



OFFICE OF THE SECRETARY OF DEFENSE  
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MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Department of Defense Standard Operating Procedures for Automated Pre-Award Funds Validation

REFERENCE: Joint Office of the Under Secretary of Defense Memorandum, "Requirements Overview for Procure-to-Pay Data Exchanges One through Four," February 9, 2016.

As the Department strives to achieve auditability, key enterprise financial metrics indicate a significant number of unmatched transactions are still problematic, especially within the Contract Pay and Vendor Pay business area. The Procure-to-Pay Process Advocates Working Group, co-chaired by the Director, Contracting eBusiness (formerly Director, Program Development and Implementation) and the Director, Business Integration Office, has been determining root causes within the Department's end-to-end processes. Failure to ensure accurate alignment between a purchase request, contract, and accounting and entitlement data records prevents automated processing and contributes to unmatched transactions and disbursements. These data exchanges, or "handshakes," must be standardized throughout the enterprise to ensure consistency and traceability of funds. The reference and its attachment established the vision for these handshakes throughout the procurement lifecycle, and forecasted the publication of standard operating procedures for each data exchange.

This memorandum publishes the standard operating procedures (SOP) for electronic pre-award funds validation, commonly referred to as Handshake 2. It is available at [https://www.acq.osd.mil/dpap/pdi/p2p/handshake\\_2\\_pre-award\\_funds\\_validation.html](https://www.acq.osd.mil/dpap/pdi/p2p/handshake_2_pre-award_funds_validation.html). The SOP establishes enterprise business rules and procedures for procurement and accounting activities regarding electronic pre-award funds validations. The guidance enables components to conduct an automated Handshake 2. The procedures for Handshake 2 also enable Digital Accountability and Transparency Act of 2014 compliance. Unless waived, DoD components must implement Handshake 2 by October 1, 2021. See the SOP for waiver instructions.

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