DEFENSE LOGISTICS AGENCY
DEFENSE ENERGY SUPPORT CENTER
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FORT BELVOIR, VIRGINIA 22060-6222

IN REPLY REFER TO DESC-F

AUG 25 2004

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: 2004 Year-End Inventory Reconciliation

Thanks to all of you for a great year, albeit a very busy and challenging one. As we approach the end of the fiscal year, I need your help to ensure the end-of-year processing is successful and each of you and the installations you represent are key to this endeavor. Our goal is that our September 30, 2004 inventory reflects the actual on-hand inventory at all Defense Fuel Support Points for all products. The attached processing instructions, dates, and timelines are critical to accomplishing our goal. Please ensure these instructions are received at each of your activities.

This year Urbach Kahn & Werlin LLP (UKW), the DLA auditor will be reviewing the processing of transactions at year-end to determine the impact to our FY 2004 financial statements, with special emphasis on timely reporting and recorded gain/losses. Failure to report activity and inventory levels within the time frames specified above will result in adverse audit findings that will not bode well for any of us, so please give it your best effort.

My points of contact are Mrs. Beth Morgan DESC-FI, 703-767-8324 (inventory issues) and Mr. Mike Earp, DESC-RP, 703-767-8591 (financial issues).

Marvin C. Wenteigh
for RICHARD J. CONNELLY
Director

Attachments
1. 2004 Year-End Inventory Reconciliation Process Instructions
2. EOY 04 Timeline Recap

cc:
Commander, DESC East
Commander, DESC West

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CHIEF, SUPPLY/FUELS POLICY DIVISION, U.S. AIR FORCE

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2004 YEAR END INVENTORY RECONCILIATION PROCESS INSTRUCTIONS

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1. For "Buyer" consideration, fiscal year-end billing is scheduled to be executed on the night of September 27, 2004, after the normal daily update of transactions have processed. The Fuels Automated System Enterprise Server's (FES) Transaction Manager will be turned off at 1700 EDT September 27, to 1200 EDT September 28 so that bill numbers can be appended to the transactions. To ensure all transactions are billed appropriately, the Challenge & Review functionality will be turned off from 1700 EDT, September 20, 2004 to 0800 EDT, October 2, 2004.

2. Military Service obligation feeds will continue to be provided by FAS NLT 2400 EDT daily. This includes transactions processed and recorded after billing but prior to the end of the fiscal year. We recommend each Military Service ensure obligations are established for any prior period transaction that will post in the new fiscal year.

3. For "Sellers", the timely reporting of receipts of fuel from contract sources is especially important so invoices can be processed for payment without incurring interest penalties. Timely reporting of receipts, sales and physical inventories will also prevent erroneous negative inventories from being recorded in our financial records and the untimely processing of obligations and bills. You must continue to perform your daily input via E-Load to FES. You will NOT be able to perform an E-Load during the normal daily system maintenance period of 1700 to 1830 EDT. Critical to the accurate recording of data is resolution of reject errors. Please post all transactions daily so that you have sufficient time to identify and correct any rejects that may occur. Please make a concerted effort to eliminate all NLT September 20, 2004 and continue to monitor and clear rejects daily to preclude extraordinary last-minute efforts.

4. All FY 2004 transactions must be recorded in the Fuels Enterprise Server (FES) directly following the September 30, 2004 EOY closeout. Physical inventory transactions are to be recorded for each grade NLT 1600 hours EDT, October 1, 2004.

5. The end of month September physical inventory and corresponding gain/loss must be recorded for each grade. The FES ledgers are to be reconciled no later than 1600 hours EDT October 1, 2004. The physical inventory will reflect the total amount of fuel in your inventory as of the last calendar day of September. End of year accounts not reconciled by 1600 hours EDT October 1, 2004 will lead to inaccurate DESC inventory and year-end financial records. Your assistance in helping us meet the goal of early, accurate, and complete reporting is critical.

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6. The final file of original credit card transactions supported by DoD Fleet Cards (Voyager) will be processed on September 25, 2004. Rejects will continue to be processed until the fiscal year end. AIR Card transactions will continue to process daily through 1600 EDT September 24, 2004. Likewise, rejects will continue to process until the fiscal year end.

7. Standard prices for FY 2005 will be loaded into FAS NLT August 30, 2004. A complete listing of these prices can be viewed by scrolling down to Prices for FY 2005 on the following DESC web site: http://www.desc.dla.mil/DCM/DCMpage.asp?LinkID=DESCCustomerService..

EOY 04 Timeline Recap (all times are EDT)

For Buyers:

- 9/20 1700 hrs Challenge & Review Turned OFF
- 9/25 0300 hrs Air Card Transaction Processed to FES
- 9/25 0800-1600 hrs System Available
- 9/25 1600 hrs Voyager Transaction File Processed to FES
- 9/30 NLT 2400 hrs Oblig. Feed Provided to Svc Legacy Stems
- 10/2 0800 hrs Challenge & Review Turned ON

For Sellers:

- 9/25 0800-1600 System Available
- 9/27 1700 hrs Transaction Mgr Turned OFF
- 9/28 1200 hrs Transaction Mgr Turned ON
- 9/30 1600 hrs All Transactions to be Recorded in FES
- 10/1 1600 hrs FES Ledgers Must Be Reconciled
- 10/1 1700 hrs Cutoff for Posting Physical Inventories