Standard Financial Information Structure (SFIS) Proposed DLMS Change

Financial Data in Supply (FDIS) Proposed DLMS Change (PDC) 365

28 June 2010

Problem

Problem: Lack of a defined process for the exchange of financial information to support a common vocabulary and understanding across Supply Chain Management and Financial Management functional areas for Target AIS/ERPs

As a result, the following condition exist:

• Financial manual reconciliation and elimination efforts between billing and ordering components need to be reduced

• Modernizing AISs and ERPs are being directed to be ***both DLMS and SFIS compliant*** - integrated Logistics/Procurement/Finance ERPs, e.g. DLA EBS needs guidance on how to be interoperable with MIL Service ERPs in the Target Environment

• Current Legacy MILSBILLS process creates ERP customization and does not leverage the Financial inherent capability of the COTS Products

NOTE: Standard Logistics Custom Orders (call-in, post-post, e-Mall) can currently be processed using Fund Codes through various order management capabilities without performing a Funds Check to ensure that money is available to obligate for this purchase. These scenarios are beyond the scope for PDC 365. PDC 365 is focused on Standard DoD Order Fulfillment (Interfund Requisitioning). Future PDCs will address this Material weakness based on the outcome of PDC 365)

Requirement/Objective

REQUIREMENT:

- Provide an automated means for SFIS Compliant Systems to reimburse between activities across Component boundaries
- Need to leverage Extensible standards' unprecedented data exchange capability to enable business communities information sharing that is not possible using MILS
- Need to leverage ERP functionality for integrated Budgeting, Reporting, Logistics, and Financial data interoperability

OBJECTIVE:

- Identifying and enabling the transmission of SFIS Common Vocabulary using standard information exchanges so DLMS compliant systems may achieve SFIS compliance.

Budget to Report End-to-End: CONOPS: Financial Master Data Setup in ERPs

Budget to Report encompasses all business functions necessary to plan, formulate, create, execute against and report on the budget and business activities of the entity. This includes updates to the general ledger.

Appropriation Master Data Set Up in the Targeted AIS ERP Systems:

- In the Target AIS ERP systems, Appropriation master data, usually on an annual basis or if necessary as needed, are assigned to various Cost Objects by the Budget Officers (resource managers) within the DoD Components
- Cost Objects (SFIS data elements) are defined as Cost Centers, Project Identifiers (WBS Elements, Networks or Projects) or Activity Identifiers (Work Orders)
- **The Budget Officer defines what SFIS data elements (fund, fund center, functional area, funded program and commitment item) will be *derived* for each Cost Object**

CONOPS: Financial Master Data Setup in ERPs

- The buyer (or warfighter) only needs to know who he is (his ID), where he is located (DoDAAC), ***what he is doing (Cost Object),*** when he needs the material of service (date required) and what he needs (material or service and the required quantity)

- From this information the Proposed SFIS data elements and General Ledger posting will be derived by the target ERP/AIS Financial Master Data that is part of the Budget to Report process highlighted above

- In the Target Environment, when ERP to ERP configuration is achieved, this eliminate the need for the ERP/AIS systems to create an outside interface with a referential table for Appropriation and SFIS data elements for each logistic transaction

Budget to Report Financial Master Data using Derived SFIS Data Elements from Cost Object

Target Interfund Process

When the Warfighter Knows This….

The AIS/ERP Derives This…..

Which results in a Compliant Output

Cost Objects:
Cost Centers
WBS Elements
Projects
Work Orders

- **CA3 – Cost Center Identifier**
- **CA4 – Project Identifier**
- **CA5 – Activity Identifier**
- **CA7 - Work Order #**

- Document#
  - DODAAC
- NSN or CAGE/PN
- QTY to order
- CAC enabled Organization ID

Fund
- A1 - Department Regular
- A2 - Department Transfer (A2)
- A3 - Main Account (Appropriation) (A3)
- A4 - Sub Account (Appropriation) (A4)
- Treasury Sub Class
- Limit / Sub Head

Funds Center
- CA1 - Funding Center Identifier of Posting Organization

Functional Area
- B4 – Budget Line Item

Organizational Information
- O3 – Agency Accounting Identifier Code

Trading Partner Information
- TP3 – Business Partner Number

SFIS Data Elements

SFIS Elements required to support automated Interfund Billing Process

The buyer only needs to know who he is (his ID or CAC enabled SSO), where he is located (DoDAAC), what he is doing (Cost Object), when he needs the material of service (date required) and what he needs (material or service and the required quantity).

