21 October 1986

Accts Payable {Bill / Mary Ann

MEMORANDUM FOR: CLAS Team Members

STAT FROM:

SUBJECT: Revised Version of Q's and A's

    1. Attached is a revised version of the questions and answers we went over last week. I have indicated changed portions by sidelining the new material in red. After receiving your comments on both versions, I will produce a final copy.

    2. Thanks for your cooperation and patience.

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D-R-A-F-T

21 October 1986

Questions and Answers Concerning CLAS Evaluation

The responses to the first 27 questions were obtained at a meeting with the CLAS team leaders and the entire Inventory team held [   ] on 15 October.

CATALOGING

1. How does the description of stocked items in the ITEM DEFINITION file differ from the description in the ITEM MASTER file?

The ITEM DEFINITION file contains a number of data elements unique to the purchasing process just as the ITEM MASTER file has a number of data elements unique to the inventory process but both files have a number of data elements in common. The common data elements have identical characteristics, i.e. same name, length, etc.

2. Is there a corresponding category in the current inventory system for what MSA calls recurring items? Could stocked and recurring items be described in the same fashion?

Yes, the current system would categorize virtually any item that was carried in the federal stock catalog as a "standard" item. Under the current system, however, it is not customary to set up a regular schedule for making direct purchases of non-stocked items, which is the nature of the recurring items in the MSA system. Both stocked and recurring items are described in the same fashion under the current system because both are listed in the federal stock catalog, as indeed are many "generic" items as well. (Some 70 percent of the present activity within ICS is represented by one-time buys.) (Under the current system, a "WASH" number is added to every item based on the federal supply class. This is apparently to wash the transaction through the financial system using the 1711 stock account.)

3. Does the GENERIC description offer advantages over the current system of describing nonstandard items that are not stocked?

Yes, to the extent that such descriptions can be of any length and are incorporated in the system and so can be recalled without having to do any rekeying. (Presumably this feature would make the system more "user friendly" although, by itself, it would not provide any safeguard against having the same item described in two different ways).

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4. The example is not clear to me: Does the first entry "PRT 250 914 1 00 A" include the LSAC? If not, where is the LSAC carried in the current system?

Yes, the entry "914 1 00 A" represents the LSAC. In the proposed new LSAC the location portion would be reduced from three characters to a single character (there are only two warehouse locations currently)

5. What additional features, if any, would be needed in the MSA system to accommodate the Federal Stock Number as well as the LSAC?

The Agency has no interest in adopting the Federal Stock Number (FSN) as the master control number for its stock because only about 15 percent of the items that are handled by the present system (based on the activity of the past 12 months) are listed in the federal stock catalog. It is planned, however to include the FSN in the record of every item that has one. Logistics does not plan to seek a modification of the MSA STOCK NUMBER field -- by extending it from 15 to 18 characters so that it could accommodate the present ICS stock number of 13 characters plus the LSAC of five characters -- because that would obviously require a change to virtually every module in the MSA system.

6. Could MSA standard reports be easily modified to include the free text description if it were specifically requested? Do ICS standard reports provide for the 300-character item description?

Yes. Using the Information Expert language to generate reports, any information included on any screen can be easily incorporated in a report specified by the requester. Most ICS standard reports use an abbreviated form of the item description, usually either a 20-character version or a 60-character one.

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7. Is this SHORT NAME LOOKUP feature seen as a significant advantage or is it simply a nice-to-have?

The SHORT NAME LOOKUP feature is a definite advantage because it allows the user to express his needs pretty much in his own terms. The tables that contain the synonyms or definitions that the user must eventually use to make his request will, of course, have to be built so that the users' argot is included but this is a process that continues indefinitely, and once a term is added to the system it will remain there until purged. This feature is an essential element of the MSA system which transfers responsibilities as well as capabilities from the logistics professionals to the users.

