

## CHAPTER 4 - DEMANDS AND EXPENDITURE

### GENERAL

0401. **Public Funded Messing (PFM).** The MoD food programme is voted by Parliament for the express purpose of feeding Armed Forces personnel in operational theatres and on exercises throughout the world.

0402. PFM is provisioned through a Food Supply Contractor and is based on one key cost driver, the number of cases/split cases delivered. A management fee for the supply, storage and distribution of Core Range items is paid to the PFM Food Contractor centrally by the MoD.

0403. Units are to use public money to purchase authorised food and beverages, including alcohol solely used in the cooking process, from the PFM Food Supply Contractor.

0404. **Special Forward Orders (SFOs).** Where Special Forward Orders (SFO) are permitted in accordance with JSP 456, namely:

a. **In the United Kingdom:**

(1) Units are permitted to spend up to 3% of their total monthly public messing income on commodities listed in DBC 'larder'.

(2) Units are permitted to spend up to 2% of their total monthly public messing income with approved local traders.

b. **BATUK Rear, STC Germany (Lancashire and Polish Kitchens) and Gibraltar:**

(1) Units are permitted to spend up to 2% of their total monthly public messing income with approved local traders.

c. **Non CRL In-Flight Units:**

(1) Units are permitted to spend up to 13% of their total monthly public messing income on commodities listed in DBC 'larder'.

(2) Units are permitted to spend up to 2% of their total monthly public messing income with approved local traders.

0405. **Non-Public Funds.** Public messing funds are not to be used to purchase catering disposables (napkins, plastic cutlery etc), or alcoholic beverages, which are always to be paid for from non-public funds or authorised entertainment funds.

**Note:** Units may purchase Non-Core list items, including Christmas accoutrements such as Christmas crackers, from the PFM Food Contractor using non-public funds. It is imperative that if the PFM Food Contract is used for this purpose, the cost of these items is recovered back to the Food Vote and the correct accounting action is taken. Payment is to be made through Imprest Accounts using the following RAC: RLB 013 Local Project Code ZZP 1GZ 2112. Units are not to make arrangements to pay PFM Food Contractor invoices locally.

0406. **The PFM Core Price List.** The DFS Team and the PFM Contractor, who issues a monthly list to Service Units, regularly review the range and prices of food items on the PFM Core Price List. Separate lists apply to the United Kingdom, Germany and relevant theatres of operation.

0407. The PFM Core List, which has a fixed price for each calendar month, will arrive at units before the start of the month for which it is applicable. The prices in the PFM Core List are to be used for all accounting purposes. Items that do not appear in the PFM Core List are to be accounted for at invoiced price, whatever the source. All queries regarding the costing of issues should be forwarded through the Chain of Command to the DFS Team.

## **STOCK LEVELS – LAND BASED UNITS**

0408. **Stock Levels in Land Based Units.** Stock levels in all land based units across the 3 Services should be maintained to a reasonable level conducive to the Units average feeding strength.

0409. **Operations/Exercises.** The Endurance Levels/SUSTAT levels will be published in the Operational Order (OpO).

## **PURCHASE ORDERS**

0410. In the UK all purchase orders are to be forwarded to the PFM Food Contractor. The standard method of demand for land based Units is by telesales. Units may also place purchase orders by telephone, hard copy or fax, direct to the Contractor. Ships and mobile Units may use any of these methods or for Ships by signal via Waterfront Organisations. A list of addresses, telephone numbers and signalled purchase order instructions can be found in the MoD Food Supply Contract User Manual.

0411. For units abroad, information on demanding and costing may be found in the MoD Food Supply Contract User Manual, or in Local Orders. For Ships and Submarines Refer to Chapter 18.

## **CENTRAL BILLING**

0412. **Central Billing System.** The MoD has established a central billing system for settling the invoices produced by the many deliveries made to individual Units. Some of the advantages of central billing are:

- a. It reduces the administrative burden upon catering staff.
- b. It reduces the workload on local cash office staff.
- c. It speeds up the cash flow for the Contractor, enabling more competitive prices to be negotiated.
- d. It provides more timely, accurate and relevant management information.

0413. **Effectiveness of the Billing System.** For the billing system to work effectively, unit personnel responsible for receiving deliveries and for the maintenance of Messing Accounts must remain proactive throughout the process.

0414. **Deliveries and Invoices.** Each delivery will be accompanied by an invoice detailing products ordered, supplied, and the prices charged. Once the delivery has been offloaded the authorised representative will be required to sign and annotate

the time of delivery on the driver's waybill. This document is used purely to confirm receipt of the delivery and any 'cages'. The signature is proof of receipt of the delivery and is not confirmation that the invoice is correct. The 'cages' and pallets are to be returned empty to the PFM Contractor on the following delivery to avoid incurring a charge at Unit level.