<u>SFIS Data</u>

Cost Object

1. *Cost Center Identifier*
2. *Project Identifier*
3. *Activity Identifier*
4. *Work Order #*

From this information the Proposed SFIS data elements and General Ledger posting ***will be derived*** by the target ERP/AIS Financial Master Data that is part of the Budget to Report process

Treasury Appropriation Fund Symbol (TAFS)

1. *Department Regular Code*
2. *Department Transfer Code*
3. *Period of Availability FY Date*
4. *Main Account Code*
5. *Sub-Account Code*
6. *Treasury Sub Class **
7. *Agency Accounting Identifier- AAI*
8. *Budget Line Item Identifier*
9. *Business Partner Number*
10. *Funding Center Identifier*

** Legacy*

The following Legacy data elements will be included for the interim to facilitate Legacy accounting requirements; pending determination of applicability to the Target Interfund Billing Process

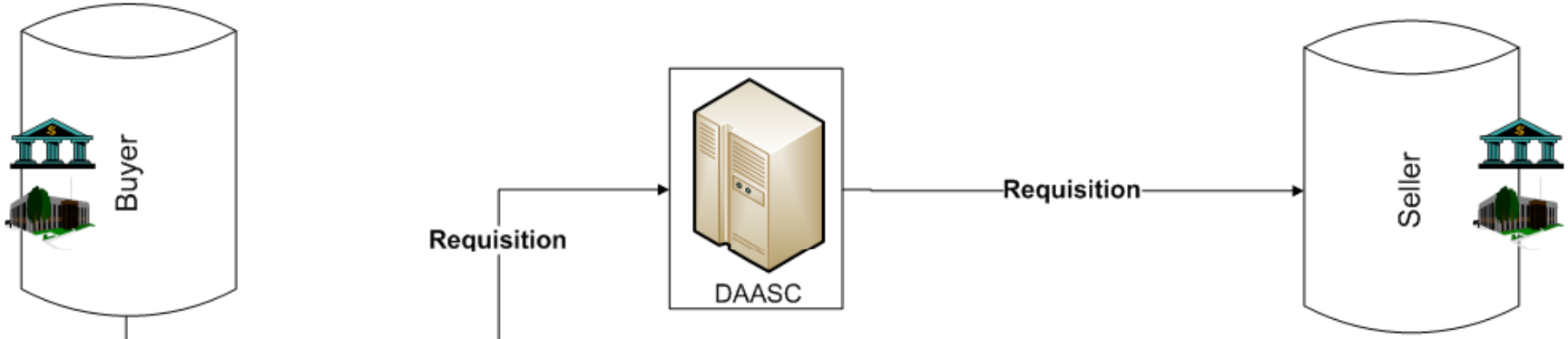
<u>DoD Legacy Appropriation Account Information</u>

11. ***Limit / Sub-Head***

Requisition sent via (EDI/XML) directly to Seller, routed via DAASC

***NOTE: Similar process for Requisition Modification (511M), Requisition Follow up (869F)**

NOTE: It is acknowledged that this capability may not support the following processes as they are practiced today: ***Orders*** placed through External Systems such as STORES, DMLSS/ECAT, FFAVORS, Web-Based capabilities such as eMall, GSA Advantage, FMS, or ***Orders*** received via fax, email, or telephone and entered manually into catalogue systems at DLA Customer Care Centers. Ordering entities typically provide a Fund Code and Signal Code through these mediums and it is expected that Ordering Activity may not know the discrete accounting data required. Business Process Reengineering and System changes may be required.



