Financial Data in Procurement Concept of Operations

Version 1.0
November 13, 2008

Table of Contents

1 Introduction

Historically, the financial line of accounting was carried in contract documents and invoices to ensure accurate payment. However, this practice has presented data integrity challenges (due to duplicate data entry of the financial information in both the financial and procurement systems) and has limited the visibility of financial data throughout the procurement lifecycle, as major groups of data are required to be passed back and forth accurately between systems and process steps to enable traceability.

To improve visibility of financial data and traceability of that data throughout the lifecycle, this Concept of Operations (CONOPS) establishes a standardized set of data elements and related business rules that must be used in the procure to pay business process. These rules establish the authoritative source of each data element, and establish the bridge data elements which will link the financial and procurement data. The goals are to:

1. Establish the authoritative source of each required data element
2. Minimize the passing of data from one process step to another or from one system to another
3. Support interoperability between various financial and procurement information systems and business processes
4. Enable end-to-end traceability of financial data elements

In the target state, this will enable the elimination of the line of accounting in contracts. Contract documentation will carry the Agency Accounting Identifier (AAI) to route transactions with contract information to an accounting system. Accounting systems will establish line item structure through the purchase request at the point of commitment, and will link this information at the point of obligation to the contract line item structure that is received from the contract writing system (CWS).

This data architecture will reduce opportunities for data errors and enhance financial visibility from budget to execution, enable the needed traceability and visibility of resource expenditures, and ensure stewardship of the data elements remains with the appropriate functional organization.

2 Data Elements

DoD has identified and defined the minimum data elements which are required to show traceability through this process. The goal is to identify the initiation point of each data element where the data must be captured, and then pass only the minimum set of data needed to create traceability to the next process step. These data elements are defined below:

Traceability Data Elements

1. Procurement Instrument Identification Number (PIIN) – a Procurement Instrument Identification Number (PIIN) is an identifier that consists of 13 alpha-numeric characters grouped to convey certain information. The first six numbers are the DoDAAC; seven and

eight are the fiscal year the PIIN was assigned; 9 is a letter representing the instrument type; and 10-13 are the four digit serial number. (see DFARS 204.70)

2. Supplemental Procurement Instrument Identification Number (SPIIN) – a Supplemental Procurement Instrument Identification Number (SPIIN) is an identifier assigned to actions under a PIIN. This number is used to identify amendments to solicitations, modifications to contracts and agreements, calls or orders under contracts, basic ordering agreements, or blanket purchase agreements. (see DFARS 204.70)

3. Accounting Classification Reference Number (ACRN) – an Accounting Classification Reference Number (ACRN) is a two position alpha numeric code used as method of relating the accounting data to detailed line item information contained in the schedule.

4. Agency Accounting Identifier – The Agency Accounting Identifier (AAI) is a six character code that identifies the organization responsible for providing field level accounting support within DoD. This code may be the identification of field sites or unique accounting installation that support the budget execution of a specific base, post, camp, or station.

5. Appropriation Account Information – Appropriation Account information consists of multiple Standard Financial Information System data elements required to identify the proper funding of the request. These include Department Regular Code (SFIS A1), Department Transfer Code (SFIS A2), Main Account Code (SFIS A3), Sub-Account Code (SFIS A4), and Period of Availability Fiscal Year Date (SFIS A8).

6. Contract Line Item Number (CLIN) – a Contract Line Item Number is a four digit number that identifies separately identifiable or deliverable supplies or services. (see DFARS 204.71)

7. Sub Line Item Number (SLIN) – a Sub Line Item Number is a six digit identifier used to identify and distinguish elements of a contract line item. It can be either informational (a not separately deliverable aspect of the line item identified by a two digit numeric suffix to the CLIN) or separately identified for delivery (identified by a two alpha character suffix to the CLIN). (see DFARS 204.71)

8. Exhibit Line Item Number (ELIN) – a Exhibit Line Item Number is a form of separately identifiable line item that may be used instead of putting a long list of contract line items or subline items in the contract schedule. Identified by four alphanumeric characters, except I and O. (see DFARS 204.71)

9. Purchase Order (PO) Number – a Purchase Order Number is an internal identifier assigned to a set of requirements filled by a contract or other transaction

