

# MINUTES FROM FINANCE PROCESS REVIEW COMMITTEE MEETING 22-1, MAY 4, 2022

**Purpose:** The Defense Enterprise Data Standards Office (DEDSO) convened a virtual meeting of the Finance Process Review Committee (FPRC) via Microsoft Teams and audio teleconference on May 4, 2022. Specific discussion topics are noted below. The meeting agenda, briefing material, the action item tracker, and evidential matter are available on the FPRC web page archive: [www.dla.mil/FinancePRC](http://www.dla.mil/FinancePRC)

**2. Brief Summary of Discussion:** Mr. Nolan Davis and Mr. Paul Macias, DEDSO, facilitated discussions during the Finance PRC 22-01 meeting. The action item tracker contains the resulting action items. No action items were identified during the meeting.

**3. Opening Remarks:** Mr. Davis briefed the group on today's agenda and introduced Dr. Lindsey Saul, Chief Data and Analytics Officer, Info Operations, who welcomed participants and provided opening remarks. Dr. Saul emphasized the importance of G-Invoicing in intergovernmental accounting, especially during times of financial constraints. Dr. Saul reiterated that the ability to make data driven decisions at a moment's notice remains a core vision for the agency. Dr. Saul was followed by Mr. Nelson Alvarez, DEDSO Acting Division Chief, encouraging stakeholders to lean on the subject matter experts on the call while engaging on the challenges of bringing G-Invoicing to reality.

## 4. Meeting Topics:

### a. OUSD(C) G-Invoicing Implementation Update

Ms. Fatimoh Ajadi introduced herself and proceeded to provide an update of G-Invoicing implementation status. Ms. Ajadi introduced her Financial Management Policy and Reporting (FMPR) Inter Governmental Transaction (IGT) team, organization chart, and responsibilities which included the following:

- Monitor:
  - Monitor DoD-wide G-Invoicing Implementation
  - Review Component Implementation Plans quarterly
  - Report updates/risks to DoD leadership
- Collaborate:
  - Collaborate with stakeholders (Treasury, Components, Other Federal Agencies, and Vendors) to disseminate information
  - Facilitate various working groups with different stakeholders to discuss, educate and inform users on G-Invoicing and IGT topic areas
- Enhance:
  - Develop policies to address gaps in IGT process
  - Develop long-term strategy to assist in G-Invoicing strategy
  - Develop corrective action plans to remediate IGT findings

Ms. Ajadi continued briefing the group on historical challenges with intergovernmental transactions. Over the past decade, the DoD Inspector General and GAO have reported findings where IGT contributes to on-going material weakness. The primary causes for the material weakness are the following: Systems are not configured to capture intradepartmental transaction-level data, lack of periodic IGT reconciliations with trading partners, use of top-side adjustments without transaction-level supporting documentation, lack of IGT data standards, and decentralized DoD Components operating independently. As of December 31, 2021, DoD booked approximately \$67B in unsupported journal vouchers related to IGT eliminations.

Ms Ajadi explained G-Invoicing is a long-term solution led by Treasury for Federal entities to manage their intragovernmental buy/sell transactions. G-Invoicing provides data standards for both governmental parties to record agreed general terms and conditions (GT&Cs), process orders and settle funds. Ms. Ajadi reviewed the mandated implementation timeline. By October 2022, all new IGT orders must be recorded in G-Invoicing. Any existing orders not settled by October 2023 must be combined into G-Invoicing by that time. As of October 2022, Components doing business with non-DoD Federal trading partners who are G-Invoicing capable will have to use the Treasury G-Invoicing “User Interface” method to enter new orders greater than \$10K.

Ms. Ajadi reviewed projected G-Invoicing deployment dates for Components. The FMPR IGT team tracks entry of general terms and conditions (GT&Cs) into G-Invoicing monthly via an Advana Dashboard. Ms. Ajadi showed a breakdown of March G-Invoicing data by DoD Components involving over \$267 billion.

Currently, Interfund transactions are excluded from G-Invoicing. Components will have to rely on legacy processes until a decision is reached as to path forward for interfund transactions and whether they are in-scope for G-Invoicing. DOD Components and OUSD(C) actively participate in Treasury’s Interfund Working Group where Treasury and participants explore a path forward for how to handle Interfund.

Mr. Selester Copeland commented his appreciation for a forum bringing experts from the logistics and financial management sides to the topic of G-Invoicing. Mr. Copeland said G-invoicing has mostly been worked in forums looking at the acquiring of goods and services from a financial point of view. He sees gaps in G-Invoicing for many common logistical internal controls and accountability. Mr. Copland encouraged logisticians from all levels of OSD to become very involved in G-Invoicing from this point going forward if G-Invoicing is expected to help mitigate audit findings as well as operational gaps. He noted there's a lot of work to be done to integrate G-Invoicing with supply chain and regulated logistics.

