# Sealift Carrier Payment via PowerTrack

# Business Rules

**Final – Version 3**

**January 22, 2002**

## PURPOSE

The purpose of this document is to establish business rules governing both carrier payments using the PowerTrack payment approach and documentation procedures for the Management Reform Memorandum (MRM)-15 Sealift implementation. This document presents the baseline business rules. These business rules are inclusive of both the "invoice" and the "invoice less" approach to carrier payment. Where a rule is specific to one approach, this document highlights the specificity.

## OBJECTIVES

The objectives of the two approaches for carrier payment are to:

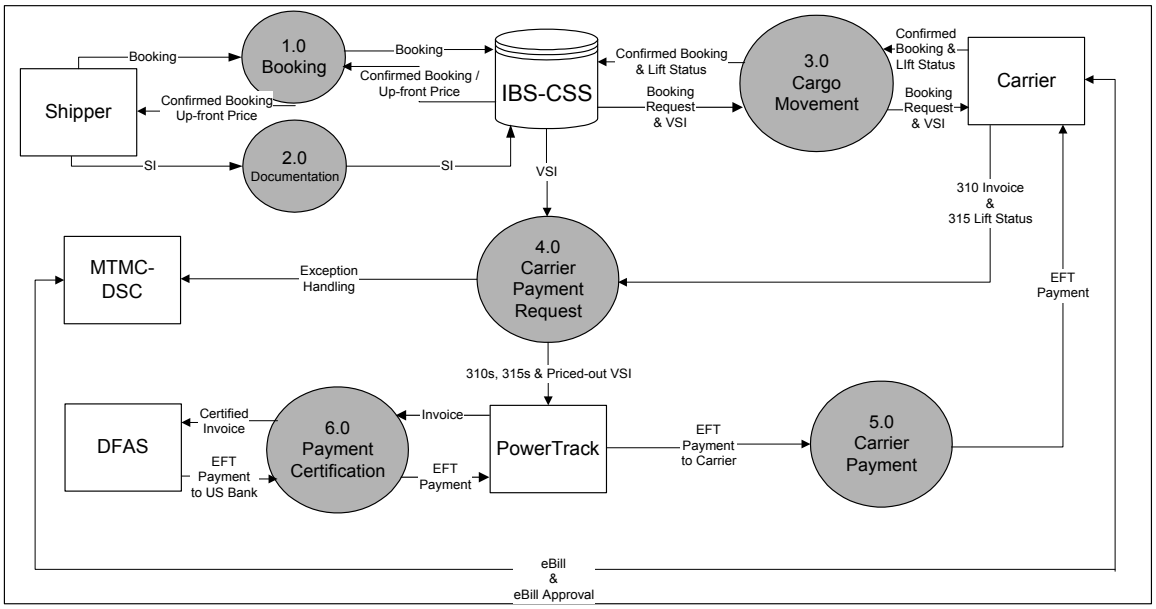
- Provide information visibility for all Stakeholders (Carriers, Defense Agencies, Military Shippers, Military Traffic Management Command (MTMC), etc.).
- Facilitate the use of electronic commerce by automating up-front pricing, carrier payment, generation of commercial shipping instructions, generation of customs data, and invoice certification.
- Generate relevant accounting feeds and financial processes to support accrual accounting for MTMC.
- Simplify mismatch resolution and facilitate eBills and eBill approvals.

## SCOPE

The scope of the implementation will remain within the Commercial Liner Business area and the shipments addressed will remain within the Transportation Working Capital Fund (TWCF). Implementation will be executed in phases. The first phase will include containerized Continental United States (CONUS) outbound shipments. Subsequent phases will include Government Bill of Lading-based shipments, breakbulk, and Outside Continental United States (OCONUS).

## 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 both the "invoice" and the "invoice less" approaches to carrier payment.




