

**MEMORANDUM OF AGREEMENT
BETWEEN
THE UNITED STATES ARMY ACQUISITION
AND
THE DEFENSE FINANCE AND ACCOUNTING SERVICE
CONCERNING PAPERLESS BUSINESS PROCESSES**

The Defense Finance and Accounting Service (DFAS) has worked closely with the Army acquisition staff to develop processes to reduce reliance on paper and improve the way we do business. These paperless business processes include the use of Electronic Document Access (EDA) to provide access to electronic copies of contract documents over the Internet. Most Department of Army (DA) acquisition activities use the Standard Procurement System (SPS) to generate indices and contract documents in approved formats for posting on EDA through services provided by DoD Electronic Business Exchange (DEBX) and the Defense Enterprise Computing Center (DECC).

The EDA system satisfies the requirement to provide DFAS with a copy of contractual documents. It must also be complemented with the timely provision of electronic data interfaces to the appropriate payment entitlement system used by the servicing DFAS commercial pay activities. To complete the cycle, the servicing DFAS pay locations must provide the contracting activity with receipt and payment data to support contract closeout as requested.

To implement these processes and in support of the DoD Paperless Acquisition Program, the DFAS and Army Acquisition have agreed to the following guidelines and requirements:

I. Purpose

This Memorandum of Agreement (MOA) establishes the process that will be followed by DFAS and Army Acquisition activities issuing contract actions using SPS in order to eliminate the distribution of paper documents to DFAS and enable both communities to maximize the benefits of EDA. While this MOA serves as the executing instrument for implementing a paperless environment for the Army, each contracting field site must gain certification before eliminating hard copy distribution of contractual documentation. Refer to the certification template in Addendum 1.

II. Scope

In order to turn the paper off from Army SPS activities to DFAS, specific business practices must be adhered to by all contracting activities serviced by DFAS to ensure success. The implementation and required certification of these business practices are set forth within this MOA. Each director of contracting or equivalent for each individual contracting activity identified in DFARS, Appendix G (Army), whose SPS contract

actions are paid by a DFAS commercial pay office, will jointly certify with the principal DFAS pay office that they are in compliance with these requirements. At that time, the certified location will be authorized to use the EDA electronic contractual documents in lieu of paper distribution to DFAS. Certification will include validation that standard operating procedures and the appropriate quality assurance checks are in place at the contracting office.

In addition, the interface to the CAPS payment system must be operational prior to paperless certification. Upon certification, manual input of SPS data into commercial pay systems will only be done on a case-by-case basis when extraordinary circumstances warrant such action. These actions will be by exception and must be attributable to systemic or causative factors beyond the control of the contracting activities. In the event of system failures within the purview of the contracting office, the signatory to the certification must show aggressive steps are being taken to remedy the outage within three (3) business days with resolution within five (5) business days to preclude loss of the site's certification. All parties to this agreement will strive to accomplish the business process through electronic procedures, resorting to paper/manual processes only under "when all else fails" circumstances.

The Army will work with DFAS and the SPS PM to provide a Defense Electronic Business Exchange (DEBX) solution in lieu of SPS-I by the end of FY 2002. This solution will be able to provide data to all applicable DFAS payment systems.

All documents submitted via the electronic processes will be in compliance with the Prompt Payment Act, FAR, DFARS, Army CONOPS, controlling DoD Financial Regulations, and any other guidance governing DoD electronic business processes.

III. Requirements for Paperless Contracting and DFAS Payment

- a) Contracting activities must fulfill the following requirements:
 - i) Certification Thresholds:
 - (1) For initial certification the contracting activity must meet the following thresholds for submission to DFAS of all electronic documents and interfaces:
 - (a) 90% of all actions within 4 working days of the signature/release date in SPS to EDA.
 - (b) 95% electronic submission of contractual documents to EDA within 10 working days after the signature/release date in SPS. All documents failing the electronic submission process will be submitted as hard copy with 100% of contractual documents submitted electronically or via hard copy within 10 working days IAW the FAR 4.201.
 - (i) FAR 4.201 will apply unless the invoice period in 52.232-25-Prompt Payment requires a shorter submission of the award.

