

IMPROVED CONTRACT PAYMENTS

**7 PAYMENT LESSONS FOR
HIGHLY EFFECTIVE BUSINESS
MANAGERS (...and the rest of us)**

Improve Contract Payments

This briefing will enable you to

- Better understand the payment process
- Recognize payment constraints
 - Adjust to the situation
- And, encourage better communication among Program Managers, Comptroller, Contracting, DFAS & Contractor

TOP 3 REASONS TO CARE

#3. Industry Financing Costs

#2. Current DoD NULOs/UMDs

#1. Canceled Funds

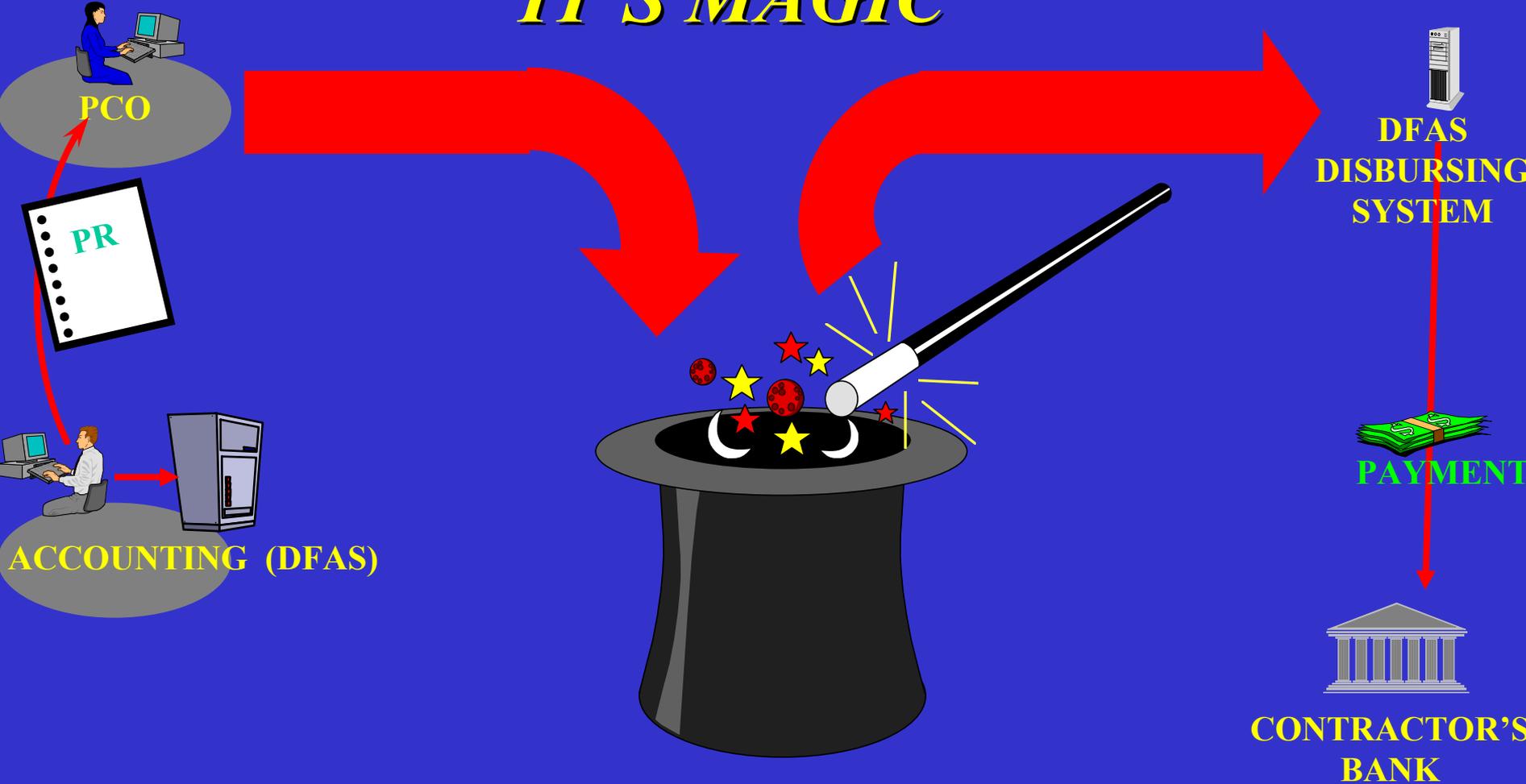
**ANY OR ALL OF THE ABOVE REASONS MAY JEOPARDIZE
OUR WAR-FIGHTING CAPABILITIES**

WHAT CHANGED??

- Elimination of “M” Account
- Centralized Disbursements (DFAS)
 - Lost Dedicated, Military-specific Payments Expertise
 - Added Another Data Input Step (MOCAS)
- Prevalidation of Payments

CONTRACT PAYMENT

IT'S MAGIC



ACO



The Real World

PCO

CONTRACT



MOCAS



PAYING (DFAS)



DISBURSING SYSTEM

Acctg

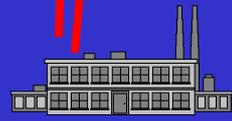
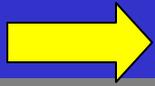
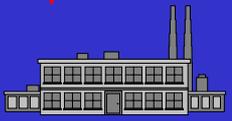
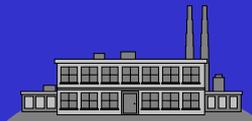


PREVALIDATION



PAYMENT

ACCOUNTING (DFAS OPLOC)



