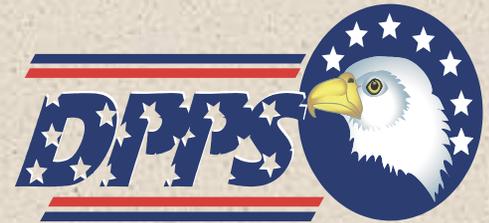


# Joint SPS User's Conference

## Contract Writing Changes - Why?



**Antonio R. Castrillo**

**DFPS PMO**

**April 24, 2002**

# DCD/DPPS End-to-End Procurement Overview

## The Current Environment

- *Systemic weaknesses*
  - *Overpayments to contractors*
  - *Unmatched disbursements*
  - *Negative Unliquidated Obligations (NULOs)*
  - *Inadequate corporate reporting*
- *Unfavorable Congressional, GAO and public views*
- *Reform*
  - *Chief Financial Officer's Act*
  - *Federal Manager's Financial Integrity Act*
  - *Government Management Reform Act (GMRA)*

**WEAKNESSES DRIVE REWORK!**

# DCD/DPPS End-to-End Procurement Overview

## Target Environment

- Latest systems technology and architecture
  - Shared data environment
  - Improved data integrity
    - Standard data
    - Up-front, input data edits
  - Minimal manual intervention
  - Single point for data entry
  - Electronic versus hard copy data
- Audit trails and internal controls
  - Systemic prevalidation

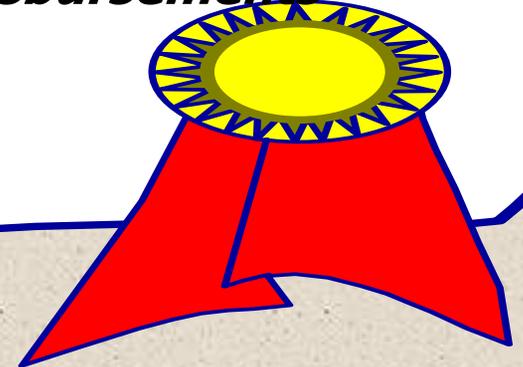
***E2E SUCCESS SHOULD MAKE DOD RESOURCES AVAILABLE FOR VALUE-ADDED ACTIVITIES!***

# DCD/DPPS End-to-End Procurement Overview

## The Framework

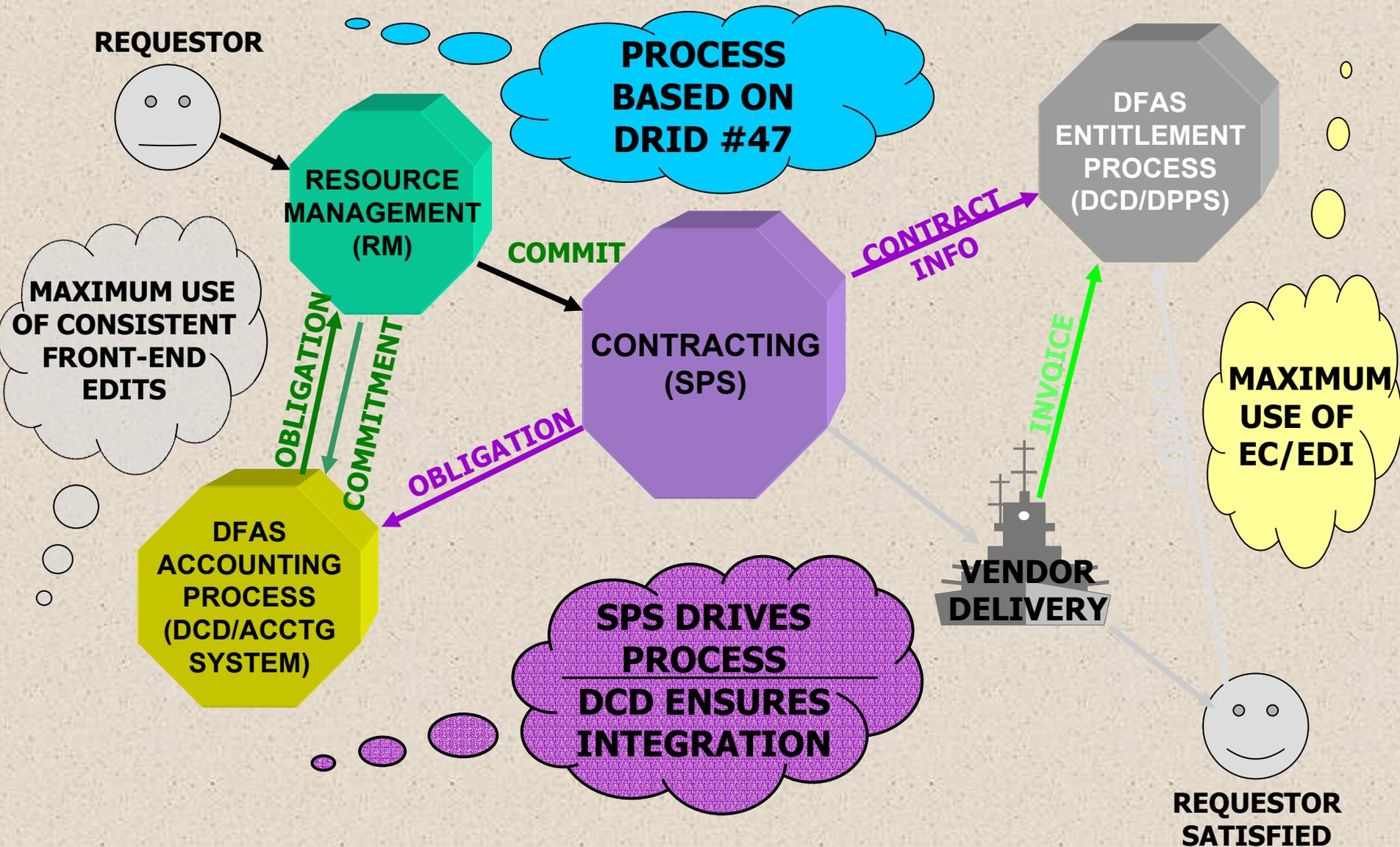
Defense Reform Initiative Directive #47, Dec 1998

