

TPPS Oversight Council Minutes

Date: January 13, 2010 – 0830 to 1230 ET (morning session)
Place: Office of the Assistant Deputy Under Secretary of Defense (Transportation Policy) – Arlington

AGENDA:

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MINUTES:

Note: Action items begin with a double asterisk ()** and are highlighted in a brown, bold font.

Automated Process Implementation

HHG Implementation Highlights – Phase 2 (EDI 810):

- All HHG sites (118) are automated for the EDI 810 only. There is no solution for HHG automated obligations (EDI 821).
- The HHG automation process began in May 2005. As of March 2007, all Army, Navy, USCG and the USMC sites were automated.
- USAF rollout was delayed until the Defense Personal Property System (DPS) was deployed in February 2009. As of November 2009, all USAF sites (17) have been automated.
- 88% of HHG DoD-wide TCNs were automated for FY 2009 with the electronic percentage remaining stable year to year. Exception: During FY07, the electronic percentage was 74% due to Navy TACs which were not coded for HHG use in TGET and did not properly flow to CWA for conversion. Please note that the electronic percentage only accounts for automated HHG sites. The percentage of electronic TCNs for the various services during FY 2009 was the following:
 - Army – 85%
 - Navy – 93%
 - USCG – 77%
 - USMC – 95%
 - USAF – 89%
- For USCG, the electronic percentage does not include the USCG FINCEN account which is paid manually. The electronic percentage does include EDI 810s which may not get paid in

an automated fashion (e.g., AIN 051800 is counted as electronic but USCG currently does not utilize the EDI 810 for this AIN).

- There have been issues with improperly formatted USAF LOAs due to user entry errors when entering the SDN and AIN in DPS. These LOAs will appear as electronic on the PowerTrack Summary Invoice but, due to user entry errors, the EDI 810 fails to process electronically and must be paid manually. Therefore, IBM is targeting the worst offenders and conducting training sessions with the sites in an attempt to reduce the rate of electronic failures and improve the overall percentage of electronic processing.

Freight Implementation Highlights:

- 61% of freight sites were implemented as of December 2009.
- The percentage of electronic TCNs average in FY09 (automated and non-automated site shipments through GEX) for the various services was:
 - Army - 55%
 - Navy - 93%
 - DLA - 0%
 - USMC - 86%
 - DCMA – 71%
 - Air Force - 20%

Automating Foreign Currency Accounts

- IBM explained that DFAS cannot reimburse the bank in foreign currency. There is a foreign currency CONOPS that identifies a process for U.S. Bank to bill DFAS in US dollars (USD), but development has been a low priority.
- USAF has been working with carriers to bill in USD. This may not be possible with small local carriers.
- DLA added that certain large carriers are unwilling to bill in USD in certain countries (e.g., Japan, Korea, Kuwait).
- U.S. Bank stated that the bank has discontinued development of currency conversion on the DoD side at the request of DoD, but continues to develop the functionality for commercial customers. Shipper systems must also be able to denote the currency within the EDI 858.
- ****OSD requested that DoD PowerTrack PMO re-release the 2005 PowerTrack Foreign Currency CONOPS for review and comment, including how much effort the Services/Agencies want to expend on the effort.**
- ****USB will investigate whether there are written requirements for the development work being done for commercial customers using foreign currency and the implementation timeline.**

Freight Implementation – Navy

- Navy believes the 3 inactive Navy accounts are miscategorized.
- ****IBM will follow-up with Navy re: the account categorization.**

Freight Implementation – Army

- OSD asked why 25 Army accounts are not included in the implementation plan.
- ****IBM will provide Army a list of the unscheduled sites.**
- IBM reported that the requirement to reconcile the Army accounts prior to automation has delayed the planned implementation timeline.
- Army confirmed that account reconciliation is still a mandatory prerequisite for all Army sites to undergo automation.

