



Procure-to-Pay (P2P) Standard Operating Procedures (SOP) for Pre-Award Funds Validation ("Handshake" 2)

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1 Purpose

This document establishes the enterprise business rules and standard procedures for procurement and accounting activities (and their respective systems) regarding pre-award contract action funds validations. This data exchange is known as Handshake 2, and is an activity performed within the “Award Procurement Instrument & Supplemental Procurement Instrument” process as defined by the Business Enterprise Architecture.

Department of Defense (DoD) Components should note that the contents of this document do not replace any guidance contained within the Federal Acquisition Regulations (FAR), or the associated policy contained within the DoD Financial Management Regulation (FMR) and Defense Federal Acquisition Regulation Supplement (DFARS). Should conflicts exist between this document and any formal policy documents, the FAR, DFARS, and FMR are the prevailing government regulations.

2 Background

Components face increasing demands from users who require that business be conducted more efficiently, and policy makers who require greater visibility into the procedures used when the Department of Defense spends its money. Having to maintain interoperability with diverse Defense stakeholders, and their specific IT environments, compounds these challenges. In addition, the procurement and financial eBusiness communities manage both legacy and target system environments.

This Standard Operating Procedure (SOP) has been developed in collaboration with DoD Components to minimize the impact to current processes while meeting accountability requirements, improving overall operations, supporting “end-to-end” business process/activities, and limiting non-compliance with established policies for both contracting and financial management communities. If successful, they will ensure that transparency requirements are met, as well. The overarching objectives of this effort are to enable stakeholders to:

- Help reduce and eliminate unmatched financial transactions within the DoD enterprise Procure to Pay (P2P) End-to-End process in order to reduce P2P operating costs;
- Comply with the Federal Funding Accountability and Transparency Act, as modified by the Digital Accountability and Transparency Act¹
- Support DoD Financial Improvement and Audit Readiness goals in support of compliance with the Chief Financial Officer’s Act²;
- Meet standards for Internal Control in the Federal Government issued by the U.S. Government Accountability Office on September 10, 2014, OMB Circular No. A-123 and the statute it implements, the Federal Managers’ Financial Integrity Act of 1982

The objectives cited above will be achieved by instituting a standard set of minimum data elements, business rules, and identifying roles and responsibilities of requiring, accounting,

¹ In accordance with the guidance set forth by the Office of Management and Budget (OMB), “Increasing Transparency of Federal Spending by Making Federal Spending Data Accessible, Searchable, and Reliable”, dated 8 May 2015.

² Specifically, ensuring the proper accounting treatment is applied to contracts with financing, per the DPAP memorandum issued 27 February 2015, “Accounting and Reporting Contract Finance Payments.”

procurement, and entitlement activities or systems at each handshake. The Procure-to-Pay Process Advocates Working Group (P2PPAWG) requires that contracting and accounting organizations institute an automated capability to perform the following by October 1, 2021:

- Conduct an electronic funds validation or “funds check” immediately prior to awarding a procurement instrument with the fund holding accounting system(s) to ensure continued availability of each accounting citation on the contract. This check shall also validate that the award document, once signed, will interface successfully from the contract writing to the accounting system, and that this will happen in such a way that traceability between commitment and award line items will be achieved (P2P process: Develop Procurement Instrument & Validate Funds) (Handshake 2).

The rules for data exchanges apply to all systems, both new and legacy. All organizations involved in awarding/funding contracts, orders, or modifications are expected to follow this document’s intent, using electronic exchanges where possible. The P2PPAWG recognizes that some legacy systems do not plan to build to electronic data exchanges prior to the planned sunset of a system. If a system is not and does not plan to be capable of performing an electronic pre-award funds validation process with other systems via the Global Exchange (GEX), a waiver to the electronic exchange of data must be granted by the co-chairs of the P2PPAWG to allow manual procedures. Requests should be in writing and requested by the senior component official for acquisition or financial management (or designee), as appropriate.

In situations where Handshake 2 can be performed internally in a single system environment, the GEX need not be used. However, such systems must still demonstrate the use of the standard Funds Validation Response Codes (see Appendix B) and report metrics. Note that single system environments must still be able to interface with external systems via the GEX to accomplish Handshake 2 with external organizations.

The P2PPAWG also recognizes that some Services or Components have, or will have, alternative enterprise service buses to accomplish Handshake 2. These alternatives to the GEX may be approved if they can 1) demonstrate the use of the standard Funds Validation Response Codes (see Appendix B), 2) report metrics, and 3) interface with the GEX to electronically accommodate external transactions.

3 Handshake Procedures

Procedures for performing a pre-award funds validation (or “funds check”) between contract writing and accounting activities (i.e. Handshake 2) are provided below.

- Immediately³ prior to award, contracting organizations must provide an electronic copy of the planned contract action to each accounting system that will have funds obligated by the draft award in order to perform a funds check as defined in Section 2 of this document.
- Affected accounting organizations must identify their funds as cited on the draft award and check to ensure that those funds continue to be available, sufficient, and appropriate for the proposed use as defined by the draft award. Following this check, the accounting

³ Immediately is defined as no more than 2 business days prior to the anticipated award date.

activity will send a response to the contracting activity that confirms or denies (with reasons) that appropriate funds remain available to support the intended award and verify that the action can post. The standard error code list is found in Appendix B.

- Routing of contract action to accounting (funds holding) systems will be performed using the Agency Accounting Identifier (AAI)⁴.

Handshake 2 Outcomes to ensure:

- Anti-Deficiency Act Violations are avoided.
- Unmatched transactions that require manual intervention to correct errors (i.e. missing, incomplete, and Line of Accounting (LOA) obligation errors) are eliminated.
- Negative unliquidated obligations are prevented.
- Commitment line items can be accurately linked to award/obligation line items.
- Accounting citations on the proposed award can be electronically traced to a specific account for each Accounting Classification Reference Number (ACRN).