***"The Department will not receive maximum benefits from process improvements until an end-to-end procurement process for the future environment has been defined and implemented as the basis for a shared data environment. Until this action is completed, we risk developing systems that omit important business functions or will not operate together. We also risk perpetuating problems such as unmatched disbursements and overpayments."***



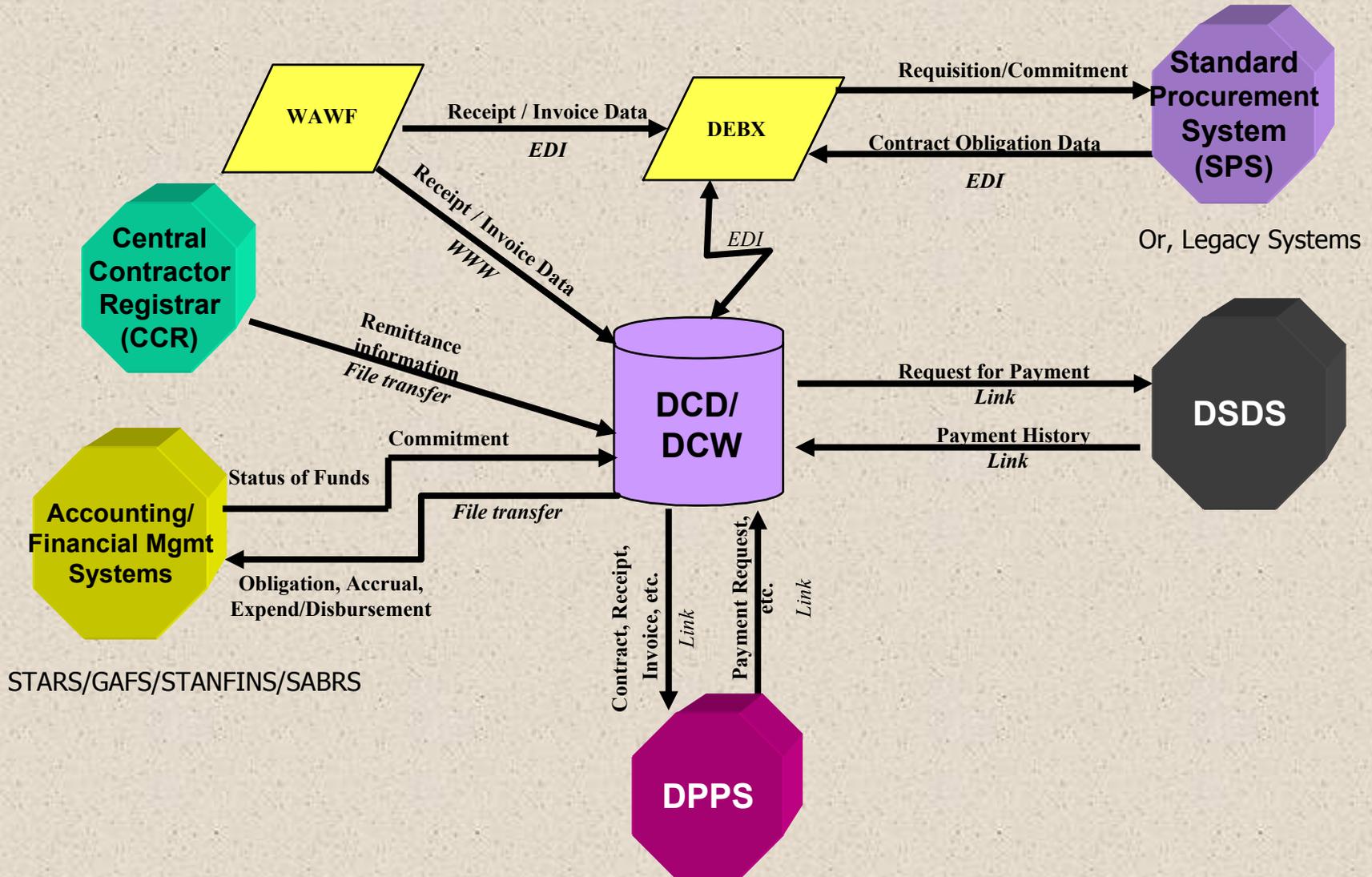
# DCD/DPPS End-to-End Design Walkthrough

