Handshakes 2-4 Implementation

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The What and Why Behind P2P Handshakes

WHAT ARE P2P HANDSHAKES?
• Analysis has shown that data exchanges (‘or handshakes”) between functional communities lack standard business rules and internal controls necessary to eliminate material weaknesses and should:
  – Facilitate downstream business process; and
  – Achieve system to system interoperability
  – Enterprise wide data standards/internal controls
  – Reduce manual re-work and interface management costs

WHY P2P HANDSHAKES?
• To focus the operational communities governing the P2P process on enterprise standards and procedures critical to efficient and effective business at nine critical exchanges
Interface Environment

Current Interface Environment

Target Interface Environment

Point-to-Point “Spaghetti” – Expensive, Impossible to Manage or Standardize

Hub and Spoke – Cheaper, Easy to Standardize and Manage, More Scalable, Improved Internal Controls
What are Handshakes 2-4?

HS 2: Pre-award Validation of Funds
   – Ensures funds remain available for obligation for the contract as written (time, purpose, and amount)
   – Ensure contract can be recorded in accounting system when received
     • Data aligns to commitment (Handshake 1 - PR)
     • Data needed for traceability present

HS 3: Record Obligation in Accounting System

HS 4: Record Contract in Entitlement System (if other than accounting)
How are Handshakes 2-4 performed?

Use GEX to enable central routing and translation and to insulate systems from changes:

HS 2: Pre-validation with accounting
- Some point to point interfaces in use, which do not support contracts with funds from outside the agency
- Agencies that have implemented internally have eliminated posting errors at handshake 3
- PDS update (2.5.1) enables use of PDS to request accounting validation
- Comptroller has proposed data standard and process for uniform response via GEX

HS 3: Recording obligation in accounting
- Leverages existing contract distribution via GEX in accordance with DFARS 204.201
- Format may be PDS, legacy EDI, or EDI translated from PDS
- DAI and DEAMS have deployed GEX feeds using PDS

HS 4: Recording contract in entitlement when different from accounting system
- In use today with MOCAS, OnePay, CAPS, IAPS using EDI translated to native formats
Looking at **One** Contracting Action:
How much data do we have in each File Format?

- **PDS** 100%
- **ANSI X12 EDI** (850/860 Transactions) ~80%
- **EDA WAWF Summary** **(EDA “Synopsis” XML)** ~50%
- **EDA Index (CSV file)** <1%

* May be translated from native CWS formats (e.g. SPS XML)
** Translated from: EDI, native CWS formats (e.g. SPS XML), or sent natively from CWSs as EDA WAWF Summary XML
What is P2P Handshake 2?

Handshake 2 (HS-2) Validate Funds

1. BEFORE award, Contracting office sends the contract or modification in the PDS format to GEX to validate funds are still available and line item structure is correct in the FM system.
2. GEX validates the PDS and SLOA centralized service validates the Line of Accounting. GEX routes to appropriate FM system based on AAI.
3. FM system validates that funds are still available and line item structure is valid. NO ACCOUNTING occurs.
4. FM system will send an acknowledgement to GEX once validation is complete. If there are any failures the acknowledgement will contain the reason for failure (Accounting Talk Back Schema and Purple Error Codes).
5. Financial and acquisition community to establish a process to handle any posting failures (i.e. leverage CDR process).
P2P HS2

• Automated vs. Manual
  – While goal is to automate the HS2 Funds validation checks, it is recognized that there are situations that may still require manual checks. Examples: 1) Complex Modification, Changes to Multiple Lines, 2) Legacy systems within three years of retiring and incapable of providing automated responses

• Scenarios Not Requiring HS2
  – Reduction of Scope
  – Reduction of price, cost, or fee
  – New Award without Funding
  – Transfer of Funds between two line items with the same LOA/ACRN
  – Change of Pay Office
  – Other no cost modifications
HS 2 Deployment

HS 2 Reponse Schema expected to be finalized by end of April

• Accounting Talk Back Schema and proposed “purple” error codes sent out for coordination in February
  – OUSD(C), in coordination with DPAP, working to remediate the final comments before the end of April
• Inbound Validation File (PDS 2.5.1)

HS 2 Implementation Plans to be coordinated with components

• Contract writing systems migration to PDS 2.5.1 managed via monthly PDS IPRs – memo in process to formally sunset 2.4 and 2.5 effective October 2018
P2P HS 3 & 4

