



Accounts Payable MOCAS Update

Defense Finance and Accounting Service

Cassandra McDuff
Director, Accounts Payable MOCAS
April 18, 2019





- ▶ Magnitude of Operations
- ▶ MOCAS System Operations Update
- ▶ MOCAS Operational Health
- ▶ NDAA/Contract Closeout Procedures
- ▶ PGI – Special Payment Instructions/Canceling Funds
- ▶ Fiscal Year End Planning
- ▶ Open Discussion – Miscellaneous Topics (Special invoicing)



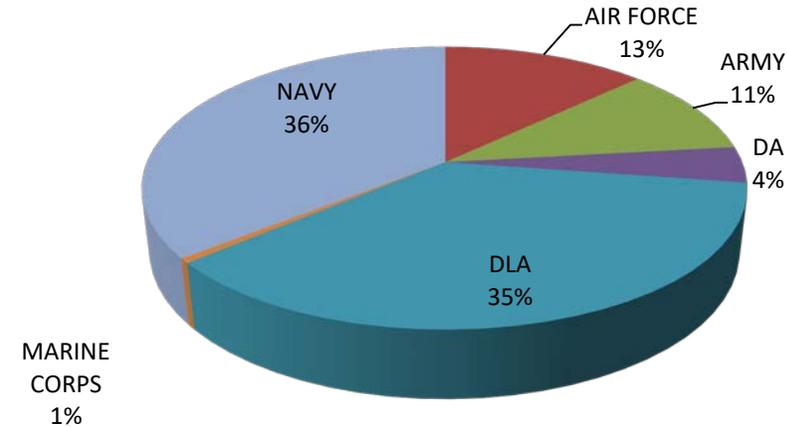
MOCAS Magnitude of Operations



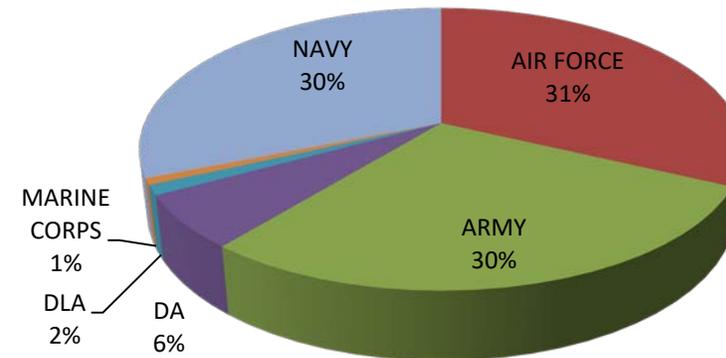
- Contract Pay - FY 18
 - ✓ 338,310 Active Contracts
 - ✓ 18,985 Active Contractors
 - ✓ \$2.27 Trillion Obligations
 - ✓ 700,684 Invoices processed
 - ✓ \$167.2 Billion Disbursed

- Contract Pay – FYTD 19
 - ✓ 373,368 Active Contracts
 - ✓ 18,990 Active Contractors
 - ✓ \$2.31 Trillion Obligations
 - ✓ 368,158 Invoices Processed
 - ✓ \$90.7 Billion Disbursed