#### **b. G-Invoicing Implementation at GSA**

Ms. Gail Bruss, GSA’s Project Lead, briefed the group on G-Invoicing implementation at GSA. Ms. Bruss presented a visual depiction for the phased deployment of G-Invoicing for GSA programs. While manual business lines are progressing to be ready by October 2022, certain GSA business lines have target implementation dates over the next couple years. Ms. Bruss explained that GSA is delaying implementation in these areas because they need time to have their financial system updated along with follow-on updates to the feeder systems. Adjustments

take time to figure out how to fit these business models into G-Invoicing. For instance, the vehicle fleet services business model operates on an initial service agreement that does not require monthly renewals, but bills monthly over the service term. In terms of timing, GSA is dependent on their financial system incorporating three G-Invoicing workflows: Seller facilitated Orders, Constructive Order Acceptance, and EZInvoice. GSA needs the ability to continue using Intergovernmental Payment and Collection (IPAC) after October 1, 2024, for continuity purposes.

Ms. Bruss also discussed negative supply impacts that would have occurred related to the initial G-Invoicing requirements. GSA, and other stakeholders, worked with Treasury to develop the EZInvoice approach to provide better data than IPAC, but less burdensome than full G-Invoicing. When it comes to the development of supply solutions, Ms. Bruss proposed the following assumptions be accounted for:

- Customers continue to use same ordering portals
- Average customer has little accounting knowledge
- Data required for EZInvoicing could be derived from a middleware or interface

GSA is also currently working with DLA and Treasury to develop a supply solution that serves supply customers and still meets Treasury data needs.

Mr. Copeland complimented Ms. Bruss on her presentation. He stressed it as an example of the need for logistics to ensure the front-end ordering systems need to integrate into the ordering controls G-Invoicing considerations. The work of ensuring an order is compliant with financial audit will occur in the ordering systems, not later in G-Invoicing.

### **c. G-Invoicing Implementation at DLA**

Mr. Michael Lane, DLA G-Invoicing PM, briefed the current state of G-Invoicing implementation as context for future discussion on interfacing Interfund with G-Invoicing. Mr. Lane reinforced prior briefs on the importance to have GT&Cs recorded by October of this year so that orders may be processed in the coming fiscal year. DLA is undertaking G-Invoicing in two phases. The first phase is focused on the development of a tool to simplify the transition from Military Interdepartmental Purchase Requests (MIPRs) to development of GT&Cs, with a target implementation of October 2023. The second phase targets updating DLA's ERP to support the remaining G-Invoicing steps (Orders, Performance, Receipt & Acceptance, and Settlement) targeted for October 2024. For DLA, the current transaction level involved is \$12B of inbound orders and \$1.5B of outbound orders.

Mr. Lane emphasized the purpose and importance of G-Invoicing implementation from a Federal Government perspective, including the Federal Government's inability to adequately account for intragovernmental activity and balances between Federal entities. He reviewed the DoD's report on causes and corrective action to address material weaknesses tied to timely, matched accounting of orders. Mr. Lane reiterated that G-Invoicing is the solution to improve the quality of IGT data. G-Invoicing adoption moves DoD to a common language and standards with the rest of the Federal Government, making it easier to communicate and match up with Federal trading partners. Mr. Lane highlighted the benefits of G-Invoicing include improved quality and

reliability of buy/sell data, reduced adjustments, simplified reconciliation and elimination, and improved transparency.

Mr. Lane explained why G-Invoicing is so important to DLA is the agency's role as the IGT 'engine' across DoD for transactions currently settled at Treasury via IPAC (i.e., significantly the highest annual dollar amounts). Proper G-Invoicing implementation is critical to DLA's cash solvency (~ \$13B at risk). During the first year of implementation, DLA anticipates over 50,000 inbound orders that must be properly supported by a GT&C. Mr. Lane noted DoD is the driver of Federal material weakness based on IGT eliminations, so DLA's system solution must include internal G-Invoicing controls.

Mr. Lane presented how DLA is defining system supports for the four main G-Invoicing process steps whether DLA is the buyer or the seller. In either role, ServiceNow will facilitate GT&C data to G-Invoicing, and EBS will communicate data for the rest of the processes via the GEX gateway. Mr. Copeland asked about the slides representation of buyer/seller GT&Cs applicability within the same Treasury Account Symbol (TAS), which would not need to be entered in G-Invoicing. Mr. Lane clarified the slide is representing the capability of DLA to be either the buyer or the seller. Only if a two separate TAS accounts within DLA were involved would DLA be both roles for an IGT.

