3) GBDs from the time the VD 315 was received in PowerTrack (see section 2.0 Documentation).
- 4.3 Carrier invoices will separate the charges into the type service level (i.e. ocean freight, linehaul, drayage, assessorial, etc.).
- 4.4 Carriers following the invoice approach will submit their invoice data via an EDI 310 TS to PowerTrack after the VD event. This invoice will have a data element structure agreed to by all participants (Government, carrier, U.S. Bank).
- 4.5 Carrier payment cannot begin until there is confirmation that services have been performed. The event to confirm that services have been performed will be the receipt of the carrier's status transaction (EDI 315) for the VD event. Confirmation of lift must be recorded in PowerTrack before the carrier is paid.
- 4.6 Carriers will have the option of either submitting an electronic invoice to PowerTrack or not.

- 4.6.1 If carrier has elected to submit an invoice, payment can be executed if the dollar amount in the shipper's priced-out SI equals the amount in the carrier's invoice transmission, or is within a pre-established tolerance, and if the Carrier Booking Number and Container Number match as well.

If the priced-out SIs and the carrier's invoice do not match, the discrepancy must be resolved. Discrepancies found after carrier payment will be resolved via eBill process.

- 4.6.2 If the carrier sends only a status transaction (315 TS) to PowerTrack (no invoice), PowerTrack will automatically generate a payment transaction when the carrier's 315 TS enters PowerTrack and there is a match between the 315 TS and the shipper's priced-out SI. This matching is done at the carrier booking number-container level, and will match Carrier Booking Number, and Container Number.

Any credits required after payment has been executed will be adjusted by the shipper via the eBill process.

- 4.7 Regardless of the invoice submission option, the carrier is required to submit status transactions via the EDI 315 TS or manually to both PowerTrack and the Government to confirm lift.
- 4.8 A transaction in PowerTrack can be updated with shipper or carrier data *prior to* the carrier being paid. PowerTrack will accept and replace transaction sets with the most recently submitted data. In situations where transactions are manually updated, remarks must be documented in PowerTrack for audit purposes.
- 4.9 Carrier booking number and container number are key fields and cannot currently be changed in PowerTrack by the shipper. Errors in these fields must be changed using the following process:
 - a. Place the incorrect record in denial status.
 - b. Enter a new record with the correct information.
- 4.10 In the event that a data update is transmitted to PowerTrack, but payment has been executed, it will be resolved via the PowerTrack eBill process. (See Section 6.0)
- 4.11 Any post lift charges incurred as a result of service change orders (e.g. detention and diversion) will be initiated by shipper or carrier via the PowerTrack eBill process.
- 4.12 All pricing details will be viewable in PowerTrack via the Internet.
- 4.13 Shipper will pay for contract directed War Risk insurance premiums when informed by MTMC. The premiums will be included in carrier payment as assessorial charges

5.0 US BANK PAYMENT AND PAYMENT CERTIFICATION

- 5.1 Shipper will be the Certification Officer for the monthly U.S. Bank invoices. The Defense Finance and Accounting Service (DFAS) will remit payment to U.S. Bank.
- 5.2 On a monthly basis, shipper will retrieve the Monthly Billing Statement (MBS) from the PowerTrack web site. The charges on the monthly invoice will be rolled up by Line of Accounting. However, for every booking, shipper will have the capability to drill down to container, type service, and/or assessorials charge level to view the data necessary to certify the invoice.

- 5.3 Shipper will stamp the invoice with the availability date and review the invoice to ensure it reflects accurate charges.
- 5.4 After shipper certifies the hardcopy MBS, the certified statement is sent (fax or overnight mail express is recommended) to primary DFAS Service office. In the future, electronic on-line certification and transmission will be provided. The shipper must ensure that the certified invoice arrives at DFAS Service office within 10 calendar days after the invoice is received from U.S. Bank.
 - 5.4.1 If shipper wants to dispute a charge appearing on the MBS, then he will research the charge with the point of contact at U.S. Bank.
 - 5.4.2 U.S. Bank will be paid in accordance with the Prompt Payment Act. The Prompt Payment “clock” date is the day the invoice is first available to the shipper (Certifying Officer).

6.0 DISPUTE RESOLUTION/E-BILL HANDLING

- 6.1 Shipper will monitor the Audit Exception Report to determine pricing discrepancies between the shipper and carrier. Shipper will resolve any discrepancies and make corrections into PowerTrack and approve payment. In the event shipper is unable to reconcile pricing discrepancies, shipper will contact the MTMC Booking Office for correct pricing. On receipt of the correct price, shipper will update and approve the transaction in PowerTrack.
- 6.2 Shipper and carrier will then have three (3) GBDs from the time the discrepancy is flagged in PowerTrack to respond to it. Shipper and carrier are responsible for researching and resolving the discrepancy.
- 6.3 Once resolution is achieved, the transaction or data will be correctly updated in PowerTrack, and if required IBS-CSS and shipper system. Remarks will also be made in PowerTrack for audit control purposes.² Payment will then be remitted from PowerTrack to the carrier via Electronic File Transfer (EFT).
- 6.4 In instances of carrier overpayment, lowered Government price, or where additional charges are incurred *after original payment has been executed*, the shipper or carrier through use of an eBill will make the necessary adjustments. All eBills of this nature will require manual approval by party receiving the eBill

² If the error pertains to the 315, then the carrier will make the documentation correction and remarks in PowerTrack. If the error pertains to either booking or SI data, then shipper will make the correction in their system and will then re-price and send the updated transaction to PowerTrack

- for processing. Once in PowerTrack, either the carrier or shipper will have three (3) GBDs to respond to an eBill.³
- 6.5 If an eBill is disputed, the transaction will not be executed until resolution is obtained by shipper within three (3) GBDs after submission of the eBill.

7.0 CONTRACT MANAGEMENT

- 7.1 MTMC is solely responsible for contract acquisition and management for DTS sealift cargo.
- 7.2 MTMC is responsible for ensuring awarded contract allocation levels are met by DTS shippers.
- 7.3 MTMC will provide support in pricing and or sealift service disputes that cannot be resolved by either shipper or carrier.
- 7.4 MTMC will be able to access booked shipment in-transit visibility data from carrier web site.

³ If it is a carrier submitted eBill, then shipper approves/disputes the credit/debit. If shipper submitted the eBill, the carrier approves/disputes the credit/debit.