10. Purchase Order Line Number – a Purchase Order Line Number is an internal identifier assigned by a requiring system to a specific deliverable under a given Purchase Order (PO) Number

11. Purchase Order Funding Line Number - a Purchase Order Funding Line Number is an internal identifier assigned by a requiring system to a line of accounting cited under a given Purchase Order (PO) Line Number

12. Purchase Request Fund ID – a Purchase Request Fund Identification (PR Fund ID) is an internal identifier assigned by a requiring system to a line of accounting cited under a given Purchase Request Line Number

13. Purchase Request Number – a Purchase Request Number is an identifier uniquely assigned by a requiring system to identify a specific set of requirements

14. Purchase Request Line Number – a Purchase Request Line Number is an identifier assigned to a specific requirement within a Purchase Request

15. Invoice Number – an Invoice Number is an identifier assigned by a contractor to uniquely identify an invoice (request for payment) under a contract.

The following table illustrates which elements are required for each transaction in the process. Solid circles indicate the initiation point for that data element, open circles indicate that the data element must be carried by that step in the process.

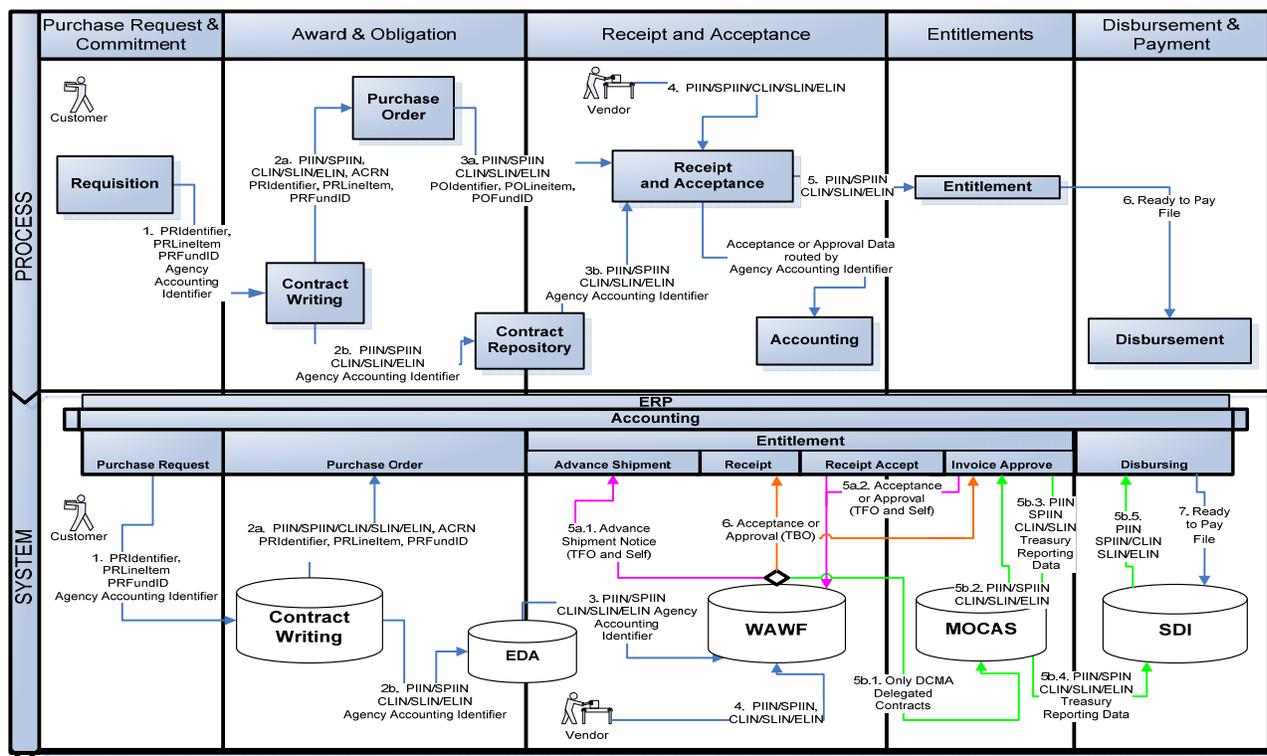| Document/ Record Type	Agency Accounting Identification Code	Appropriation Acct Info	Treasury Account Symbol	PR#, PR Line #, PR Funding Line #	PIIN, CLIN, SLIN, ELIN, ACRN	PO#, PO Line #, PO Funding Line #	Invoice #	Payment Voucher #	Check / EFT #
Funding Authorization Document	●	●	●						
Purchase Requisition	○	○	○	●					
Contract	○		○	○	●		○		
Task Order	○		○	○	●		○		
Purchase Order	○	○	○	○	○	●			
Packing Slip					○				
Goods/Services Receipt					○	○			
Invoice					○		●		
Invoice Receipt					○	○	○		
Payment Voucher	○						○	●	
Remittance Advice / Disbursement Record	○						○	○	●
● = Document is the source of this data element ○ = Document contains this data element									