4 Roles and Responsibilities

- Requiring Activity:
 - Generate purchase requests (PR) that structure requirements and funding sources using line items, and contain sufficient detail to ensure that a contracting officer can accurately generate a contract award to ensure funds support deliverables
 - Utilize the DFARS-required PR number format⁵ such that the PR number is recognizable, unique, and traceable through contract execution.
 - Coordinate with the contracting officer prior to submission of the PR.
 - Coordinate with accounting and contracting regarding changes to PR structure and funding prior to award.
- Accounting Activity
 - Review and approve PR's that structure requirements and funding sources using line items.
 - Line items must contain sufficient detail to ensure that the accounting citations are appropriately associated with the discrete goods or services in the proposed contract.
 - Line items should ensure that capital and expensed items are listed on different line items (reference FAR 4.1003).
 - At time of funding commitment, verify funds availability and suitability for intended purpose (i.e. time, purpose, and amount)⁶.
 - At time of Handshake 2, should the contracting officer propose a contract award whose structure and content differs substantially from what was received on the PR⁷
 - Re-check funds availability and suitability

⁴ PGI 204.7107 (b) An Agency Accounting Identifier (AAI) is a six-digit data element that identifies a system in which accounting for specific funds is performed. The funding office will provide to the contracting office the AAI associated with the funding for each line item.

⁵ See PGI 211.70 and 253.208-1.

⁶ See FMR Volume 5, Chapter 5, 050303 and FMR Volume 14, Chapter 2, 020401.B.3 and 020401.B.4

⁷ See FMR Volume 3 Chapter 8 080204

- Ensure traceability and auditability of proposed contract award line items to funding sources.
- Ensure that the commitment aligns⁸ to and provides traceability with the proposed award's line item structure and/or content, so that the obligation can be successfully posted electronically following award.
- Ensure that capital and expensed items are listed on different line items.
- Contracting Activity:
 - Develop the procurement instrument to include use of contract line item structures in accordance with FAR Subpart 4.10 and corresponds with DFARS coverage.
 - Ensure traceability from PR to contract line items by recording appropriate PR, PR line item, and accounting classification citation (FAR 4.1003(c)) in the procurement systems in accordance with DFARS 204.71.

5 Handshake 2 Applicability, Standards and Electronic Transactions

Applicability:

Handshake 2 is only required in cases where contract actions are expected to result in financial obligations. As such, any administrative contract modification that does not impact funding will not require a funds check. In cases where there are purpose or timing changes, or the proposed contract structure will deviate substantially from the proposed line item structure, a manual recertification may need to be performed in conjunction with automated processes. The following clarifies the fashion in which a “Handshake 2” must take place given the type of proposed contract action:

- Automated and Manual Check – A verification involving manual and electronic checks will be appropriate for any contract action that substantially alters the purpose for which the funds have been committed, as documented on the PR sent to contracting. While funding periods of availability and amounts may also need to be checked, these should not necessarily require human intervention. Examples of actions that would require a manual check to coincide with electronic checks would be:
 - New contract awards whereby PR line item contents, structure or amounts may have been modified in constructing the contract.
 - Modifications that include period of performance extensions.
 - Complex modifications that change multiple contract line items or add additional contract line items.
- Automated Check – A check that electronically verifies that proposed award amounts are within the available funds commitment and confirms traceability between PR and contract line items. Examples of contract actions that do not require manual checks are:
 - Issuance of awards that do not deviate from the requirement and funding as documented on the PR

⁸ For the purpose of this document ‘alignment’ is described as the ability to link discrete data elements on line items from purchase requests and commitments to contract awards and obligations. If an ERP system requires that PR data elements, such as PSC, be identified on the PR and PO (aka, record of obligation), then requirements and accounting personnel have shared responsibility to ensure that PR data is updated to replicate the information on the contract. As applicable, specific data elements that must align are listed in appendix A.

- Exercising of contract options
- Exercising of unilateral orders under an indefinite delivery vehicle
- Exceptions – No funds validation process shall be required when performing any contract action that does not obligate new funds. Also exempted from the Handshake 2 requirement are awards issued by modules within the same accounting and contract writing systems, such as the Defense Logistics Agency’s Enterprise Business System (EBS) and associated procurement modules (EProcurement and eCC). Examples of contract actions that may not necessitate funds checks are:
 - Contract modifications to reduce scope which would de-obligate funds. In such cases, approval by the accounting system is not required per FMR Volume 3, Chapter 8, but notice of the de-obligation may be provided for informational purposes.
 - Contract modifications that perform administrative contract changes such as:
 - Change of payment office
 - Novation

The contracting actions that are excluded from Handshake 2 are listed in Table 1 below:

Type	Description	Rationale
Novation	Modification to change company name	Does not affect funding, and do not want to make the change until HS3
Reduction of Scope	Reducing line item quantity, reduction of item price, partial cancellation for convenience, deletion of a line item	Cannot predict the amount to be de-obligated until the contracting officer calculates it
New Award Without Funding	BOA, BPA, IDIQ, Requirements type arrangements	These award types do not obligate the government to spend any funds
Transfer of Funds, Same LOA/ACRN	Transferring funds between two line items, both of which have the same current LOA/ACRN	Funds have already been approved to spend on the items on both lines
Change of Pay Office	Changing the Pay Office DoDAAC to a different DoDAAC	No impact on funds
Other Administrative Modifications	Any modification to changes administrative items such as POC information, addresses, etc.	No impact on funds

Table 1 – Handshake 2 Exclusions

Standards

The following represent the standards employed for Handshake 2:

- Contract Writing to Accounting: Procurement Data Standard (PDS) version 2.5.1 or higher.
- Accounting to Contract Writing: PDS Acknowledgement Schema version 4.2 or higher.