8. Why would the GENERIC description feature be used for recurring items? (See 2 and 3 above)

As noted in the answer to Question 2, the current practice is to check the federal catalog first to see whether the item has a standard description. Under the MSA system, the user would be able to ask for items using his/her own term to describe the material and situations could arise where the same item was described by two different names. (I am not sure that I have this right. If so, it seems to me that the SHORT NAME LOOKUP could be designed to detect duplications and provide a means for eliminating them in instances where a search for recurring demand is made.)

9. Is the cataloging of entries by cognizant offices an advantage and would it reduce the workload for Logistics?

The cataloging of entries by cognizant offices would surely reduce the workload for Logistics because it would transfer a job that is now done by the Logistics officer to the user. Having the cognizant offices do their own cataloging for items that they control could have at least two beneficial effects:
      a) it would force the cognizant offices to monitor their own logistics activities more closely.
      b) it might give the cognizant offices a sense of being more responsible for their stock.

10. Are technical offices different from cognizant offices? Who is included in each category?

For all pracitical purposes these two terms are synonomous in this paper. There are some 38 cognizant "offices" in the current system, many of them of branch size. The principal major operating components that have cognizant elements are Logistics, Commo, OTS, OMS, and PINS.

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General: Has the MSA manufacturing system been used by any other
federal government agency for cataloging a large inventory of
diverse material?

   No, however there are a substantial number of state and local
governments that use the MSA system and several members of the CLAS
project will exchange views and experiences with these people at a
convention in Denver the week of· 20 October.

REQUISITIONS

11. Is this interface between manufacturing and purchasing embodied in the modification proposal #1 on page 35? If so, why not cross reference it?

Yes it is. No cross referencing to the proposed modifications was done because the teams were not asked to include such information in their individual submissions.

12. Is it correct to assume that under the current system any requisition data can be changed after procurement action has been initiated?

Once a procurement action has been started under the current system, a formal amendment process must be invoked in order to make any changes but making an amendment is less cumbersome than cancelling and re-entering the data.

13. How would this proposal to modify the requisition number affect the effectiveness of the current material requisition system?

Modifying the requisition number would make the system somewhat simpler to operate. The reduction of two characters in the requisition number field would be achieved by using only one digit to represent the calendar year and shrinking the sequence number field to two digits. (There was some discussion as to whether the year was calendar or fiscal but it would seem more logically to be the former. In any case it might be wiser to reduce the customer number from four to three characters rather than to have just one position for year which limits the timespan to a single decade.)

14. Has there been any estimate requested or made to extend the MSA transaction code?

The MSA transaction code does not support financial adjustments at all and has a much more limited ability to effect inventory adjustments. While there has been no attempt to determine what type of modification that MSA would have to make in order to approximate the transaction codes in the current system, it seems clear that it would involve a major change to the system.

15. Is it possible to use a "standard default" for the customer to identify the appropriate purchasing organization? Is this the same point addressed in the final sentence on page 6 of the evaluation?

Yes, and Logistics has already considered having such a feature incorporated in the MSA system. The identification of the Logistics element that would serve this function is still under consideration by Logistics senior management. This point is addressed under Policy/Responsibilities on page 6 of the evaluation.

16. Is the SHORT NAME LOOKUP feature of the MSA system judged to be more efficient than the research tools available under the current system?

Yes, by a wide margin. (See the answer to Question 7.)

17. Is the comment in 4A covered by the proposal #6 on page 36 of the evaluation?

Proposal #6 actually addresses only the first of the two solutions mentioned in paragraph 4A on page 7, namely the "modification to allow changes to the buying entity code...."

18 What must the link between requisition and inventory alluded to in comment 4B accomplish and why can't it be defined as yet?

At the moment MSA has no link between the inventory and purchasing packages and there is a need for some type of "black box" to connect these two modules. There has been no attempt yet by the CLAS project team to define Agency requirements in this area.

19. Are the proposals for additional information noted in comment 4C all incorporated in the proposals listed under #2 on page 35 of the evaluation?

