

PART SIX

MATERIEL SYSTEM

Chapter 32

GENERAL MATERIEL ACCOUNTING SYSTEM

32-1. Purpose and Scope. Implement the principles and policies of the Air Force financial management system, comply with laws, and satisfy various management needs. These objectives are accomplished by developing and implementing materiel accounting systems consistent with:

- a. Functional integration of systems described in AFR 170-6, Comptroller Activities, Functions, and Responsibilities.
- b. DoDR 7000-14, volume 1, General Financial Management Information, Systems, and Requirements (formerly AFR 170-29, Principles, Standards, and Policies of the Air Force Financial Management System).

32-2. Systems Concept:

a. Materiel accounting systems consist of both item records and financial records. Record maintenance responsibility is divided between the accountable supply officers and the AFO/OPLOC. Accountable supply officers are responsible for accurate item record quantities, standard prices, materiel status or condition, and indicative data, while the AFO/OPLOC is responsible for ensuring accurate financial data. Under this concept, the accountable officer and A&F share common item and supply records. Data in a common input document or transaction are used for update of both item and financial records. These systems are maintained within the framework of the A&F organization structure and concept of operations described in AFR 170-6.

b. The materiel accounting systems are primarily self-contained and are designed using the accrual concept of financial accounting and reporting. Supporting financial records are maintained for stock fund and major procurement appropriation financed inventory accounts. Financial statements and reports are output from these systems to satisfy various management needs (stock fund inventory managers and RC/CC managers). Also, the materiel accounting systems interface with other systems, such as OLVIMS and BEAMS that have requirements for materiel expense transaction data. At end-of-month (or on an as-required basis), the materiel accounting systems pass obligation and expense data to the accounting system for operations for basewide fund status reporting.

c. An integral part of the materiel accounting system is the system for billing, collecting, and accounting for sales of materiel from supply system stock.

d. In addition to responsibility for billing and collecting for materiel sales, the materiel SMA pays vendor invoices and processes buyer interfund bills and billing adjustments for both stock fund and major procurement financed inventory purchases.

e. The materiel SMA also processes transactions and reports changes affecting the general fund general ledger accounts.

- (1) Account 146XX, Materiel in Stores.
- (2) Account 161XX, Equipment in Use.
- (3) Account 31179, Expense.
- (4) Account 392, Net Investment Issues.
- (5) Account 615XX, Materiel Transfers Out--To Other Than Air Force Accountable Officers.
- (6) Account 629XX, Materiel Transfers In.
- (7) Account 73102, Assets Capitalized.

32-3. Relationship to Other Manuals:

- a. The materiel accounting systems comply with principles and standards in the following DoD publications:
 - (1) DoD 7220.9-M, Department of Defense Accounting Manual.
 - (2) DoD 4000.25-7-M, Military Standard Billing System (MILSBILLS).
 - (3) DoDI 7040.5, Definitions of Expenses and Investment Costs.
 - (4) DoDD 7420.1, Regulations Governing Stock Fund Operations.
 - (5) DoDI 7420.11, Chart of Accounts and Financial Reports for Department of Defense Stock Funds.

(6) DoDI 4140.18, Inventory Management Report of Materiel Assets (MRA&L).

b. Policies and procedures for operation and maintenance of materiel accounting systems are contained in the following Air Force publications:

(1) AFMAN 23-110 (formerly AFM 67-1), USAF Supply Manual.

(2) AFR 145-1, Air Force Commissary Program.

(3) AFCOMSR 145-2, Store Operations.

(4) AFCOMSR 145-4, Complex and Control Office Operation.

(5) AFCOMSR 145-5, Equipment, Supplies and Services.

(6) AFCOMSR 145-8, Front End Operations.

(7) DoDFMR, volume 4, Accounting Policy and Procedures (formerly AFR 170-8, Accounting for Obligations).

(8) DFAS-DE 7220-1, Fiscal Year-End Certification of Appropriation and Fund Balances (formerly AFR 170-9).

(9) DFAS-DE 7420.1-R, Procedures in Support of Air Force Stock Fund (formerly AFR170-25).

(10) DFAS-DE 7200.1-R, Administrative Control of Appropriations (formerly AFR 177-16).

(11) DFAS-DE 7000.8-R, Materiel and Property Accounting (formerly AFR 177-106).

(12) DFAS-DE 7010.1-R, General Accounting and Finance Systems at Base Level (formerly AFR 177-101).

(13) DFAS-DE 7010.2-R, Commercial Transactions at Base Level (formerly AFR 177-102).

(14) AFM 177-106, Materiel Transactions at Base Level.

(15) DFAS-DE 7077.10-M, Automated Materiel System Interfaced with Supply System at Base Level: D00 2A/GV, Users Manual (formerly AFM 177-206)

(16) AFM 177-370, USAF Standard Base Level General Accounting and Finance System: HO 69/BQ, Users Manual.

(17) AFM 177-375, Medical Materiel Accounting System: H 101/BV, Users Manual.

(18) AFM 177-381, Air Force Stock Fund Reporting System, Users Manual.

(19) AFM 167-240, Medical Materiel Management System.

(20) AFI 10-213, Comptroller Operations Under Emergency Conditions (formerly AFR 170-18).