## Business Rules

The carrier payment process business rules relate to the primary functions in the payment process:

1. Booking
2. Documentation / Shipping Instructions
3. Cargo Movement and Customs Clearance
4. Carrier Payment Request
5. Carrier Payment
6. Payment Certification

## 1.0 BOOKING

1.1 Shipper enters anticipated cargo reservation requirement request in the Integrated Booking System (IBS) to begin the booking process. The shipper's transportation office (TO) ensures that there is a valid and accurate Transportation Account Code (TAC) or Line of Accounting (LOA) on the service request and that a competent authority issued the request.

1.2 The booking request is then forwarded to the selected carrier by IBS via an Electronic Data Interchange (EDI) 300 transaction set (TS). This booking request does not include the up-front price estimate calculated by IBS.

1.3 Carrier provides booking confirmation via an 301 TS transaction back to IBS within two (2) hours after receipt of the 300 TS.

1.4 IBS, using the carrier selection criteria (i.e., VISA, workload, contracts, etc.), performs the booking and calculates the price based on the booking data entered. The up-front price to the shipper is based on Office of the Secretary of Defense (OSD) stabilized rates.

1.5 After the carrier has provided confirmation, IBS generates the confirmed booking data for the shipper. The confirmed booking data is stored in IBS where it is later used to generate the Verified Shipping Instruction (VSI).

1.6 Shipper can change the booking terms anytime prior to generating the Shipping Instructions (SI).

## 2.0 DOCUMENTATION / SHIPPING INSTRUCTIONS

2.1 All booking related changes (terms, Port of Embarkation (POE)/Port of Debarkation (POD), assessorial, etc.) will be performed in IBS-Commercial Sealift Solutions (CSS) by MTMC-Fort Eustis (FEVA) Booking Office, working with the organization that created the data. If a change to a SI and/or 315 TS is required, MTMC FEVA Documentation Office will receive the update from the shipper and/or 315 TS from the carrier, and will enter it into IBS-CSS.

2.2 Shippers will submit SI to IBS-CSS on completion of container stuffing and based on the following guidelines:

Non-Hazardous Cargo
a) SI submitted to IBS-CSS no later than 24 hours after vessel cut-off.
b) VSI received by carriers no later then vessel sail.

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

Vessel port cut-off is calculated by IBS based on the vessel departure date entered into IBS by the carrier. The SI can be submitted directly to IBS-CSS or as a Transportation Control and Movement Document (TCMD) to the Worldwide Port System (WPS). One SI is generated per container.

2.3 All workload data matching between booking and SI data will be performed and stored in IBS-CSS *prior* to transmitting it as a "Priced-out VSI" to the carrier and PowerTrack. If there is not a match at the field level *for one of the primary data elements*, then the SI will be neither "verified" nor priced until the discrepancy is reconciled.

2.4 If there is a match between booking and SI data, then a VSI is created and stored in IBS-CSS, and transmitted to the carrier (unpriced) to provide shipment/order details. VSI's are also transmitted through the IBS pricing module in order to generate a "Priced-out VSI" which is transmitted to PowerTrack for carrier payment. This price will be calculated based on the services ordered and the contract under which the service request was booked.

2.5 If there is a mismatch between booking and SI data, MTMC FEVA Documentation Office will contact the shipper to resolve the discrepancy and make any necessary changes in IBS-CSS. Corrections to mismatched data are to be reconciled in IBS-CSS within three (3) Government Business Days (GBDs)[1] from the time the mismatch is flagged**.** If the mismatch occurs because one or more data elements are missing from the SI, then the MTMC FEVA Documentation Office will contact the shipper to obtain the information and update the record. After all corrections have been made, the VSI will be generated, priced and transmitted to PowerTrack.

2.6 If the SI has not been received in IBS-CSS within the time frame outlined in paragraph 2.2, MTMC FEVA Documentation Office will contact the shipper to determine if the SI was submitted or not. If the SI was submitted but not received, the MTMC FEVA 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 either directly to IBS-CSS or as a TCMD in WPS within one (1) GBD after notification of missing SI.

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

2.7 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.

2.8 In the event a 315 TS is not received by IBS-CSS the MTMC FEVA 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 FEVA 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.

2.9 In the event PowerTrack does not receive a 315 TS, carrier will search PowerTrack for records where there is no transit status (VD). If any records are found the carrier will update them with VD data immediately. The carrier must also ensure that an invoice is provided if that is its normal process.