Total Active Contracts – FYTD 19



Obligation Dollars by Service FYTD 19





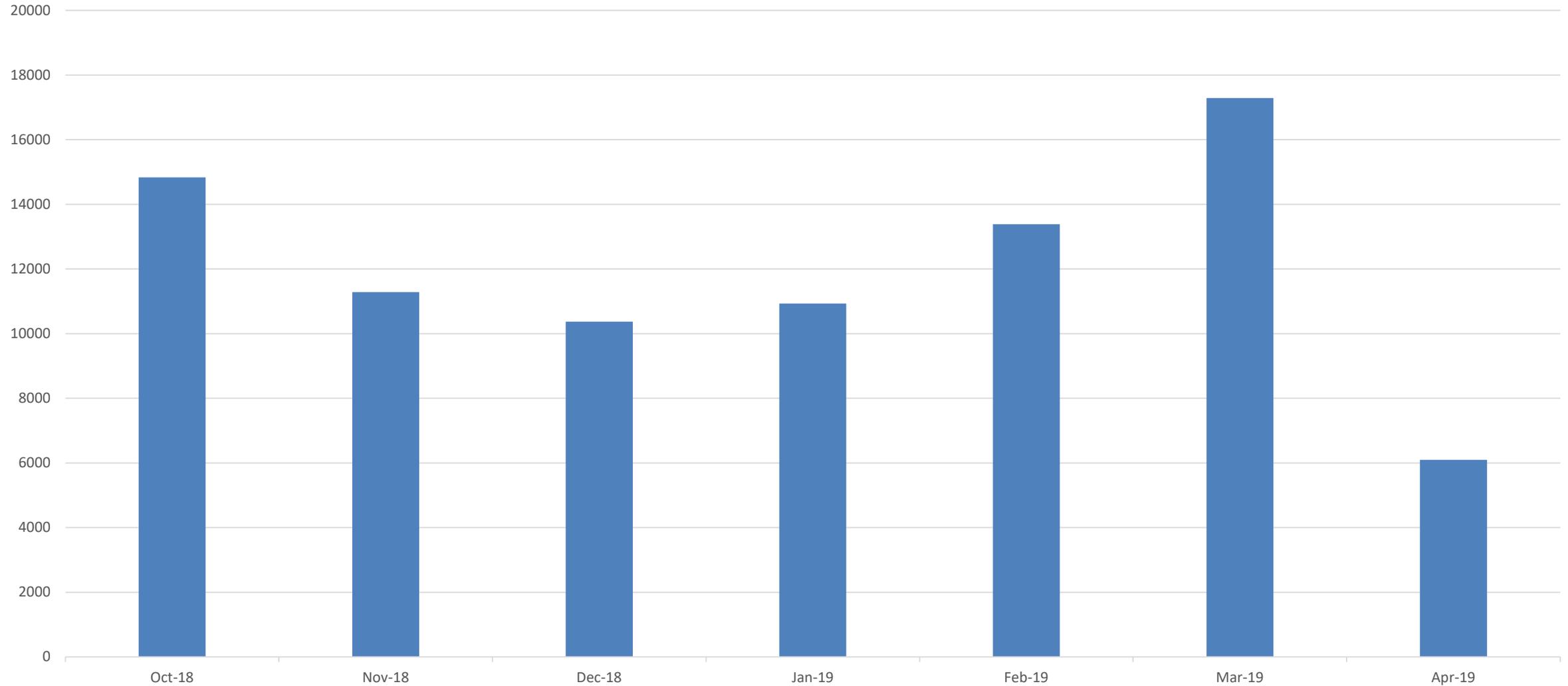
- ▶ Included in Business Environment Modernization Strategic Focus
 - ✓ No retirement plans
 - ✓ Latest hardware update – February 2019

