MEMORANDUM FOR DISTRIBUTION

Subj: DEPARTMENT OF DEFENSE REFORM INITIATIVE DIRECTIVE (DRID) 
#53 - RECONCILIATION OF CONTRACTS IN THE MECHANIZATION OF 
CONTRACT ADMINISTRATION SERVICES (MOCAS) SYSTEM

Encl: (1) DEPSECDEF memo of March 23, 2000

Enclosure (1) discusses the replacement of MOCAS by the 
Defense Procurement Payment System (DPPS) in fiscal year 2001 and 
MOCAS retirement on October 1, 2002 by the Defense Finance and 
Accounting Service (DFAS).

The Integrated Process Team (IPT) contemplated by the 
subject DRID has been formed. Formal guidance has not been 
prepared by the IPT, but you should be aware that there will be 
an increasing emphasis on closing out existing contracts 
administered by Defense Contract Management Agency before the 
changeover from MOCAS to DPPS. This effort may require some 
extra time and effort from your contracting, financial management 
and program management elements.

No immediate action is required. However, guidance is 
expected to be developed this summer that will provide plans and 
detailed procedures on facilitating and expediting this system 
changeover.

I encourage you to share the enclosure widely within your 
organization.

Paul P. Buonaccorsi
Executive Director
Acquisition and Business 
Management

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MEMORANDUM FOR SECRETARIES OF THE MILITARY DEPARTMENTS

CHAIRMAN OF THE JOINT CHIEFS OF STAFF
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DIRECTORS OF THE DEFENSE AGENCIES
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SUBJECT: Department of Defense Reform Initiative Directive #53 - Reconciliation of Contracts in the Mechanization of Contract Administration Services (MOCAS) System

The Defense Finance and Accounting Service (DFAS) will begin the replacement of MOCAS with the Defense Procurement Payment System (DPPS) in fiscal year 2001. The replacement of MOCAS is part of the overall plan to modernize and standardize contract and vendor pay and achieve the goal of eliminating unmatched disbursements and negative unliquidated obligations. Our objective is to retire the MOCAS system on October 1, 2002.

To ease the transition from MOCAS to DPPS, MOCAS retirement will involve a “brown out” period beginning in January 2001 where new contracts will be paid out of DPPS and existing contracts will be paid out of MOCAS. At the conclusion of this “brown out” period, all remaining MOCAS contracts will be converted from MOCAS into the new system. This allows less than three years to reconcile, close, or convert the 350,000 existing MOCAS contracts. Some of these contracts are as much as 30 years old, have extensive deliverables and/or lines of accounting, or a history of payment related issues that will require substantial time and effort to reconcile. On the other hand, performance has been long completed on many of these contracts. It is clear that transferring contracts to DPPS when performance under those contracts has been completed represents an unnecessary and unwise cost to the taxpayer. Accordingly, I direct the Military Departments and the Defense Contract Management Command (DCMC) to develop comprehensive plans closing out all completed contracts, and the orderly transition from MOCAS to DPPS for contracts with continuing requirements. DFAS will assist in reengineering the reconciliation process and procedures to support the retirement of MOCAS and close out of all contracts under which performance has been completed.
To integrate and coordinate the reconciliation, closeout, and conversion of these contracts, I direct the establishment of a DoD-wide Integrated Process Team (IPT) with membership from the Military Departments, Defense Logistics Support Command, DFAS, and the DCMC. The Principal Deputy Under Secretary of Defense (Acquisition, Technology & Logistics) and Principal Deputy Under Secretary of Defense (Comptroller) will co-chair the IPT and will monitor and report progress on the closeout and/or conversion of these contracts.

The Military Departments should initially focus on the contracts that will be the most difficult to reconcile and close. For this reason, contracts over $100M should be the early focus with expeditious efforts to move forward and close all other contracts. The IPT will provide the Deputy Secretary of Defense with in-progress reviews every 12 weeks during this process, beginning with a review no later than June 4, 2000, of the initial plans to achieve both the close out and transition goals.

John J. Hamre