CONTRACTOR

CONTRACTOR'S BANK

REQUIREMENT

OBLIGATION

DELIVERY

ENTITLEMENT

PAYMENT

Air Force Lightning Bolt #99-6

Improve Contract Payments

- 4 Initiatives tested
 - Roll Up Accounting Data
 - Most ACRNs driven by law or DoD directive - little opportunity to reduce numbers
 - Use of Purchase Card for Payment
 - Demonstrated process on two large contracts - contractors typically paid w/in 2 days w/out payment error
 - Prevalidation Support
 - Proactive communication with accounting and payment systems critical to ensure accurate, timely payment
 - Improved Contract Payment Instructions
 - Payment cycle times reduced 22-66%
 - DFAS recommending use by other services

Management of ACRN Activity

The probability of payment errors increase with the number of ACRNs



TOO MANY ACRNS

Contract Duration Strategy

ACQUISITION SITUATION

POSSIBLE STRATEGIES

CONTRACT W/OPTIONS

OPTIONS - NEW CONTRACT #

ADDED SCOPE

AWARD NEW CONTRACT

MULTIPLE RQMTS/ACRNS

D.O. ARRANGMENT

HYBRID REQUIREMENTS

SEPARATE CONTRACTS

NEW FMS

AWARD NEW CONTRACT

MULTIPLE CONTRACT TYPES

SEGREGATE CLINS/ACRNS

LONG-LEAD REQUIREMENTS

DEFINITIZE SEPARATELY

PAYMENT INSTRUCTIONS

GROUND RULES

- Identify: “*SPECIAL PAYMENT INSTRUCTIONS REQUIRED*”
 - *DFARS 204.7107(e)(3)*
- Make Payment Instructions a conscious decision
 - Automated Payment of Invoices (API) or specific instructions
- Coordinate Complicated Payment Instructions with DFAS

Best Practices & Wisdom

- Keep it Simple, but Complete.
- How will contractor bill?
- Payment instructions v. billing instructions
- Modify contract IAW changing instructions
- Informational line items
- Be specific in payment terminology
- Keep all payment info in Section G
- Segregate mixed type contracts

Defense Finance and Accounting Service - Columbus Center



MOCAS Overview

What is MOCAS?

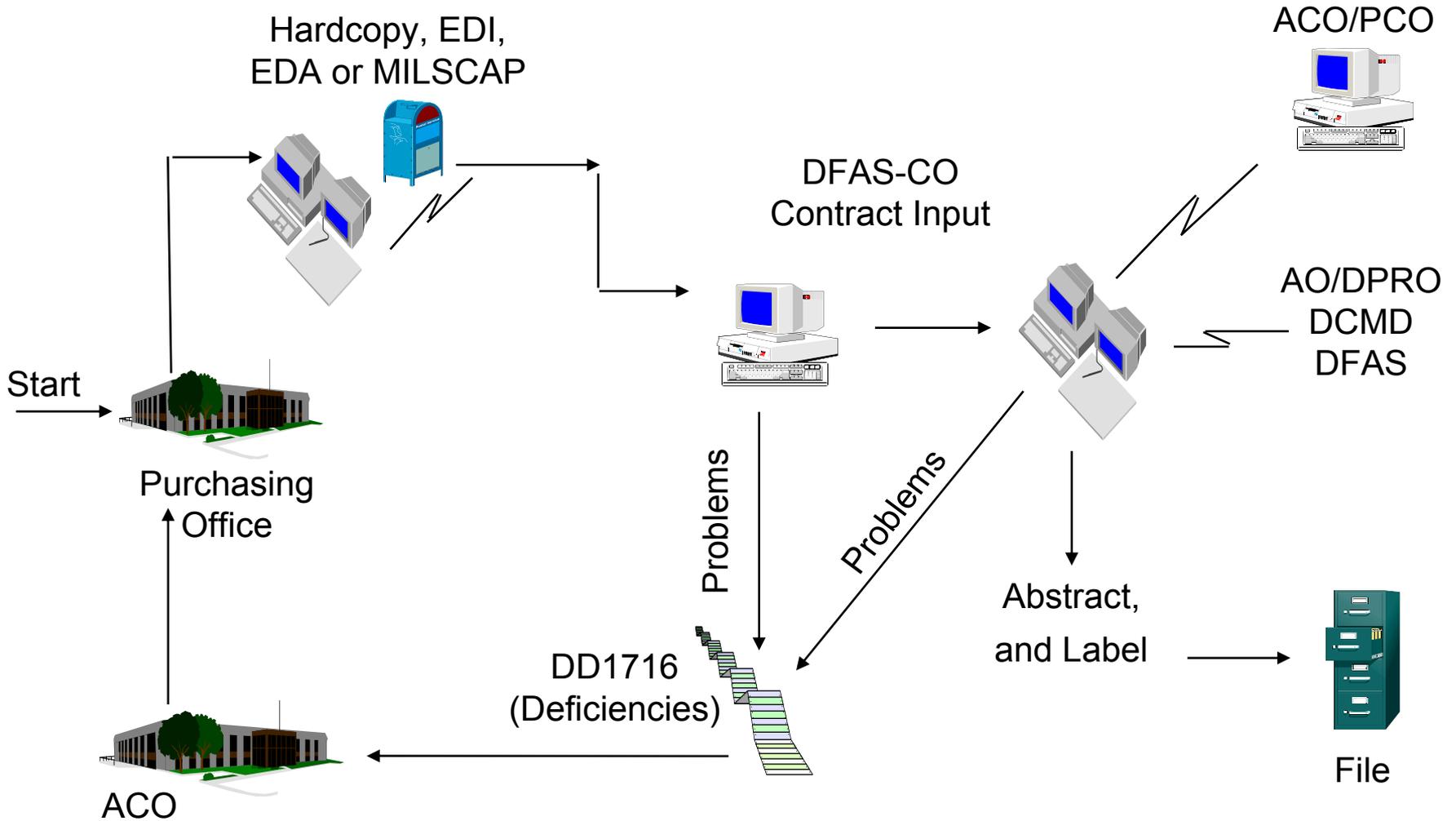


- Mechanization Of Contract Administration Services
- Integrated System Supporting Post Award Contract Administration Utilized By:
 - DCMC Contract Administration Offices
 - Payment Offices
 - Procurement Offices
 - Funding Stations (Prevalidation Business Partners)
 - Consignees