- ▶ Standard Line of Accounting Deployment - Ongoing

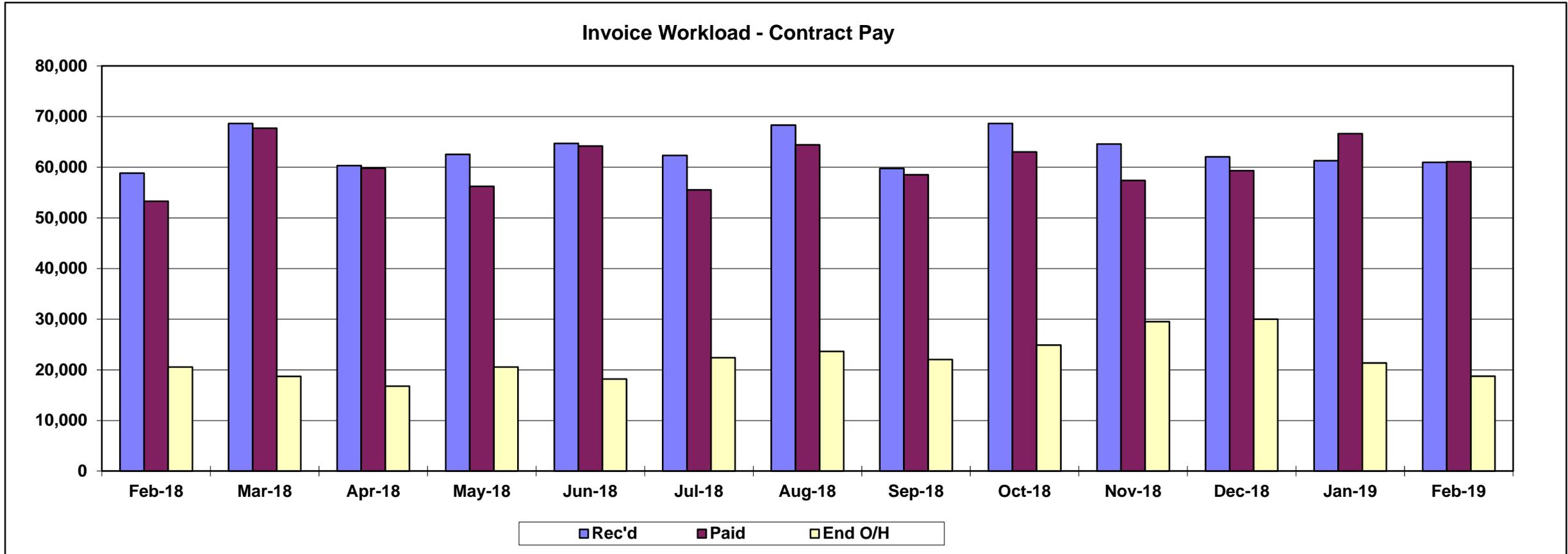
- ▶ Recent Releases

- ▶ MOCAS vs. ERP Payment Office Assignment
 - ✓ Defense Pricing and Contracting Policy Update – March 20, 2019

Contract Input Inflow



Invoice Workload-Contract Pay



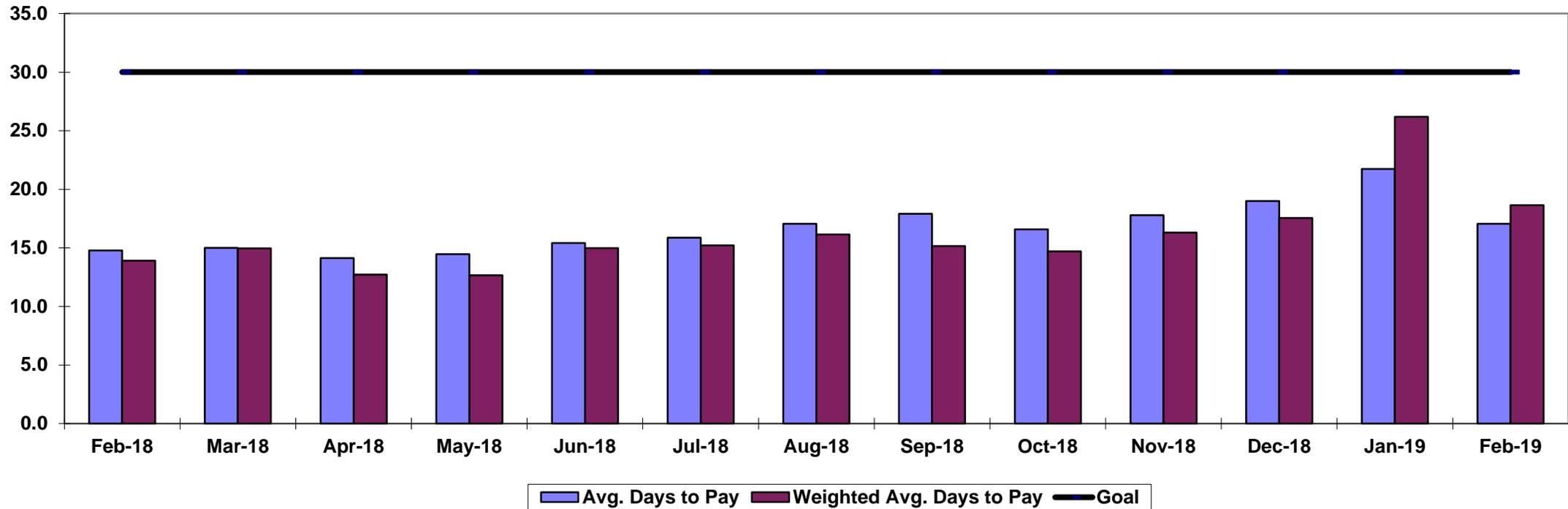
	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
Beg. O/H	17,361	20,560	18,683	16,773	20,553	18,189	22,401	23,638	22,043	24,886	29,507	30,001	21,372
Rec'd	58,858	68,636	60,326	62,518	64,703	62,352	68,329	59,783	68,664	64,574	62,038	61,285	60,988
Paid	53,302	67,725	59,823	56,218	64,186	55,532	64,426	58,538	63,006	57,388	59,324	66,625	61,093
Rtnd	2,289	2,659	2,330	2,425	2,772	2,450	2,562	2,514	2,729	2,361	2,098	3,189	2,483
End O/H	20,560	18,683	16,773	20,553	18,189	22,401	23,638	22,043	24,886	29,507	30,001	21,372	18,734
O/H (1-30 Days)	18,144	16,184	14,306	18,055	15,894	19,681	20,860	19,630	21,870	25,319	22,876	18,629	16,291
O/H (>30 Days)	2,416	2,499	2,467	2,498	2,295	2,720	2,778	2,413	3,016	4,188	7,125	2,743	2,443
Cash Mgmt	0	0	0	0	0	0	0	0	0	0	0	0	0
% Overage	11.8%	13.4%	14.7%	12.2%	12.6%	12.1%	11.8%	10.9%	12.1%	14.2%	23.7%	12.8%	13.0%