0415. **Vessels Entitled to Duty Free.** There is a legal requirement in accordance with HM Revenue and Customs regulations (HMR&C) that Units authorised by Navy Command HQ to purchase duty free provisions return to the PFM Contractor a copy of the invoice that has been stamped, signed and dated by an authorised Senior Catering Services Rating.

0416. **RFA Units.** RFA Units are to order Duty Paid meats which are listed in the PFM Core Price List. On receipt the meats are to be brought to charge on TRICAT using the Duty Free prices which are also listed in the PFM Core Price List.

0417. **Receipts.** As soon as practical after delivery unit staffs are to conduct a 100% check of the quality and quantity of the goods received (see JSP 456 Volume 3) and that prices quoted agree with those shown in the PFM Core List.

0418. **TRICAT.** The Authorising Officer is to check that a minimum of 5% of items delivered have been brought correctly to charge, the Authorising Officer is to check provisions and quantities received against the delivery note and that those items have been priced correctly against the current PFM Price Lists.

0419. **Discrepancies.** Any discrepancy must be reported by fax or telephone to the PFM Contractor's helpdesk within 2 working days of the delivery. The Contractor will then declare ownership of the problem and issue a credit reference number. Where the prices quoted on the invoice do not match those shown on the PFM Price List the details must be reported to the DFS Team, through the Chain of Command. The Contractor is required to issue a credit note within 24 hours or as appropriate.

0420. **Bread and Milk Deliveries (UK).** Bread and Milk deliveries will be incorporated in all agreed weekly delivery schedules for all land based units and Ships.

0421. **Monthly Statements.** By the 14<sup>th</sup> day following the end of the month the PFM Contractor will issue a statement for any account that has had a transaction during that period. The statement will list the values of all the delivery invoices, sub-contractors' weekly summaries, and credit notes issued during that month. Units are to use these statements to validate their accounts, confirming all invoices and credits have been received and are accurate. The statement will provide the total value of the period's transactions, including any credits. Information shown on the invoice with regard to amounts for payment is to be disregarded by all Units. Detailed instructions (for example discrepancies) are contained in the MoD Food Supply Contract User Manual.

0422. HM Ships and RFAs in ports other than Naval Bases, Service Units Abroad and RLC Maritime Craft. In ports other than Naval Bases and Service Units abroad, the rules for HM Ships, Submarines, RFAs and RLC Maritime Craft are explained in Chapter 2.

0423. **Stock Write-Off.** Write-off transactions for PFM Listed items are to be valued at the current PFM Core List Price. The invoiced price is to be used for non-PFM List items. Details for accounting for write-off may be found in Chapter 11. Authority to reduce the cost of provisions is to be requested via the Chain of Command, to DFS Team once all other alternatives to transfer the provisions have been explored, which would otherwise result in write-off action being taken.

0424. **Non-Availability of Core Items - Local Purchase.** In the event of non-availability of Core Range items from the PFM Contractor, units are to follow the instructions detailed below.

0425. **Routine for Local Purchase of Core Items:**

- a. Order taken by telesales/ship/exercise desk.
- b. Unit advised of any non-availability and offered alternatives, substitutes, and/or a revised delivery date.
- c. If alternatives, substitutes and/or a revised delivery date is not acceptable to unit, they are transferred to the Helpdesk.
- d. Unit contacts PFM Contractor Helpdesk and requests PFM Contractor for authority to Local Purchase. A Local Purchase request form will be completed by the Helpdesk. The form will be forwarded to the unit by fax or email confirming the authority to local purchase.
- e. If the PFM Contractor considers the Local Purchase request unreasonable, the DFS Team OCM will adjudicate.
- f. Unit procures goods locally, pays supplier and re-values goods on their account to PFS prices. Unit Imprest Holders are to ensure bills are settled debiting the DFS Food Vote: RA Code PAA 001, Local Project Code ZZP1G21190 and UIN D4817D.
  - (1) RN: If held, GPC cards may be used by the LO. Alternatively an open voucher may be issued from the Cash Office and a form S22 is to be raised to debit the Food Vote retrospectively.
  - (2) Army: If held GPC cards should be used, alternatively MOD Form 300, with QM authority, may be raised and the Unit Pay Office is to retrospectively debit the Food Vote.
  - (3) RAF: SPA form 891 (Misc Payment) to be obtained from Accounts Flight and retrospective debit action is to be taken against the Food Vote.
- g. Unit sends copy of local purchase invoice and re-valued price to PFM, copied to the DFS Team supported by the Local Purchase authority.
- h. PFM Contractor issues credit note to unit for difference between receipt and re-valued price and pays difference to the DFS Food Vote through DBA Liverpool.