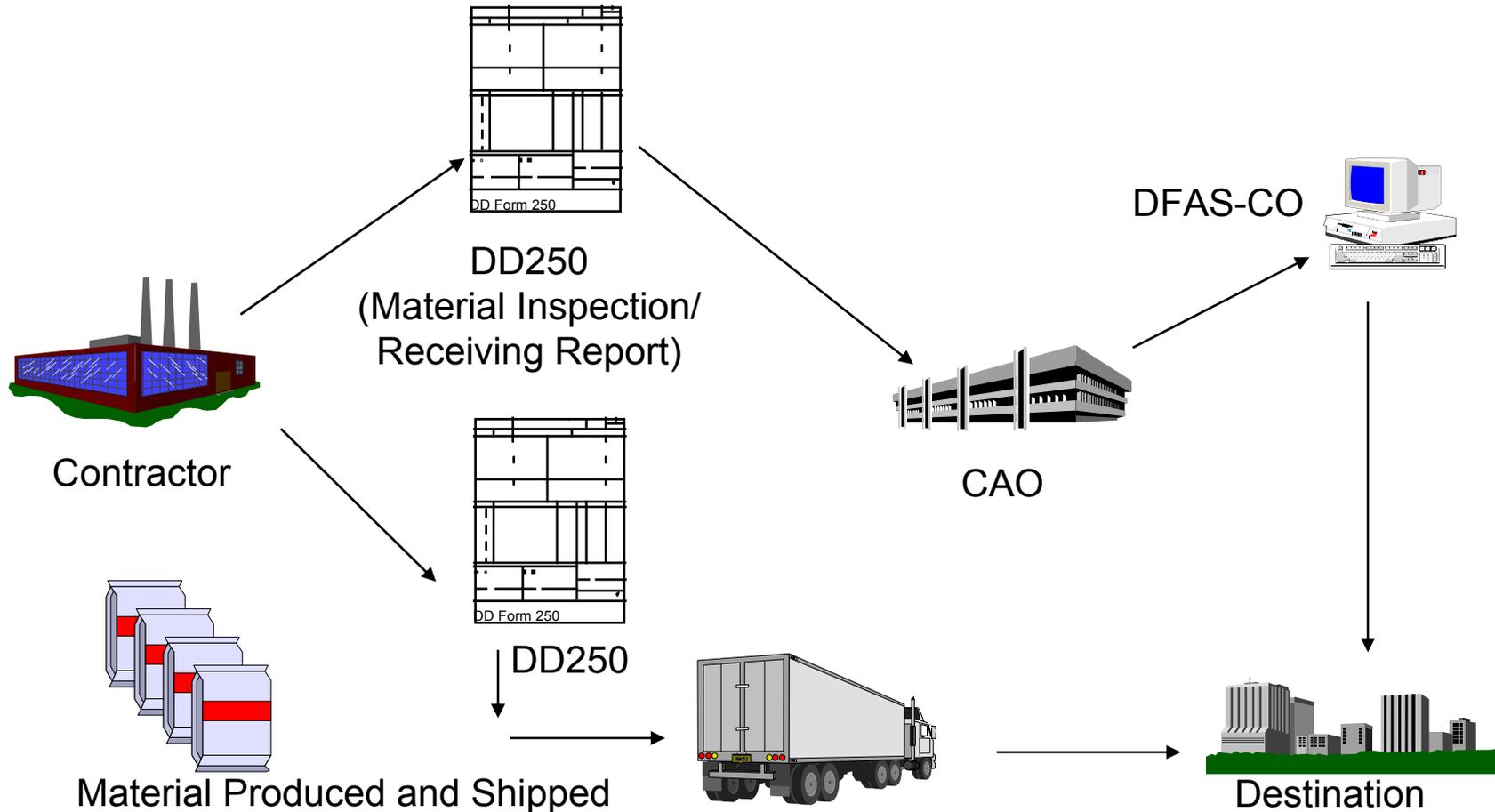
Magnitude of Operations

- Average Number of Contracts 363K
- Average Number of Contractors Serviced 21K
- Average Invoices Paid Per Month 81K
- Average Dollars Disbursed Per Month 6B
- Total Number of People Involved in the MOCAS Payment Process 981
- Total Linear Miles of Contract Files 15.7