- (ii) FAR 4.201 will apply for all documents, which must be resubmitted via hard copy unless superceded by any subsequent agreements between Army and DFAS or the EDA Business Rules.
 - (iii) All contract information and index values/fields (100%) must match the image displayed on EDA.
- (2) Within 120 days of initial certification, the contracting activity must achieve and maintain a rate of 95% of all contractual documents sent to EDA within 4 working days after the signature/release date in SPS.
- (3) Each Director of Contracting (DOC) Office will run the interface process to the vendor payment system, at a minimum, once a week on Friday. The goal, however, is to run the interfaces daily if possible. An exception to this weekly requirement will only be made if jointly agreed upon by DFAS and ASAALT.
- (4) Interface files for existing payment systems will be pushed for all sites to the DFAS corporate FTP server. All sites will begin pushing files no later than October 31, 2001. Each DFAS commercial payment site will be responsible for processing these files upon receipt.
- (5) This agreement does not relieve the DOC Office from providing the accounting stations with required data. Accounting station requirements are not covered in the scope of this agreement.
- ii) Establish and follow internal controls within the contracting activity to ensure that only approved, complete contract actions are released to EDA and that transmissions to EDA are successful.
- iii) As the document author, the contracting activity shall retain the signed contract, per FAR Subpart 4.8-Government Contract Files.
- iv) As the document author, the contracting activity is responsible for the accuracy of the document submitted and displayed on EDA. The EDA document will accurately reflect the data in the copy retained in the contract file. The contracting activities will ensure data integrity by:
 - (1) Editing all contract actions with the Army Integrity Tool Program. Any identified errors impacting EDA and/or the electronic interfaces will be corrected prior to release of the document.
 - (2) Utilizing one of the available Funding Strip Tools to create Long Lines of Accounting until such time as adequate edits are included in the SPS program. Contracting activity will verify customers are utilizing the fund strip tools available in the PRWeb if the requirement generation system has been implemented at the contracting site.
 - (3) Implementing internal management controls to ensure that no changes are made to documents after release unless the changes are made using modifications in SPS.
 - (4) Implementing internal review controls to monitor their documents on EDA for timeliness and accuracy. It is the document author's responsibility to notify the DECC of any problems with the conversion of documents.
 - (5) Research all problems regarding EDA document and data submissions within five (5) business days. Hard copy will be forwarded to the requesting DFAS activity if necessary.

- (6) Provide DFAS with a daily report via electronic transmittal of all released awards to enable DFAS to track the receipt of all contracting actions.
 - v) Notify the EDA Help Desk and DFAS EDA PMO as soon as the contracting activity is aware their documents are not in compliance with these requirements.
 - vi) Provisions for providing contract actions to DFAS during system failures will be included in each site's Continuity of Operations Plan (COOP). The COOP will include specific guidance to forward copies of contract actions to the supporting DFAS commercial pay sites starting no later than four (4) days after any system failure which includes the inability to transmit or provide access to files due to network and/or NIPRNET failures or application problems. The contracting activity and the commercial pay field site will coordinate a schedule:
 - (1) for the submission of data files when system capabilities are restored
 - (2) and to ensure all actions provided to the commercial pay field site during the downtime are posted to EDA.
- b) DFAS Activities will fulfill the following requirements:
- i) The DFAS Commercial Accounts Payable System (CAPS) administrator will check the DFAS Corporate FTP server for interface files on a daily basis. DFAS will contact the contracting activity to determine cause of non-transmission of files if there are no files available on the FTP server after one (1) business week. File transmission will resume immediately or paper copies will be requested along with an estimated date of recovery from cause of failure. If the contracting office fails to recover within agreed upon time, the DFAS pay office(s) will elevate the situation to DFAS Arlington who in turn will notify ASAALT.
 - ii) DFAS Arlington will notify DFAS major field sites of any temporary non-availability of SPS contract documents via EDA.
 - iii) DFAS will partner with the Defense Information Systems Agency (DISA), the Army, and the Defense Electronic Business Program Office, to resolve any SPS and/or EDA issues that arise in the future.
 - iv) DFAS will provide an accessible central site (i.e., website) for contracting activities to post the daily report of released contract actions (see item (v) under contracting activities requirements) and for affected commercial payment offices to view them.
 - v) To complete the cycle, the servicing commercial pay locations must provide the contracting activity with receipt and payment data to support contract closeout as requested.
 - v) Provide the DOC offices with a daily report via electronic transmittal of all failed data transactions into CAPS.