2.10 Upon receipt of the 315 TS in IBS, IBS-CSS will match workload data between the VSI and the 315 TS to ensure that the container was lifted, and cargo routing is the same as documented in the VSI.

2.11 If there is a match between VSI and 315 TS 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. Nothing further will be transmitted to PowerTrack for carrier payment, however, IBS-CSS will send a billing feed (with the OSD stabilized price) to support the MTMC customer billing process.

2.12 If there is a mismatch between VSI and 315 TS in IBS-CSS, MTMC FEVA Documentation Office will monitor the Exception Report and will contact the carrier and shipper notifying them of the discrepancy. MTMC FEVA Documentation Office will make necessary changes in IBS-CSS within three (3) GBDs after the discrepancy has been identified. If this data discrepancy does not result in a price change, nothing further will be transmitted to PowerTrack.

2.13 If there is a mismatch between VSI and 315 TS data *that results in a price change* (from the original priced-out VSI transmitted to PowerTrack), the MTMC FEVA Documentation Office will contact the carrier to resolve the discrepancy and make the necessary changes in IBS-CSS within three (3) GBDs after the discrepancy has been identified. Once the discrepancies are resolved, IBS-CSS will then re-price the VSI and retransmit to PowerTrack.

2.14 If carrier payment has not yet been executed via PowerTrack, the "re-adjusted VSI" will serve as the Government's expected charges. If payment has been executed (using the original priced-out VSI), the price variance will then be offset via the eBill process that can be initiated by either the Government or carrier.

2.15 Carriers may have access to the IBS-CSS website to view, but not change, booking, SI, VSI, and 315 TS data.

2.16 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 MTMC FEVA is ultimately responsible to ensure that the carrier is provided with a VSI.

3.2 Carrier will perform services based on the following criteria:

3.2.1 Carriers are required to perform services based on VSI if there is a discrepancy between the VSI and booking and the VSI is made available to the carrier prior to container loading at the port.

3.2.2 If the carrier receives the VSI after container loads the vessel and the POD is not changed (from the original booking) carrier is to perform services based on VSI.

3.2.3 If the carrier does not receive the VSI and the container is to be loaded aboard the vessel, carrier to perform services based on booking.

3.3 The MTMC 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 VSI is not received by the carrier prior to vessel departure, the carrier will notify MTMC FEVA Documentation Office, which will determine if the SI was submitted. If the SI was submitted but not received, the responsible Information System Office will research and resolve the problem with the shipper. If the SI was not submitted, the MTMC FEVA Documentation Office will ensure that the shipper submits the data either directly to IBS-CSS or as a TCMD into WPS within one (1) GBD.

3.5 In the event the USI is not received at the POD, the MTMC Port representative will notify the MTMC FEVA Documentation Office, who will determine if the USI was generated in IBS-CSS and transmitted to WPS.

3.5.1 If the USI was generated in IBS-CSS, the MTMC FEVA 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 FEVA Documentation Office. In the meantime, the MTMC FEVA Documentation Office can direct the MTMC Port representative to access the Customs Data available in IBS-CSS to supplement information received from the carrier.

3.5.2 If the USI was not generated in IBS-CSS, the MTMC FEVA Documentation Office will determine the cause (missing SI, missing 315 TS, or unmatched 315 TS/VSI). Then MTMC FEVA Documentation Office will take the appropriate action, including manual entry of the SI or 315 TS VD into IBS-CSS, to accomplish USI generation or correction of data within one (1) GBD of notification of missing USI.

3.6 In the event there is a change in service after lift has occurred, the entity ordering the change will notify the MTMC FEVA Booking office. The MTMC FEVA Booking Office will then notify MTMC FEVA-Resource Management (RM) so that any required rate adjustments can be made in PowerTrack. MTMC FEVA Booking Office will also notify the shipper and carrier of any change in service.

3.6.1 If the shipper initiated the change of service, the shipper will notify the MTMC FEVA Booking Office.

3.6.2 If a MTMC Overseas Booking Office initiated the change of service, then that Booking Office will notify the MTMC FEVA Booking Office as well as MTMC FEVA-RM.