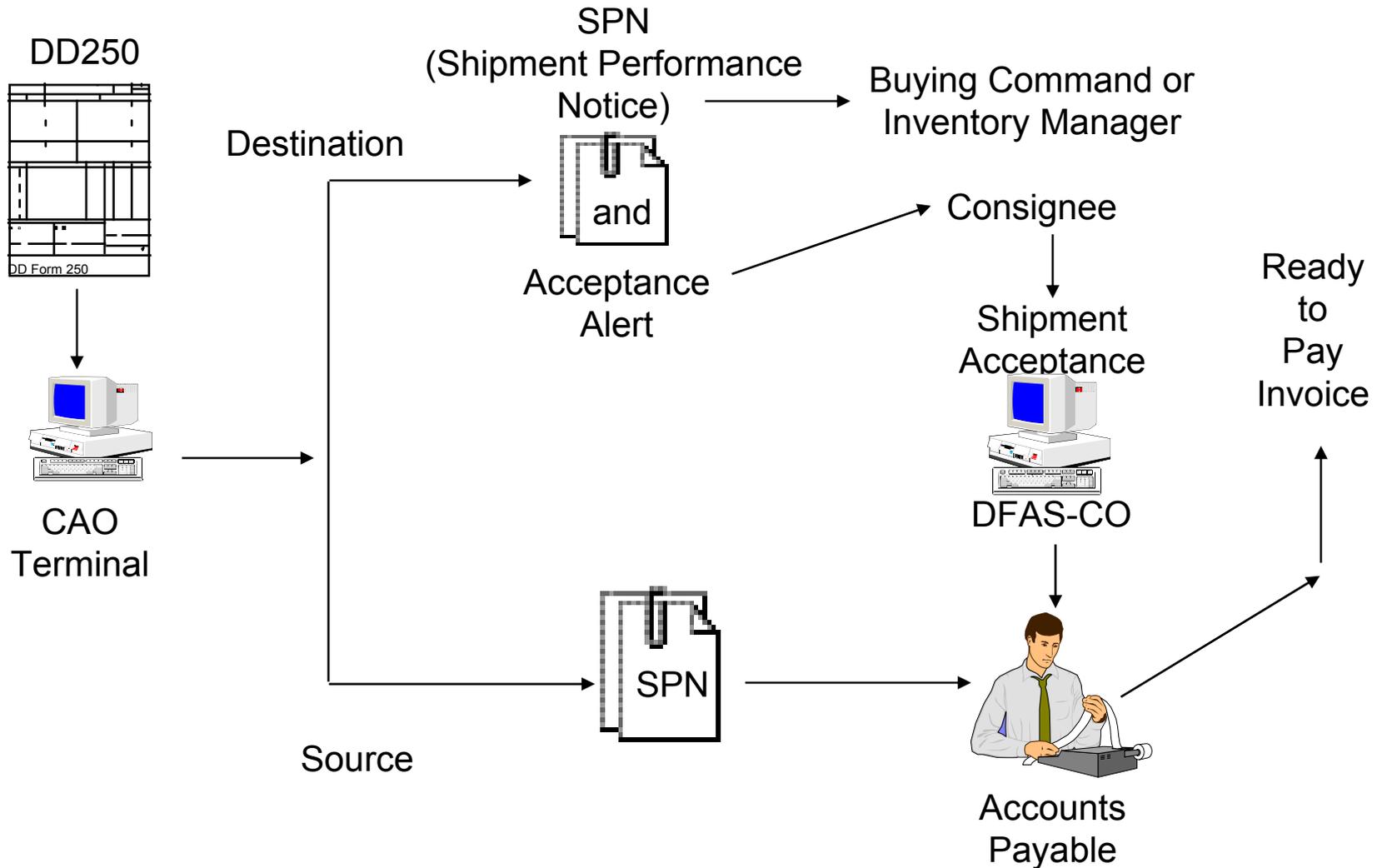
Contract Input



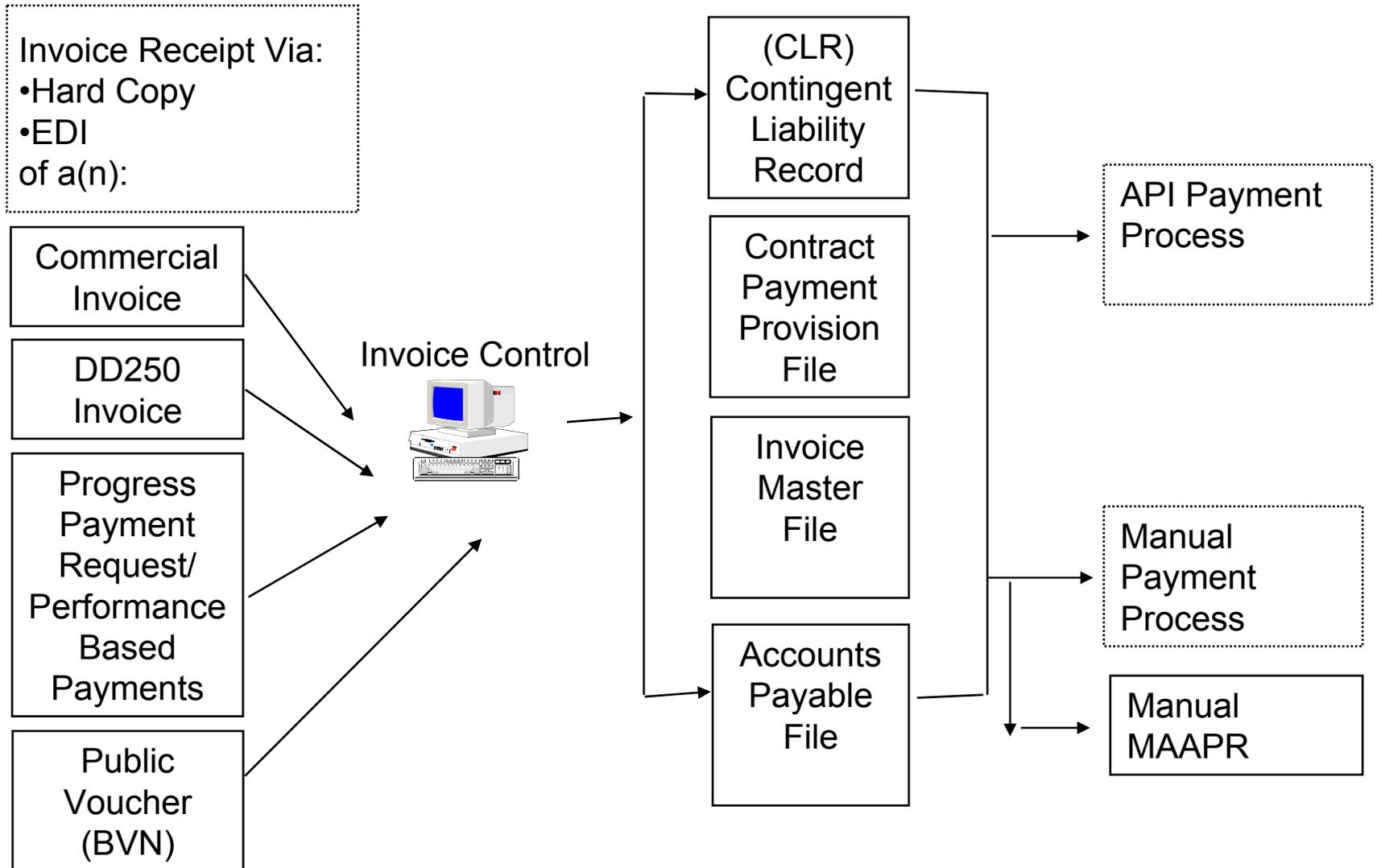
Production & Delivery of Goods



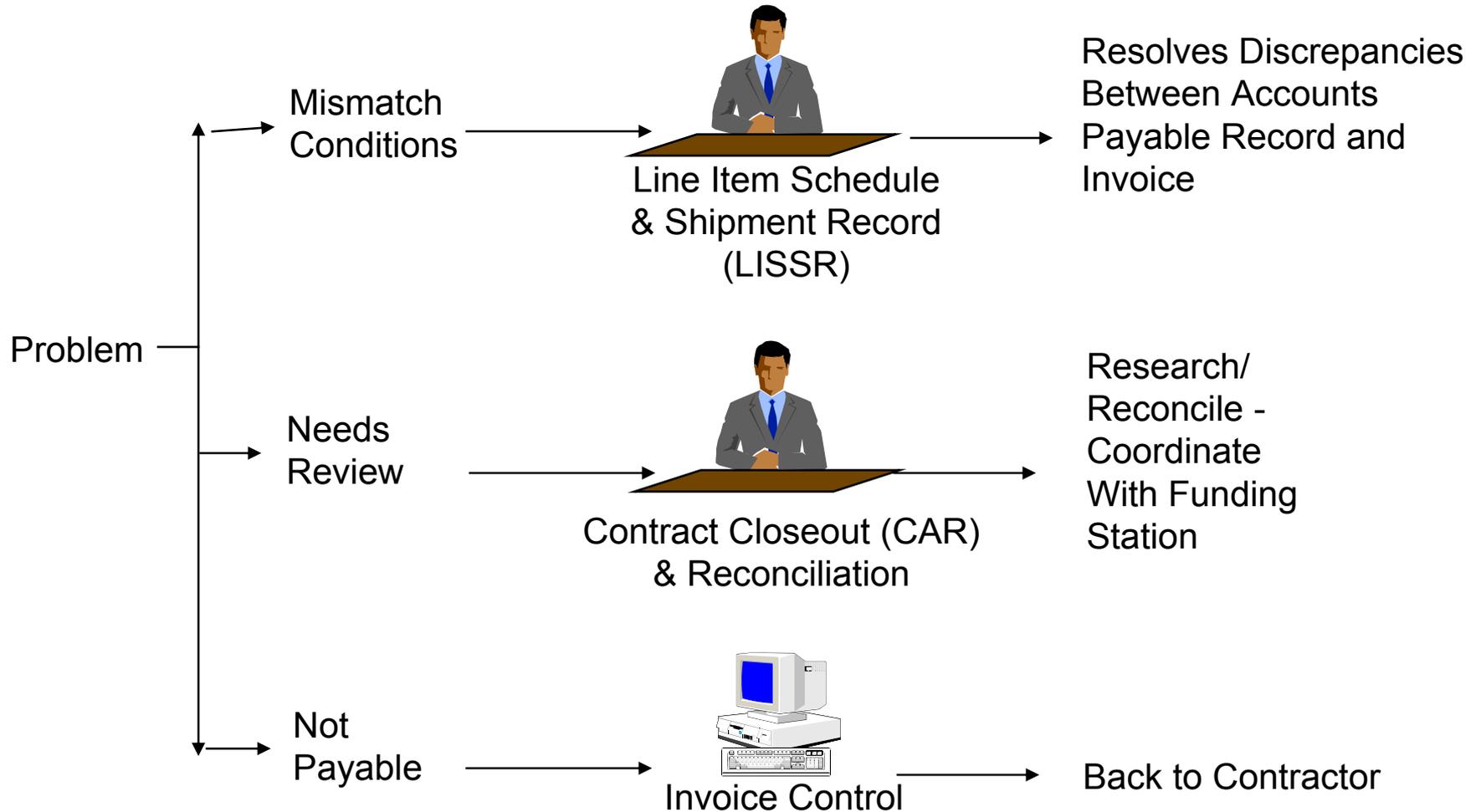
Acceptance of Goods



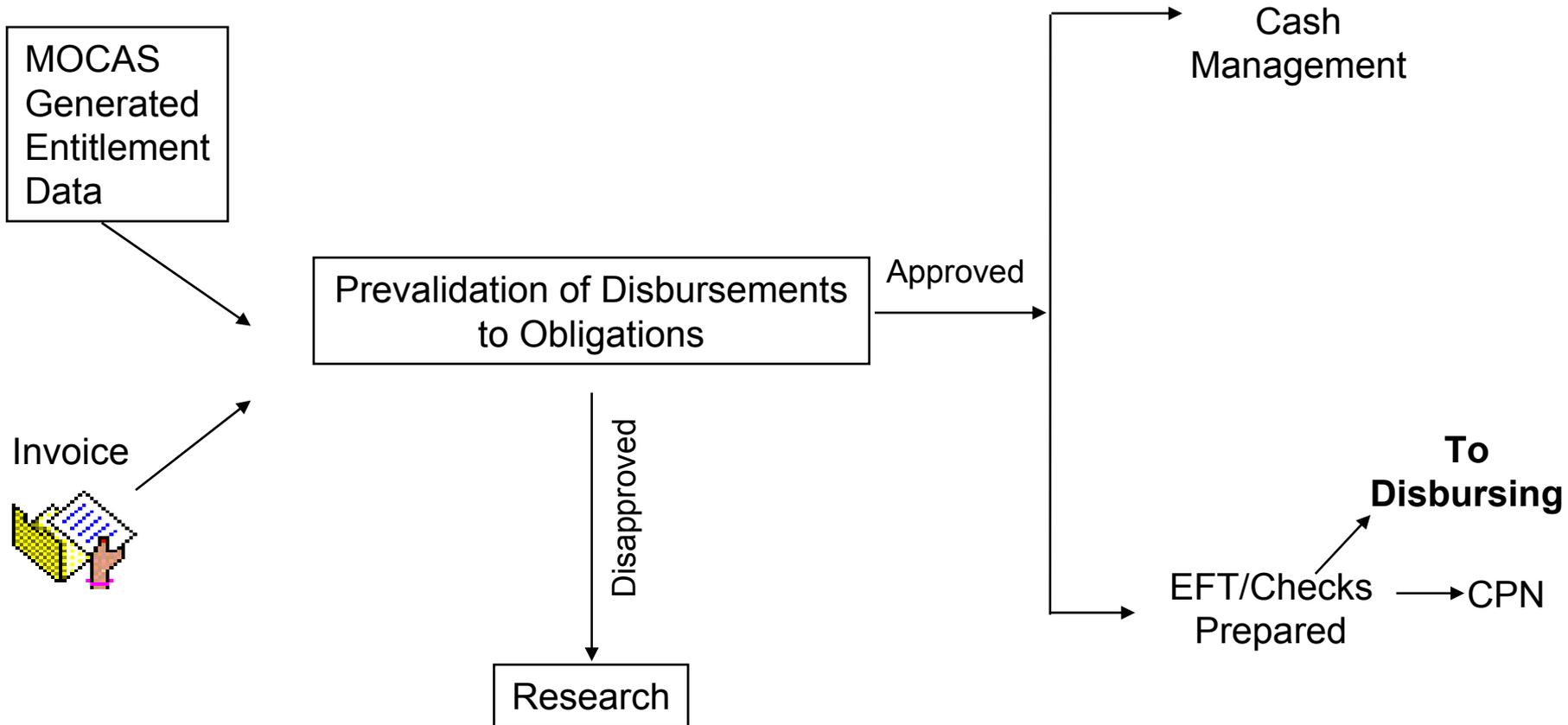
Invoice Input



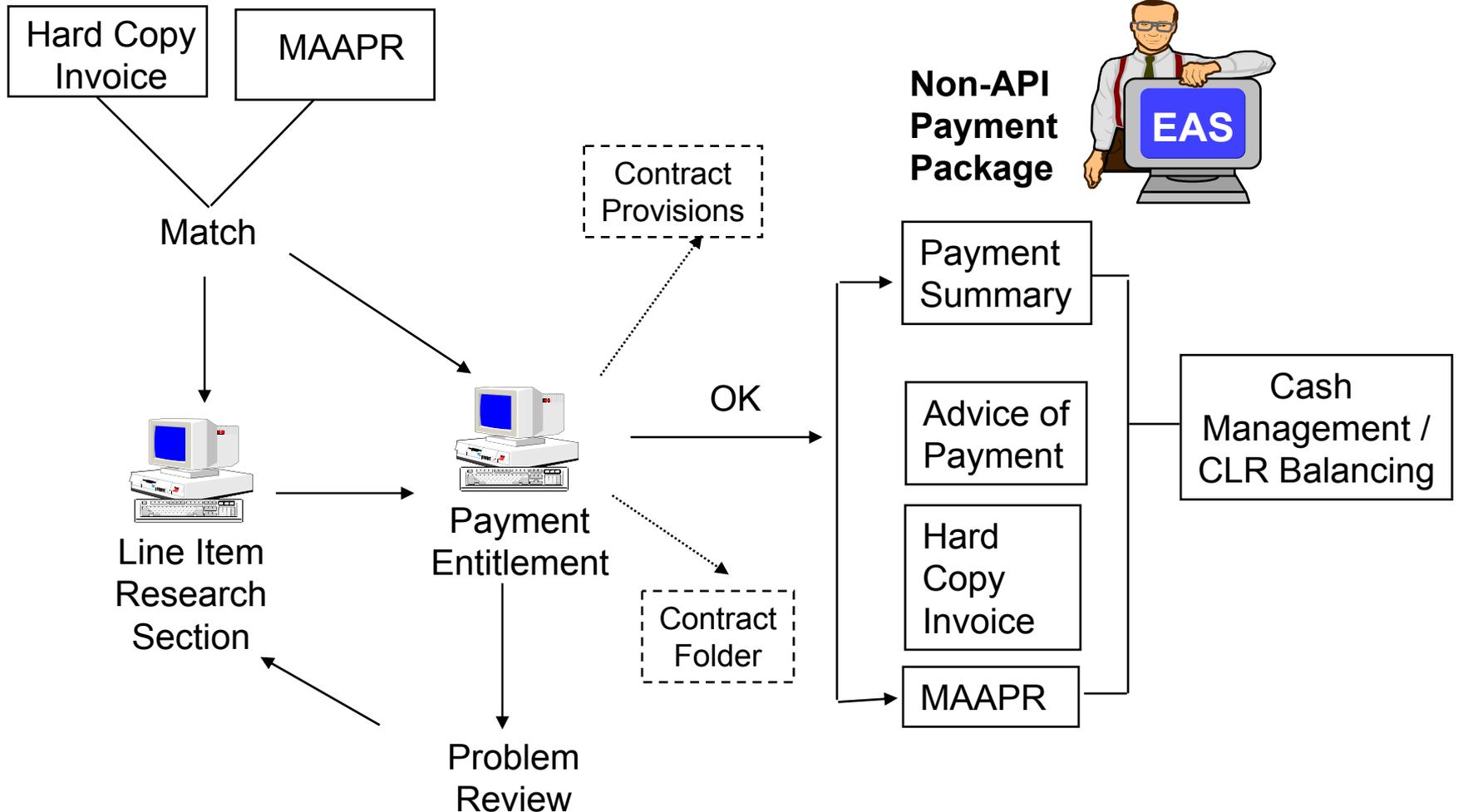
Research



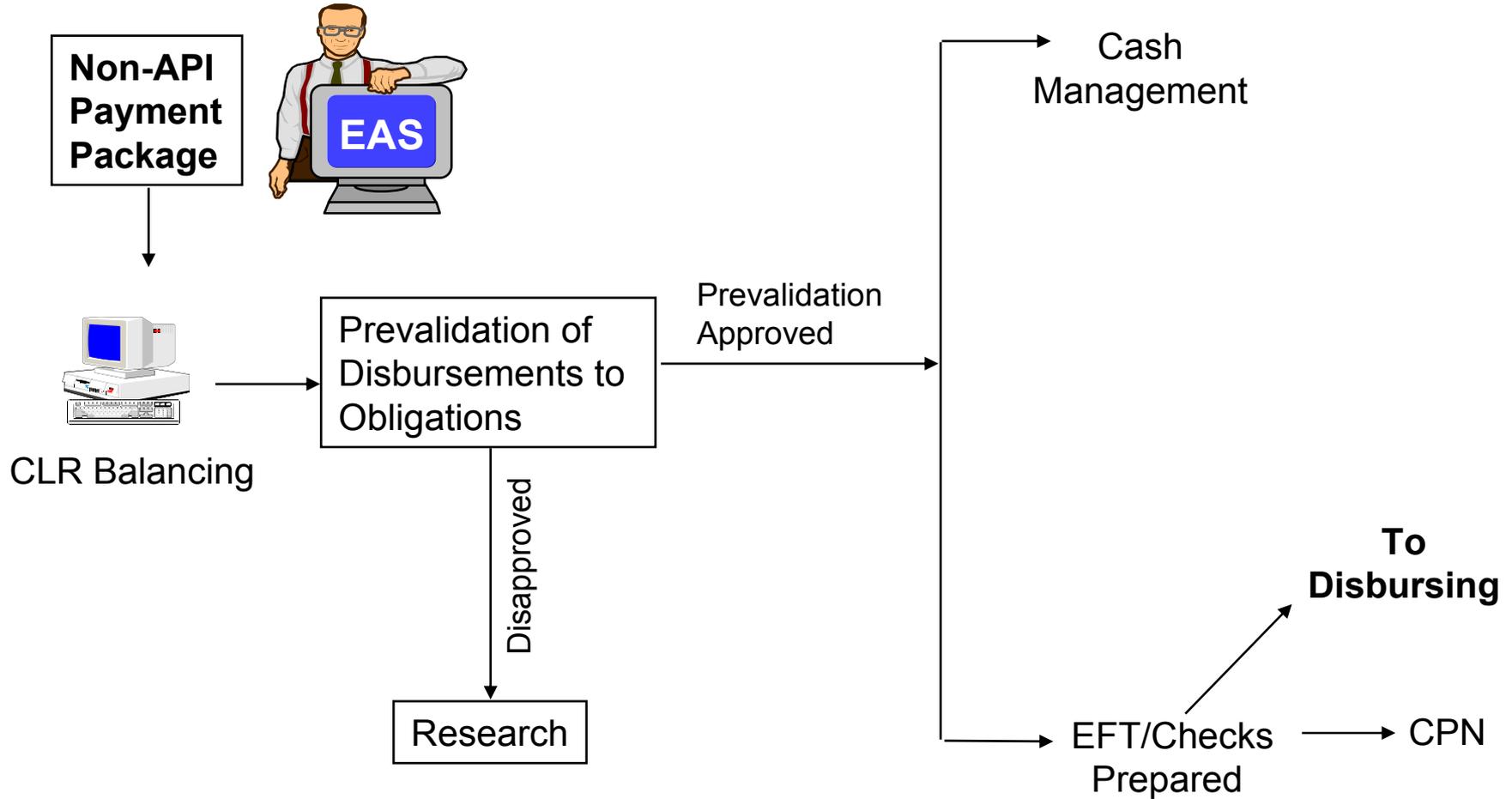
API Process



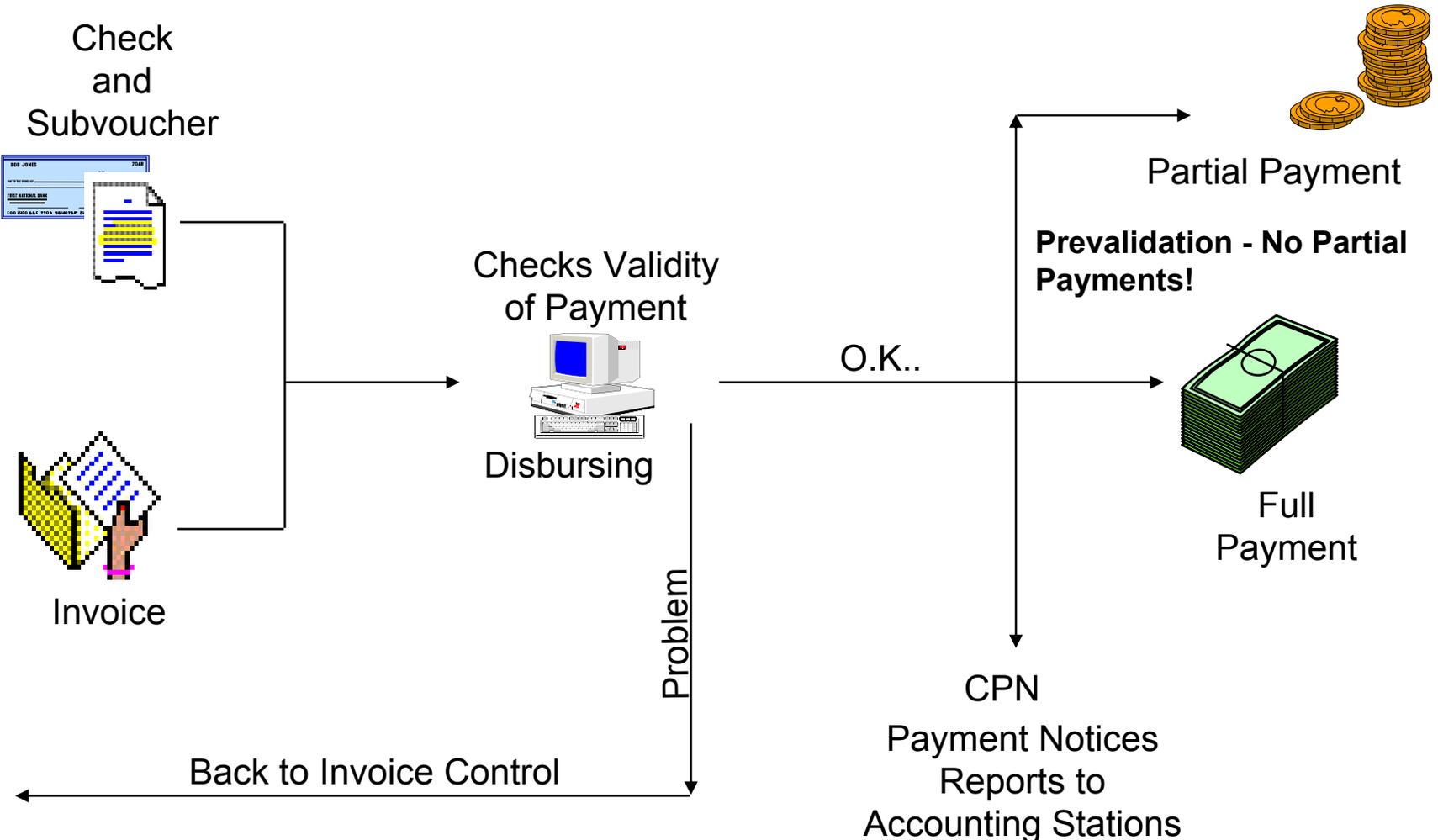
Non-API Payment Process