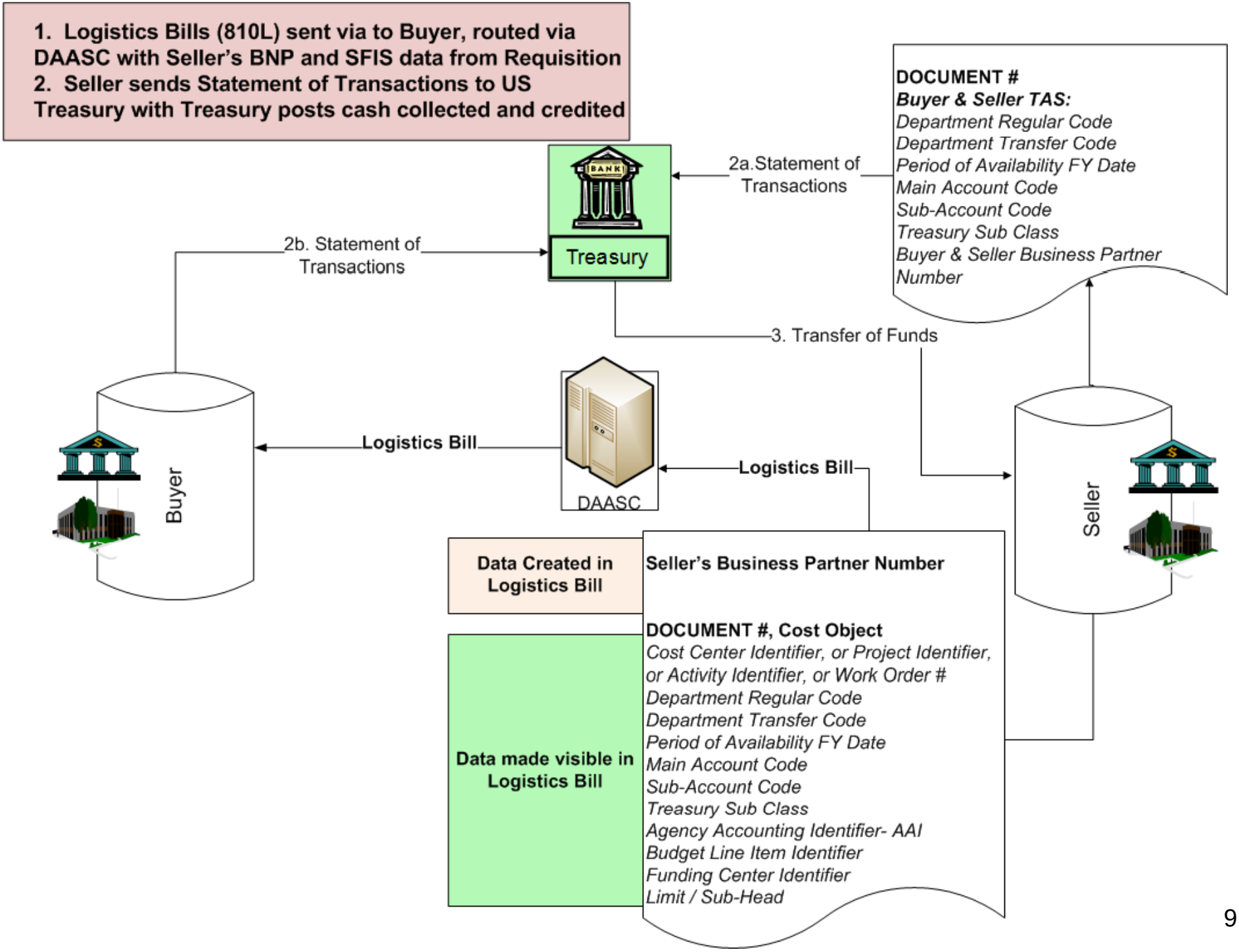
DOCUMENT #:
DODAAC_Julian Date_Req Serial #

COST OBJECT:
Cost Center Identifier or Project Identifier or Activity Identifier or Work Order #

Cost Object derives the Financial Master Data:
Department Regular Code
Department Transfer Code
Period of Availability FY Date
Main Account Code
Sub-Account Code
Treasury Sub Class
Agency Accounting Identifier- AAI
Budget Line Item Identifier
Buyer's Business Partner Number
Funding Center Identifier
Limit / Sub-Head

Data Created in Requisition

Data Derived from Cost Object


1. Logistics Bills (810L) sent via to Buyer, routed via DAASC with Seller's BNP and SFIS data from Requisition
2. Seller sends Statement of Transactions to US Treasury with Treasury posts cash collected and credited
Treasury
2a.Statement of Transactions
DOCUMENT #
Buyer & Seller TAS:
Department Regular Code
Department Transfer Code
Period of Availability FY Date
Main Account Code
Sub-Account Code
Treasury Sub Class
Buyer & Seller Business Partner Number
2b. Statement of Transactions
3. Transfer of Funds
Buyer
Logistics Bill
DAASC
Logistics Bill
Seller
Data Created in Logistics Bill
Seller's Business Partner Number
Data made visible in Logistics Bill
DOCUMENT #, Cost Object
Cost Center Identifier, or Project Identifier, or Activity Identifier, or Work Order #
Department Regular Code
Department Transfer Code
Period of Availability FY Date
Main Account Code
Sub-Account Code
Treasury Sub Class
Agency Accounting Identifier- AAI
Budget Line Item Identifier
Funding Center Identifier
Limit / Sub-Head

