DEFENSE LOGISTICS AGENCY
DEFENSE ENERGY SUPPORT CENTER
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IN REPLY REFER TO DESC-F

AUG 15 2003

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Year-End Inventory Reconciliation Process

As we rapidly close in on the end of this extremely busy and eventful fiscal year, once again I ask for your continued support to ensure a successful fiscal year close out. Our goal is to ensure the September 30, 2003 inventory reflects, as closely as possible, the actual on-hand inventory at all Defense Fuel Support Points (DFSPs) for all products. In order to accomplish this, we need everyone to devote special attention to accomplishing the following tasks:

a. All transactions must be recorded in the Fuels Enterprise Server (FES) by 1600 hrs. EDT, September 30, 2003.

b. A September 30, 2003 physical inventory and corresponding gain/loss must be reported for all ledgers NLT 1600 hrs. EDT, September 30, 2003. The physical inventory must reflect the total amount of fuel in your inventory as of the last calendar day of the month. End of year accounts not reconciled by October 1, 2003 will lead to inaccurate DESC inventory and year-end financial records. Hence, your assistance in helping us meet the goal of early, accurate and complete reporting is critical.

c. The Office of the Secretary of Defense has compressed the timeline for the preparation of financial statements this fiscal year and, as a result, DESC systems will be available on Saturday, September 27, 2003, and Sunday, September 28, 2003, to aid in the timely processing of transactions.

d. Fiscal year-end billing is scheduled to be executed on the night of September 27, 2003, after the normal daily update of transactions have processed. Transaction Manager will be turned off on 1700 EDT, until noon the next day so that bill numbers can be appended to the transactions. This means that transactions can continue to be updated during this time period (except during 1700 to 1830 EDT for internal processing), but they will not be viewable until the process is complete. Additionally, to ensure all transactions are billed appropriately, the Challenge & Review functionality will be turned off on 1700 EDT, September 22, 2003, until 0800 EDT, October 2, 2003.

e. Military Service obligation feeds provided by FAS will be completed NLT 2400 EDT September 30, 2003, for all transactions which have posted prior to this date and time. DESC recommends that each Military Service ensure obligations are established for any prior period transaction which may post in the new fiscal year.

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f. The final file of original credit card transactions supported by DoD Fleet Cards (Voyager) will be processed on September 25, 2003. Rejects will continue to be processed until the fiscal year end. AIR Card transactions will continue to process daily through COB September 26, 2003. Likewise, rejects will continue to process until the fiscal year end.

g. Standard prices for Fiscal Year 2004 will be loaded into FAS by mid-August 2003, and a complete listing of these prices can be viewed on the DESC web site under the "Doing Business with DESC" link (http://www.desc.dla.mil).

The timely reporting of transactions documenting receipts of fuel from contract assets is especially important so that invoices can be processed for timely 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. Critical to the accurate recording of data is resolution of reject errors. Please make a concerted effort to eliminate all rejects you have control over NLT September 19, 2003 to preclude extraordinary last-minute efforts.

Once again this year, Deloitte & Touche, the DLA auditor, will be reviewing the processing of transactions at year-end to determine the impact to our FY 2003 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. Please ensure this memorandum receives the widest dissemination possible.

JEFFREY A. JONES
Director

cc:
Commander, DESC East
Commander, DESC West

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