IV. Joint Field Testing of Software Releases

DFAS and the Army agree to jointly field-test any new software releases associated with this paperless office initiative. This includes, but is not limited to, the Standard Procurement System (SPS), SPS-I, and the Electronic Document Access (EDA) system. The Army and DFAS will jointly agree on the DFAS and Army sites for participation in the initial field test. The Software Engineering Center Lee (SECL) will coordinate any field tests with DFAS Arlington. No deployment will be made without successful testing at the agreed upon prototype site.

V. Certification Process:

- a) The certification process will require each contracting activity to:
 - i) Validate the site is running the commercial pay interface applicable to its business community in accordance with requirements.
 - ii) Validate the site is running the applicable interface required to ensure contract documents will post to EDA in accordance with the EDA Business Rules.
 - iii) Ensure the contracting activity has EDA access and confirm their documents are posting to EDA both timely and accurately. Every effort will be made to correct failed EDA documents and data as soon as a problem is discovered.
 - iv) Validate with DFAS for a minimum 2-week period documents awarded from that site have met the timeliness and accuracy thresholds established.
 - v) Provide confirmation of their test results and a copy of the signed certification documents to the designated Principal Assistant Responsible for Contracting, ASAALT EDA point of contact, and DFAS Arlington EDA point of contact. The principal Commercial Payment Site Director/Chief and the Director of Contracting (DOC) will sign each certification.
 - vi) If the accuracy of data and/or document submission fails to meet the agreed upon standards for more than five business days after written notification from DFAS, certification will be revoked. Exceptions will only be made if jointly agreed upon by DFAS and ASAALT. This revocation of certification will require retest and verification with DFAS as outlined above.

- b) DFAS will:
 - i) Provide the contracting activity with verification of the sample results and acknowledgement that results have met the thresholds established. DFAS and ASAALT will automate certification data collection to the maximum extent practicable.
 - ii) The primary DFAS commercial payment activity will notify DFAS Arlington EDA PMO and DFAS Arlington will notify all the DFAS Field sites of additional contracting offices coming on line.

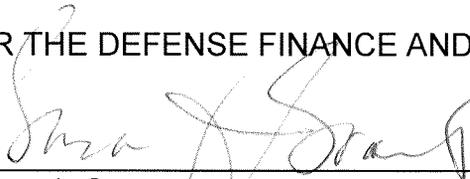
VI. Effective Date and Modification

This MOA becomes effective when signed. DFAS Arlington will notify all DFAS sites of additional Contracting Offices coming online. The posting of contracts will be a "point forward approach." Hence, for those contracts, delivery orders and modifications that are not available on EDA, a paper copy will be provided. After agreement to turn off paper has been reached and a site is certified, all future contracts or modifications created in SPS will be distributed via EDA.

All partners agree to the business practices and procedures outlined in this MOA. Either partner may request and initiate modifications to the MOA by giving a 30-day written notice. Such requests will be negotiated and agreed upon between all partners prior to adding an addendum to this MOA. All modifications must be in writing.

IN WITNESS WHEREOF, the undersigned have signed this MOA.

FOR THE DEFENSE FINANCE AND ACCOUNTING SERVICE



Susan J. Grant
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FOR THE UNITED STATES ARMY ACQUISITION MANAGEMENT



26 NOV 2001

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Acting Deputy Assistant Secretary of the Army (Procurement)