



Headquarters, U.S. Marine Corps

Office of the Assistant Deputy Commandant, Programs & Resources (Fiscal Division)
Mr. Charles E. Cook

Reducing the Marine Corps Overage Invoice Percentage

When the Marine Corps transitioned its Vendor Pay workload from Defense Finance and Accounting Service (DFAS) Kansas City to DFAS Columbus on January 2004, approximately 43% of invoices were overaged – that is – they were not paid in a timely manner and incurred interest expenses.

An immediate effort to partner, standardize, and implement effective business practices throughout the Marine Corps and DFAS Columbus improved our assessment of correcting the problem. Marine Corps financial managers developed a Plan of Action and Milestones (POA&M) to identify and correct inefficient processes and systems. The Senior Executive leadership of the Marine Corps (Programs and Resources (P&R) and Installations (I&L)) and DFAS conducted monthly teleconferences to address POA&M items and focus on the initiatives to reduce overage percentages and achieve the benefits of an improved payment process. Marine Corps stakeholders consistently led or participated in collaborative efforts in executing a strategy to improve end-to-end processes, identify and correct root causes and continually assess accountability.

Marine Corps and DFAS efforts to standardize invoice input, introduce systemic solutions and aggressively pursue electronic commerce were the contributing factors to reducing overage invoice percentages.

- **Prevalidation Exceptions.** The Marine Corps and DFAS' endeavor to interface SABRS obligation data with CAPS-W entitlement 'obligations' on a daily basis produced a mechanized prevalidation process, thus significantly reducing further impact to overage invoice percentages and payment timeliness. The Marine Corps' mandate to include a SABRS print screen to annotate that an obligation was properly recorded prior to submitting a miscellaneous invoice also reduced or eliminated prevalidation exceptions.
- **Standardize Miscellaneous Invoice Process.** We established and published detailed procedures to standardize and streamline the exhaustive, manual workload of processing miscellaneous invoices. Standardizing the structure of categorizing each type of invoice and mandating the use of standardized forms streamlined the payment process and eliminated inefficient business practices.
- **Electronic Commerce.** In keeping with the President's Management Agenda to 'champion an electronic government' the Marine Corps has advanced the use of Wide Area Workflow (WAWF-RA) to ensure that our vendors submit invoices and receiving reports electronically, appreciably enhancing every aspect of the payment process. Marine Corps financial managers played a significant role in adopting Lean Six Sigma methods to eliminate electronic commerce rejects. The Marine Corps also led the effort to introduce the functionality to submit non-contractual, miscellaneous invoices electronically via WAWF. WAWF-Miscellaneous Pay implementation will substantially contribute to further improvements as we aggressively pursue the benefits of an electronic commerce solution for all payments.

As a result of a focused and collaborative approach, the Marine Corps overaged invoice percentage was just under **2% at the end of fiscal year 2005.** As an overaged invoice has a propensity to incur PPA interest, a 40% overage percentage reduction also produced a 46% decrease in interest penalties (PPA paid versus PPA disbursed) from FY 2004 to FY 2005.

For more information, please contact:

Dave Garza

Director, Marine Corps Financial Evaluation and Analysis Team (MCFEAT)

(816)926-1418

david.r.garza@usmc.mil