



OFFICE OF THE SECRETARY OF DEFENSE

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MEMORANDUM FOR SECRETARY OF THE ARMY
SECRETARY OF THE NAVY
SECRETARY OF THE AIR FORCE
COMMANDER, U.S. SPECIAL OPERATIONS COMMAND
COMMANDER, U.S. TRANSPORTATION COMMAND
DIRECTORS OF THE DEFENSE AGENCIES
DIRECTORS OF THE DOD FIELD ACTIVITIES

SUBJECT: Linking Financial Data to Contract Documents

Historically, contract documents have carried a financial line of accounting to identify funding source and to ensure accurate payment. This memorandum establishes a new paradigm and business rules for that practice. The department must plan to transition to and implement an interoperable, open architecture that attains procure to pay traceability, as described in the draft concept of operations (CONOPS) posted at <http://www.acq.osd.mil/dpap/pdi/eb/index.html>.

The Department must begin immediately to plan for all target systems that have financial/accounting capabilities to receive and capture, at the point of obligation, a map from each line of accounting to a unique set of contract data (i.e. Procurement Instrument Identification Number (PIIN) and Supplementary Procurement Instrument Identification Number (SPIIN) and any line item number, including subline items and exhibit line items). Target systems with contract writing capabilities must be able to capture and record the Agency Accounting Identifier (AAI) at the line item level and use it to direct contract transactions to the appropriate accounting capability within the target system. This change will ensure that future systems with contract writing capabilities are compliant with the Standard Financial Information Structure (SFIS). A one-to-one relationship must be maintained within the accounting capability between the line item identifier and the funding citation (see Defense Federal Acquisition Regulation Supplement (DFARS) Sections 204.7103-1(a)(4), 204.7104(a) and 204.7107, and DoD Procedures, Guidance and Information 204.7107(d)(2)(ii)). Legacy systems should comply if feasible.

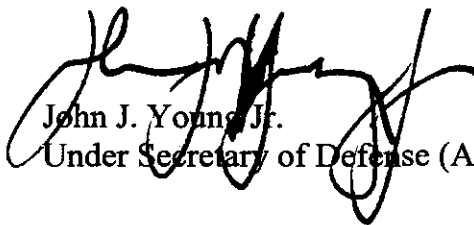
In target systems, new contract awards no longer will be reliant on carrying line of accounting data. However, target systems need to carry the AAI attribute to route contract transactions to the appropriate accounting system. The AAI concept uses the minimum necessary data to enable a link between contract line item and funding source.




The requirement to assign Accounting Classification Reference Numbers (ACRNs) to contract line items (in accordance with Defense Federal Acquisition Regulation Supplement (DFARS) part 204.71) will continue at present because legacy systems are reliant on this business practice.

The Defense Procurement and Acquisition Policy Office (DPAP) and the Comptroller are working with the Business Transformation Agency (BTA) to incorporate these requirements into enterprise procurement and finance systems, and the Business Enterprise Architecture to enable the transition environment. An action plan has been developed that specifies the actions to be taken at the enterprise level; we ask each service and component to identify financial and contract experts that can work with the Office of the Secretary of Defense (OSD) and BTA to further mature this plan (see Attachment A). An updated CONOPS should be developed within 120 days with a detailed set of milestones for the transition phase, as well as investment review board criteria to govern changes to Enterprise Resource Planning requirements and to enable the transition capability. This updated CONOPS will be briefed to the Defense Sourcing Portfolio and the Financial Management Leadership Council in the 3rd Quarter FY 2009.

The points of contact are Mr. Joseph Doyle (OUSD(C)BIO, joseph.doyle@osd.mil, 703-614-3523) and Mr. Bruce Propert (bruce.propert@osd.mil, 703-602-8032).