3 FDIP Concept

A high level Concept of Operations diagram below shows the concept through system interactions throughout the Procure-to-Pay process:
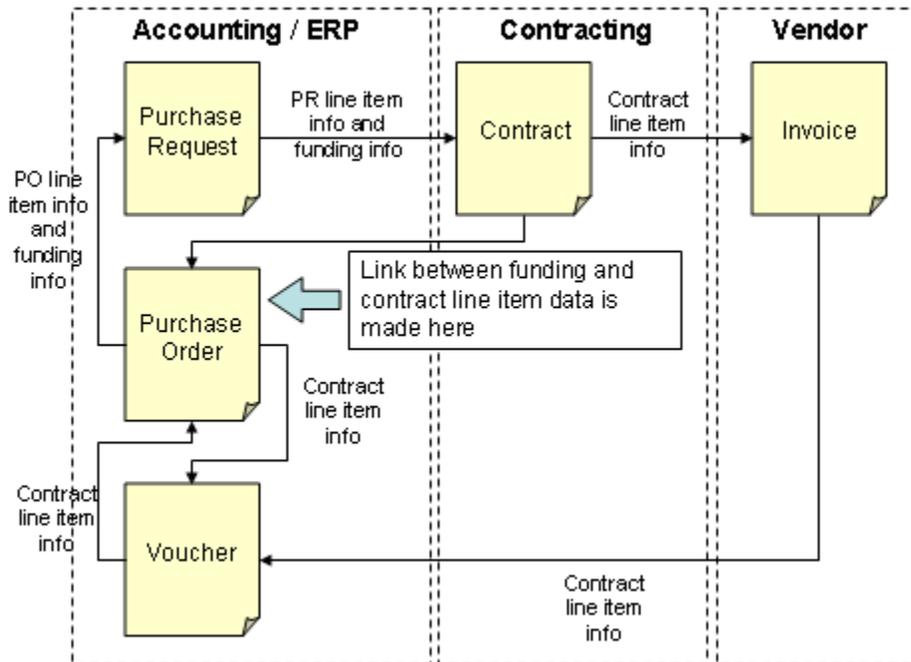
Purchase requisitions (PRs) are forwarded to the contracting system with complete line item and funding data needed to satisfy the contracting officer's fiduciary and contract set up responsibilities. PRs may be combined or split by contracting into one or more contracts. The contracting office sends back contract funding sub-line item-level data with indication of which PR line items are satisfied by each SLIN. Purchase orders (POs) are created with line items to match contract funding SLINs one-to-one. The accounting system maintains relationship between PO line item and contract SLIN data. The accounting system also relates PO to PR, reverses the commitment, and records obligation.

The contract is provided to the vendor with line item information and instructions to include contract line item numbers on invoices and packing documents. Vendor submits invoice to accounting with contract line item numbers. Accounting matches the invoice to PO using contract SLINs and creates voucher with complete funding data.

The following picture goes into more detail as to which data elements are passed at each point in the process.

