Defense Commissary Agency

Accounts Payable
Reconciliation by Purchase Order

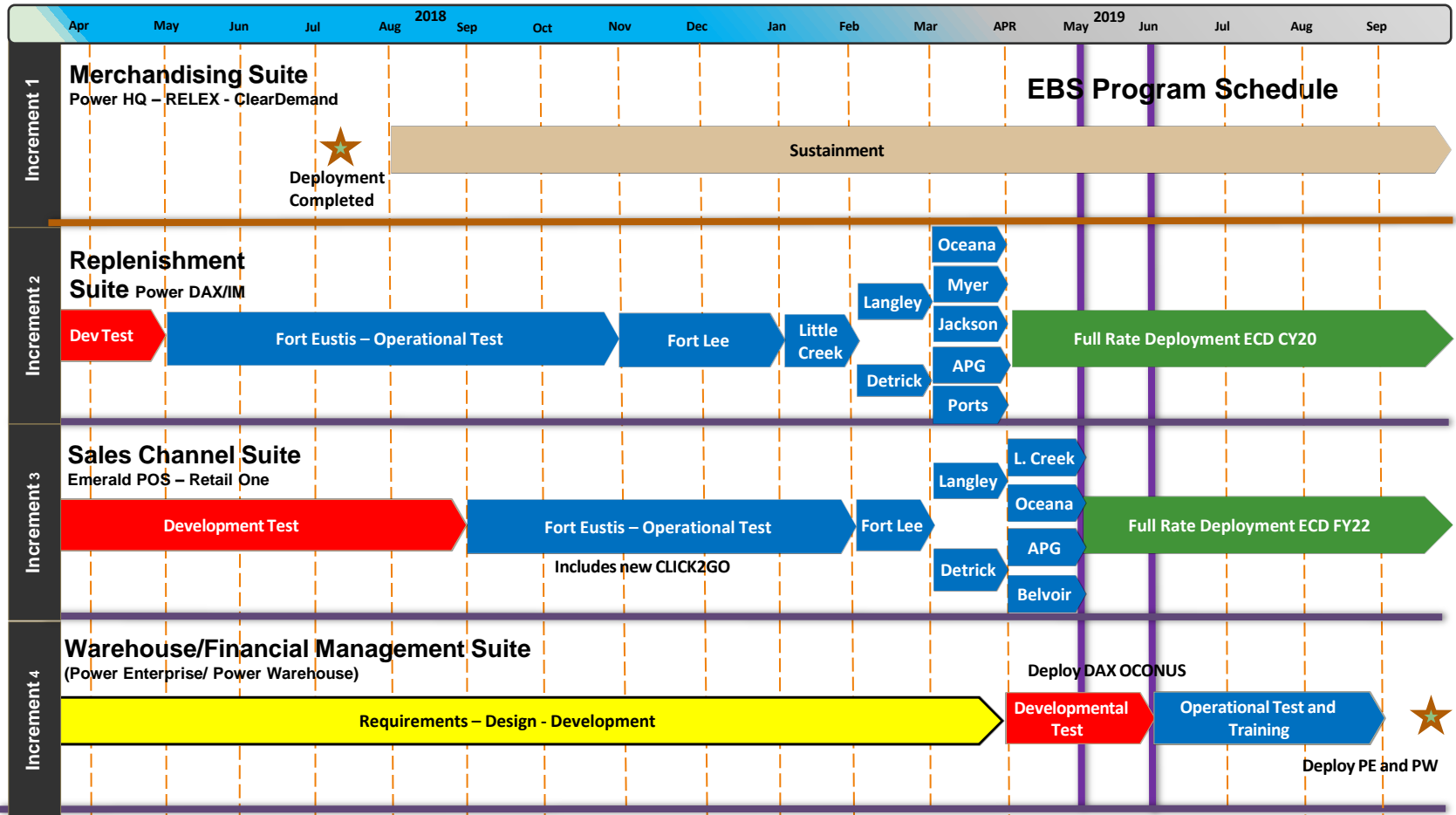## ALA Meeting
May 17th 2019

Agenda

- EBS Schedule – Mr. Robert Comer
- Accounts Payable Process – Ms. Linda Randall
  - History
  - Way Forward
- FDS, DSD and DSDS data flow – Chellam Manickam
  - FDS PO Reconciliation
  - DSDS PO Reconciliation
  - DSD PO Reconciliation
- Top 5 ALA Questions and Answers – Chellam Manickam

EBS SCHEDULE

Accounts Payable
PO Reconciliation Process

History

- Legacy Roll-up:
  - ✓ Does not meet Federal Accounting Standards Advisory Board (FASAB) compliance. Accounts payable is not posted into the accounting system until the roll-up cycle is generated which represents a 15/16 day delay in accountable posting for liabilities. The standard is to post daily as they are accrued for proper representation in the financial reports.
  - ✓ Requires excessive reconciliation in a compressed timeframe at the end of these periods with distributors before payment can be processed.
  - ✓ No partial payments can be made –
    - payments can be held up
    - improper payments can be made
    - Payment is to the vendor, not the distributor, but we provide a reconciliation with distributor that helps the distributor with their vendor billing. Not commercial best practice
  - ✓ Payment is made using the last receipt cost in the system regardless of any differences in cost acquisition during the time period.