Mr. Lane shared that an announcement should be expected around the end of this summer for the launch of DLA's minimum viable GT&C tool for customers to use. The remaining capabilities of the tool are targeting release around December of this year. DLA has already trained over a thousand employees on G-Invoicing but will be ramping up more training as documentation solidifies ahead of launch. Mr. Lane addressed how DLA's POAM, tackling many notices of findings, currently foresees April 2024 as a realistic date for DLA to have G-Invoicing supported for orders through to settlement. For this reason, DLA shares GSA's concern about Treasury's announced plan to shut down the bulk IPAC process as of October 2023. Mr. Copeland asked if DLA needs some of the same allowances provided GSA and the Government Printing Office (GPO) in the Treasury memorandum sunsetting IPAC. Mr. Lane recalled that the Treasury memo allowed GSA and GPO to implement supported G-Invoicing alternatives (i.e., EZInvoice), but did not grant extension of IPAC for those agencies. Ms. Bruss concurred with Mr. Lane's description of the situation, and stressed GSA's concern over the IPAC sunsetting before the last GSA business line can complete the transition in 2024. DLA and GSA are in discussions with Treasury about extending retirement of the bulk upload feature, as the IPAC manual user interface is not considered capable for high-volume business lines to bridge the G-Invoicing implementation gap of either agency.

Mr. Lane shared key treasury information. He encouraged anyone interested in the standards and agency implementation status to visit the Treasury's G-Invoicing Website <https://www.fiscal.treasury.gov/g-invoice/>. DoD's milBook site is another good clearing house on DoD's G-Invoicing information <https://www.milsuite.mil/book/groups/intragovernmental-transactions>. DLA maintains an additional resource for documents, training, and a calendar <https://www.milsuite.mil/book/groups/dla-g-invoicing-project-information-page>

#### **d. Interfund and G-Invoicing**

Mr. Davis, FPRC Chair, briefed the group on the developing relationship between Interfund and G-Invoicing. He recalled very early on in G-Invoicing efforts; the focus was on MIPR type buy/sell transactions. As Interfund is exclusive to DoD, and a few civilian agencies selling to DoD, G-Invoicing excluded trying to work on Interfund to keep focus.

Mr. Davis laid out how early in 2022 participants from Treasury, OUSD(C), DLA, GSA, and DEDSO started discussions around Interfund reporting to Treasury. Treasury is looking to retire the SIBAC reporting interface used by Interfund. Mr. Davis indicated discussions looked at what would be a better Treasury system and what would be the proper level of detail to report. Mr. Davis noted that the processes and requirements of Interfund and G-Invoicing do not neatly align. A challenge for a focused team working ideas to integrate Interfund into G-Invoicing is how to get the data and controls aligned without radically, negatively impacting the supply community. Mr. Davis hopes future PRCs will see a consensus solution develop.

#### **e. Fund Code XP Discussion**

Mr. Paul Macias, DEDSO support contractor, provided a high-level overview of the situation with fund code XP regarding G-Invoicing requirements. Mr. Macias explained, any transaction between Components citing a non-Interfund fund code (e.g., fund code XP), technically, is not supposed to have been exempted from current G-Invoicing requirements the way Interfund has been.

Mr. Macias acknowledged that while Interfund is required where Components have the capability, not every DoD activity is capable (e.g., OSD Agencies or “H-series” activities) and select sales/services to agencies are mixed in the supply process as non-Interfund. Mr. Macias noted this slide is intended to provide awareness that the stakeholders working on Interfund alignment with G-Invoicing are mindful of the need to solve auditability for DoD supply transactions identified as non-Interfund.

Mr. Copeland asked if fund code XP is used between governmental entries. Mr. Macias does not know the depth of this use but does understand that non-Interfund is executed between Federal entities. Mr. Copeland noted any Federal trading partner allowed to participate in the end-to-end Military supply process should be held to the same requirements of any other entity using the supply processes supported by Interfund.

#### **f. G-Invoicing Open Discussion**

Mr. Davis opened discussions from all attendees for any additional questions/concerns related to G-Invoicing.

Mr. Ken Latta inquired about the original Treasury bulletin requirements relying on humans making the agreements, compared to the Supply system relying on DoDAACs to engaging in transactions. Mr. Copeland pointed out that the original term “agreement” comes from U.S.C. 1535. He noted interpretation of an agreement has been used to mean a document like Inter-Agency Agreement, GT&C, Memorandum of Understanding, etc., while others have applied it to the MIPR, Orders, 7600B. As Treasury defines an agreement as the GT&C, Mr. Copeland recommends when updating policies and procedures around IGTs of all stripes, the language of agreement should be standardized on the GT&C between two trading partners. Mr. Copland

advocated for a more matured view of acquiring goods and services as a seamless integration of supply and financial process steps. Mr. Latta returned his concern of counting a list of DoDAACs as having de facto agreements, when it is really a list of authorized participants in a system. Copeland agreed the way participants have been identified is not good, but DoDAACs do have a logistics accountability role that logistics needs to make understood and incorporated with the proper controls into G-invoicing.