3.6.3 If the POD initiated the change of service**,** that POD will notify the responsible MTMC Booking Office as well as MTMC FEVA-RM.

3.6.4 If the carrier initiated the change of service, the carrier will notify the responsible MTMC Booking Office, which will then notify the shipper, MTMC POD, MTMC Overseas Booking Office, and MTMC FEVA-RM. If there is a change in the POD that results in a documentation charge, the MTMC FEVA-RM will collect on behalf of government.

3.7 In the event the change of service is a diversion, the entity ordering the change will follow the steps outlined in paragraph 3.6 and in addition will ensure that the

carrier and the new POD are informed. 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.

3.8 In the event the change in service ordered is outside the scope of the contract, then MTMC FEVA-RM will notify the MTMC Contracting Officer who will ensure the legality of the transaction.

3.8.1 If the service ordered is within the scope of the contract but no rate exists, then the MTMC Contracting Officer will establish a rate for payment to the carrier and notify MTMC FEVA-RM.

3.8.2 If the service ordered is not within the scope of the contract, the MTMC Contracting Officer will notify the MTMC FEVA Booking Office for a determination as to what action will be taken.

3.9 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 MTMC FEVA-RM and a copy to the originating carrier office. The carrier will submit an eBill to PowerTrack for the additional charge. MTMC FEVA-RM will approve the eBill transaction in PowerTrack based on the certified carrier invoice received from the MTMC Booking Office or MTMC Port Office.

3.10 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 REQUEST

4.1 The carrier may send an electronic invoice to PowerTrack via an EDI 310 transaction or choose the invoice less model.

4.2 Regardless of the invoice submission option, the carrier is required to submit status transactions (315 TS) to PowerTrack and the Government to confirm lift.

4.3 A transaction in PowerTrack can be updated with shipper data from IBS-CSS or the carrier *prior to* the carrier being paid. PowerTrack will accept and replace transaction sets with the most recently submitted data. In situations where

transactions are updated, remarks must be documented in PowerTrack for audit purposes.

4.4 In the event that a data update results in a price change after a transaction has been approved for payment, but prior to execution of the transaction (invoiceless manual payment approach), the transaction will not be executed. MTMC FEVA-RM and the carrier will be notified in an on-line exception report (called "Audit Exceptions". MTMC FEVA-RM will then need to reconcile the discrepancy so that the transaction can be re-approved in Powertrack.

4.5 In the event that a data update is transmitted to PowerTrack, but payment has been executed, MTMC FEVA-RM and the carrier will be notified and will resolve via the PowerTrack eBill process.

4.6 Any post lift charges incurred as a result of service change orders (e.g. detention and diversion) will be processed by MTMC FEVA-RM via the PowerTrack eBill process.

4.7 All pricing details by Port Call File Number (PCFN), container, or type service level will be viewable in PowerTrack via the Internet. Carriers will not have the capability to view the price in IBS-CSS prior to sending an invoice/payment request (or 315 TS for invoice less approach) to PowerTrack.

4.8 VSI data will be priced out at the ocean freight, accessorial, and type service level for transmission to PowerTrack.

4.9 If a priced-out VSI has not been generated by the time the carrier's 315 TS is received by PowerTrack, the MTMC FEVA Booking Office will ensure that a priced out VSI is transmitted to PowerTrack within three (3) GBDs from the time the 315 TS was received in PowerTrack (see section 2.0 Documentation).

4.10 Carrier invoices will separate the charges into the type service level.

4.11 Carriers following the invoice approach will submit their invoice data via an EDI 310 TS to PowerTrack after VD. This invoice will have a data element structure agreed to by all participants (Government, carrier, U.S. Bank).

## 5.0 CARRIER PAYMENT

5.1 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 (315 TS) for the VD event. Confirmation of lift must be recorded in PowerTrack before the carrier is paid.

