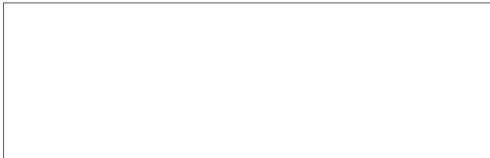




September 16, 1986

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Dear 

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This will confirm our conversation of 9/15 concerning the items set forth in my letter of 9/10.

- (1) Your finance people will be permitted to access AP 5.0 at our Alexandria Office. You should contact our Mr. Bob Hunt, who will make all necessary arrangements. This version operates stand alone (no integration with Purchasing) in a VSAM environment.
- (2) There will be no planned budgetary calls in Purchasing 2.0. Although such calls are being considered by our development people for a later enhancement, no firm plan or schedule exists presently.
- (3) The Electron's Funds Transfer (ETF) used by the FBI and HUD in AP 3.4 will be available in 5.0. This is described on the attached document, titled "Wire Transfers."
- (4) We have developed a method for tracking cost plus type contracts using the Purchasing System. This is described on the attachment entitled, "Tracking Cost Type Contracts." I will demo this technique during my visit on 9/29.
- (5) I have spoken with numerous people concerning realtime printing of P.O.'s. It appears to be a very complex task that at best has some technical pitfalls. However, there may be a relatively simple solution based on operating procedures. The Purchasing System Data Processing Guide provides the key. The Purchasing files must be closed to CICS while running program PSCB 4000. This job pulls P.O.'s from the PSFM 100 file and builds the PSFM 900 (P.O. print file). Information Expert (IE) is used to print out the PSFM 900 file. This can be run concurrently with CICS. Therefore, the files could be closed to CICS for 15 minutes at lunch while the print file was being prepared. Orders created in the AM could be printed after lunch. By organizing those orders that had to be reviewed in draft form prior to release, the entry, review, and release cycle could be done without delay.

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- (6) The Purchasing - Mfg. interface may be easier than we originally estimated. At such time as the project is a formal "go" we should reexamine all potential system modifications to insure there is a mutual understanding of the required scope.

Very truly yours,



John M. Holmes

JMH/js

STAT

cc:

R. Hunt

WIRE TRANSFERS

Wire transfers are used as another means of disbursing funds to pay accounts payable liabilities. The Accounts Payable System facilitates the use of wire transfers in the following manner. The key to proper accounting for wire transfers is segregating cash that will be disbursed for wire transfers, printing a facsimile "check" as an audit trail, and generating the proper accounting registers to report and control the cash disbursed. The recommended procedures are as follows.

You should designate a separate bank as the bank to be used for wire transfer funds. The use of a separate bank account allows you to segregate the funds to be disbursed by wire transfer on both the Prepayment Register (AP3730) and the Bank Balance Requirements report (AP3732). The use of a separate bank account will also accumulate wire transfer funds on one Check Register (AP4530). You can then establish a unique series of "check" numbers for wire transfers within this bank and print the facsimile check on regular paper stock. The checks printed on the regular paper stock will then become a permanent record of the wire transfer transactions and create an audit trail between the issuing parties and the Accounts Payable System.

The separate bank account then becomes the key identifying factor for invoices to be paid by wire transfer of funds. The separate bank could be coded at the Vendor level, therefore stating that all invoices for this vendor are to be paid by wire transfer out of a specified bank account. The wire transfer bank account can also be coded in both the Invoice Header (IA) and the Batch Header to identify wire transfer invoices. The separate bank would be coded in the cash field of the Invoice Header (IA) and would serve to override the normal cash disbursement default hierarchy. The same feature can also be employed in the Batch Header to pay all items in the batch by wire transfer. As an additional identifying feature, you could encode the words "wire transfer" in the remittance message field of the Optional Invoice Header (IB). This message would then appear on the facsimile checks printed by the System. The General Ledger account distribution entries for wire transfers are generated in the same manner as a normal invoice.

TRACKING COST TYPE CONTRACTS

The following operating routine assumes a client wishes to track the monthly financial data under a cost plus fixed fee contract containing a 15% hold back on invoiced cost. This method will apply to all cost reimbursement type contracts.

In order to segregate this type order from normal purchasing activity, a separate buy entity should be established; ie, COST. The buyer(s) authorized to issue cost contracts are set up in the normal manner. The IDF file is then created with four items. One each for cost, fee, holdback and a generic description cost type.

For every cost type contract, two orders would be entered in the system. First, an order is created using the generic description. Basically, you are "buying" one (ea) cost type contract for a total (cost and fee) dollar amount. Item comments would be used to detail descriptions and reference, as needed, other documentation.

Next, a second order using the same number with a prefix (C) in the first position is set-up. There would be three line items for each "C" prefixed order. (This order would never be sent to the supplier - it is for tracking purposes only.)

Line number 001 is for cost, line 002 for fee and 003 is for withholding. The quantity ordered field is used for the dollars and price field is used as the increment; ie, \$1.00. A \$700,000 cost base contract would call for 700,000 (ea) at \$1.00 per. Line 002 would call for 70,000 (ea) at \$1.00 (assuming a 10% fee). Line 003 would state 105,000 (ea) at \$1.00. The required delivery date would show the planned completion date of the contract.

As monthly invoices were received, you would use RSU to partially "receive" the units of measure for each line item. An invoice for \$50,000 in cost, with a \$7,500 holdback and \$4,250 in fee would be received as follows.

Order CXXXXX	Line 001	50,000 ea
	Line 002	7,500 ea
	Line 003	4,250 ea

Receiving tolerances could be used to control the "dollars" received. By accessing TXN PLI the user could select as needed any or all of the inquiry screens shown (PLG, PLO, PLC, PLR, PLF, or PLI).