- IBM reported that the Army continues to pay the full manual rate at automated sites because the automated obligation (EDI 821) is not implemented.
- Army asked whether the Army accounting systems are capable of processing the EDI 821.
- IBM confirmed that several of the Army accounting systems (STANFINS and SIFS) have been successfully tested and are able to process the EDI 821.
- Army asked whether there is an advantage to automated obligations if Army is already performing bulk obligations.
- IBM asked if DFAS has any statistics related to failed invoices incurred because the obligation is missing or underfunded. ****DFAS will research.**
- OSD answered that funds managers would have to discontinue using bulk obligations, or otherwise compensate for the electronic obligations that will post automatically.
- OSD asked what the estimated benefit would be if Army were fully automated. According to the slides the estimated cost saving would be approximately 50%.
- DLA added that EBS initially sought to obligate and pay at the TCN level, but SAP could not process the large volume. EBS changed the process so that the invoices are grouped at the LOA level, and the obligations are posted based on the summary level invoice.
- ****OSD asked DFAS to provide Army their potential savings at full automation including any advantage to automated obligations over the current bulk obligation process.**

Freight Implementation – DLA

- DLA reported that the one DSCP site excluded from the implementation plan is not processing transportation and will be migrated to WAWF by the end of this FY.

Freight Implementation – USAF

- IBM reported that USAF's electronic percentage is being held back by the USAF policy of not assigning a TAC to every LOA. Without a TAC, Tracker-Lite cannot provide an electronic, segmented LOA and automated sites have to process text LOAs through PowerTrack. This impacts the other services electronic processing as well.
- USAF AFMC stated that they are aware of and working the issue.

PowerTrack Rolling Account Balances

- Freight and HHG Delinquency was down to 1.55% as of December 31, 2009, which represents \$6.5M that is past due by one cycle or more.
- Three Army accounts (Army Aberde #11513, Army Carlis #11612, and Army Yongs #11018) make up 39% of the HHG delinquency amount. Navy Jacksonville (#10713) accounts for 25% of the total HHG delinquency amount.
- Two freight accounts (USAF AFMC #268 and USAF McGuire #1480) make up 40% of the total freight delinquency amount.
- DLA noted that some DLA accounts that use appropriate lines of accounting are experiencing payment delays due to IDOC errors.
- IBM noted that some EBS payment delays have been caused by the EBS system setting of payment in net 30 days (vice the net 10 days allocated to the entitlement and payment process).
- DLA noted that the line item detail downloads for DDJC take hours to run and must be performed on Saturday evenings due to the size.
- IBM requested that services direct all PowerTrack system performance issues Syncada for tracking and resolution.
- DFAS warned that all of the following contribute to rolling balances:

- Non-DoD agency transactions cannot be paid by DFAS without an inter-service agreement
- Transactions without proper LOAs/TACs which require coordination with the TO/CO
- LOAs/TACs without sufficient funds which require coordination with the FM
- USAF and USAF asked why the Alternate LOA (ALOA) has not been charged in cases where improper LOA data was provided.
- DFAS indicated that while DFAS requires all services to provide an ALOA, there are cases where the ALOA is not funded.
- DFAS also indicated that often times DFAS does not know which ALOA to charge in cases where a service LOA hits a different service's statement or the default LOA is used.
- For non-DoD transactions, DLA suggested applying a DoD LOA against the non-DoD TAC to allow DFAS to reimburse US Bank and then bill back the non-DoD Agency. USCG replied that the USCG implemented this with the Navy and it has resolved their payment issues.
- ****OSD tasked DFAS to provide a fiscal year 2009 report that tells the services how much they spent on interest associated with delinquency so that they can use it to support and justify the need for additional training, systems and/or personnel.**
- Army asked how the metrics are tracked and reported. DFAS Corporate used to issue a report on payment timeliness which included PSI receipt date, payment execution date, etc. ****DFAS will determine if such a report exists that could be shared with the service POCs.**
- US Bank pointed out Navy's accomplishments at getting their COs to certify invoices within three days, which consistently results in low delinquency.
- Navy said they have a 5-man team to monitor PowerTrack and work with COs who experience issues or require additional training.

DoDIG Audit Update

Potential Issue

- DoDIG clarified that DoD calculates past due balances based on the paid status of LOAs from specific invoices. U.S. Bank always pays the oldest balance first. Interest is paid to the bank based on the DoD past due calculation.
- DoDIG provided additional detail on the following issues:
 - Mis-posted interest is creating false credit balances. The bank is not posting the self-assessed interest penalties correctly for certain disbursing systems. This issue occurs in EBS and has not been corrected yet.
 - EBS is also experiencing an issue where payments for multiple invoices that use the same LOA are being grouped together complicating the reconciliation process.
 - Inconsistent calculation of interest penalties as the start date for the net 15 payment timeline is defined differently across the DFAS offices (i.e. PSI availability date plus two days, PSI availability date, date received by CO).
 - Inability to collect overpayments as not all entitlement systems can accept credit transactions.
- DoDIG explained that the services should take resolution of the rolling balance issue seriously as they indicate a potential for fraud, waste and abuse.