5.2 Carriers will have the option of either submitting an electronic invoice to PowerTrack or not.

5.2.1 Regardless of the invoice submission option, carrier payment will be automatically approved.

5.2.2 If carrier has elected to submit an invoice (the invoice approach), payment will be executed if the dollar amount in MTMC's priced-out VSI equals the amount in the carrier's invoice transmission, or is within a pre-established tolerance, and if the PCFN and Container Number match as well.

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

5.2.4 MTMC FEVA-RM will have the option of establishing a tolerance level with the bank outside of which payment will not be automatic. If a payment is outside the tolerance level, the entire transaction will be put into Audit Exception, and no payment will be made until the carrier and MTMC FEVA-RM reach resolution.

5.2.5 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 MTMC's priced-out VSI. This matching is done at the PCFN-container level, and will match PCFN, and Container Number.

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

5.3 MTMC FEVA-RM will monitor the Audit Exception Report to determine pricing discrepancies between the buyer and seller. MTMC FEVA-RM will resolve any discrepancies and make corrections into PowerTrack and approve payment. In the event MTMC FEVA-RM is unable to reconcile pricing discrepancies, MTMC FEVA-RM will contact the MTMC FEVA Booking Office for correct pricing. On receipt of the correct price, MTMC FEVA-RM will update and approve the transaction in PowerTrack.

5.4 MTMC FEVA-RM will then have three (3) GBDs from the time the discrepancy is flagged in PowerTrack to respond to it. MTMC FEVA-RM and the carrier are responsible for researching and resolving the discrepancy.

5.5 Once resolution is achieved, the transaction or data will then be correctly updated in both PowerTrack and IBS-CSS. Remarks will also be made in PowerTrack for

audit control purposes.[2] Payment will then be remitted to the carrier via Electronic File Transfer (EFT). *(Rules governing EFT payment will be finalized with each carrier individually by U.S. Bank)*

5.6 In instances of carrier overpayment, lowered Government price, or where additional charges are incurred *after original payment has been executed*, adjustments or "offsets" will be made by MTMC FEVA-RM through use of an eBill. All eBills will require manual approval by MTMC FEVA-RM for processing. Either the carrier or MTMC FEVA-RM will be able to submit an eBill. Once in PowerTrack, either the carrier or MTMC FEVA-RM will have three (3) GBDs to respond to an eBill.[3]

5.7 If an eBill is disputed, the transaction will not be executed until resolution is obtained by MTMC FEVA-RM within three (3) GBDs.

## 6.0 PAYMENT CERTIFICATION

6.1 MTMC FEVA-RM will be the certification office for the monthly U.S. Bank invoices. The Defense Finance and Accounting Service (DFAS) will remit payment to U.S. Bank.

6.2 On a monthly basis, MTMC FEVA-RM will retrieve the Monthly Billing Statement (MBS) from the PowerTrack website. The charges on the monthly invoice will be rolled up by Line of Accounting. However, for every booking, MTMC FEVA-RM will have the capability to drill down to container, type service, and/or accessorials charge level to view the data necessary to certify the invoice.

6.3 MTMC FEVA-RM will stamp the invoice with the availability date and review the invoice to ensure it reflects accurate charges.

6.4 After MTMC FEVA-RM certifies the hardcopy MBS, the certified statement is sent (fax or overnight mail express is recommended) to DFAS-Omaha. In the future, electronic on-line certification and transmission will be provided. The MTMC FEVA-RM must ensure that the certified invoice arrives at DFAS-Omaha within 10 calendar days after the invoice is received from U.S. Bank.

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[2] If the error pertains to the 315 TS, then the carrier will make the documentation correction and remarks in PowerTrack. If the error pertains to either booking or SI/VSI data, then MTMC FEVA Booking Office will make the correction in IBS-CSS. IBS-CSS will then re-price and send the updated transaction to PowerTrack

[3] If it is a carrier submitted eBill, then MTMC FEVA-RM approves/disputes the offset. If MTMC FEVA-RM submitted the eBill, the carrier approves/disputes the offset.

6.4.1 If MTMC FEVA-RM wants to dispute a charge appearing on the MBS, then thy will research the charge with the point of contact at U.S. Bank.

6.4.2 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 MTMC FEVA-RM (Certification Office).