Handshake 1 Challenges

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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.
Handshake 1 Definition

• A “handshake” is a data exchange between two functional communities (in this case, procurement and accounting). Because two functional communities are involved, there are often non-standard or conflicting business rules and internal controls.

• Handshake 1 is the creation of a purchase request (procurement) and the assignment of committed funds to that purchase request (accounting).
Handshake 1 Critical Issues

- Differing understandings of what a PR includes -> lack of necessary data to create good purchases, poor traceability
- Differing understandings of who the “owner” of the requirement is -> poor traceability
- Using amended PRs after contract award -> lack of traceability
- Not carrying PR and PR Line Item through to award -> inability to link back to the original PR
- Commitment Identification Number (CIN) and PR Line Item Number usage is not standard -> lack of traceability
- PR Numbering format is not standard -> system interoperability issues
- PR Numbering is not unique DoD-wide -> lack of traceability and visibility
Purchase Request Content

• Procurement Request Data Standard was established to include any and all data that might be needed to describe the requirement; can be used to create a draft solicitation or contract
  • Amounts
  • Requirements description
  • Shipping and Packaging Information
  • Telecommunications Information
  • Construction Information

• Most accounting systems only need/want information that speaks to Purpose, Time, and Amount, and the related line of accounting data, and may consider that a “full PR”

• Problems arise when PR content gets “dropped” when passing between functional areas.

• Ideally all systems that create or store PRs should be PRDS-compliant.
Comparison of PR and Contract Content

**PR**
- **Header** (addressees, PR number, approvals)
- **List of items**
- **Funding**
- **Technical requirements** (SOW/PWS or Specifications, packing, marking, inspection criteria, etc.)
- **Delivery schedule and locations**
- **Supporting documents** (to contract file, e.g. IGCE)
- **Contract attachments**

**Contract**
- **Header** (Contractor; Issue, Admin, and Pay offices; PIID; signature and effective dates)
- **List of items and prices/costs** (revised and completed from solicitation based on proposal)
- **Funding**
- **Technical requirements** (SOW/PWS or Specifications, packing, marking, inspection criteria, et.c)
- **Delivery schedule and locations**
- **Contract clauses**
- **Contract attachments** (including those added from proposal)
Comparison of PR and Contract Content
ERP view

PR
- Header:
  - addressees, PR number, approvals
- List of items
- Funding

Contract
- Header:
  - Contractor; Issue, Admin, and Pay offices; PIID; signature and effective dates
- List of items
- Funding

PR Number

(addressees, PR number, approvals)
PR Traceability

• Requires:
  • PR number is unique
  • PR number is not re-used for another requirement

• To enable traceability of the requirement through execution, the PR number and PR Line Item Number (PRLIN) must be carried on the contract document.
  • Procurement Data Standard provides a place for this but it is not required in regulation
  • Currently done sporadically, in different ways
  • For some systems, the CIN is the same as the PR Number/PRLIN combination
Handshake 1 Critical Data and Processes

• Data Standard
  • Globally unique PR Number
  • PR Content
  • Any other key data that supports traceability (e.g. CIN)

• Business Rules
  • Carrying PR/PRLIN

• Automation
  • Ability of PR-writing systems (often accounting ERPs) to produce to data standards (PRDS)
  • Ability of contract writing systems to ingest PRDS and produce PDS
  • Ability of accounting system to ingest PRDS/PDS
Discussion

• The following scenarios portray the ways in which one or more systems may collectively create a “PR Package” (i.e. a detailed requirement that contains funding), which is sent to contracting

• Focus is on identifying which system’s PR Number (and PR line item number) shall be captured in the contract’s PR Number field

• Assumption: These charts are designed to demonstrate the ways in which PRDS can be implemented across the Department
PR Scenario 1

Steps
1. PR System Generates a funded requirement in the PRDS format, and sends the package to the contract writing system
2. Contract writing system records the PR system’s PR number and includes it on the contract as a key to link the contract to the PR

Potential need for an acknowledgement transaction from the CWS to the PR system
PR Scenario 2

Steps
1. PR System Generates a requirement in the PRDS format, and sends to accounting for funding information.
2. Accounting system records PR number, creates its own identifier, performs funds certification, and sends funding document (including accounting citation data) back to PR system.
3. PR system records funding document number and adds accounting citation to the PR package.
4. PR System sends complete (i.e. funded) PR to contract writing system.
5. Contract writing system records the PR number in the PR field on the contract.
Steps
1. PR System Generates a requirement in the PRDS format, and sends to accounting for funding information
2. Accounting system records PR number, performs funds certification, and sends an acknowledgement with its reference number and accounting citation data (optional) to PR system
3. PR system records funding document number and adds accounting citation to the PR package
4. Accounting system sends complete (i.e. funded) PR to contract writing system.
5. Contract writing system records the PR number in the PR field on the contract
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