Way Forward

- The EBS/PE Accounts payable design model off the shelf is built for commercial best practices
    - ✓ Enables daily posting of receipts to accounts payable
    - ✓ Payment based on the cost of product for that days receipt/Requested Delivery Date
    - ✓ Payment is based on net terms and can be adjusted to accommodate for accelerated payment
    - ✓ Payments passing validation rules – that are due to the same vendor on the same day will be combined with reference to each PO# paid for that day
    - ✓ End to end to end transactional payment processing for transparency and audit trails.
    - ✓ Exception based reconciliation with distributors based on failed validations
    - ✓ Incorporation of failed reasonability on orders (order +1)
    - ✓ Payment for exceptions will not occur until the discrepancy is cleared with accounting
        - ▪ If an issue impacts multiple receipts – once it is fixed the exceptions recycle and clear
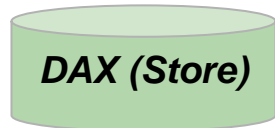   - ✓ Allows for better cash flow across the enterprise

FDS, DSDS and DSD
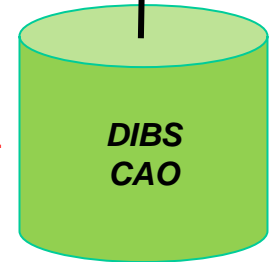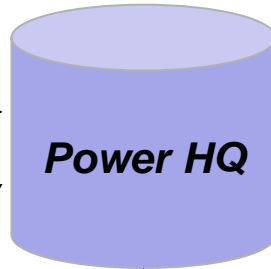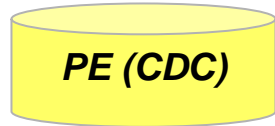# PO Reconciliation Process
(Data flow)

FDS Order – ASN - Receipt and Reconciliation

Order from CONUS and OCONUS stores (DAX)

DAX (Store)

Order from CDCs (PE)

PE (CDC)

Power HQ

Order from DAX stores and CDCs (With 9 character POID & Serial # ="1111"

ASN from distributor for DAX stores and CDCs (With 9 character POID & Serial # ="1111"

Distributor

Upon Receipt, DIBS CAO will send the

"Order/ ASN and Receipt" to with the PULL number and the Serial number to PHQ

and "Failed Reasonability" = 0%

DIBS CAO

Order from DIBS CAO stores (With 9 character PULL & Serial # ="1111"

ASN from distributor for DIBS CAO stores (With 9 character PULL& Serial # ="1111"

Power HQ

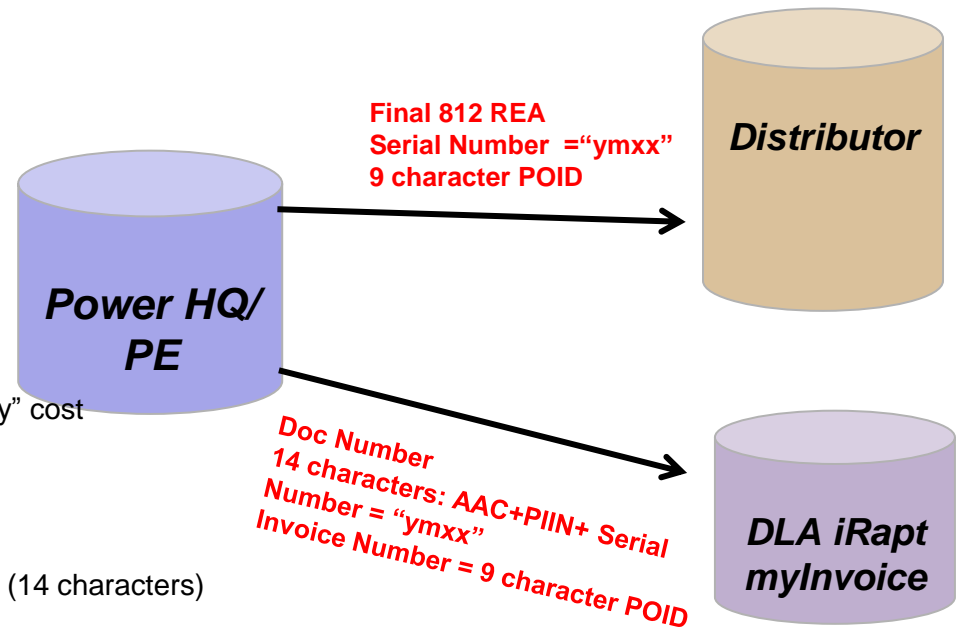**812 with PIIN, CASE UPC and CASE PK discrepancies With 9 character POID & Serial # ="ymxx"**