Processes:

Note: Components shall conduct the following processes using electronic transactions and automated checks. In cases where Components are unable to automate the following processes, they shall implement manual processes to ensure that funds checks are performed for all accounting citations contained on the draft award, and according to the applicability guidelines contained in Section 4.

Handshake 2 processes begin after a procurement instrument has been defined and contracting is ready to issue an award.

- **Contracting Activity:**
 - Prior to any funded award (including modifications to awards), contracting personnel must request an electronic, pre-award funds validation with the accounting system(s) to confirm that the previously committed funding is still suitable and available, as prescribed in DFARS PGI 211.7001. This can be accomplished by using the following keys:
 - The AAI to locate the correct accounting system(s)⁹
 - Draft Accounting Classification Reference Number (ACRN) / line of accounting
 - Procurement instrument identifiers (for modifications)
 - PR number
 - PR line item number
 - Contracting personnel must:
 - Ensure that the draft award (obligation) passes validations of the most current version of the PDS, by sending the proposed award (in PDS v2.5.1 or later) to the GEX, at which point the award will undergo a contract integrity check based on the PDS Business Rules.
 - Initiate a check with the accounting system(s) to verify that PR and draft Contract Line Item structures (i.e. amounts, quantities, etc.) are in alignment, and that funds remain available. FMR Volume 3, Chapter 8, Section 080204 requires pre-award funds validation between contract writing and accounting systems.
 - Ensure that all relevant PRs are cited on the proposed contract action in accordance with DFARS PGI 211.70.
 - Should the proposed contract structure deviate substantially from the PR's line item structure, contracting personnel shall communicate with the accounting and resource management personnel to ensure that the PR's requirement and funding data is updated as needed to ensure alignment/traceability.
 - Contracting will only proceed to award issuance upon receiving a confirmation from accounting that funds have been validated (e.g. purpose, time, and amount are appropriate for the proposed award and the money is still available).

⁹ In the case of a contract that resulted from a direct cite MIPR/PR, the AAI of the original requiring activity (as derived from their line of accounting) will be used to route the transaction. In the case of a multi-funded contract, the transaction will be routed to all of the AAIs for all accounting systems that carry the funds on the contract.

- **Accounting Activity:**
 - After receiving an automated funds check request, accounting system(s) must create an electronic record validating that sufficient funds are available for each accounting citation.
 - Accounting personnel shall:
 - Verify that the proposed award’s data elements (listed in Appendix A) align with the PR stored in the accounting system.
 - Accounting personnel may:
 - Perform a test to ensure that the draft obligation (award) in its current structure will be posted successfully after the award is made.
 - Once notified by contracting of the planned award line item structure, accounting personnel must review and revalidate the committed PR’s electronic record.
 - Traceability to the ACRN assigned to the line items or the PR framework (i.e. line item structure, including amounts, quantities, etc.) is critical. Errors should be resolved by accounting (to include the requiring activity) or contracting depending on the cause of the error.
 - Handshake 2 validations should be repeated as often as needed. If the line item structure requires modification, the accounting validation of funds availability should only occur after the revised line item structure has been re-certified.
 - Following funds validation, accounting personnel will document that the award’s associated funding purpose, time, and amount requirements are in alignment, and provide this notification to contracting personnel in the PDS Validation Response v4.2 or higher for the issuance of an award.
 - Accounting personnel will only record an obligation of funds in the accounting system following signature of the award document.

Electronic Transactions Supporting Handshake 2:

The GEX Correlation and Aggregation application process (Figure 1) depicts the process of identifying and distributing a validated PDS file to the appropriate accounting system(s) using the AAI¹⁰ in a PDS file for the purpose of performing a pre-award funds check. Upon receipt of the PDS file by the accounting system, the accounting system will perform a pre-award funds check and provide a response to the GEX Correlation and Aggregation application, along with any issue response codes (see Appendix B) noted by the accounting system. To the extent that a system environment can produce a real time response, the electronic response should be provided as soon as it is available. The GEX Correlation and Aggregation application will provide the aggregated responses to the appropriate contract writing system once all responses are received from the accounting system(s) (near real time). In the event that a response is not provided from the accounting system(s) within 24 hours, the GEX application will provide a negative response to the appropriate contract writing system and the Contracting activity should work with appropriate Financial Management activity to manually conduct any required pre-award funds checks.

¹⁰ The Agency Accounting Identifier Code identifies the accounting system responsible for recording the accounting event. The Agency Accounting Identifier Code is intended to be an accounting system identifier, and therefore must be assigned to only one accounting system. (Source: Standard Financial Information Structure)

The Handshake 2 process in general will:

1. Ensure the pre-award PDS document passes the PDS Validation Business Rules.
2. Perform Standard Line of Accounting (SLOA) validation on the PDS document and provide the results in a report to Office of the Under Secretary of Defense Comptroller (OUSD(C)).
3. Mask any data that identifies the contractor or subcontractor on the pre-award PDS document before the Accounting System receives it.
4. Send a copy of the pre-award PDS document to each Accounting System (identified by AAI) that is ready to receive the PDS file electronically.
5. Gather all Pre-award Validation Results files generated by the Accounting Systems and correlate them back to the original pre-award PDS document.
6. Aggregate the correlated Pre-award Validation Results into a single file.
7. Provide the aggregated Pre-award Validation Results back to the Contract Writing System in the PDS Validation Results file format.