Fix the Carrying Balances

- DoDIG explained that fixing the rolling balances must be implemented concurrently with improved internal controls so that the balances remain current.
- Possible options to fix the carrying balances include:
 1. Direct account holders and DFAS to clear carrying balances by a certain date

- DoDIG reported that some balances are so old that the information needed to reconcile the account is no longer available.
- 2. Complete analysis with U.S. Bank and pay a predetermined amount that will clear all accounts to zero balance
 - DoDIG stated that this would require a written agreement among all stakeholders. ADA considerations and interest penalties should also be taken into account.
 - DLA did this successfully with their DDC accounts.
- 3. Issue new account numbers for those with carrying balances and work the carrying balances as far as possible before paying the balance
 - DoDIG relayed that this solution has received push back as it will create more work for DFAS to manage the old and new accounts.
 - US Bank recommends against this solution as it would require that business rules, carriers and trading partner relationships be recreated for the new accounts. Users would also have to pull data from two accounts for reporting purposes.
- 4. Limit the number of accounts that go through clearing and complete full audits of the accounts to determine the causes
 - DoDIG is against this solution because it would require the identification and resolution of all root causes which is time intensive. The more immediate solution is to implement monthly reconciliations to catch and resolve any payment issues.
- DoDIG requires 100% of rolling balances to be resolved before the new contract is in place (by 30 September 2010). If stakeholders cannot concur on a solution, DoDIG will choose a solution.
- DoDIG suggests starting with the accounts that have had a zero balance in the last 15 months as these should be current, easier to reconcile and represent a larger portion of the total delinquent balance. ****DoDIG will provide DFAS with the list of accounts that have had recent \$0 balances.**
- DCMA funded an ALOA for each of the past five fiscal years to pay irreconcilable balances. DFAS has worked with DCMA to reduce their rolling balance from \$13.6M to about \$1M. The DoD PowerTrack PMO is using DCMA to prototype a process for the refund of credit balances with US Bank and has seven demand letters pending with the bank.
- U.S. Bank expressed that the best route is the manually intensive reconciliation, but doubts that this can be done by end of the contract. If U.S. Bank wins the new contract, the existing accounts will remain unchanged.
- OSD said that a combination of solution #1 and #2 may be optimal, and asked whether negative consequences, such as suspensions, can be imposed on accounts that are not reconciled by an agreed-upon date.
- Army cautioned against suspending an account when the status of the reconciliation is out of the transportation office's control.
- Navy advised that the reconciliation process must take into account the current balance and payments pending in the entitlement systems.

Internal Controls

- DoDIG presented internal controls needed to prevent unreconciled carrying balances in the future:
 - Monthly reconciliations of both manual and electronic LOA portions of invoice
 - Periodic training for COs
 - Standard procedures for COs and DFAS
 - Monthly review procedures for mis-posted interest
- DoDIG believes that account reconciliation is a joint effort between the CO and DFAS but only DFAS will have access to the data needed to complete the full reconciliation.

- DoD PowerTrack PMO agreed that the reconciliation process is inherent to DFAS.
- ****OSD requested that DFAS publish guidance on next steps.**

TGET Update

- TGET transitioned from BTA to DFAS on October 1, 2009. Maintenance support is separated into the Functional Team and Systems Management Directorate (SMD).
- The Functional Team designs and documents System Change Requests and new or updated MOAs, performs Functional Validation Testing, supports User Acceptance Testing, and provides training as needed.
- The SMD manages the BEIS O&M budget, oversees the BEIS Configuration Control Board (CCB), and sets and maintains priorities for the development group.
- OSD asked who is the current operating SMD.
- DFAS answered that the SMD is lead by DFAS Indianapolis. Previous TGET POCs have remained with BTA and are supporting the transition only. The new functional team leads are DFAS personnel.
- OSD noted that the goal was to finalize phase III and accomplish phase IV before the transition from BTA. He asked if DFAS could identify requirements from phase III that are outstanding, as well as requirements from phase IV, in order to assess the current status.