Only the initial segment of Proposal #2 (the part labelled "Requisitioning") is related to the comment 4C on page 7.

20. Does comment 4D relate directly to proposal #8 on page 36 of the evaluation?

Proposal #8 focuses only on the capability of having requisition vice line-item approval whereas the comment in paragraph 4D appears directed to the issue of providing for approval by more than one authority.

INVENTORY

21. Is the present system of placing stock issues in process more "automatic" than the MSA system, i.e., does "manually allocating" mean that the item manager must take some specific action to select a substitute stock item or release back orders when a stock item is received?

Yes, the current system does appear to have default conditions that relieve the item manager of manually substituting allocations every time an item in the primary stock has been depleted. (It is not clear whether the MSA system could be modified rather easily to have that same capability.)

22. Where does the item manager get the information under the present system? Is the "Information" referred to the description of what is already in the inventory?

The MSA system would be much more efficient and rapid because the information that the item manager now must gather from assorted forms and hard copy references would be available on-line in real time. The tools like the SHORT NAME LOOKUP and the inquiry screens that provide access to all the forms used in the cataloging, inventory, and requisitioning process (not to mention receiving and distribution) would all be literally at the item manager's fingertips via his CLAS terminal.

23. Is it correct to assume that the track of stock by warehouse location provided by the MSA system is an advantage over the present system of simply tracking total quantity on hand?

Yes, the identification of stock by precise location would be a significant advantage over the current system. (It should be noted, however, that the current system is not used to its full effectiveness now because the data are not kept completely current.)

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24. Is it possible to estimate the <u>net</u> effect on the Inventory Manager's workload? Does the impact noted in 3A(1) directly relate to the proposal #7 on page 36 of the evaluation?

The net effect on the Inventory Manager's workload is almost certainly to reduce it although it is not possible to make a quantitative estimate without running some test cases. Proposal #7 directly responds to the suggestion noted in paragraph 3A2 on page 9.

25. If cognizant offices took on the work of requisitioning replenishments, would this result in a net reduction of workload or would it simply be a transfer of work from Logistics to the cognizant office?

While it would of course reduce the workload for Logistics, it would also reduce the net workload simply because there would be an elimination of the rekeying of data and much less verification by all elements that are now comparing documents that have been recreated.

RECEIVING

26. What other purposes than receiving do the Supply Action Files serve? Is there some function served by the Supply Action Files that the MSA system cannot perform?

The Supply Action Files contain all the hard copy documentation associated with the procurement of the item being handled by the depot personnel. Most of this information would be available in elctronic form under the MSA system. (It appears that there are a few items of information in the Supply Action Files concerning item handling that are not available in the current CLAS configuration but I am not certain what these are.)

27. How are purchases for incorrect material detected using today's receiving process? What additional check is available?

Under today's procedures, the receiving clerk compares the original requisition with the purchase order, the vendor's invoice, the packing slip, and the item itself. If the purchase order is different from the requisition, he/she can attempt to make an adjustment at that point. Under the CLAS system, the receiving clerk will match the vendor's packing list against only the purchase order so there will be no double check against the original requisition. If the purchasing official alters the requestor's order incorrectly, the receiving official will not be able to detect that error.

The answers to questions 28 through 49 were obtained at a follow-up meeeting with the same cast held at Page Building on 17 October.

DISTRIBUTION

28. Why is a hard copy document needed to track an item through distribution? Could some type of bar-code identifier be affixed to an item and the tracking be accomplished by terminal?

If there are sufficient terminals at the depot and there is some means of affixing an identification to the item being tracked, it would be possible to track any item through distribution without utilizing the moving document that now accompanies all material as it transits the warehouse. (At the moment, however, there does not seem to be any satisfactory alternative to the relatively bulky movement document. The current plan is to affix a bar code to the movement document itself.)

29. Is there some form of "indirect" tracking and, if so, what is it?

No, there is no tracking of any type (neither indirect or direct) for non-stocked items once they have passed the point of receipt inspection.