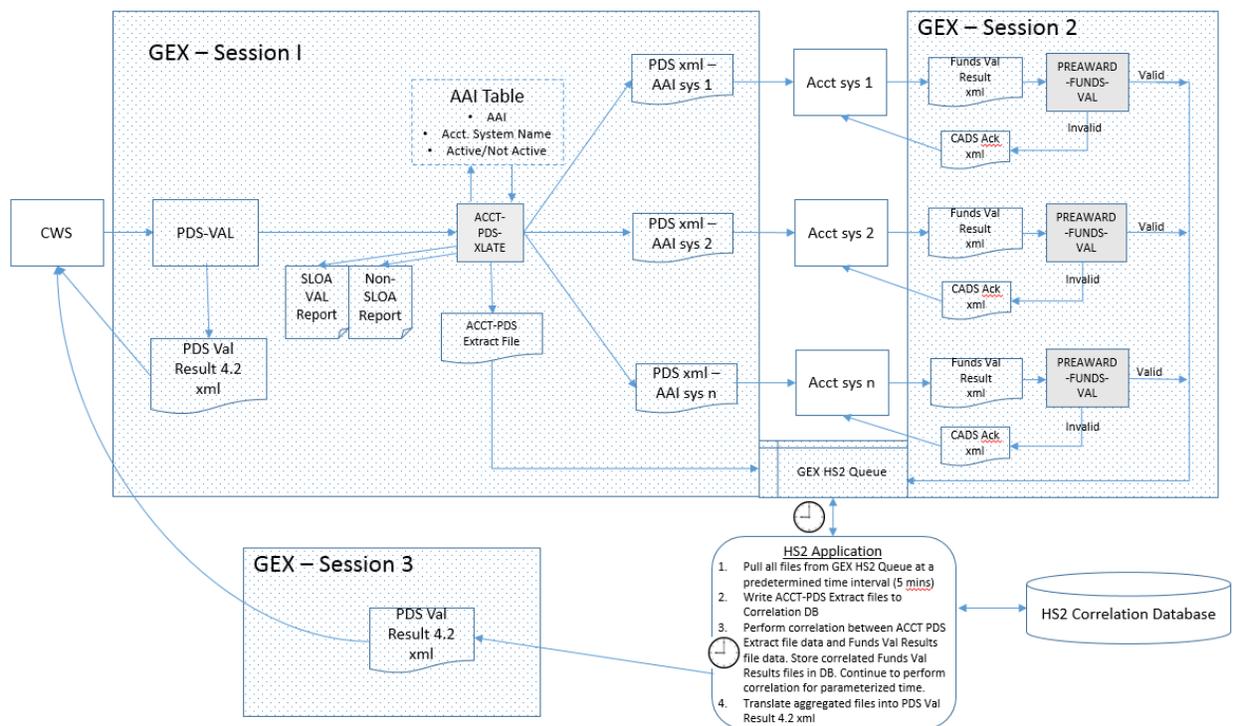


Figure 1 – Electronic Funds Check Process

6 Metrics

Metrics to measure an organization's compliance with this SOP must, by necessity, measure each side of the handshake. Components must be able to provide supporting data for their ability to perform a pre-award funds check. The P2PPAWG will establish periodic reporting and evaluations to ensure achievement of objectives by measuring the following:

Implementation / Performance:

- (a) Percent of DoD contracting systems (legacy and target) sending an electronic pre-award contract action to the appropriate accounting system for funds check.
- (b) Percent of DoD accounting systems (legacy and target) performing the pre-award funds validation of committed funds or "funds-check" immediately prior to award. This measure must track the number of systems meeting this goal by either electronic¹¹ or manual procedures.
- (c) Percent of contract actions provided electronically to the GEX for PDS pre-validation and funds check procedures.
- (d) Percent of accounting systems receiving contract actions electronically from the GEX for funds check review.
- (e) Percent of accounting systems responding through the GEX using a set of standard reason codes for funds check review.
- (f) Percent of non-response from accounting systems to GEX.
- (g) Percent of PDS files posting successfully from GEX to accounting systems on the first attempt.
- (h) Percent of PDS files posting successfully to GEX from accounting systems on the first attempt.
- (i) Percent of contract actions with electronic pre-award funds check response times within the prescribed time limit of 24 hours.
- (j) Percent of contract actions with electronic pre-award funds check response times exceeding the prescribed time limit of 24 hours.
- (k) Average electronic pre-award funds check response time.

* If a system has received OSD approval to use an alternative other than the GEX to achieve Handshake 2, replace the GEX verbiage in the above metrics with the appropriate IT capability.

Unless waived by the Financial Management chair of the P2PPAWG, all accounting systems will report by the 20th of each month the performance results of the preceding month. Results will be collected monthly by OUSD(C) Business Integration Office staff and reported quarter to the P2PPAWG Chairs. The P2PPAWG Chairs will work with reporting components to evaluate results, identify root causes, and prioritize corrective actions to improve HS performance and compliance.

¹¹ Fully electronic procedures would require that the accounting system could take in PDS-structured contract data and return response in the current PDS response schema. The link to the Handshake 2 Talk Back Schema is located on the Office of the Secretary of Defense)Comptroller) / CFO website:
https://guidanceweb.ousdc.osd.mil/documents/current/ODCFO/bio/PreAward_Funds_Validation_Results_v10.xsd

7 Internal Controls

Internal Controls are critical to the success of data exchanges across the P2P process. In May 2011, DUSD AT&L Memo – “Internal Controls for Procurement Systems¹²,” was published articulating a set of joint internal controls across the P2P process. The following sections of the memo are applicable:

Section 1 – Separation of Duties (Controls 1.1 and 1.2)

Section 2 – Requirements (Control 2.4)

Section 3 – Funds Source and Certification (Controls 3.1 – 3.5)

Section 4 – Solicitation and Award (Controls 4.3, 4.7-4.9)

¹² The “Internal Controls for Procurement Systems” memo is located on the Defense Pricing and Contracting website: <https://www.acq.osd.mil/dpap/policy/policyvault/USA003224-09-DPAP.pdf>

Appendix A: Data Element Sources

The DoD has identified and defined a minimum set of data elements (found within the prescribed data standards) which are required to show traceability through the P2P process. The key financial management and procurement data standards that follow provide such further definition:

1. **Procurement Data Standard (PDS)** – The Procurement Data Standard (PDS) is a system-agnostic data standard that is intended to be adopted and implemented DoD-wide for creation, translation, processing, and sharing of procurement actions. It defines the minimum requirements for contract writing system output to improve visibility and accuracy of contract-related data, to support interoperability of DoD acquisition systems and to standardize and streamline the Procure-to-Pay (P2P) business process. PDS will improve visibility of contract-related data, enabling senior DoD leadership to make better informed business decisions. Versions of PDS 2.5.1 and higher provide the ability to request a pre-award funds check with the fund holding accounting systems. The latest PDS version is available at:
http://www.acq.osd.mil/dpap/pdi/eb/procurement_data_standard.html
2. **Procurement Data Standard (PDS) Validation Response** – The PDS Validation Response is a system agnostic data standard that is used to send data to contract writing systems. The standard identifies the sending data sources and information describing an award’s compliance with contract data validation checks. This standard was initially deployed to provide a response from the GEX regarding an award’s compliance with contract data business rules validations. In concert with PDS release 2.5.1, this the PDS Validation Response v4.2 was issued, which also provides the ability carry responses from accounting systems regarding success or failure to perform the funds check described in this document. The latest version is available at
http://www.acq.osd.mil/dpap/pdi/eb/procurement_data_standard.html.

The data elements listed below represent the minimum required set that should be validated for alignment between the fund holding accounting system(s) and the intended award. Validating these data elements shall ensure that funds will be available for the ensuing contract action and that traceability between the award and the commitment can be maintained. This list is not comprehensive of all the information that may be exchanged or validated when performing handshake 2.

Minimum Set of Data Elements Validated for Handshake 2:

Assumptions:	1. Transaction has passed PDS validations at the GEX
	2. There may be limitations to accounting systems' abilities to validate contract data elements. These will require manual processing from FM personnel until systems are updated.
	3. The contracting officer will want to know when his/her contract will not post to the accounting system, even if the reason for failure to post is not driven by procurement data quality.
	4. Accounting systems may translate these data elements into system-specific formats.
	5. If an accounting system fails to validate a contract modification due to what FM personnel believe to be a contract data quality issue, he/she must open a COR.
	6. Handshake 2 transactions will be distributed to all accounting systems via the GEX based on the AAI in the line of accounting. Those accounting systems unable to perform pre-award validations will be so identified in HS 2 response transactions.

Data Elements	Regulatory Reference	Standard Owner	Always Validate (Awards)	Validate only if Present (Awards)	Validation(s)	Action To	Resolution Process	
Amount to be Obligated (by ACRN and Line Item)	FMR Vol 3, Ch 6	FM	X		Ensure that suitable and appropriate funds are committed to support the contract action	Proc	Do not make award. Find available funding source	Amount to be Obligated
Product Service Code (PSC)	DFARS PGI 204.6	GSA - FPDS-NG	X		Item 2. Ensure PSC as listed on the draft contract is able to be posted to the accounting system	FM	Manual correction to Purchase Request / Purchase Order (PR/PO) as required by system to post award	Product Service Code (PSC)
Accounting Classification Reference Number (ACRN)	DFARS 204.7	Procurement	X		Ensure the ability to store the ACRN in the accounting system as present in the draft award	FM	Manual correction to PR/PO as required by system to post award	Accounting Classification Reference Number (ACRN)
Quantity (at line item level)	DFARS PGI 204	N/A	X		Ensure that the accounting system is capable of recording items in the quantity listed on the contract.	FM	Manual correction to PR/PO as required by system to post award	Quantity (at line item level)
Unit of Measure	DFARS PGI 204	Acquisition	X		Ensure that the accounting system is capable of recording items in the units of measure listed on the contract.	FM	Manual correction to PR/PO as required by system to post award.	Unit of Measure
Unit Price	DFARS PGI 204	Procurement		X	Ensure that the accounting system is capable of recording items in the unit prices listed on the contract.	FM	Manual correction to PR/PO as required by system to post award.	Unit Price
Deliverable Line Item Number (i.e. CLIN, SLIN, ELIN) (excluding INFOSLINS)	DFARS PGI 204	Procurement	X		Ensure that the accounting system is capable of recording deliverable the line item numbers as listed on the contract, and maintaining traceability between those line items and the PR line items	FM	Manual correction to PR/PO as required by system to post award	Deliverable Line Item Number (i.e. CLIN, SLIN, ELIN)
Funded Line Item Number (i.e. CLIN, SLIN, ELIN, (including INFOSLINS))	DFARS PGI 204	Procurement	X		funded line item numbers as listed on the contract, and maintaining traceability between those line items and the PR line items	FM	Manual correction to PR/PO as required by system to post award	Funded Line Item Number (i.e. CLIN, SLIN, ELIN, (including INFOSLINS))
Limitation of Funds Clause	FAR 52.232-22	Procurement	X		Ensure that the accounting system has the ability to record the presence of the limitation of funds clause.	FM	Manual correction to the PO as required by the system	Limitation of Funds Clause
Security Cooperation (formerly "FMS") Case Line Item Identifier	Chapter 10 DSCA 5105.38-M, SAMM	DSCA		X	Ensure that the Security Cooperation Case Line Item Identifier can be posted to the accounting system.	FM	Validate that system is capable of accounting and entitling (if relevant) the proposed award. Based on this, update record.	Security Cooperation (formerly "FMS") Case Line Item Identifier
Security Cooperation (formerly "Foreign Military Sales Customer Code") Customer Code	Chapter 10 DSCA 5105.38-M, SAMM	DSCA		X	Ensure that the Security Cooperation Customer Code can be posted to the accounting system.	FM	Validate that system is capable of accounting and entitling (if relevant) the proposed award. Based on this, update record	Security Cooperation (formerly "Foreign Military Sales Customer Code") Customer Code
Security Cooperation Case Designator (formerly "FMS Case Identifier")	Chapter 10 DSCA 5105.38-M, SAMM	DSCA		X	Ensure that the Security Cooperation Case Identifier can be posted to the accounting system.	FM	Validate that system is capable of accounting and entitling (if relevant) the proposed award. Based on this, update record	Security Cooperation Case Designator (formerly "FMS Case Identifier")
Pay Office AAC, i.e. DoDAAC	DLM 4000.25 Volume 6	DLA - Department of Defense Activity Address Directory	X		1. Ensure that the Pay Office listed on the contract refers to an entitlement system that is appropriate for the award type, as well as the funds to be obligated by the contract action 2. Ensure that the Pay Office listed on the contract is able to be recorded by the accounting system	Both	Validate that system is capable of accounting/entitling for the proposed award. Based on this, update record in the appropriate system	Pay Office AAC, i.e. DoDAAC
Delivery Date (at line item level) OR Period of Performance (at line item level)	FAR Subpart 11.4	Calendar Logic	X		Ensure that delivery dates and periods of performance are allowable according to the funding source's period of availability for the funds on the proposed contract.	Both	If date conflict relates to period of performance/deliveries funding availability, then update award's funding source or POP. If other, accounting personnel to perform manual correction	Delivery Date (at line item level) OR Period of Performance (at line item level)
Buying Currency	FAR Part 25	ISO	X		2. If the accounting system will also perform entitlement, validate that the system can pay funds in the indicated currency	Both	Validate that system is capable of accounting/entitling proposed award. Based on this, update record	Buying Currency
Pricing Arrangement (Contract Type) - At line item level	FAR Part 16	Procurement	X		1. Ensure that the accounting system is capable of accounting for contract type's pricing arrangement. 2. If the accounting system will also perform entitlement, validate that the system can pay funds for each of the pricing arrangements on the contract	Both	Validate that system is capable of accounting and entitling (if relevant) the proposed award. Based on this, update record	Pricing Arrangement (Contract Type) - At line item level