0426. **Private Functions- On Costs<sup>1</sup>.** Private functions will carry a mandatory 32% on-cost surcharge on all PFM Core List items. VAT is to be calculated and added to the total NET amount. Classifications of Formal, Informal and Private Functions are contained in Chapter 9.

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<sup>1</sup> This surcharge is made up of a 22% management fee owed to the Food Vote and a 10% fee that is levied to cover all MoD sales

## EXPENDITURE

0427. PFM List items have a monetary value, and as such represent a debit to the Unit Messing Account. The debit is set against the credit balance which is derived from Income (i.e. DMR, supplements, casual meals, non-public funds and stock). Commanding Officers are to ensure that every effort is made to contain expenditure within the authorised monetary allowance whilst maintaining an adequate feeding standard. The following rules apply when accounting for purchases:

- a. **Bulk Holding Storeroom:** On units where all items are taken onto the stock record and held in a central store room any Credit notes are to be matched against the stock account invoices and cross-referenced on the monthly statement.
- b. **Direct Delivery:** Whereby the total value of stock received is debited against the Unit's messing account at the point of receipt from the PFM Contractor. Unit catering or accounts staffs are to bring all stock to account at the "PFM List" price ensuring that the total value of the invoice is debited against the unit Messing Account. Credit notes are to be entered onto the Messing Account upon receipt.

0428. **Halal Meat.** Halal meats should only be ordered when there is a genuine need for Halal products. Once receipted, Halal meat should be re-valued to the equivalent non-Halal PFM product price.

## FINANCIAL BALANCE

0429. **End of an Accounting Period (EOAP) (Monthly) – (Exception HM Ships & Submarines and Full Contract Units).** Units are to make every effort to maintain the catering account within the parameters of 10% credit or 3% debit of the monthly income, which is derived from DMR, casual meals, supplements and stock (excluding EMC/EMI) for each monthly accounting period. Stock which has already been paid for with PFM generated income is to be included in EOAP accounting calculations. Units (or individual messes) unable to keep within these parameters should seek guidance from their next higher administrative authority.

- a. **Credits.** Units (or individual messes) are limited to carrying forward a maximum of 10% of the monthly income. Any excess credit above the 10% permitted will lapse back to the DFS Team managed Central Food Vote. Auditing Authorities/FLCs are to ensure that the amount exceeding 10% is shown as a financial adjustment on the following months account.
- b. **Debits.** Units (or individual messes) carrying forward a monthly debit in excess of 3% of the previous period's income are to report this immediately to the next higher administrative authority, who will investigate the circumstances and advise on what action is to be taken to recover the debit within an agreed timescale. Units are to make every effort to bring the account back to within the prescribed parameters.

0430. Units who are unable to bring their accounts within the 3% parameter within the timescales are to submit reasons in writing to the DFS Team via relevant Front Line Commands who may request repayment to the MoD Food Vote or in exceptional circumstances may approve write-off.

0431. At the end of the month the RN Foodmiss Report, the Army Ration Account, or the RAF Station Messing Account are to be submitted to the relevant FLCs for possible NAO audit no later than 6 weeks after the end of the relevant month (14 days for the RN).

**0432. End of Accounting Period (Monthly) – Full Contract Units only (not DFC or CRL Units).** All financial credits and debits are to be carried forward to the following period. Those units (or individual messes) carrying forward a monthly debit in excess of 3% of the previous period's income are to make every effort to bring the account back to within the prescribed parameters. Units (or individual messes) unable to keep within these parameters should seek guidance from their next higher administrative authority.

**0433** At the end of month the RN Foodmis Report, the Army Ration Account, or the RAF Station Messing Account are to be submitted to the relevant FLCs for possible NAO audit no later than 6 weeks after the end of the relevant month (14 days for the RN).

**0434. End of Financial Year (EOFY) – Full - Contract Units only.** The End of Financial Year Balance is limited to carrying forward a maximum of 10% of the monthly income. Also Stock which has already been paid for with PFM income must be taken in to consideration when calculating the %. This balance may be carried forward if it falls between +10% and -3% of a normal full month's messing income. Any credit balance in excess of 10% will lapse to the crown.

**0435.** Any debit balance in excess of 3% is to be repaid to the DFS Team Central Food Vote either payment by cheque payable to MoD Public Sub Account 5018, crossed The Accounting Officer or by deducting the sum from the contractors next form AG173. (Army & RAF- The contractor pays the local unit account for debit balances in excess of 3% and the DFS Team Central Food Vote is credited by the unit accounts staff). The DFS Team Finance Manager is to be informed when this has been actioned in order that they may claim this figure as a credit into their budget.

**0436.** If the income generated for Period 12 is not typical or normal (due to leave etc.) then the last full or normal month is to be used. Units are to clearly annotate the Period used on EOFY Balance Sheets and report to their Single service Command HQ accordingly.

**0437 - 0499.** Reserved.