
Procure-to-Pay Capability Summary

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SUBJECT: Procure-to-Pay Handshakes

BACKGROUND: The Department of Defense’s (DoD’s) Business Enterprise Architecture establishes a blueprint for the Department’s business processes, data exchanges, and systems with the intent to maximize efficiency and interoperability throughout the processes. One of these processes, called Procure-to-Pay (P2P), details the steps to procure items, starting with a defined requirement, through contracting and vendor payment. The P2P Process Advocate’s Working Group (P2PPAWG) has defined nine critical P2P data exchanges (or “Handshakes”) between procurement and accounting systems where data traceability is paramount. The Handshakes are:

1. Purchase Request Creation and Funds Certification – P2P process: Create Purchase Requisition
2. Pre-Award Funds Validation – P2P process: Award Procurement Instrument
3. Record Obligation – P2P process: Award Procurement Instrument
4. Administer Procurement Instrument and Supplemental Procurement Instrument – P2P process: Manage Procurement Instrument Entitlement, Administer Procurement Instrument
5. Distribute Receipt and Acceptance – P2P process: Perform Receipt, Acceptance, and Return
6. Perform Entitlement – P2P process: Manage Procurement Instrument Entitlement
7. Pay the Vendor and Record Disbursement – P2P process: Manage Disbursement
8. Report Payments to Treasury – P2P process: Budget to Report End-to-End
9. Distribution of Contract Completion Statements – P2P process: Perform Procurement Instrument Closeout

The P2PPAWG has defined detailed data standards and identifying roles and responsibilities for each Handshake. The full guidance, Standard Operating Procedures (SOPs), and more information can be found on the Defense Pricing & Contracting (DPC) website at the following link: <https://www.acq.osd.mil/asda/dpc/ce/p2p/p2p-handshakes.html>.

POLICY: Section 862 of the 2013 National Defense Authorization Act required DoD to establish enterprise-level data standards for contracting. The BEA guides and constrains implementation of inter-operable defense business system solutions as required by the Section 2222 of Title 10 United States Code. The Joint DPC and Comptroller memo, “Procure-to-Pay Requirements Overview for Data Exchanges (“Handshakes 1-9”), dated March 26, 2020, introduces the handshakes and published an overview of all handshakes and their place in the business process.

DATA: The Handshake SOPs identify data standards and data rules for each handshake. The Purchase Request Data Standard was established for Handshake 1 and the Procurement Data Standard was established for Handshakes 3 and 4. Other handshakes have standard acknowledgement and response codes. Handshake data exchanges are routed through and validated by the Global EXchange (GEX).

SYSTEMS: Procurement and financial systems that support the data interfaces described by the Handshakes must follow the guidance outlined in the SOPs.

IMPACT: Implementation of the P2P Handshakes will allow data traceability for procurement actions, to include tracking of funding and execution data; reduce or eliminate unmatched financial transactions within the DoD enterprise; ensure that committed funds are sufficient for, and traceable to, the specific line items within an award; support DoD Financial Improvement and Audit Readiness goals; and create efficiencies within the P2P environment.

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