Ms. Bruss reflected on GT&Cs being new to the DoD requisitioning process, but that GT&Cs establish the agreement between two parties. DLA and GSA did not resist adding GT&Cs as requirements to business lines that had not required them before. It is the establishment of the relationship and should not dictate the dollar amounts involved in orders. Mr. Lane agreed that DLA supports GT&Cs at the highest level between trading partners to encompass as wide a scope of applicable terms so that various orders can be linked back to the relevant GT&C between the parties involved. He cautioned that GT&Cs at lower levels could result in thousands of GT&Cs and make it very difficult to identify which GT&C is applicable.

Mr. Macias raised a question about who has the authority to connect DoDAACs to GT&C so the supply system (or intermediary system) knows where an order lines up with a particular GT&C. Mr. Copeland answered that it is the responsibility of the commanders. Title X establishes who is self-sufficient to adjudicate and manage resources, and thus has authority to enter into agreements.

Mr. Eric Flanagan, DLA, recalled at a Finance PRC meeting of 2011, Treasury presented on IGTs. He relayed from that session; Treasury's presenter advised all agencies to understand their inventory of reimbursable agreements to understand which ones would best fit the interagency agreement. The final point Mr. Flanagan shared from that Treasury presentation noted the recommended solution that was not a good fit for high volume, low dollar transactions between agencies. Mr. Flanagan concluded noting how GSA's business lines not close to the standard solution have further implementation dates as alternatives are being developed to facilitate their business process into G-Invoicing. DoDAACs have shared meaning across the government, and when having proper authority to requisition is the basis for a source of supply to issue materiel. Mr. Flanagan recommended agreements be from one agency and another agency. The supply process is not like services to fill a defined need, from a specific program, for a set period. A valid requisition, from an authorized activity needs the source of supply prepared to be filled. Mr. Flanagan concluded by referencing Treasury's 2011 statements that it is up to the logistics community to understand the business and determine compatibility.

Mr. Lane followed up acknowledging Treasury has made clear their intention to move DoD away from Interfund. So, the question now is how to make that transition happen most strategically. The DoDAAD issue is a critical issue as it used to be a mandatory element that Treasury eventually removed. That led to discussions about coopting fields to represent DoDAACs as secondary references. Mr. Lane noted how DoDAACs are key drivers in the supply process and needs to be put back to make sure a DoDAAC is there every time. Mr. Copeland agreed and noted that the DLM 4000.25 process is used far beyond just DoD to include Federal agencies, corporations, and foreign governments. Mr. Copeland sees those processes need to remain largely the same but re-engineering the backend reporting to Treasury

must be updated. He believes the Treasury reporting and general ledger accounts can be improved with automated reporting that includes more complete and timely data.

Ms. Bruss analogized the situation to online shopping with the cart representing supply chain management and needing to find a way to integrate G-Invoicing as the payment process. Mr. Copeland added that what is missing in the analogy are controls to manage up front who, what, where when and why so they can be linked to the how much.

Ms. Bruss asked where in the G-Invoicing data fields should the DoDAAC reside. Mr. Lane responded that it was originally in the cost center field but is unsure if there is a clear candidate field available. It was then mentioned that the Unique Enterprise Identifier (UEI) field was the most recent suggestion for capturing the DoDAAC in G-Invoicing. Ms. Bruss questioned if that field's business rules would be too restrictive for a DoDAAC, but encouraged the discussion continue. Mr. Copeland advised steering away from UEI as it was created for non-Federal entities.

Ms. Kristen Humphrey, OASD(Acquisition), noted in the FIDS order structure there is a requesting agency address activity code and a servicing agency activity address code field, which she believes is what Comptroller put forward when entities be DoDAACs. She recommended Comptroller revisit the issue with Treasury. Mr. Copeland called for a memorandum to make explicit exactly how to enter DoDAACs to ensure it is consistent.

### **Meeting Wrap Up**

Mr. Davis wrapped up thanking all presenters and participants for their contributions. There are no outstanding action items from today's meeting. Upcoming PRCs are tentatively scheduled as follows:

- Finance- November 2022
- Supply PRC- July 2022, December 2022
- Supply Discrepancy Reporting (SDR)- October 2022

Mr. Copland asked that the Finance PRC participants be consolidated into a contacts list to be aware of DoD policy and process developments. Mr. Davis will work with Mr. Copeland on making that happen.