PROCESS

Purchase Request & Commitment	Award & Obligation	Receipt and Acceptance	Entitlements	Disbursement & Payment

Customer

Requisition

1. PRIdentifier, PRLineItem PRFundID Agency Accounting Identifier

Contract Writing

2a. PIIN/SPIIN, CLIN/SLIN/ELIN, ACRN PRIdentifier, PRLineItem, PRFundID

Purchase Order

2b. PIIN/SPIIN CLIN/SLIN/ELIN Agency Accounting Identifier

Contract Repository

3a. PIIN/SPIIN CLIN/SLIN/ELIN POIdentifier, POLineitem, POFundID

Vendor

4. PIIN/SPIIN/CLIN/SLIN/ELIN

Receipt and Acceptance

3b. PIIN/SPIIN CLIN/SLIN/ELIN Agency Accounting Identifier

Acceptance or Approval Data routed by Agency Accounting Identifier

5. PIIN/SPIIN CLIN/SLIN/ELIN

Entitlement

Accounting

6. Ready to Pay File

Disbursement

SYSTEM

ERP
Accounting
Entitlement

Purchase Request	Purchase Order	Advance Shipment	Receipt	Receipt Accept	Invoice Approve	Disbursing

Customer

1. PRIdentifier, PRLineItem PRFundID Agency Accounting Identifier

Contract Writing

2a. PIIN/SPIIN/CLIN/SLIN/ELIN, ACRN PRIdentifier, PRLineItem, PRFundID

2b. PIIN/SPIIN CLIN/SLIN/ELIN Agency Accounting Identifier

EDA

5a.1. Advance Shipment Notice (TFO and Self)

3. PIIN/SPIIN CLIN/SLIN/ELIN Agency Accounting Identifier

Vendor

4. PIIN/SPIIN, CLIN/SLIN/ELIN

WAWF

6. Acceptance or Approval (TBO)

5a.2. Acceptance or Approval (TFO and Self)

5b.1. Only DCMA Delegated Contracts

MOCAS

5b.2. PIIN/SPIIN CLIN/SLIN/ELIN

5b.3. PIIN SPIIN CLIN/SLIN Treasury Reporting Data

5b.4. PIIN/SPIN CLIN/SLIN/ELIN Treasury Reporting Data

SDI

5b.5. PIIN SPIIN/CLIN SLIN/ELIN

7. Ready to Pay File

As shown here, the accounting system (here shown as a target state ERP) sends the PR line item information along with the AAI to the contract writing system. The contract writing system is responsible for carrying this AAI through the rest of the process. The CWS sends back to the accounting system the contract information including the PR information (using the AAI to route the information to the correct system) so that the accounting system can establish the link between its funding information and the contract line item information. The CWS also sends the contract line item information and the AAI to the Electronic Document Access system (EDA) to be kept in the directory of contracts, and thus available for later steps in the process. NOTE that the contract data passed to EDA does *not* include line of accounting information.

As invoices are submitted to Wide Area Workflow (WAWF), EDA will send the contract line item information and AAI to WAWF. WAWF will be able to forward performance and any other needed information to the accounting system through use of the AAI. The entitlement and payment processes will be completed as shown.

4 System Impacts

In accordance with this concept of operations, all requiring systems must send purchase request (PR) elements to the contract writing system. The contract writing systems will send back information on the related contract line items. This will be used to create the linkage between contracting and procurement. All target contract writing systems must be able to capture the Agency Accounting Identifier (AAI), and use it to direct contract action information to the appropriate accounting system. An AAI to Accounting System table will be hosted at the GEX for routing purposes.

All target financial systems must begin immediately to plan 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 any line item or exhibit data element). A one-to-one relationship must be maintained in the accounting system between the line item identifier and the funding citation (see Defense Federal Acquisition Regulation Supplement Section 204.7107).

In addition, several changes will be needed to the enterprise systems such as EDA and WAWF to enable the capture and passing of these elements. These changes are summarized in a related action plan, and are being carried out by the Business Transformation Agency under the guidance of DPAP and the Comptroller.

The Procurement Data Standard and the Standard Financial Information Structure are being modified as needed to align with this CONOPS.

5 Conclusion

Implementation of this Concept as described will enable linkage of financial information through the procure-to-pay process from purchase request through payment, using the minimum data elements required and keeping data integrity throughout. Target requirements, financial, and procurement systems must include any needed requirements into their planning to meet these goals.