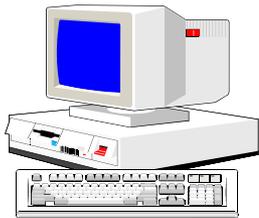
Non-API Payment Input



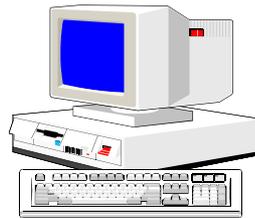
Disbursement



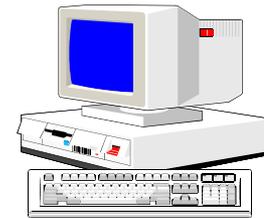
Contract Reconciliation Directorate



Reconciliation



Close-Out



Accounts Receivable

What's On The Horizon?

- Customer Service Technology
- Internet/Intranet
- EC/EDI Initiatives
- Single Payment System
- Wide Area WorkFlow (WAWF)

www.dfas.mil

presented by the Defense Finance and Accounting Service

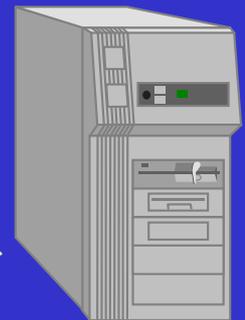


welcome what's news director's initiatives money matters people, offices & systems reference library customer service links

Web Invoicing System (WInS)



WInS is a WEB
invoicing system which provides the
capability to invoice DFAS via the
internet!



Benefits of WInS

- Single entry input: Invoices are translated into an EDI 810 transaction, electronically passed through a secure process, and translated daily into the payment system.
- WInS provides On-line help.
- Mail time is eliminated.
- Invoice input errors by payment office are eliminated.
- Service is free.

Web Invoicing System (WInS)

WEB Address:

<http://ecweb.dfas.mil>

Contact our EDI Program Office:
(614 - 693 - 6949)

In Summary

Our Objectives

7 Lessons

1. Understand payment process
2. Learn to manage proliferation of ACRNs
3. Avoid contract distribution errors
4. Use “plain English” payment instructions
5. Close the loop on acceptance
6. Increase awareness of new initiatives
7. Learn where to go for help

AFMC CONTRACT PAYMENTS PUBLIC WEB ADDRESS:

**[http://www.afmc-pub.wpafb.af.mil/HQ-AFMC/PK/
pkp/pkpc/payment.htm](http://www.afmc-pub.wpafb.af.mil/HQ-AFMC/PK/pkp/pkpc/payment.htm)**

VISIT US! TELL YOUR FRIENDS!

DFAS WEB ADDRESS:

<http://www.dfas.mil/index.htm>

DFAS-CO CUSTOMER SERVICE:

(800) 756-4571