## The DoD End-To-End Challenge



# DCD/DPSS End-to-End Design Walkthrough

## Simplified Procurement Payment Process



# DCD/DPPS End-to-End Procurement Overview

## The Players and the Systems



### SPS/Leg. Sys.

- Procurement Actions
- DoD Standard
- Supports EDA/EDI

### DPPS

- Web Based
- COTS Based
- Entitlement Actions
- Role Based

•Field Acquisition Offices

•Vendor and Contract Payment

•CEFT Offices

•Customer Service Offices

### DCD CORE

- Client/Server
- CEFT Actions
- Suspense Processing
- SGL
- Information Integrator

•Accounting Offices

•Resource Management Offices

### DCD NSOA

- Web Based
- Manual Entry
- Translator for DPPS
- Role Based

•Vendor and Contract Payment

•CEFT Offices

### EC/EDI Gateway

- Translator for EDI

•DEBX

•WAWF

•WINS

### DCW

- Warehouse for End-to-End
- User Inquiry
- Source for User Specified Reports

•All Users Requiring Financial Management Information

# Business Process Change

## Establishing The Changes

- **Business Rules**

- Background
- Current Status

- **DFARS Case**

- CIN must be cited on the contract at the CLIN level with the associated LOA or ACRN and the obligation amount
- Contracts have a separate CLIN/SLIN for transportation
- CLINs for nonseverable items require the establishment of an informational SLIN for each CIN

# Key Business Process Changes

## Contract Writing

Commitment Identification Number (CIN) must be cited on the Contract at the CLIN/SLIN/ELIN level ...

no more contract level funding

- DCII: Accurate fund tracking from inception through disbursement
- Contracting: Identify CIN at the line level or if applicable to all contract lines at the contract level as appropriate.
- Benefit: Enhanced Funds control and accountability

# Key Business Process Changes

## Contract Writing

The number used to designate a contract line item cannot be changed once recorded in DPPS and currency cannot be changed after payment has occurred.

- DCII: Transactions will accurately reflect the CLIN and currency
- Contracting: Ensure contract modifications do not change line item designation and that modifications affecting currency are not issued after payment
- Benefit: Improved data integrity.

# Key Business Process Changes

## Contract Writing

Unit of measure cannot be changed following payment of delivery invoice

- DCII: Improved data integrity
- Contracting: Please do not issue contract modifications that change unit of measure once receipt has occurred.
- Benefit: Avoid erroneous payments that could be generated if the accounts payable office used an incorrect unit of measure.

# Key Business Process Changes

## Contract Writing

The number assigned to a procurement instrument, PII Number, cannot be changed by contract modification once contract is recorded in DPPS

- DCII: PIIN is a key field in the the DPPS database structure.
- Contracting: Ensure PII Numbers are structured in accordance with DFAR 204.7003 Basic PII Number.
- Benefit: Facilitate the maintenance contract transaction history. Maintain data integrity.

# Key Business Process Changes

## Contract Writing

All contract modifications that adjust price and obligation must cite specific CLIN/SLIN/ELIN

- DCII: Obligations are recorded in DCD and DPPS at the CLIN/SLIN/ELIN level.
- Contracting: Adjust obligations at the CLIN/SLIN/ELIN level. Obligation amounts can be adjusted without changing the unit price or ordered quantity.
- Benefit: Improved funds accountability.

# Key Business Process Changes

## Contract Writing

US progress payments based on costs will be prorated across CLINs with applicable contract clause

- DCII: Simplified financing payment and recoupment.
- Contracting: Apply financing payment clause at contract level only if financing payments apply to all the CLINs. For contracts with mixed funding, e.g., cost and fixed priced lines, progress payment clause should not be applied to “cost” lines.
- Benefit: Increased accuracy of payments to contractors. Eliminate financing payment recoupments against cost lines.

# Key Business Process Changes

## Contract Writing

All payment requests to include those for transportation charges and other traditional miscellaneous charges must be CLIN/SLIN/ELIN specific

- DCII: Obligations are recorded in DCD and DPPS at the CLIN/SLIN/ELIN level.
- Contracting: Ensure all contract entitlements are supported by a funded CLIN/SLIN/ELIN.
- Benefit: Reduced number of unmatched disbursements and negative ULOs.