Customer Service Indicators Total (Contract Pay)



Customer Service Indicators Total (Contract Pay)



	Feb-18	Mar-18	Apr-18	May-18	Jun-18	Jul-18	Aug-18	Sep-18	Oct-18	Nov-18	Dec-18	Jan-19	Feb-19
Total	53,302	67,725	59,823	56,218	64,186	55,532	64,426	58,538	63,006	57,388	59,324	66,625	61,093
On Time	45,400	55,703	51,564	48,114	52,047	44,976	49,821	45,624	49,652	42,298	40,680	40,658	50,122
% On Time	85.2%	82.2%	86.2%	85.6%	81.1%	81.0%	77.3%	77.9%	78.8%	73.7%	68.6%	61.0%	82.0%
Avg. Days to Pay	14.8	15.0	14.1	14.5	15.4	15.9	17.1	17.9	16.6	17.8	19.0	21.7	17.1
Weighted Avg. Days to Pay	13.9	15.0	12.7	12.7	15.0	15.2	16.1	15.2	14.7	16.3	17.6	26.2	18.6

Contract Closeout: Multiple Stakeholders – One Focus



DCMA

- Ensure contract is physically completed
- Rate Negotiation
- Funds Management
- Completion of All Closeout Actions

DFAS

- Part B Contracts < 500K
- Part C Contracts (payment Only, non DCMA Administered)
- Reconciliation
- Final Payment

Services

- Additional Funding
- Property Disposition
- Replacement Funds
- Product Acceptance

DCAA

- Final Overhead Rates
- Indirect Costs Audits
- Cumulative Allowable Costs Worksheet (CACW)

Industry

- Indirect Cost Rate – Property
- Year End Rate Adjustments
- Final Invoice/ Voucher
- Settle Subcontracts



- ✓ Contractor Submission Delays
- ✓ Delayed Negotiation of Overhead Rates
- ✓ Final OH Rates
- ✓ Direct Cost Audits
- ✓ Complex Contracts
- ✓ Cancelled Funds
- ✓ Reconciliation Issues



- ✓ Submission of Cumulative Allowable Cost Worksheet (CACWS)
- ✓ Timely Submission of Final Voucher
- ✓ Monitor Contract Lifecycle and Funds Due to Cancel
- ✓ Limit Contract Financing Rates
- ✓ Minimize ELIN Counts





▶ NDAA FY17 Contract Closeout Relief

- ✓ Provided legislative relief to close contracts issued prior to FY00
 - Unreconcilable
 - Missing documentation
 - Not cost effective for reconciliation
 - Years to complete reconciliation
 - Cost of reconciliation exceeds potential benefit
- ✓ Waives appropriation law constraints
 - FMS is exception

▶ NDAA FY18 expanded relief to rolling 17 years

- ✓ Deviation provided framework for immediate implementation
 - DCMA & DFAS collaboration
 - Reduce contract backlog overage for closeout



Contract Closeout Completions



From 6/18 – 3/19

CENTRAL	122 \$	7,748,025,655.14
CLOSEOUT CENTER	566 \$	5,445,314,989.26
EASTERN	252 \$	9,246,158,783.65
INTL	2 \$	439,350,188.91
SPL PROGMS	4 \$	230,327,848.70
WESTERN	186 \$	21,245,382,020.77