• Benefits: Implementing the standard electronic procedures between Contract Writing, Accounting, and Entitlement systems (Handshakes 3 and 4) across the Department will improve data quality, reliability, auditability, and overall reduces inefficiencies related to P2P processes.
• DoD FMR requires digital posting of contract awards to accounting and entitlement systems
• Standard Operating Procedure (SOP) issued by OUSD (Comptroller) and Dir, DPAP Feb 2016
• DoD Procurement Data Standard Service available for accounting and entitlement systems to use at GEX in addition to EDI
• Component implementation plans
What is P2P Handshake 3?
Handshake 3 (HS-3) Contract Award/Obligation

1. Contracting office awards or modifies contract. Contract writing system sends PDS to the GEX.

2. GEX validates the PDS and SLOA centralized service validates the Line of Accounting. GEX routes to appropriate FM system based on AAI.

3. FM system posts the contract award or modification obligation. FM system decommits any excess funds.

4. FM system will send an acknowledgement to GEX once the obligation has posted successfully. If there are any failures, the acknowledgement will contain the reason for failure.

5. Financial and acquisition community need to establish a process to handle any posting failures (i.e. leverage CDR process).
What is P2P Handshake 4?

Handshake 4 (HS-4) Contract Award/Entitlement

1. Contracting office awards or modifies contract. Contract writing system sends PDS to the GEX.
2. GEX validates the PDS and SLOA centralized service validates the Line of Accounting. GEX routes to appropriate entitlement system based on Pay Office DoDAAC.
3. Entitlement system posts the contract award or modification obligation.
4. Entitlement system will send an acknowledgement to GEX once the contract has posted successfully. If there are any failures, the acknowledgement will contain the reason for failure.
5. Financial and acquisition community need to establish a process to handle any failures (i.e., leverage Contract Deficiency Report (CDR) process).
(i) Contracts and modifications shall be distributed electronically (except as provided at DFARS 204.270-1(a)) using the following methods:

(A) Indexed Portable Document Format files shall be sent via the Global Exchange system (GEX) to the Electronic Document Access (EDA) (http://eda.ogden.disa.mil) system to provide a human-readable copy of contract documents.

(B) Electronic data files depicting the contract shall be sent in at least one of the following formats via the GEX to EDA and to systems supporting specific offices as set forth in paragraph (ii) below. (Note that the GEX can be used to translate from the formats below to other formats. Organizations should send both formats in parallel unless validation failures have been eliminated.)

1. American National Standards Institute X.12 Electronic Data Interchange standard transaction sets 850 and 860.

(ii) After contract execution, provide an electronic data file copy of the contract and modifications in either X.12 or PDS XML to the following:

(A) The contract administration office...
(B) The payment office....
(C) Each accounting office whose funds are cited in the contract.
(D) Each consignee specified in the contract....
(E) The military interdepartmental purchase request requiring activity in the case of coordinated acquisition.
(F) The receiving activity....
% Contract Action Volume Matching FPDS (by format type) Q1 FY10 to Q1 FY18
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1. Before award, contracting office will send the contract or modification in the Procurement Data Standard (PDS) format to GEX to initiate “Handshake 2.”

2. GEX validates the award against PDS and LOA business rules, and then routes the award to the appropriate FM system(s) based on Agency Accounting Identifier (aka FSN, ADSN, AAI).

3. FM system(s) validates that funds are still available and that line item data is valid and able to be posted correctly once the legal/contractual obligation has been made.

4. FM system(s) will have 24 hours (TBD) to send a positive or negative acknowledgement to GEX once validation is complete. Negative acknowledgements should contain supplemental information identifying the reason for failure.

5. After 32 hours (TBD), GEX will consolidate the responses and send a validation response file to the contract writing system. If an accounting system does not provide a valid response within time parameters, that system will be identified by its AAI in the response, as well as the reason for it’s lack of a response according to the following:
   a. Accounting system does not have an active interface with GEX
   b. Accounting system has GEX interface but cannot perform a funds check
   c. Accounting system has GEX interface and ability to perform funds check, but no response was received within required timeframe
   d. Accounting system was found and a response was received, but the response was invalid.

6. Depending on the response received, the contracting officer either awards the contract, or initiates a manual check with the accounting activities.