30. Isn't the system modification mentioned in comment 4B covered under proposal #2 on page 35 of the evaluation?

Yes.

POLICY HIERARCHY

31. Strictly speaking, isn't this topic not a "function" of logistics activity but rather a methodological approach used by MSA to build its system? It would be clearer to me if the section were used as an introduction to show the overall philosophy of how the MSA system is designed to operate and how that compares to the present system.

32. The explanation of major differences is fine as far as it goes but it does not address all the points covered in the MSA policy hierarchy.

The policy hierarchy is the heart of the MSA System concept of defaulting to the norm. In order to take advantage of this feature for the procurement process, there must be an effort to normalize as much as possible the procurement actions. MSA tracks line-item rather than total action. The software application is applicable to simple types of actions for the entire procurement function.
The current system, CONIF, is for the storage and retrieval of the total history of an agreement, a contract, and/or a contractor. Total history would include basic data (selected in total, or in a combination of selected data elements appropriate to a particular information requirement) concerning a contractor, basic agreement, or any type of procurement instrument.
The current system restricts access to data relative to the organization to which the user is assigned, therefore even though the user may have access to a screen, he can only input and/or update information concerning the organization he is assigned to. The MSA System allows the update of any organization data if the user has access to the screens used for input and/or update. OIT has to explore this restriction capability because of the sensitivity of our work.
The current system, CONIF, has daily batch interfaces with GAS and ICS. The following data are transferred between systems:
     a. CONIF receives commitment data from GAS.
     b. CONIF validates present commitments and sends obligation data placed in a hold file until GAS sends a commitment to CONIF. Obligations are based on properly executed unilateral and bilateral purchase instruments including amendments.
     c. CONIF sends expenditures to GAS.
     d. CONIF receives line detail ordering/receiving information from ICS.
     e. CONIF sends line detail payment information to ICS.
CONIF also has EFT for the payment of vendors

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(Is there any way that the MSA system can be manipulated to provide information on a procurement-instrument rather than a line-item basis? At least for history purposes, could you establish a separate file that had an identifier for the contract or contractor and then associate each line item to that unique identifier? For that matter doesn't the MSA hierarchy allow you to operate fairly easily at least at the contract level if not the contractor level?

It seems to me, based on a conversation I had some time ago with Bob Hunt, that the MSA security structure ought to be able to accommodate our requirement for need-to-know, at least by allowing us to use security packages like ACF2 to supplement the MSA features. I"ll admit, however, that I don't have a very clear picture of this issue.)

33. I don't understand the point of the second portion of paragraph 4A on concerns. Has it been explored with MSA whether or not a mechanism could be developed to link a number of addresses and even names to a single vendor? Are there no corollary cases in the commercial world for obtaining goods from a specific branch or plant of a large corporation?

Yes. This has been discussed but not in detail with Ladd Shinn and he seemed to think it was feasible to have multi-addresses by adding a new file with a link to the main file.

34. Is this proposal for storing multi-addresses for vendors the same as the one numbered 5 in the proposals section on page 36 of the evaluation?

Yes. There is some idea of using the Small Purchases Branch as the testbed for seeing how well this type of procedure would work.

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PREAWARD

35. When does a buyer create a vendor quotation without first creating a Request for Quotation? Which is the more usual case in the Agency?

This was looking at a short cut for telephone RFQ's and price comparisons. The aim at looking at this was to be able to track results of RFP's. Because of the proposal for decoupling the word processing for all documentation, except for SPS actions, until such time as the MSA software has the download/upload capability to PC. Most often RFP's are based on a memo from the COTR followed by a requisition.

36. What additional capability is needed for the complex RFQs and what is the ratio of complex to non-complex?

FY86   55% of the competitive proposals (Series 1 and 2) were complex and represented a total value of $800 million.
FY85   38% of the competitive proposals were complex, representing a total of $400 million.

This does not include SPB actions

37. How many quotations are normally received from a vendor in a single call? How are they recorded now? Are they recopied onto another form under current practice?