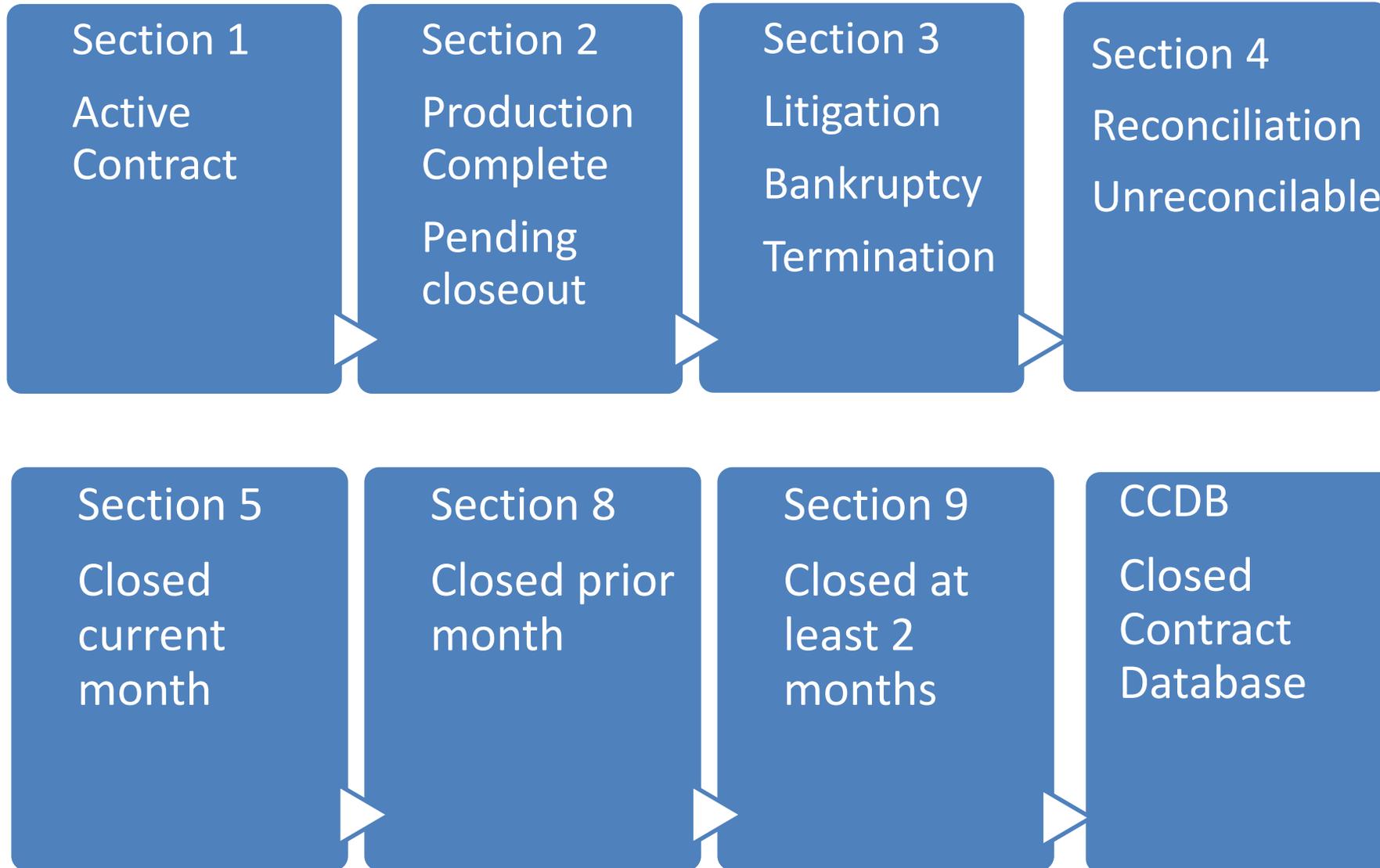
CENTRAL	57 \$	5,216,492,411.49
CLOSEOUT CENTER	410 \$	4,439,720,442.94
EASTERN	39 \$	6,083,568,005.31
INTL	1 \$	438,808,668.91
WESTERN	78 \$	17,580,385,906.18

CENTRAL	86 \$	4,880,395,869.23
CLOSEOUT CENTER	470 \$	2,404,528,154.54
EASTERN	133 \$	2,720,252,068.12
INTL	1 \$	541,520.00
SPL PROGMS	3 \$	79,241,789.52
WESTERN	121 \$	8,115,118,926.56

- Data in tables is DCMA through EOM March '19
 - Closed in FY19 is subset of total closed
 - Closed using NDAA is subset of total closed
- DFAS on hand
 - 19 Pending research to close
 - 12 Recon require adjustment



Contract Progression in MOCAS





PGI 204.7108 – Payment Instructions (DFARS Case 2018-P001) December 1, 2017

- Assigned by Contracting Officer
- Applied at Contract or CLIN level
- 12 PGI Payment Instructions
 - 6 Line Item Specific
 - 5 Contract-Wide
 - 1 “Other”

Old
PGI

- Derived based on PGI Matrix
- Invoice level (WAWF payment request type + Effort)
- 6 PGI Payment Instructions
 - Line Item Proration
 - Line Item by Fiscal Year
 - Contract-Wide Proration
 - FMS Allocation (PPRB)
 - Specified in Approved Payment Request
 - “Other”

New
PGI



PGI Matrix Other (12) Approval Process



- Procurement submits MFR request to dfas.dscj.jal.mbx.ap-mocas-pgi-other12@mail.mil
- DFAS will coordinate with DCMA review based upon criteria provided by OUSD(C)

