

CONTROLLER GENERAL OF THE UNITED STATES

WASHINGTON, D.C. 20548

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B-150556

RELEASED

To the Heads of Departments (other than the Department of Defense and its constituent military departments), Independent Establishments, and Others Concerned:

Subject: Procurement of ocean freight transportation services

The General Accounting Office has been concerned for some time that many ocean freight shipments made for the account of the United States by Government agencies, other than the Department of Defense, are moving on commercial ocean bills of lading, without the customary controls of the Government bill of lading regarding proof of delivery and other administrative safeguards. Our analysis of the particular conditions involved in the usual shipping arrangements for these agencies indicates that shipments are frequently consigned to a port agent for forwarding or holding for the Government, and that it is unusually difficult and time consuming for ocean carriers to obtain accomplished bills of lading in such cases. We have also been advised that other documents for ocean shipments must be prepared by the ocean carriers in any event.

Under these circumstances, we have developed procedures that are mutually satisfactory to the Government and to United States ocean carriers generally, whereby the particular problems encountered by ocean carriers in endeavoring to obtain delivery receipts can be eliminated while retaining reasonable compliance with statutes designed for the protection of the Government and controlling payments for services rendered on ocean freight shipments.

Effective August 1, 1967, the provisions of 5 GAO 3000, for the procurement of ocean freight transportation services by Departments (other than the Department of Defense and its constituent military departments) and independent establishments, hereinafter called civil agencies, are therefore modified insofar as they require: (1) the use of Government bills of lading, SF 1103, for procuring transportation services for the account of the United States Government and (2) the proper accomplishment of these bills of lading as a condition of payment.

Civil agencies will procure and pay for such services in accordance with the following procedures:

1. (a) Ocean shipments made by civil agencies for the account of the U. S. Government may, at the option of the agency, move: (1) on standard Government bill of lading forms; or (2) on commercial bill of lading forms overprinted or stamped with the provision, "This shipment is made under all terms and conditions of the Standard Form Government Bill of Lading and is subject to the terms and procedures set forth in Comptroller General of the United States Circular letter B-150556 dated June 16, 1967."

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(b) Execution of the Consignee's Certificate of Delivery on the Government bill of lading form will not be required on ocean freight shipments by or for the account of civil agencies. The provisions of 5 GAO 3035.10 are therefore modified to provide that the original Government bill of lading, when used for ocean freight shipments by civil agencies, will be surrendered to the ocean carrier's agent for retention and billing.

2. The ocean carriers will not submit their bills for payment for the involved ocean transportation until the vessel has arrived at the destination port or 30 days after the cargo has been loaded aboard the vessel at origin port, whichever is earlier, such governing date to be shown on the carrier's billing.

3. The ocean carrier's billings will be presented on Standard Form 1113, Public Voucher for Transportation Charges, and the carriers will indicate on the face thereof the date the shipment arrived at destination port or the loading date. The date shown should be identified as (1) the date of arrival at destination or (2) the loading date.

4. The ocean carriers will comply with any reasonable numbering system which may be established by each involved agency for payment and accounting control.

The ocean carriers are no longer required to support their billing with a consignee's certificate of delivery. Shipments made under these procedures are subject to the terms and conditions of the Standard Form Government Bill of Lading, including Condition 1 thereof, wherein entitlement to payment is predicated on proof of delivery at destination. Therefore, payments made under these procedures are subject to adjustment, if otherwise proper, when the cargo is lost, damaged or not delivered to the destination specified in the bill of lading contracts.

The Government does not waive the right of preaudit of charges where such action is determined to be necessary to protect the interests of the Government.

Civil agencies using the facilities of despatch agents, commercial forwarders, or carriers for the preparation of ocean shipping documentation shall establish procedures to assure that the terms and conditions of the standard Government bill of lading form will be incorporated by reference on the commercial bill of lading form. Each agency affected shall establish procedures to assure that billings are not paid prior to arrival of the vessel at the destination port or 30 days after the cargo has been loaded aboard the vessel at origin whichever is earlier. Also, in view of the requirements imposed herein upon ocean carriers as to time of presentation of their billings, the agencies should process billings presented in compliance therewith as expeditiously as possible.

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Under the express provisions of 31 U.S.C. 82g, [✓] disbursing and certifying officers are relieved of responsibility and liability for overpayments or overcharges for transportation furnished on Government bills of lading when due to the use of improper rates or classification. Inasmuch as the terms and conditions of the Government bill of lading are incorporated by reference on the commercial documentation used under these procedures, the relief afforded the disbursing and certifying officers under 31 U.S.C. 82g shall be afforded such officers as to payments for shipments moving in accordance with these procedures. Additionally, as to shipments hereunder, the certifying and disbursing officers are relieved of the present requirement that the consignee's certificate of delivery must be obtained before payment is made for ocean freight shipments.

The administrative agencies shall continue to be responsible for making diligent effort to collect all agency claims arising under these procedures and for reporting uncollected debts to the Transportation Division, U. S. General Accounting Office, as provided in 5 GAO 5040.25. ✓

(SIGNED) ELMER B. STAATS

Comptroller General
of the United States

TRANSPORTATION
Ocean carriers
Documentation