



DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221

IN REPLY
REFER TO

DLMSO

July 27, 2006

MEMORANDUM FOR DISTRIBUTION

SUBJECT: Contract Administration Process Review Committee (PRC) Meeting 06-01,
July 18, 2006

The attached minutes of subject meeting are forwarded for your information and appropriate action.

The Defense Logistics Management Standards Office point of contact is Ms. Ellen Hilert, Acting Chair, DOD Contract Administration PRC, 703-767-0676, DSN 427-0676 or email: ellen.hilert@dla.mil.

A handwritten signature in black ink that reads "Donald C. Pipp".

DONALD C. PIPP
Director
Defense Logistics Management
Standards Office

Attachment

DISTRIBUTION:

Attendees
Contract Administration PRC
Supply PRC
Finance PRC



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July 27, 2006

MEMORANDUM FOR RECORD

SUBJECT: Contract Administration PRC Meeting 06-1, July 18, 2006

1. The Defense Logistics Management Standards Office (DLMSO) hosted subject meeting at the Headquarters Complex, Fort Belvoir, Virginia. A list of attendees is shown at Enclosure 1. Handouts are at Enclosure 2.
2. Ms. Ellen Hilert, DLMSO, explained the primary purpose of the meeting was to discuss original Military Standard System Contract Administration Procedures (MILSCAP) acceptance report and shipment notice functionality not currently accommodated within Wide Area Work Flow - Receipt and Acceptance (WAWF-RA) processes. Where appropriate and feasible, the goal would be to develop a plan for incorporation of continuing requirements into WAWF. Ms. Hilert explained that the DLMSO responsibilities in this arena include the Federal and DLMS transaction formats, data elements, and documenting the procedures. She also indicated that there is currently an overlap between DLMS Supplements and the WAWF Implementation Guides leading to some disconnects between the two sets of instructions/formats.
3. The legacy MILSCAP process was reviewed and Ms. Hilert indicated that some of the processes have not been perpetuated into the EDI world, some of the processes have been modernized and are no longer required and some are still required, but have not been implemented. It was clarified during the meeting that the requirement for an Acceptance Alert (PK5), is replaced by the Advance Shipment Notice where the acceptance is at destination as identified in the LQ segment of the transaction. Also, there are no current provisions for the MILSCAP acceptance report without prior alert (PKP), since acceptance cannot be performed in WAWF without the successful submission of an advance shipment notice (856). Material must be suspended upon receipt until the vendor is notified and the transaction is processed via WAWF. It is not clear weather this will have a significant negative operational impact.
4. Ms. Beth Altman, DLA J3341, presented charts reflecting outstanding WAWF interface issues for DLA (and potentially other DOD supply sources). A summary of the discussion of those issues is below.
 - a. Suspended Receipts/Supply Discrepancies. The Distribution Standard System (DSS) sends an AR/861 to WAWF for both accepted and suspended quantity (using multiple transactions). Once the full quantity shipped has been accumulated or the agreed upon elapsed time has occurred, WAWF releases an 861 with the accepted quantity to the pay system and closes the record. The problem arises when there is a

change to the accepted quantity after the record has been closed. This change in status may occur as a result of suspended quantity (Supply Condition Code=L) being accepted or as a result of a mistake in the original acceptance report. There is no current programming in WAWF for corrected/replacement 861 after closure. Prior to closure the recall/replacement of the 861 would work, but appears to be more cumbersome to the acceptor than necessary. Both MILSCAP and the DLMS Supplement identify a code for a corrected report. Currently, in order for the vendor to receive payment for the subsequently accepted material, the vendor must resubmit a new ASN to establish the receiving report in WAWF for the newly accepted quantity and then the acceptance report may be submitted. Four scenarios were identified:

- (1) Shipment notice is correct, the depot accepts part of the quantity, suspends some and accepts the suspended material at a later date.
- (2) Shipment notice is wrong and no acceptance is made until later.
- (3) Shipment notice is wrong, but acceptance has occurred and the depot finds out later the acceptance should be reversed.
- (4) Shipment notice is wrong, and partial acceptance has occurred before the depot determines acceptance should be reversed.

b. Follow-up Functionality. Under MILSCAP/DLMS business rules, the DCMA generates a follow-up to the designated activity when receipt acceptance hasn't been provided. An equivalent capability is not provided in WAWF. There was a discussion concerning whose responsibility the follow-up should be, e.g. the Service ERPs, WAWF application, etc. The consensus was that follow-ups should come from WAWF since it is the repository for receipt acceptance information.

c. DLA Customer Direct Vendor Shipments. BSM requires a receipt acceptance/acknowledgement from the customer when there is a destination acceptance direct vendor shipment to the customer in order to pay the vendor's invoice (other than prompt payment). An alternative option has been developed that allows a signed Transporter Proof of Delivery (TPD) to be used as an acceptance. Ms. Hilert expressed concern that an 861 for TPD not be construed as acceptance since it is not consistent with the legal definition or the business enterprise architecture (BEA). Ms. Hilert also suggested that future consideration should be given to reworking similar customer reporting requirements: When the vendor has submitted a receiving record to WAWF, acceptance (861) must be done in WAWF (or potentially forwarded by transaction when a "retail" support automated systems address this requirement). In addition, the Military Services are required to send a supply transaction (Material Receipt Acknowledgement – 527) to indicate the material has been received.