Approved 812 REA With 9 character POID Serial # ="ymxx"

Distributor

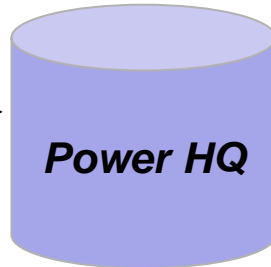# FDS DeCA - Vendor – Distributor Reconciliation

- ✓ Payments will be made on:
    - ▪ Receipt date + Net payment terms

- ✓ If "Accelerated Pay" is used:
    - ▪ Receipt date + Accelerated payment terms

- ✓ Cost used for payment will be "856 ASN expected RDD day" cost

- ✓ One Vendor check for all DODAACs on the same PIIN for same date

- ✓ No changes to DOC Number field length in DLA myInvoice (14 characters)

- ✓ Serial number format will be 4 characters "ymxx" for each Purchase Order which is the year, month and Base 36 sequential number

- ✓ The Purchase Order ID (POID) will be sent to DLA "myInvoice" for additional validation (This field exists in "myInvoice" today but is not populated by DeCA)

- ✓ Payments for PIIN discrepancies will be held for that PIIN while the rest of the PIINs on the same PO will be paid

- ✓ OCONUS shipments will be paid on "ASN date at the port of embarkment + Net payment terms"

- ✓ CDCs will be added to the Vendor contracts; CDCs will be ordering from the distributors;

- ✓ OOP and OOP will be sunset for DeCA CDCs, PAC stores, Fort Buchanan who order using DIBS DOORS

- ✓ For entities like GITMO and other non DeCA entities, a virtual ordering location will be used
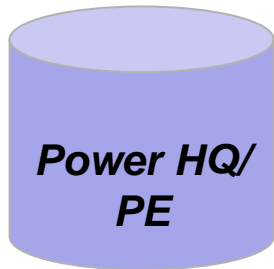
Power HQ/ PE

Distributor

Final 812 REA
Serial Number ="ymxx"
9 character POID

DLA iRapt myInvoice

Doc Number
14 characters: AAC+PIIN+ Serial
Number = "ymxx"
Invoice Number = 9 character POID

DSDS Order- Receipt and Reconciliation

Order from CONUS and OCONUS stores (DAX)

DAX

DIBS CAO

Power HQ

Order from DAX stores (With 9 character POID & Serial Number ="1111"

Vendor

Power HQ/ PE

DSDS receipt
9 character POID and Serial Number ="ymxx"

Vendor

Doc Number
14 characters: AAC+PIIN+ Serial Number = "ymxx"
Invoice Number = 9 character POID

DLA myInvoice

DSD Receipt and Reconciliation

DSD receipts Vendor Invoice Number and Serial Number="ymxx"

Power HQ/ PE

Vendor

Doc Number
14 characters: AAC+PIIN+ Serial Number = "ymxx"
Invoice Number = Vendor Invoice Number

DLA myInvoice
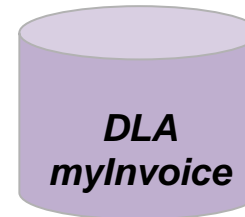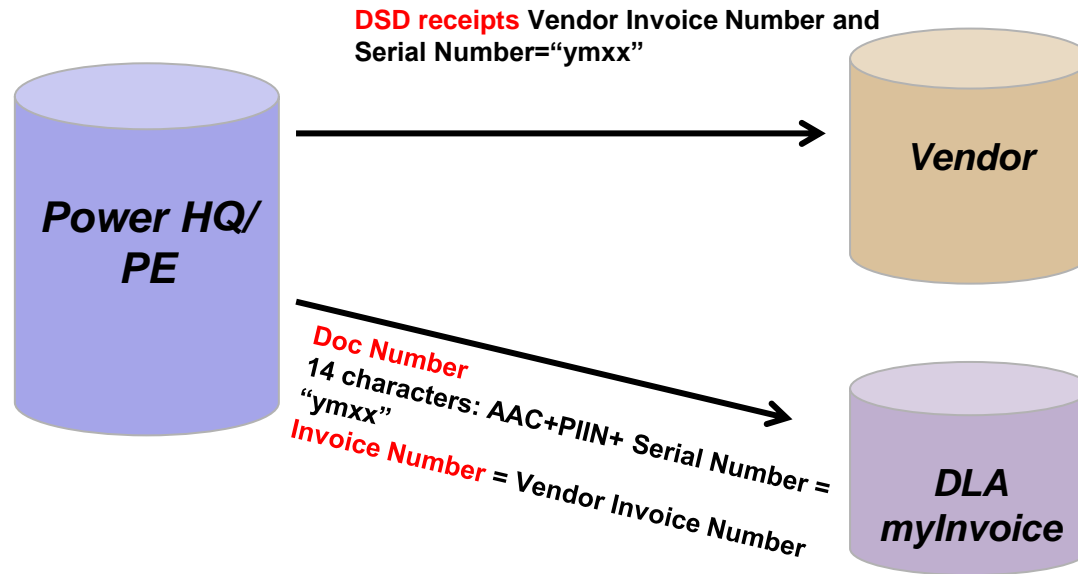
Top 5 Vendor questions on AP reconciliation