Army TAC TGET Issue

- SDDC asked if there is a date for expected resolution of Army's TACs/LOAs in TGET that are still missing LOA data.
- Army stated that Army pushes the LOA into TGET. When it is verified against Army's accounting tables, the LOA does not match and therefore cannot be loaded into TGET. There is a big issue between the data received from Army finance people and what is in the Army accounting tables. Army needs to clearly understand the edits that TGET has implemented (which are more restrictive than Treasury edits).
- Army noted that they are organizing meetings to address the issues of getting LOA data into TGET. The Army is looking for accounting system specifics to identify how to enter the LOAs into TGET, depending on the accounting system.
- OSD stated that the Army has provided a problem statement and that the TPPS council co-chairs will work with Army and TGET to get this issue resolved. Army's multiple accounting systems may be complicating the issue.
- DLA is doing 100% manual loads into TGET and the user interface is slow, cumbersome, and not intuitive in comparison to the DAAS Master TAC Table.
- All other services indicated that TGET was performing at a satisfactory level for them.

Offsets Interim Capability and U.S. Bank Status Update

PowerTrack Team

- U.S. Bank stated that they used to support only the OCONUS region, but, in the interim, will begin to support the Pacific accounts as well. In the long term, U.S. Bank plans to open a customer support center in the Pacific to support Pacific accounts.

PowerTrack 11 Years Later: Proven Performance

- U.S. Bank noted that in 2009 approximately 20% of U.S. Bank's business was government and 80% was commercial. Other government agencies included USDA, Department of State, and Department of Veterans Affairs.
- OSD asked if the TPPS contract in September would include all government agencies.

- U.S. Bank responded that it would not include all agencies. However, smaller groups such as USCG could be included in the contract due to the language in the document. Additionally, the TPPS contract impacts USDA and Department of State.

Offsets

- U.S. Bank stated that the ability to offset “net settle” carriers is complete for GSA freight offsets. The capability should allow collection from all carriers starting in January 2010.
- U.S. Bank noted that the GSA HHG offsets development is planned for the first quarter of 2010. A change in the SDDC HHG contract language will allow collections to occur without approval from the carrier.
- U.S. Bank explained that the previous TPPS co-chairs selected Army to be the first service to collect offsets through PowerTrack. DFAS and the Army freight team continue to have weekly implementation calls.
- U.S. Bank explained that the offsets functionality is very complex and sensitive, and U.S. Bank wants to ensure that the system is flawless before the final offsets program is extended to other services.

Late Payments

- U.S. Bank discussed sites that are delinquent and explained that accounts over 90+ days delinquent may be shutdown. U.S. Bank must report their aged receivables and receive pressure to write off balances beyond 90 days as bad debt. U.S. Bank requests that DFAS and the TPPS Council focus on getting these accounts reconciled. Several USAF sites are repeatedly on the delinquency report.
- U.S. Bank noted that Navy freight accounts are rarely on the report and have best practices in the monitoring and certification of their account statements.
- U.S. Bank informed the council that they should be actively reviewing the delinquency report. Any account that is 60 days delinquent or more is an indication of a potential payment issue(s) that needs research and resolution.

Conference

- U.S. Bank stated that conference rooms for tack-on sessions will be available all day Monday, March 29th and the morning on Tuesday, March 30th. The conference starts mid-day on Tuesday. There will also be a limited number of rooms available on Friday. US Bank suggested booking early to ensure availability as all commercial clients are given the same opportunity to request space.
- U.S. Bank will offer basic, intermediate and advanced labs during the conference. There will be no government-only labs, but all labs will have someone to support DoD questions.

DoD Training Session (tack-on to PowerTrack Conference)

- OSD is trying to get a DoD specific training session set-up. He is looking for different service POCs to conduct the training.
- USAF indicated that many government employees would not be able to attend due to the conference’s high registration cost. DLA responded that the price was fairly low compared to other conferences and that U.S. Bank likely incurs a loss due to the low price.
- DLA requested the time of the OSD session be coordinated with the services to avoid scheduling conflicts.
- ****Council to name one person as the coordinator for tack-ons and to reserve space with US Bank to ensure no time conflicts with the DoD session. UPDATE: The DoD session will be held from 0900 to 1200 on Monday, March 29th. Services should schedule their sessions with U.S. Bank independently.** DLA is planning a computer lab

for Tuesday morning from 08:00-12:00. Navy will hold their TO/Funds Manager Tack On meeting/Training Session on Tuesday from 0900 until 1200. USAF has booked space for Monday afternoon and Tuesday morning.