There is no real tracking capability as the process is manual and to give an accurate quantitative answer would require an extensive research effort, but based on negotiators' experience the average would be 5.

38. Is the proposal in Comment 4A reflected under #3 on page 35 concerning the requisition document?

Yes. This is reflected under 3 and 4 of the possible/probable modifications. CSAD currently has a proposal tracking system that requires a "cradle to grave" capability to follow all proposals and this system incorporates multiple addresses for a single contractor. In a number of cases, A&CD has a similar requirement for this information.

39. Is the proposal in Comment 4C covered by #6 on page 36?

Yes.

PREPARATION OF DOCUMENTATION

40. Why is it necessary for the Agency to be able to split the line of a requisition among different buying entities?

This is being covered under #5 on page 36 of the modifications. I called ICS to get the statistics on how many requisitions they received for FY86 that had more than one buying entity per requisition. They were unable to give me these statistics. (According to one of the Inventory Team members, it is a fairly frequent occurrence to have more than one buying entity per requisition.

41. I don't understand why an original copy cannot be printed if receiving is done before the procurement instrument is printed. What can be printed and how is it labelled?

When an item is received, it closes the line on the purchase order. The logic of the system is:

> a. When you create a purchase order, you change the status to PRINT (code 5). The printing of the purchase order is a batch process and is done at night when the system is down.

> b. If receiving is done the same day the purchase order is sent to print, it automatically changes the print status to closed (code 9).

> c. In order to get a copy of the purchase order, you have to return an item to reopen the purchase order. You can then change the print status to reprint (code 6). Once the purchase order is closed and you do a reprint, it is never the original, even though the purchase order was never originally printed. The reprint status is done at night and the next day you have to receive the item again so the purchase order status will become closed again.

(In discussion of this topic on 17 October, it became clear that the labelling of an "original copy" refers to the markings placed on the output by the MSA programs, which presumably could -- if necessary -- be modified according to some user-specified rules. Mr Wallace pointed out, however, that the receiving of an item is unlikely to occur before the purchase instrument is printed when the ordering is done on-line.)

42. Is there a net increase or decrease in the input job using the MSA vice the current method?

In time there would only be one system requiring input, thereby eliminating the input to CONIF and WANG. (This would result in a substantial decrease in the input job.)

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43. How large is the AF contract number? Why not get an estimate from MSA of the cost of making a change in the size of the procurement instrument number?

The AF number is 12 digits and the decision of whose contract number to use for classified contracts has not been made. It is still being studied.

44. Why is the ability to track cost type actions an unknown at this time?

(Finance is still working out the procedures for tracking cost type actions. It is thought that the MSA system could probably be jury-rigged to accommodate the Agency's accounting requirements, but more work must be done in this area before a definitive answer can be given.)

POSTAWARD

45. The lack of a complete history of the changes made to a procurement instrument does appear to be a significant weakness. Has a proposal been made to MSA to see what the cost would be of adding such a capability to the system?

(The proposed modifications listed on page 35 -- the items titled Purchasing and Payment under #2 and all of #4 are designed to increase the history capabilities of the MSA system.)

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VENDOR PAYMENT

46. The menus listed add to 41 vice 40.

The total should read 41 but this is a moot point given the enhanced capabilities of the 5.0 version of the Accounts Payable module.

47. Is the difference of level at which the data are collected in CONIF and the MSA system viewed as a plus or minus for the MSA system as far as Finance is concerned?

Again, this is a moot issue in light of the later version of the Accounts Payable package.

APPROVALS

48. It is not clear that hard copy is necessary for either coordination or approval if a secure password system is used instead. Also audit would not require hard copy so long as a complete history file is maintained in electronic form.

(This is a comment rather than a question and calls for no response from the CLAS team.)

49. Again, it is not clear that hard copy is required for execution of a legal purchase instrument.

This, too, is an Audit comment that needs no response.

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