Scenario #	Description	Conclusion	Rationale
1	Blanket Approval to use "Other" at the Program-wide level	Disapproved	Each contract stands on its own and must be specifically justified as to why the existing guidance is not sufficient.
2	Pay as Billed	Disapproved	Pay as billed does not meet intent of GAAP and Fiscal Law. Additionally, this payment method could be perceived by auditors and taxpayers as allowing the contracting community to determine execution of government funds.
3	Oldest Funds First where all ACRNs on the CLIN are from the same Military Service/Defense Agency by fund type (WCF/GF)	Approved	This approach still allows for proper matching of the charge to the activity that received the service/product with the application of payment to the corresponding entity.
4	Oldest Funds First where the CLIN is funded by multi-Military Service/Defense Agency ACRNS	Disapproved	This scenario would result in inappropriate accounting—GAAP requires proper matching to the activity that received the service/product with the application of payment to the corresponding entity.
5	Pay as Directed multi-service funding	Disapproved	This scenario would result in inappropriate accounting—GAAP requires proper matching of receiving received the service/product with the application of payment to the corresponding entity.
6	Pay in accordance with contracting officer/DCAA approved billing	Approved	This approach still allows for proper matching of the charge to the activity that received the service/product with the application of the payment to the corresponding entity.

- Final decision is provided via email to requestor
- Signed MFRs are attached to contract/ modification which changes/ invokes PGI in EDA to become part of the contractual documents
- All requests and responses are tracked via PGI Approval Tracking spreadsheet





Under past regulations, payment instructions could be used to reduce the risk of funds cancellation, however, funds management and contract structure/schedule are more influential factors

PGI Instructions	MOCAS Population - Dollars Obligated (excludes contracts issued after 12/1/2017 and before 10/1/2012)	Percentage of FY18 Cancelled Funds (excludes pre-PGI contracts)	Dollars Cancelled in FY18 (excludes pre-PGI contracts)
No PGI Required	38%	24%	\$ 123,184,654
001 CLIN: Single Funded	11%	14%	\$ 70,669,554
002 CLIN: ACRN Order	16%	25%	\$ 125,507,462
003 CLIN: KO Defined Order	3%	12%	\$ 61,907,312
004 CLIN: Oldest Funds First	11%	11%	\$ 54,916,815
005 CLIN: By Cancellation Date	3%	0%	\$ 2,069,697
006 CLIN: Proration	16%	6%	\$ 32,177,511
007 CONTRACT: ACRN Order	1%	2%	\$ 7,799,761
008 CONTRACT: KO Defined	0%	0%	\$ 80,028
009 CONTRACT: Oldest Funds First	0%	0%	\$ 2,164,030
010 CONTRACT: By Cancellation Date	0%	0%	\$ 1,464,306
011 CONTRACT: Proration	0%	1%	\$ 6,665,012
012 Other	2%	4%	\$ 18,651,218





- ▶ **Canceling Funds Invoice Submission Deadline**
 - ✓ Monday, August 5, 2019
 - ✓ Adhere to deadline

- ▶ **Monthly Publication of Canceling Funds Balances**

- ▶ **End of Quarter Invoice Submission Deadline**
 - ✓ Tuesday, September 10, 2019
 - ✓ Remember to simplify invoice submissions
 - ✓ Submit invoices early!!!





Current/Available



Available for
Obligation

Expired



Available for Payment

Cancelled



Must Obtain
New Funding

<u>Appropriation Types</u>						
		<u>Available</u>		<u>Expired</u>		<u>Cancellation Date</u>
O & M	=	1 Year	+	5 Years	=	September 30th of the 6th year
R & D	=	2 Year	+	5 Years	=	September 30th of the 7th year
PROC	=	3 Year	+	5 Years	=	September 30th of the 8th year
MILCON	=	5 Year	+	5 Years	=	September 30th of the 10th year