TPPS ICWG Update

Prior to providing an update on the Third Party Payment System Internal Controls Working Group (TPPS ICWG), TPPS ICWG Chairperson provided the following success story:

Navy was searching for eBills across all Navy PowerTrack accounts and found an unlinked eBill. After further research, the eBill was identified as a duplicate; the carrier had been paid six months prior. Navy was able to obtain a refund from the carrier for the duplicate payment within four days. Once output from the ICWG is implemented, all services/agencies will be able to find and resolve these kinds of improper payments.

Update

- In October 2009, TPPS ICWG Chairperson distributed a report to the ICWG containing the DoD PowerTrack Business Model information, provided by U.S. Bank/Syncada. The report displays the Business Rule assignments and Business Models being used across DoD Organizations as of Oct 16, 2009 for over 52,000 inbound/outbound records; approximately 5,500 used the Carrier Invoicing Model, 25,000+ used the Matching Model and 21,000+ used the Shippers Self Invoicing Model.
- The ICWG reviewed the business rules for all carrier invoice models and eliminated auto-approval.
- DLA reported that the business models for several shipper sites have been updated since the release of the report and requested an updated version to reflect these changes.

Next Steps

- Coordinate a meeting with the ICWG to identify who has the capability to move to the matching model and develop a pre-payment like audit process to capture duplicate or improper payments for those that can not migrate to the matching model.
- DLA added that many OCONUS sites use carrier invoicing rather than a shipper system. DLA migrated to the matching model without a shipper system so that the TO must manually generate the order for each transaction. This model requires the TO to review 100% of transactions.
- OSD asked when the next TPPS ICWG meeting would be.
- ****TPPS ICWG Chairperson responded that he is working with Syncada on an updated version of the business rules and business models report which will be distributed to the ICWG. A teleconference will be set-up once the report is distributed - expected in the next two to three weeks.**
- ****Navy invited members of the DoD community to the Navy Transportation Symposium in Norfolk, VA, and will provide the website which contains additional details.**

Sealift Auto Approval Threshold Change Request

- SDDC requested the auto approval threshold be reduced to \$0 for transactions originating from IBIS and CSS for organizations using the Shipper Self Invoicing Model.
- U.S. Bank expressed concern as SDDC's request will stop business and recommended comment from AEFES (as they are not represented on the TPPS Council) regarding the potential negative impact to business.

- SDDC clarified that the issue lies within the accuracy of the IBIS data. Only 40% of the IBIS data matches the carrier's bill whereas 60% requires manual intervention.
- DFAS inquired about the volume of activity. SDDC responded that the majority of shipments are through direct bookings.
- U.S. Bank mentioned that there had been previous discussions on reengineering the ocean-to-ocean process to fix issues. SDDC responded that the effort is on hold because SDDC is unable to support the effort at this time.
- ****OSD requested that SDDC write-up a formal change request, along with supporting documentation, including shipment volumes, to be presented to the TPPS Council for approval.**
- DLA commented that the DoDIG had previously identified auto-approval for ocean carriers as a high risk area. DLA has received credit eBills initiated by the carriers for duplicate payments. DLA also commented that changing the business rules should not negatively impact business with AEFES because users in PowerTrack are able to conduct mass approvals.

DoD Standard Operational Filters

- The goal of the DoD standard operational filters and user access rights review is to increase standardization and ensure assignment of appropriate access rights in both the freight and HHG environments. Once completed, guidance on user profile setup will be issued.
- OSD asked how this tasking originated.
- DLA became involved when determining that the same operational filter applied to two different user IDs did not provide the same access rights. This initiated a review of DLA's operational filters with U.S. Bank.
- IBM explained that with the launch of the new User Management tool in PowerTrack, some users were not able to conduct the same tasks they could prior to the tool's release. PowerTrack reported that this was because the old user interface was not always effective in limiting access to match what was set-up in the operational filter. These issues prompted a piggy-back on the DLA review to include obtaining an accurate definition of the rights granted by the different user access rights in PowerTrack and the appropriate assignment of those rights across the DoD.