

SECTION IV
TRANSITION PLAN

OVERVIEW

Purpose This Transition Plan describes how the Department of Defense (the DoD) is moving from its current state of financial management operations, as described in the Current Environment section of this Financial Management Improvement Plan (the Plan), to the target architecture of an integrated financial management system, as described in the Concept of Operations (Concept). The DoD plans to achieve this through the execution of several key actions. These actions are detailed in the Transition Plan and are grouped by the four parts of the integrated financial management system and their functions.

Compliance Process To facilitate the evaluation of financial management systems, the DoD has established a baseline system compliance determination process called the Financial and Feeder Systems Compliance Process. This process includes a five-phase approach for complying with applicable federal financial management requirements, exit criteria for each phase, and a governing body to provide oversight and guidance. The goal of the Financial and Feeder Systems Compliance Process is to ensure that, by September 30, 2003, each critical finance, accounting, and feeder system complies with applicable federal financial management requirements.

To help the DoD monitor progress against its financial management improvement efforts, the Office of the Under Secretary of Defense (Comptroller) (OUSD(C))-- in conjunction with the Defense Finance and Accounting Service (DFAS)-- is developing a Web-enabled system to capture, track, and report the status of financial management improvements. When completed, this system will provide compliance reports on the DoD's critical financial management systems as well as reports on financial management improvement initiatives.

Performance Measurement Methodology Plan (PMMP) The DoD is developing a Performance Measurement Methodology Plan that will use the information obtained from the Financial and Feeder Systems Compliance Process to give senior financial management personnel various reports on the progress of ongoing financial management improvements across the DoD. These reports will consist primarily of, but will not be limited to, compliance tracking reports, system milestones reports, policy and oversight reports, infrastructure reports, and ad hoc reports. The following is a brief description of each type of report.

**PMMP
Reports****Compliance Status Report**

The Compliance Status Report will show the compliance status for the tracked systems of each DoD Component. The report will show the current compliance status of each system for each DoD Component or for the DoD as a whole.

Milestones Report

The System Milestones Report will identify information regarding the corrective actions being taken for a single system. The report provides a brief description of the system's compliance status, a matrix listing high-level and detailed corrective actions required with starting and ending dates, and resources required for the system.

Policy and Oversight Report

The Policy and Oversight Report will identify the status of each DoD Component's policy and oversight initiatives. The report describes the policy and oversight initiative, lists the milestones associated with the initiative, and lists the resource requirements associated with the initiative, if applicable.

Infrastructure Report

The Infrastructure Report will identify the status of each DoD Component's infrastructure initiatives. The report describes the infrastructure initiative, lists the milestones associated with the initiative, and lists the resource requirements for the initiative, if applicable.

Ad Hoc Reports

Ad Hoc Reports will give senior financial management personnel a real-time look at applicable financial management improvements in a desired format to meet their concerns of the progress of the DoD in obtaining an integrated financial management system.

**Organization
and Scope**

The Transition Plan summarizes the efforts that each DoD Component intends to take in order to achieve compliant critical finance, accounting, and feeder systems, as well as the target architecture of an integrated financial management system. Following the summaries, the Transition Plan describes the efforts the DoD will take to achieve compliance as it relates to the four parts of the integrated financial management system. Volume II of the Plan provides more detailed information on the efforts described in the Transition Plan.

Critical Finance, Accounting, and Feeder Systems Sections

The sections on Critical Finance and Accounting Systems and the Critical Feeder Systems--the first two parts of the integrated financial management system--are subdivided by the following system functions:

- Finance System Functions
 - Civilian Pay
 - Debt Management
 - Military Pay
 - Contract/Vendor Pay
 - Disbursing
 - Transportation Payment
 - Travel Payment.
- Accounting System Functions
 - Defense Working Capital Funds
 - General Funds
 - Security Assistance
 - Departmental Reporting
 - Cash Accountability
 - Other Accounting Functions.
- Critical Feeder System Functions
 - Acquisition
 - Personnel
 - Cost Management
 - Property Management
 - Inventory Management.