Table 2 – Minimum Set of Data Elements Validated for Handshake 2

Appendix B: Funds Validation Response Codes

The Handshake 2 Talk Back “Purple” Error Codes listed below are intended to be used by accounting systems to communicate with the contract writing systems to ensure sufficient and appropriate funds are available prior to contract award.

The authoritative list of Handshake 2 Talk Back Purple Error codes is posted on the Office of the Secretary of Defense (Comptroller) / CFO website: https://guidanceweb.ousdc.osd.mil/documents/current/ODCFO/bio/Funds%20Cert%20VAL%20Errors_20180503.xlsx. The code set as of November 5, 2018 is listed below:

Error Name - Functional Description	Error Description
Data Element(s) Driven Errors	
Unit of Measure	Use to indicate a missing, conflicting or invalid unit of measure code.
Quantity	Use to indicate a missing, conflicting or invalid quantity.
Item ID	Use to indicate a missing, conflicting or invalid item identification code (e.g. National Stock Number).
Obligation ID (PIID)	Use to indicate a missing, conflicting or invalid index number used to identify the obligation (i.e. Purchase Order Number) in the accounting system.
Pay Office	Use to indicate a missing, conflicting or invalid Pay Office DoDAAC.
Currency	Use to indicate a missing, conflicting or invalid currency.
Date	Use to indicate a missing, conflicting or invalid date.
Item Short Description	Use to indicate a missing or conflicting item description.
Funding - Funds Insufficient or Unavailable	Use to indicate the lack of available funds (whether insufficient or inappropriate) required to satisfy a requirement contained on a contract action.
Purchase Request ID	Use to indicate a missing or conflicting Purchase Request or Purchase Request line item number, which causes an inability to correctly link the proposed data with existing PR data in the accounting system.
PR Not Released for Ordering	Use to indicate an action against PR line item that has not been released and/or approved for ordering.
Other Traceability ID (CIN)	Use to indicate a missing, conflicting or invalid index number used to identify the commitment in the accounting system (e.g. the Commitment Identification Number (CIN)).
ACRN / LOA	Use to indicate an inability to locate/match the accounting citation (Line of Accounting), or its constituent elements, referenced on the contract.

Other Data Conflict	Use to indicate any other missing, conflicting, or invalid data element. Specific application advice shall be conveyed in [specify other portion of schema]
Business Rule Driven Errors	
Business Rule 1 - Out of Range	Use to indicate an operation that exceeds system constraints on values such as unit quantity, dollar value, and discount amounts.
Business Rule 2 - Contract is attempting to remove/de-obligate data that is not available for de-obligation	Use to indicate a CLIN on a modification being used to perform an operation against an open PO that exceeds available amounts (e.g. increasing quantity on a line item and decreasing overall cost, changing account assignments on delivered line items).
Business Rule 3 - Contract is attempting to close an open PO	Use to indicate a contract action that attempts to cancel a PO that is still open
Business Rule 4 - Performing operation on a closed or inactive PR	Use to indicate a transaction that updates the status of a PR line item in a way that conflicts with data in the system.
Business Rule 5 - Changing account after delivery	Use to indicate a contract action that changes accounts after items have already been delivered
Business Rule 6 - Making new award on an incremental funding PR (as opposed to a new award	Use to indicate a contract action that makes an award that conflicts with the associated PR type code.
Business Rule 7 – Missing or invalid payment terms	Use to indicate a contract action that is missing or denotes an invalid payment term.
Other Technical Errors	
Modification Conformance Error	Use to identify a modification where the values contained on the contract mod conflict with the PO data in the accounting system. This error may be caused by the failure to post a previous modification to a contract, or if someone has inappropriately altered the content of a PO in the accounting system.
Duplicate Transaction	Use to indicate a duplicate transaction that has already been processed by the system.
Other Technical Issue	Use this code for non-functional errors that are caused by a system-specific limitation. Specify the error in [specify other portion of schema]