d. Passive Radio Frequency Identification (pRFID) in 857. Vendors have requested the capability to submit RFID data via an 857, Shipment and Billing Notice which allows vendors to use a single transaction to submit shipment notice and invoice simultaneously. This is an on-going problem which has not been resolved because the X12 structure of the 857 does not support the hierarchy levels conducive to communication of RFID associated with different levels of pack. Mr. Jim Craig, UID PMO, recommended an alternative proposal to use the 856 with a new beginning segment identification (BSN) to indicate joint shipment notice/invoice since the 856

already permits RFID and could be easily updated to add additional financial content. Ms. Kim Pisall, Business Transformation Agency (BTA), agreed to approach Aerospace Industries Association (AIA) contractors as a sounding board to determine if they would be amenable to this alternative. Mr. Craig indicated that the financial information (e.g., discount elements) could be put in the LQ Segment of the 856. Ms. Hilert concurred that this approach would be much cleaner from a design perspective and agreed to send him the latest 856 for additional research of necessary changes.

e. Item Unique Identification (IUID)/pRFID Indicator. To ensure vendors comply with the requirement to provide IUID/pRFID information, it has been recommended that a UID/RFID indicator be incorporated as part of the WAWF pre-population from acquisition information available via Electronic Document Access (EDA) interface. This could become the basis of a WAWF edit to ensure that vendors required to provide IUID or pRFID would do so at the time the shipment notice is submitted, taking the burden of enforcement off the acceptor. Since this requires a change to EDA and contract writing systems, it appears this change can not be accomplished in the short term. An Engineering Change Proposal (ECP) has been submitted, and Ms. Altman will continue to work the BSM/EDA details.

f. Reject/Recall of Acceptance RR. An automated acceptor driven method needs to be developed to correct the IUID registry information when a mistake in the IUID is discovered after acceptance. Currently, the IUID registry may only be updated immediately after posting via direct interface (outside WAWF). The 861 contains the accepted unique item identifier (UII), and is designed to carry addition IUID data content although not programmed to do so. It is not clear at this time whether policy under the BEA will permit corrected IUID data content on the acceptance report (rather than requiring the vendor to recall and resubmit the shipment notice). If the process is valid, business rules will be needed.

g. Link to Update Electronic Contract File (ECF) for Contract Close Out. Currently there is a manual process for post award contract close out. The WAWF/DFAS interface provides payment information, however there needs to be an automated process to allow that notice of payment to post to the ECF. There is a DLMS transaction (567C) that is designed to be used for the close out of contract. However, this transaction doesn't current interface with WAWF. It is not clear at this time whether BTA will require an interface, but it appears that this would help satisfy the DLA concern. It was determined that the paying DODAAC, the Administration DODAAC and the issued by DODAAC would all want to be notified of the contract close out. Ms. Carmen Jennings, Army, will draft a DLMS Change Proposal for the 567C to include closeout date and allow bi-directional use.

h. Overages within Contract Variance Allowance. Current procedures required that if the vendor's shipment notice reflects a shipment quantity which is less than what is actually shipped, it must be recalled by the vendor for resubmission. This creates a problem for MOCAS administered contracts because the vendor must now submit a paper DD250 (due to constraints of MOCAS legacy process). Because of the time delay in submitting paper, the distribution depots must set the material aside and this presents difficulties in a production environment. One solution would be to require vendors the

resubmit corrected ASN electronically. Ms. Altman was asked to determine how often this situation happens at the DLA depots, so that an analysis can be done to determine if the cost required to make changes is worth the investment. Another approach would be to permit the acceptor to accept quantity in excess of the shipment notice but still within a variance clause in the contract. MILSCAP business rules do support a code to permit this action. There are no business rules to support this type of action in WAWF. The Services are concerned that a resubmitted shipment notice (as a result of recall) be distinguished from the original so that it does not reject as a duplicate. The DLMS procedures support this, but it is not standard in practice WAWF. DLA can accept a correction code on the shipment notice and WAWF does provide it.

5. Ms. Hilert identified three MILSCAP data elements which are not fully operational within WAWF. Each data element is associated with a list of codes. It is known that some of the codes are still required, but others may be obsolete. Ms. Hilert will coordinate separately with the Components to obtain feedback.

6. Ms. Kim Pisall emphasized throughout the meeting that the interfaces between WAWF and the various Services' systems must be standardized using the approved DLMS transactions. However, there may be some disconnects between the various formats which were designed by WAWF to satisfy specific requirements. The DLMS formats were designed to support conversion from MILSCAP which is not fully incorporated in the WAWF format. Ms. Hilert expressed some concern about the potential for disconnects between the format documentation and the redundancy of the work effort, as well as the need for update of the DLMS manual to support re-engineered MILSCAP processes. This will be a topic for further discussion.

7. Ms. Pisall was recently tasked with leading a Standard External Acceptance Working Group (initial session held on July 21, 2006). Much of the input from issues discussed above will help shape the resulting standard process. All parties will remain in contact and continue working toward resolution.

/signed/
Ellen Hilert
Acting Contract Administration Process
Review Committee Chair
Defense Logistics Management Standards Office

Enclosures