For each function, the following information is provided:

- Brief description
- Identification of the critical non-legacy systems
- Compliance status of each non-legacy system
- Identification of critical legacy systems
- System consolidation figures.

System Consolidation Figures

For each critical finance, accounting, and feeder system, the following color-coded scheme is used to show (1) the anticipated compliance date of the critical system, (2) the legacy systems consolidated by that system within the previous year, (3) the legacy system scheduled to be consolidated by that system within the next five years, and (4) the consolidation dates of those legacy systems.



Compliant System: Systems that have been reported to be compliant and may or may not have been validated as compliant.



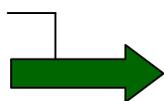
Noncompliant System: Systems that have been determined to be noncompliant.



“Not determined” System: Existing systems, developmental systems, or systems initiatives that have not been evaluated for compliance.



Compliance date: Date the system was either determined to be compliant or is expected to be compliant.



System Consolidated Last Fiscal Year: Systems that were consolidated during Fiscal Year 2000. The actual date of the consolidation is the date the line above the arrow merges with the arrow. The following color-coded system is used:

- Finance systems are displayed in **YELLOW**
- Accounting systems are displayed in **BLUE**
- Feeder systems are displayed in **LIGHT BLUE**.



System Being Consolidated Within the Next Five Fiscal Years: Systems scheduled to be consolidated within the next five Fiscal Years 2001-2005. The anticipated date of the consolidation is the date the line below the arrow merges with the arrow. The following color coded system is used:

- Finance systems are displayed in **YELLOW**
- Accounting systems are displayed in **BLUE**
- Feeder systems are displayed in **LIGHT BLUE**.

Policy and Oversight and Infrastructure Initiatives Sections

The Policy and Oversight Initiatives and Infrastructure Initiatives sections--the third and fourth parts of the integrated financial management system--briefly describe the individual improvement initiatives and key activities the DoD Components are taking to improve financial management within the DoD.

Transition Plan Results

The final section of the Transition Plan provides a quick summary of the current compliance status of each system that will be part of the DoD’s integrated financial management system. This section also cites a count of the current number of Policy and Oversight and Infrastructure Initiatives the DoD Components are undertaking to help improve financial management within the DoD.

Army Status in Achieving Compliant Systems and the Integrated Financial Management System

Introduction The Army continues to focus on efforts to reform its financial management and has assigned this effort a high priority. The number of systems needing to be compliant with the CFO Act is reduced with the replacement or incorporation of Army feeder systems into major evolving and compliant systems. For the critical feeder systems not scheduled for replacement, actions are underway to complete evaluations and establish a plan to modify each system so that it will meet CFO requirements. Oversight of this effort is being accomplished by incorporating feeder system evaluation efforts and related milestones into the Army's CFO Strategic Plan.

Actions Taken Work in the area of financial management improvement continues to promote accurate and timely financial information for Army decision-makers and compliance with federal accounting standards. Major emphases are highlighted below.

Critical Feeder Systems: All critical feeder systems have been identified, and the list is reviewed on a continuous basis to ensure that any changes required are identified and made in a timely manner. A determination has been made regarding which critical feeder systems will be replaced or incorporated into compliant systems. Army auditors, to determine actions and associated costs required to make them compliant, are reviewing systems not being incorporated or replaced. Action plans will be developed in conjunction with system managers and Army leadership to ensure that necessary modifications are made within an acceptable time-line, meeting both CFO requirements and user needs. This effort has been incorporated as a major task in the Army's CFO Strategic Plan.

Real Property Reporting: Real property historically has been reported using the Army Integrated Facilities System (IFS), which currently does not meet federal standards for CFO reporting. To meet the real property reporting requirement, the Army has completed an IFS interface with the Defense Property Accountability System (DPAS), a reported compliant system. This interface allows financial information reporting of real property on the Army's financial statements through the DPAS. Fielding of the DPAS interface is expected to be completed by the end of FY 2001.