Table 3 – Handshake 2 Talk Back Purple Error Codes

Appendix C: Overview of All P2P Handshakes

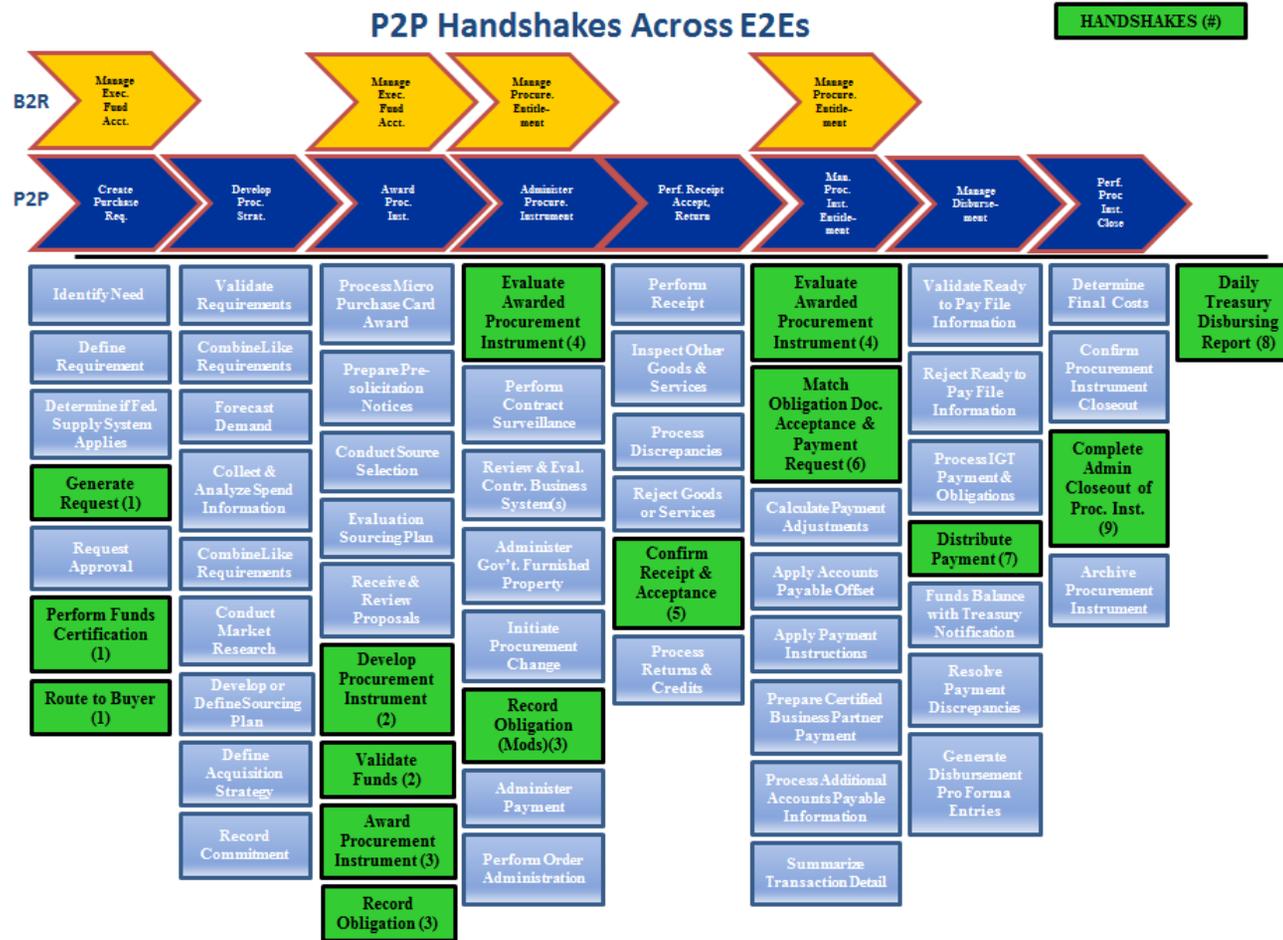


Figure 2 – End-to-End Overview of P2P Handshakes

Handshakes

The term “handshake” referenced in the figure on the previous page refers to electronic information exchanges that take place either within or between two processes related to procuring goods or services. There are nine handshakes within the P2P End-to-End process. For each handshake, the procurement, logistics and finance communities are collaborating to ensure that standards are created or maintained to ensure efficiencies are achieved or maintained. As these standards mature or are deployed at the enterprise level, changes to accounting, logistics, contracting and other payment systems may occur. These handshakes are defined as follows:

Handshake 1: “Define and Fund the Requirement” – The development and receipt of an appropriately formatted, set of Purchase Request (PR) data by the contract writing system. This process includes the performance of a commitment and certification of funds against a PR in the accounting system.

Handshake 2: “Validate that funds are in alignment with the proposed award” - The execution of a pre-award funds validation or “funds-check” in order to ensure that funds committed remain unchanged and certifiable.

Handshake 3: “Posting awards to accounting system(s)” - The automated electronic recording of the obligation, including the full set of contract data required to facilitate traceability, in the accounting system at time of contract award or funded modification.

Handshake 4: “Posting awards to entitlement system(s)” - The automated electronic recording of the contract in the entitlement system at time of contract award or funded modification is critical to successful contract administration.

Handshake 5: “Confirm receipt and acceptance” - The confirming of receipt and acceptance of goods or services, aligned with a specific award, to the Government to facilitate entitlement.

Handshake 6: “Perform entitlement” - The process of taking ownership of goods delivered to the Government to facilitate payment.

Handshake 7: “Pay the Vendor” - Payment systems receive accurate accounting and entitlement data, which is then used to make timely and accurate payments to vendors.