- ▶ Withhold Liquidation Procedure

- ▶ High Volume Invoicing Alternatives
 - ✓ ADDM
 - ✓ WTH9



Withhold Procedure



WITHHOLD CODE	DESCRIPTION	INSTRUCTION
1H	Time & Material/Fee Withholding: FAR 52.216-8(b), Reference (s); Withholding of fee prescribed in Contract Clauses FAR 16.307 (b), Reference (t). Invoices received for Time and Material contracts may reflect a fee withholding. Although funds are not progressed on most cost type contracts, mixed contracts may contain a fee withholding on contractor invoices. (FAR 52.232-7).	Liquidate then withhold where applicable.
2H	Guarantee/Warranty Withholding: FAR 46.706 (b)(2) (Contract Price Reductions or Replacement Items), Reference (d).	Liquidate then withhold.
3H	Technical Data/NSP Line Item Withholding: FAR 52.227-21 (d) (Technical data certification, revision, and withholding of payment – major systems), Reference (t).	Liquidate then withhold.
4H	Patent Withholding: FAR 31.205-30 (Patent Costs), Reference (k).	Liquidate then withhold
5H	Debt Collection Withholding (A/R, Treasury Offset Program): FAR 32.606 (a) (Debt determination and collection. Same or different contract), Reference (e).	Liquidate then withhold
6H	Short Shipment/Missing Components Withholding: FAR 52.232-1. (Withholdings for unacceptable items/Shipped Short Items), Reference (q).	Withhold then liquidate
7H	DOL Directed Withholding (e.g. Davis Bacon Act): FAR 52.1309, Withholdings for violations of the clause at 52.222-35, Equal Opportunity for Veterans. Reference (f).	Liquidate then withhold.
8	Miscellaneous Withholding: FAR 52.222-7 (Withholding funds as prescribed in contract clauses FAR 22.407(2)), Reference (i).	Liquidate then withhold.
9H	Berry Amendment Withholding. See below.	Liquidate then withhold
Blank H	Generic withhold. Withhold amounts on current invoices should not be applied to this code. This code remains active in MOCAS to allow for the release of withholds taken before the numeric withhold codes were established.	Dependent upon the reason for the withhold.





M ECHANIZATION

O F

C ONTRACT

A DMINISTRATION

S ERVICES

WHAT IS MOCAS?

- ▶ Integrated system supporting post-award administration

WHO USES MOCAS?