General Equipment Reporting: The DPAS currently is being fielded throughout the Army for reporting of general equipment on a prioritized basis. To facilitate the DPAS implementation effort, detailed implementation tasks have been included in the overall Army CFO Strategic Plan. In

addition, the DPAS implementation cell, representing Army management, has been increased to facilitate, assist, and provide oversight for this Army effort. The DPAS is targeted to be fielded to all elements with capitalized assets by the 3rd quarter of FY 2001. The Army's remaining elements will receive the DPAS fielding in FY 2001 and FY 2002.

Policy and Oversight: The Army's CFO Strategic Planning effort and other existing groups, such as the General Equipment Working Group for general equipment and the Real Property Integrated Process Team for real property, are tracking oversight of the Army's efforts to modernize its property systems.

Infrastructure: Detailed interfaces between feeder systems and financial systems are being identified, and progress is being made toward completing the Global Combat Support System-Army (GCSS-A). The GCSS-A currently is under development. It is being designed to support the combat support system functions of manning, arming, fixing, fueling, moving, and sustaining soldiers and their systems.

Conclusion

The Army continues its aggressive work to ensure that all of its feeder systems are compliant and that its information systems process and produce accurate, reliable, and timely information. The Army's CFO Strategic Plan provides for total Army involvement at all levels of the organization. The Army's Plan ensures that responsible personnel are aware of, and take appropriate actions to correct, problems in areas under their control and keep Army leadership informed of their status. The CFO Strategic Plan initiative and other CFO initiatives will help ensure that pertinent financial management requirements are successfully incorporated into the Army's feeder systems and business processes.

DoN Status in Achieving Compliant Systems and the Integrated Financial Management System

Introduction The Department of the Navy (DoN) continues to improve its financial systems, processes, and procedures. The cornerstone of the DoN's efforts is development of a fully integrated financial management system consisting of compliant finance, accounting, and nonfinancial feeder systems. The goal of the integrated financial management system is to (1) fully support the program/budget process, (2) provide information for internal decision-making, and (3) provide information that complies with applicable federal financial accounting standards for external reporting.

The DoN's strategy for developing an integrated financial management system requires aggressive action, including:

- Reengineering business processes to an integrated data-sharing environment
- Changing the business philosophy towards a proprietary/budgetary financial structure within a performance oriented financial management environment
- Tracking the life cycle costs of property assets from acquisition through usage, until final disposal
- Establishing electronic exchanges or system interfaces between nonfinancial feeder systems and standard accounting and reporting systems
- Establishing a risk management environment that includes appropriate internal controls, including competency training, to ensure the integrity of the data while protecting against fraud.

The DoN's accomplishments against this strategy are described below.

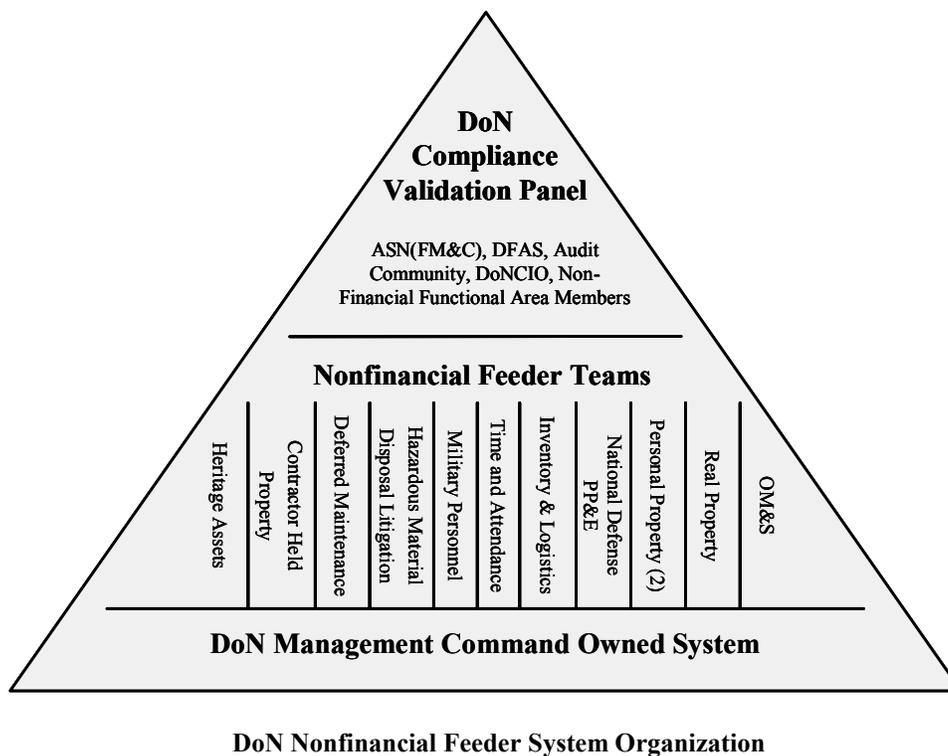
Accomplishments The DoN has two major categories of systems (1) non-financial feeder systems and (2) finance and accounting systems. Within these categories, each system is classified as active/ongoing, a new initiative, or a legacy system that will be replaced by September 30, 2003. The DoN, in coordination with the DFAS, the audit community, and the DoN Chief Information Officer (CIO) is working to make all active/ongoing or new initiative systems compliant by September 30, 2003.