Question 1: The distributor only reconciles the quantities, so how do you expect industry to know the price DeCA is using and reconcile the price each day with your payment?

- ✓ *Cost used for payment will be "856 ASN expected RDD day" cost*
- ✓ *One Vendor check for all DODAACs on the same PIIN for same date*
- ✓ *No changes to DOC Number field length in DLA myInvoice (14 characters)*
- ✓ *Payments will be made on:*
- ✓ *Receipt date + Net payment terms*
- ✓ *If "Accelerated Pay" is used:*
- ✓ *Receipt date + Accelerated payment terms*

Question 2: How will we or our distribution agent will be notified the reconciliation issue has been resolved and the final outcome and how will the final decision be shared when there are reconciliation issues with the:
- • **Distributor**
- • **Supplier**

DeCA and Distributor Reconciliation for FDS items and Source Load vendors

- • *812 validation will replace 867s (Samples will be sent week of May 13th to distributors)*
- • *812 REA will be used for the final payment*

DeCA and Vendor Reconciliation for DSD and DSDS

- ✓ *No changes to DOC Number field length in DLA myInvoice (14 characters) to the Vendor*
- ✓ *Serial number format will be 4 characters "ymxx" for each Purchase Order which is the year, month and Base 36 sequential number*
- ✓ *The Purchase Order ID (POID) will be sent to DLA "myInvoice" for additional validation . (This field exists in "myInvoice" today but is not populated by DeCA)*

Top 5 Vendor questions on AP reconciliation

Question 3: Are you completely doing away with call number – FDS, DSD and DSDS?

- ✓ *Yes, Call Number and Call Period will not be used*
- ✓ *There are NO Roll up periods in future*
- ✓ *Serial number will replace the CALL PERIOD for FDS and DSD and the Call number for DSDS*
- ✓ *Serial number will be "ymxx" on the final 812 REA (Acceptance)*
- ✓ *Y is the year*
- ✓ *M is the month*
- ✓ *xx is the BASE 36 (36 to the power of 2 is 1292)*
- ✓ *The DOC IS "AAC +PIIN +ymxx) will be unique "ymxx" combination will not be repeat for 9 years. First digit is "y" and second digit is "m" and "xx"*
- ✓ *PIIN will be recycled every 9 years or 5 years*
- ✓ *There are enough combinations to cover several atleast 9 years, could be more*

Question 4: If we are currently on a DSD contract, how are we going to get the purchase order number for each day's receipts for:

- • **Grocery department items such as soft drinks, bread, chips, and cookies?**
- • **Meat department items?**
- • **Dairy department items?**
- • **Produce department items?**
- • **Will there be a call number? We are being told at store about a "serial number" but we do not know what that is.**

- ✓ *If you mean DSDS contract, since there is no ordering for DSD contracts, the receipts will be placed on the Vendor portal*
- ✓ *Grocery, Meat and Produce departments will not change*
- ✓ *Serial number will replace DSDS Call number*

Top 5 Vendor questions on AP reconciliation

Question 5: We are seeing CONUS stores placing multiple orders for the same item to be delivered on the same day. Typically, one order is for normal shelf replenishment, the second order is for a promotional display, and a third order could be for a customer who placed a request for a specific quantity. In some instances, multiple orders are placed on the same day but we have seen instances were multiple orders for the same item were placed on different days.

- **When there are multiple orders being delivered the same day, what will be seeing when we look at our payment detail for a store, one payment detail line for everything delivered for the day or a multiple payment detail lines for each order number delivered that day?**
- **How will we know each purchase order number was received in Power DAX?**
- **How will we know the date of receipt for each purchase order?**

✓ *If there are multiple orders per day, you will see different POIDs from PHQ to the vendor (DSDS) or distributor (FDS)*
✓ *Each order will have a unique 9 character POID*
✓ *Payments will be made based on PO, PIIN, DODAAC and Serial number*