DCMA



DFAS



Procurement Offices



DCAA



DTRA



WHS



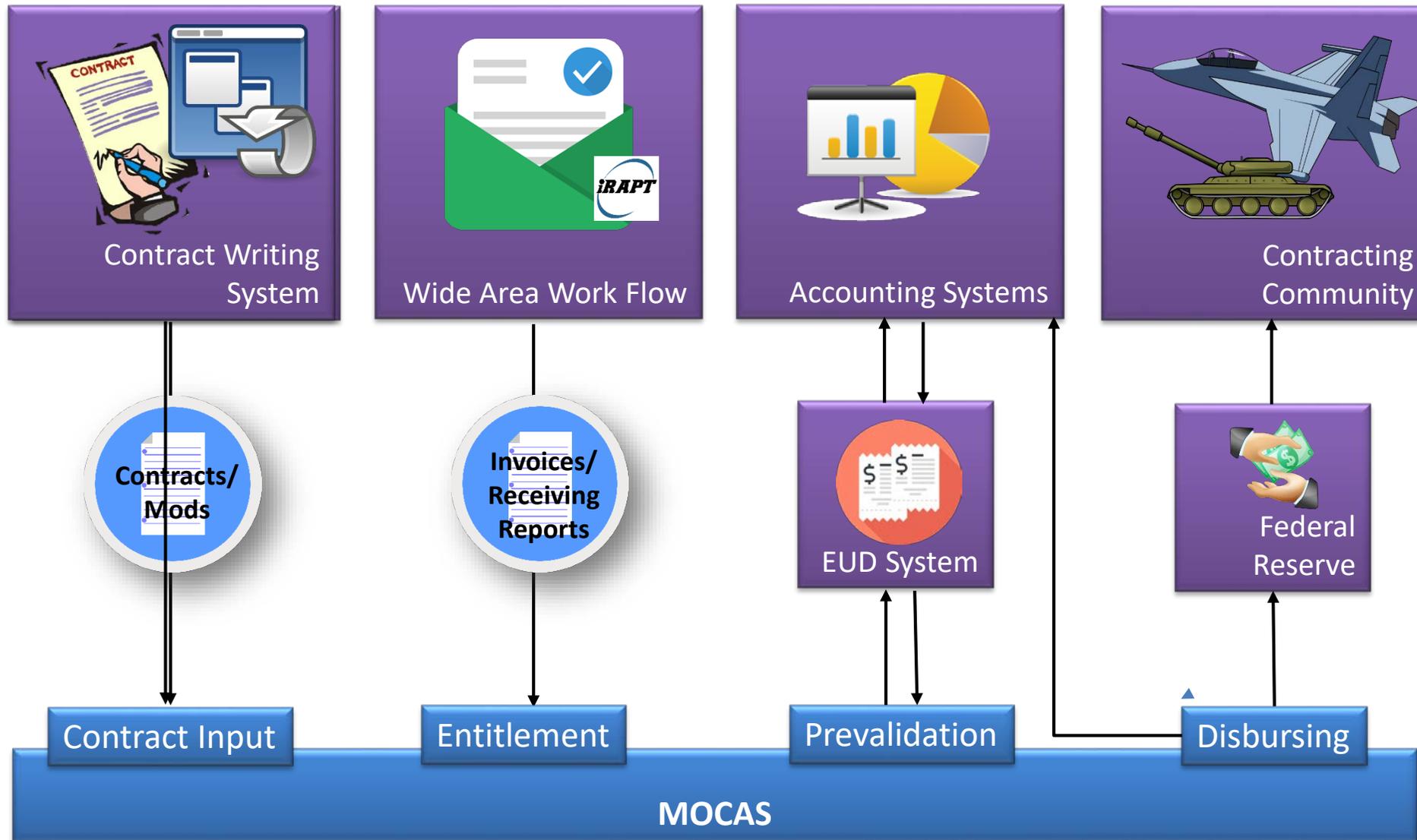
Funding Stations

WHY MOCAS?

- ▶ Pays More Complex Contracts
 - ✓ High Dollar
 - ✓ Multi-Year Contracts
 - ✓ Multiple Deliverables
 - ✓ Foreign Currency
 - ✓ Foreign Military Sales
- ▶ Makes Financing Payments
 - ✓ Progress Payments
 - ✓ Performance-Based Payments
 - ✓ Commercial Item Financing
 - ✓ Interim Cost Payments



High-Level MOCAS Processing





- Part A**
 - DCMA
 - Complete closeout workbook
 - Issue NLA
- Part B**
 - DFAS <\$500k
 - CAR reports
 - Issue NLA
- Part C**
 - DFAS
 - ULO is zero
 - Move to section 5





MEMORANDUM FOR: SEE DISTRIBUTION

SUBJECT: Determination of Department of Defense Contract Administration Office

Incorrect determination of Contract Administration Office (CAO) and Payment Office on Department of Defense (DoD) contracts are two of the most frequent errors that occur on contract actions, as found through Procurement Data Standard validations and Contract Deficiency Reports. These mistakes result in manual processing and payment delays. The Defense Contract Management Agency (DCMA) is responsible for managing the list of CAOs assigned by geographic area and for specific contractor locations. However, the rules for proper CAO selection are not widely known or fully understood. In addition, the Contract Administration Services Directory, where the CAO list has historically been maintained, has limited access.

To address these issues, Defense Pricing and Contracting partnered with DCMA, the Office of the Undersecretary of Defense (Comptroller), and the Office of the Assistant Secretary of Defense (Sustainment), and the Components to re-engineer this process. The Purpose Code Management (PCM) module, deployed within the Procurement Integrated Enterprise Environment (PIEE) in November 2018, is the result of this collaboration. Within this module, the contracting community is able to look up the appropriate CAO and associated DoD Activity Address Code (DoDAAC) by the proposed contractor's Commercial and Government Entity (CAGE) Code, ZIP Code, or Country. The module will also show the available Payment Offices and associated DoDAACs as well as any exceptions to the CAO assignment. The PCM module can be accessed through the PIEE portal at <https://wawf.eb.mil/>. The module includes a new Application Programming Interface (API) that enables automated CAO queries.

Contracting officers should begin to use this tool immediately to identify the appropriate CAO and Payment Office DoDAACs to use on contract documents when delegating contract administration. DCMA will manage the CAO assignment relationships in PIEE, and this will be the authoritative source for CAO and Payment Office relationships going forward. This authoritative list will include CAOs within the Services as well as DCMA; DCMA's role within the module includes the management of Service CAOs. FAR 42.203 and DFARS 242.202 will be updated to reflect this change.

A related Contract Administration Office issue has come to light. CAO is currently a field on all Contractor DoDAAC records. It was recently changed to be a required, rather than optional, field. This change was made in error, as not all contracts are managed by CAOs. The DoDAAC database is being updated to remove this field from Contractor DoDAAC records entirely, as it is duplicative of the authoritative source: the contract. In the meantime, those needing to create or update a Contractor DoDAAC record who do not have a CAO to enter may use "HQ9999" as a placeholder value.

Thank you for your support of this critical contract data improvement initiative. My action officer for the PCM module is Ms. Lisa Romney at Janice.l.romney.civ@mail.mil or 703-697-4396. Questions regarding CAOs may be directed to Mr. Erik Mims at erik.a.mims.civ@mail.mil. Questions regarding Payment Offices may be directed to Ms. Erica Thomas at erica.e.thomas.civ@mail.mil.