Rationale for Change

- Enables the phased elimination of the Legacy Fund Code and Signal Code and the ability to pass delineated SFIS data elements in the required DLMS transactions

- Allows for Financial Data Visibility at Transaction level

- Enables DLMS and SFIS Standards to be harmonized via System derived data

- Utilizes full capability of ERP
  - ERP out-of-box functionality can be used to bring standardization and consistency based on commercial and public sector best practices
  - System generated accounting data automatically
  - Enables ERPs to transfer funds directly through Treasury

- Leverage E2E process: Budget to Report, Order to Cash, Procure to Pay

- Enables accurate accounting at transaction level for streamlined reconciliations and eliminations

BACKUP

Impact Assessment on DLMS

FC carried on below Transactions Today

Proposed DLMS Transactions Requiring SFIS Data

180M Material Returns Reporting

511M Requisition Modification

511R Requisition (includes referral order and passing order)

517M Material Obligation Validation (MOV)*

856S Shipment Status* *

867I Issue ***

869F Requisition Follow-Up

940R Material Release****

842A/W Supply Discrepancy Report*****

810L Logistics Bill

*517M when used to reinstate a requisition

**856S for Lateral Redistribution (AS6) .

*** 867I for post-post issues

****940R for hazardous waste disposal.

***** 842A/W When original billing is unavailable due to constructed document number

DLMS Transactions ; No SFIS Data Req'd

517G Government Furnished Material (GFM) Validation

527D Due-in/Advance Receipt/Due Verification

527R Receipt, Inquiry, Response and MRA

812L Logistics Bill Adjustment Request Reply

812R Logistics Bill Adjustment Request

842A/R Standard Supply Discrepancy Report Reply

856R Shipment Status Material Returns

857 Shipment and Billing Notice

867D Demand Reporting

69A Requisition Inquiry/Supply Assistance Request

869C Requisition Cancellation

870S Supply Status

870M Material Returns Supply Status

945A Material Release Advice

947I Inventory Adjustment

- DLMSO has tentatively identified the proposed transactions as requiring modification to support SFIS
- Component financial and logistics experts must validate this list and provide corrections

Possible Mapping SFIS to DLMS FA2 Segment - Example

DLMS Qualifier	FA2 Segment Name	SFIS Data Code	SFIS Name
A1	DEPARTMENT INDICATOR	A1	Department Regular Code
A2	TRANSFER FROM DEPARTMENT	A2	Department Transfer Code
A3	FISCAL YEAR INDICATOR	A8	Period of Availability Fiscal Year Date
A4	BASIC SYMBOL NUMBER	A3	Main Account Code
A6	SUB-ACCOUNT SYMBOL	A4	Sub-Account Code
A5	SUB-CLASS	Legacy	Treasury Sub Class
L1	ACCOUNTING INSTALLATION NUMBER	O3	Agency Accounting Identifier
A7	Limit/Subhead		

- *X12 identifies these qualifiers as data elements and supporting code list prescribed by DoD 7000-14.R (the Financial Management Regulation), so new qualifiers may be needed.

- Note that different qualifiers are needed for transactions that do not have an FA2 segment.

Possible Mapping SFIS BPN to DLMS Name Segment - Example

SFIS Data Code TP3 - Business Partner Number

Party to Receive Bill:

- N101:

Qualifier: BT Bill-to Party

DLMS Note: Use to identify BPN of the party to receive bill. Requires a second iteration of the N101 loop.

- N103 :

Qualifier: 50 Business License Number

DLMS Note: Required for SFIS to map to SFIS Data element "Business Partner Number TP3". Enter the buyer's BPN in N104.

Party to Receive Credit:

- N101:

Qualifier: ZB Party to Receive Credit

DLMS Note: Use to identify the BPN of the party to receive credit. Requires a second iteration of the N101 loop.