Handshake 8: “Report Payments to Treasury” - DoD financial systems provide complete and accurate payment data to the US Treasury in accordance with Federal standards.

Handshake 9: “Perform Contract Closeout” - Completed/terminated contracts are closed in DoD acquisition and financial systems, and remaining funds are de-obligated.

Appendix D: Compliance Scorecard

CONTRACT WRITING SYSTEM	FY18YTD PDS % AWARDS PASS RATE	IMPLEMENTED PDS V2.5.1 FOR AWARDS	IMPLEMENTED PDS PRE-VALIDATION FOR AWARDS	READY FOR GEX ELECTRONIC PRE-AWARD FUNDS CHECK FOR AWARDS	CONDUCT POINT-TO-POINT ELECTRONIC PRE-AWARD FUNDS CHECK FOR AWARDS	CONDUCT MANUAL PRE-AWARD FUNDS CHECK FOR AWARDS
ACPS	✗	✗	✗	✗	PRPS only	✓
ACWS	✗	✗	✗	✗	✗	✗
COINS	78%	✗	✗	✗	✗	✓
Con-IT	0%	Evaluation Status	✗	✗	✗	✓
ConWrite	✗	✗	✗	✗	✗	✗
DHA PRISM	83%	Evaluation Status	✓	✗	✗	✗
DISA IDEAS	20%	Evaluation Status	✗	✗	✗	✗
E-Procurement	86%	Evaluation Status	✗	✗	✓	✓
ECC	81%	Evaluation Status	✗	✗	✗	✗
eContrax	✗	✗	✗	✗	✗	✗
FEDMALL	✗	12/2018	✗	✗	✗	✗
ITIMP	95%	Evaluation Status	✗	✗	✓	✓
MDO	29%	Evaluation Status	✗	✗	✗	✗
oContrax	9%	Evaluation Status	✓	✗	✗	✗
ONR PRISM	90%	✓	✓	✗	✗	✗
PADDS	70%	Evaluation Status	✗	✗	✗	✗
SEAPORT	95%	Evaluation Status	✓	✗	✓	✓
SNAP	✗	✗	✗	✗	✗	✗
SPS	78%	✓	✓	✓	GFEBs and Navy ERP only	✓

*PDS data via PDS Validation Acknowledgement Status System Report as of 10/22/2018

Figure 3 - Handshake 2A: Contract Writing Systems - Awards

CONTRACT WRITING SYSTEM	FY18YTD PDS % MODIFICATIONS PASS RATE	IMPLEMENTED PDS V2.5.1 FOR MODIFICATIONS	IMPLEMENTED PDS PRE-VALIDATION FOR MODIFICATIONS	READY FOR GEX ELECTRONIC PRE-AWARD FUNDS CHECK FOR MODIFICATIONS	CONDUCT POINT-TO-POINT ELECTRONIC PRE-AWARD FUNDS CHECK FOR MODIFICATIONS	CONDUCT MANUAL PRE-AWARD FUNDS CHECK FOR MODIFICATIONS
ACPS	✘	✘	✘	✘	PRPS only	✓
ACWS	✘	✘	✘	✘	✘	✘
COINS	96%	✘	✘	✘	✘	✓
Con-IT	0%	Evaluation Status	✘	✘	✘	✓
ConWrite	✘	✘	✘	✘	✘	✘
DHA PRISM	70%	Evaluation Status	✓	✘	✘	✘
DISA IDEAS	✘	✘	✘	✘	✘	✘
E-Procurement	68%	Evaluation Status	✘	✘	✓	✓
ECC	0%	Evaluation Status	✘	✘	✘	✘
eContrax	✘	✘	✘	✘	✘	✘
FEDMALL	✘	✘	✘	✘	✘	✘
ITIMP	✘	✘	✘	✘	✓	✓
MDO	7%	Evaluation Status	✘	✘	✘	✘
oContrax	✘	Evaluation Status	✓	✘	✘	✘
ONR PRISM	94%	✓	✓	✘	✘	✘
PADDs	✘	✘	✘	✘	✘	✘
SEAPORT	95%	Evaluation Status	✓	✘	✓	✓
SNAP	✘	✘	✘	✘	✘	✘
SPS	75%	✓	✓	✓	GFEBs and Navy ERP only	✓

*PDS data via PDS Validation Acknowledgement Status System Report as of 10/22/2018

Figure 4 - Handshake 2A: Contract Writing Systems – Modifications

IMPLEMENTATION METRICS

Accounting System	Waiver	GENERAL				AUTOMATION IMPLEMENTED		DEVELOPMENT & IMPLEMENTATION (if not automated)				
		Source Contract Writing System	Source Contract Writing System File Format	Intermediary Systems (e.g., GEX)	File Format Consumed by Accounting System	Does the accounting system perform electronic pre-award funds checks and provide electronic responses with applicable error codes to the contract writing system (directly or via other system(s))?	What percent of pre-award funds checks are automated?	Configuration Management Approval Date	Design (Est. Completion Date)	Develop (Est. Completion Date)	Test (Est. Completion Date)	In Production Est. Go Live Date
Acct Sys A												
Acct Sys B												
Acct Sys C												

PERFORMANCE METRICS

Accounting System	Waiver	GENERAL				Volume of Draft Contract Awards & Mods			Talkback Aggregation		
		Source Contract Writing System	Source Contract Writing System File Format	Intermediary Systems (e.g., GEX)	File Format Consumed by Accounting System	Number of Pre-Award Funds Checks Received for Manual Processing	Number of Contract Pre-Award Funds Checks Received Electronically	Number of Modification Pre-Award Funds Checks Received Electronically	Avg. Response Time	24 Hour Limit Non-Response #	24 Hour Limit Non-Response %
Acct Sys A											
Acct Sys B											
Acct Sys C											

Figure 5 - Handshake 2B: Accounting/Entitlement Systems