



OFFICE OF THE SECRETARY OF DEFENSE
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WASHINGTON, DC 20301-1000

MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Procure-to-Pay Standard Operating Procedure (SOP) for Pay the Vendor and Record Disbursement (“Handshake 7”) and Report Payments to Treasury (“Handshake 8”)

To accelerate the path to an unmodified audit opinion for the Department, we must establish processes and controls to clear undistributed (or unmatched) disbursements and collections in a timely manner. This matters because unmatched disbursements and collections are amounts that have been reported to Treasury but have not been posted to the appropriate obligation in the source accounting system and this impacts our ability to pay vendors timely and accurately. The Procure-to-Pay (P2P) Process Advocates Working Group, co-chaired by the Director, Defense Pricing and Contracting, Contracting eBusiness and the Deputy Comptroller for Enterprise Data and Business Performance, has been determining root causes within the Department's end-to-end processes. One of these is the lack of consistency in the data. Data exchanges, or “handshakes,” must be standardized throughout the enterprise to ensure consistency and traceability of funds from the initial development of a Purchase Request through contract closeout.

This memorandum publishes the Standard Operating Procedure (SOP) for electronic transmission of paying the vendor and recording the disbursement from Procurement to Financial Systems, referred to as Handshake 7, and reporting payments to Treasury, referred to Handshake 8. The Handshake 7-8 SOP establishes the enterprise business rules and standard procedures for processing payment and reporting to Treasury, and is available at <https://www.acq.osd.mil/asda/dpc/ce/p2p/p2p-handshakes.html>. Unless waived, Department of Defense components must implement Handshakes 7 and 8 by December 1, 2023.

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