- N103:

Qualifier: 50 Business License Number

DLMS Note: Required for SFIS to map to SFIS Data element "Business Partner Number TP3". Enter the seller's BPN in N104.

Billing Party (810L Logistics Bill):

- N101:

Qualifier: II Issuer of Invoice

DLMS Note: Use to identify the BPN of the billing party. Requires a second iteration of the N101 loop

- N103:

Qualifier: 50 Business License Number

DLMS Note: Required for SFIS to map to SFIS Data element "Business Partner Number TP3". Enter the seller's BPN in N104.

Perpetuation of SFIS Data Proposed Change - Process

Scope of Transaction Impact. DLMSO has tentatively identified the transactions below as requiring modification to support SFIS. **Staffing Note: Component financial and logistics experts must validate this list and provide corrections.**

Requisitioning Process:

1. 511R Requisition. Communicates the BPN of party to receive the bill and any applicable SFIS elements.

2. 511M Requisition Modification. Repeats information from original requisition due to MILSTRIP requirement to support capability to use modification as original requisition if original requisition is not on file. Staffing Note: DLMSO proposes that all additional elements will be modifiable

3. 869F Requisition Follow-Up. Repeats information from original requisition due to MILSTRIP requirement to support capability to use follow-up as original requisition if original requisition is not on file.

Perpetuation of SFIS Data Proposed Change - Process

Materiel Obligation Validations:

4. 517M Material Obligation Validation (MOV). Use in requisition re-instatement only. Repeats information from original requisition due to MILSTRIP requirement to support capability to re-instate a requisition cancelled by the supply source during MOV.

Materiel Returns Program - Lateral Redistribution under Total Asset Visibility Program (TAV) (retail reporting activity returns materiel to ICP so that ICP may re-sell this materiel to satisfy a customer's requirement):

5. 856S Shipment Status. Communicates the BPN of the party to receive credit (retail reporting activity) and any applicable SFIS elements (MILSTRIP AS6 only).

Materiel Returns Program – Automatic Returns:

6. 180M Materiel Returns Reporting. Communicates the BPN of the party to receive credit (returning activity) and any applicable SFIS elements with offer of assets (MILSTRIP FTA).

Perpetuation of SFIS Data Proposed Change - Process

Materiel Returns Program – Asset/Excess Return (retail reporting activity offers to sell back unneeded materiel to the ICP; depending upon the ICP's asset position, the ICP may provide credit):

7. **180M Material Returns Reporting.** Communicates the BPN of the party to receive credit (returning activity) and any applicable SFIS elements with offer of assets (MILSTRIP FTE/FTG).

Turn-In to DRMO of Hazardous Waste:

8. **940R Material Release.** Communicates the BPN of party to receive the bill for hazardous waste disposal service and any applicable SFIS elements (MILSTRIP A5J).

Supply Discrepancy Reporting:

9. **842A/W SDR.** Communicates the BPN of the party to receive the bill or credit and any applicable SFIS elements. This is applicable only to DLMS enhancement capability to facilitate proper construct of debit/credit billing where original requisition document number is not known to the submitter. Submitter uses constructed document number when reporting discrepancy.

Perpetuation of SFIS Data Proposed Change - Process

Post-Post Issues: Facilitates DLA's National Inventory Management Strategy (NIMS) and Army Medical Materiel Agreement (AMMA) Support Scenarios as well as Issues of Materiel relative to Emergency/Expedite Off-line Requisition Support Procedures. Under NIMS and AMMA support techniques, the wholesale activity retains ownership of their materiel which has been pushed-to or pulled-by the retail supply activity until the materiel is requisitioned by the consumer level customer, which becomes the point of sale. Consumer level requisitions are fulfilled by the retail supply activity using the wholesale activity owned inventory and concurrently the retail activity notifies the wholesale activity of the issue/sale of their materiel via the issue transaction. Upon receipt of the issue transaction the wholesale site debits their inventory balance and bills the customer. Similarly, emergency requisitions are sometimes filled by storage sites prior to receiving transactional release direction by the materiel owner. Subsequently, the materiel owner is notified of the issue/sale via the issue transaction.

10.867I Issue: Repeats /Communicates the BPN of the party to receive the bill and any applicable SFIS elements from the consumer level requisition.

Billing

11.810L Logistics Bill (Debit/Credit). Communicates the BPN of the party initiating the bill.