John J. Young Jr.
Under Secretary of Defense (AT&L)



Robert F. Hale
Under Secretary of Defense (Comptroller)

Attachment:
As stated

Attachment A – Action Plan

Financial Data in Procurement Roles and Responsibilities

Roles:

- Business Transformation Agency (BTA) Enterprise Integration Directorate (EI) – Include this requirement in their ERP development plans.
- BTA Transformation Priorities and Requirements Directorate (TP&R) – Work the requirements with the individual system owners that interface with enterprise systems. Assist other system owners via the IRB process as normal. Work with Global Exchange (GEX) for enterprise data mapping requirements. Work with system owners on defining and executing transaction interfaces as needed (refer to “Financial Data in Procurement” ConOps for interface depictions).
- BTA Defense Business Systems Acquisition Executive Directorate (DBSAE) – Work with TP&R to ensure that BTA-owned systems incorporate the requirements of this memo and the associated ConOps into their future development.
- Component Enterprise Resource Planning tool (ERP) Program Management Offices (PMOs) (any not covered in BTA EI) – Include this requirement in their ERP development.
- Accounting/financial system and capability owners – include this requirement in future development. Work with GEX to achieve interface mappings.
- Contract writing system PMOs – System owners must modify systems to comply with the Procurement Data Standard (PDS) per the PDS memo (reference James I. Finley Memo “Publication of the Procurement Data Standard (PDS), Phase I,” July 21, 2008).
- Defense Procurement and Acquisition Policy (DPAP) – Complete PDS Phase II and related policy direction; Create, distribute, and oversee Financial Data in Procurement (FDIP) policy implementation for Procurement (and jointly with Comptroller) as needed.
- Comptroller – Complete policy/direction for financial systems as needed.

Implementation Plan

Short Term (by 3QFY09):

Goal: Enable Agency Accounting Identifier (AAI) population in Wide Area Workflow (WAWF) from legacy contract writing systems

Capabilities:

- Contract files sent by non-Standard Procurement System (SPS) contract writing systems to be translated from Electronic Data Interchange (EDI) 850 format to Electronic Document Access System (EDA) Extensible Markup Language (XML) format by GEX. This will enable the AAI or its aliases to be parsed out from service-preferred lines of accounting (LOAs) using a GEX data map prior to being passed to WAWF.
- Determine need for searchability in EDA, develop search capability.
- WAWF Accounts Payable standard transaction to be implemented, will use AAI to route transaction to the appropriate accounting system leveraging the AAI to system translation tables.
- Lay groundwork for future contract writing capability and accounting/financial capability or system changes.

Tasks:

- Create/implement GEX map to parse legacy LOA (In process Jan 2009) *BTA and Defense Contract Management Agency (DCMA)*
- Route contract data sent by non-SPS contract writing systems to EDA *BTA and Defense Contract Management Agency (DCMA)*
- Update EDA to be able to receive 850/860 data in process and create a current contract view from this data *BTA*
- Implement WAWF Accounts Payable Standard Transaction *BTA*
- Ensure GEX/WAWF is programmed to select/interface with correct accounting system based on AAI to Accounting system map *BTA*
- Contract writing capability or system owners to include PDS requirements in all future procurement system developments *BTA and Component Program Managers*
- Include requirement to carry PIIN/SPIIN/CLIN/SLIN/ELIN in all future accounting system developments [Note: SPIIN, SLIN, and ELIN are to be mandated only if/as required by DFARS guidance for that particular contract action] *BTA and Component Program Managers*
- Present PIIN/SPIIN/CLIN/SLIN/ELIN as potential SFIS elements to SFIS governance board (in progress) *Comptroller*

Medium term (by FY09-10):

Goal: Contract writing systems to pass AAI as a separate data element

Capabilities:

- Target contract writing capabilities to update to/map to PDS structure, thereby enabling the passing of AAI as a separate data element

- EDA to be updated to serve as the “catcher’s mitt” for PDS data structure, receiving all contract data as separate and standard data elements rather than meta-data and PDFs only. WAWF will be able to be fully pre-populated (needs no change to WAWF capability).

Tasks:

- Create and publish PDS Phase II (January 2009) *DPAP*
- Update contract writing capabilities to generate or map to PDS *Component Program Managers*
- Update EDA to receive, maintain, and display PDS-formatted data *BTA*

Long Term (FY10 and beyond):

Goal: Accounting systems make capture contract line item data and link to funding information.

Capabilities:

- Accounting systems to update to enable capture of PIIN/SPIIN/CLIN/SLIN/ELIN combination and the linking of this data to the accounting entry [see note above regarding SPIIN, SLIN, ELIN]
- Remove LOA from contract data, update PDS accordingly

Tasks:

- Create and publish PDS Phase III (January 2010) *DPAP*
- Implement contract data requirement in target accounting system/capability *Component Program Managers and Comptroller*
- Change business rules so contracts do not carry LOA *DPAP*
- Update PDS and SFIS if needed *DPAP, Comptroller, BTA*