32-4. Relationship with Other Systems:

a. Standard Base Supply System (SBSS). Detail operating procedures are in AFI 65-601, volume 1 (formerly AFM 177-206) and AFI 23-110, volume 2CD (formerly AFM 67-1, vol. 2, part 2). The SBSS includes fuels, systems support, and general support divisions of the Air Force stock fund and locally and centrally procured investment items. This system interfaces with other automated A&F subsystems on the computer, such as BEAMS (AFM 171-200), VIMS (AFI 24-303 (formerly AFM 77-310)), the Air Force stock fund reporting system (AFM 177-381), and the general A&F system (AFM 177-370).

b. Medical Materiel Accounting System (MMAS). Detail operating procedures are in AFM 177-375 and AFM 167-240 (Supply). This system interfaces with the Air Force stock fund reporting system (AFM 177-381) and the general A&F system (AFM 177-370). The MMAS accounts for medical/dental stock-funded and non-stock-funded supplies and equipment.

32-5. Relationship with the Resource Management System:

a. The materiel accounting system is designed to implement and support the DoD concept for internal budgeting and accounting for operations of the Air Force. The system places a greater degree of management emphasis on expenses; that is, consumption of resources used in operation rather than exclusively on the purchase of those resources and the use of appropriated funds. This concept of fiscal control requires management to focus attention on the use of materiel.

b. The stock fund concept of materiel management plays a key role in support of the resource management system. It allows for holding inventory until required by user activities (cost centers). Additional benefits are:

(1) Separation of management of inventories from management of operations. Generally, better financial information is available on inventory levels, obsolescence losses, and turnover for inventory held in the stock fund than for those which are appropriation financed and "free issued" to using cost centers.

DFAS-DE 7010.1-R

(2) Experience has shown that the detailed financial and item reporting required for inventories held in the stock fund generally leads to improvements in inventory management. DoD has criteria for determining which materiel costs are investment and which are expense. These are defined in AFI 65-601, volume 1. It is intended to finance all expense items from the operating appropriations and investment items from major procurement appropriations.

32-6. Military Standard Issue and Requisition Procedures (MILSTRIP). DoD 4140.17M, Military Standard Issue and Requisition Procedures Manual, prescribes forms, formats, and codes for automated requisitioning and issue of DoD and GSA materiel. Billing, collection, and accounting procedures under the interfund system are in chapter 27, section K, of this regulation. Instructions for processing materiel transactions are in AFMAN 23-110 (former AFM 67-1). Accounting instructions for MILSTRIP requisitions and interfund payment are in DFAS-DE 7077.10-M, DFAS-DE 7077.2-M, AFM 177-375, and AFPAM 36-2206 (formerly AFR 170-25).

32-7. Pricing.

a. Pricing of inventory and inventory valuation for general ledger update is obtained from logistics systems maintaining the inventory property records. Standard prices are used in the logistics systems for inventory and equipment in-use regardless of condition or status. AFR 67-93 provides policy for establishing standard price for inventory purchased with appropriated funds.

b. Inventories are required by current DoD policy to be valued at the Latest Acquisition Cost based on condition; i.e., serviceable, unserviceable, or repairable. Inventory balances based on standard prices are revalued to Latest Acquisition Cost by DFAS-DE for reporting purposes. Pending logistics system changes to automate these adjustments, DFAS-DE will make the adjustments based on published DoD policy and DFAS implementing guidance.

32-8. Account Structure. The account structure is defined in DFAS-DE 7000.8-R and DFAS-DE 7420.1-R. The basic accounting entity is the stock record account number (SRAN) which identifies a specific supply or equipment account (base supply, medical, fuels). An accountable supply officer is responsible for management and accountability of inventories for each SRAN. Item records, open item files, and supply transactions provide the source for accumulation of balances of inventory-on-hand, equipment-in-use, inventory-on-order, inventory-in-transit, and accounts payable. General fund, general ledger, and stock (fund) activity general ledger accounts are defined in AFCDD, ADE-GE 520, and DFAS-DE 7420.1-R, respectively. The procedural manuals (in DFAS-DE 7077.10-M and AFM 177-375, and DFAS-DE 7000.8-R) give the relationship of item record balances, open item record balances, and detail transactions to the accounting records.

32-9. Base-Level Materiel Resources:

a. Base-level materiel resources include:

(1) Supplies, parts, equipment, and other items of personal property owned by the Air Force which are held in storage, undergoing repair, equipment withdrawn from materiel in stores and issued to organizational units for their use, and equipment in transit to or from or between (a) Air Force activities, (b) contractors' plants or warehouses, (c) other military departments, (d) other government agencies, and (e) other storage.

(2) Inventories which are owned by the various divisions of the Defense Business Operating Fund (DBOF) stock and industrial fund activities, or Air Force management fund where appropriate.

b. Base-level materiel resources do not include:

(1) Supplies, parts, equipment, and other items of personal property which have been furnished to contractors under terms of contracts administered by AFMC for use in aircraft, missiles, or other end items of equipment including production, modification, repair, research and development, and personnel training contracts.

(2) Complete aircraft, complete missiles, uninstalled propulsion units in FSCs 2810, 2835, 2840, and 2845 (exclusive of components), or any other category of materiel for which centralized accounting incorporates the in-transit, in-stores, and in-use status aspects.

(3) Federal supply classification group 76 (blank forms, publications, and drawings) charged to expense upon initial acquisition.

(4) Cryptographic (COMSEC) equipment covered by AFCCM-2 (Air Force Communications Command Manual). Financial accounting of this equipment is the responsibility of ESC and is compatible with the item accountability procedures in AFCCM-2.

(5) Supplies, parts, and equipment procured directly from the supplier or contractor-operated stores with direct delivery to the using organization. Examples are contractor-operated civil engineer supply stores (COCESS).

32-10. Coding System. The systems use standard Air Force account structures and codes prescribed in AFMAN 65-604 (formerly AFI 65-601, volume 4). They are augmented by data elements and codes peculiar to certain data systems. These are in the applicable materiel accounting functional user manuals.