Nonfinancial Feeder Systems The DoN's nonfinancial feeder systems contain information for areas such as property, inventory, environmental liabilities, and personnel required for financial management decision-making and reporting in the DoN's financial

statements. Nonfinancial feeder systems are owned and managed by functional specialists from the supply, engineering, facilities, environmental, and logistics communities.

To bridge the gap between the DoN’s financial and nonfinancial communities and requirements, the DoN created 13 nonfinancial feeder teams to oversee financial management and process improvements and to support the DoD’s Implementation Strategies initiative. Senior level executives and senior flag officers from the various functional areas lead the teams, which include functional representatives from the logistics, engineering, financial, and audit communities.

The nonfinancial feeder teams are making considerable progress in assessing current processes and reengineering the DoN’s business processes toward a standard, compliant system with streamlined data flows and effective internal controls. A major outcome of this process is the elimination of redundant systems and development of interfaces between systems and the DFAS’s finance and accounting systems. In addition to the nonfinancial feeder teams, the DoN plans to establish a DoN Compliance Validation Panel consisting of members from the financial management community, audit community, and functional personnel including the DoN CIO staff. The Compliance Validation Panel will review and validate standard nonfinancial feeder systems deployed by the teams. The nonfinancial feeder system organization, including the Compliance Validation Panel, is illustrated below.



Highlights of the nonfinancial feeder team progress are:

- The DoN Real Property team has chosen the Facility Inventory Planning System (FIPS) Navy Facilities Asset Data Base (NFADB) module as its sole management information system for Real Property. The DoN real property records will be reported directly to the financial systems by the FIPS-NFADB module. The audit community has found the FIPS-NFADB module to be accurate for existence and completeness and historical costs. Internal controls, depreciation modules, and links with the Standard Accounting and Reporting System are currently being developed.
- The DoN Heritage Assets team conducted a market survey of available Heritage Asset management systems and selected (pre-award) a standard system for DoN-wide use. This single system will provide increased internal controls and customer usability as well as improving financial reporting. Implementation at 15 locations is planned for FY 2001.
- The DoN National Defense Property, Plant, and Equipment team is reviewing existing systems and looking for ways to consolidate to standard systems. For example, the DoN has determined to transfer record keeping of Trident C4 and D5 missiles and DoN communications satellites to the DPAS. Efforts to merge the Naval Vessel Register (NVR) and the Craft and Boat Support System (CBSS) are under review. Review of the Aircraft Inventory Readiness and Reporting System (AIRRS) to include stricken and disposed aircraft is also underway.
- The DoN Operating Materials and Supplies (OM&S) team is identifying systems currently being used to manage operating materials and supplies, identifying opportunities for system consolidation and elimination, and assessing the selected systems for compliance with financial accounting standards. To date, 47 OM&S systems have been identified, of which 8 have been chosen for further review. The team is also developing business guidelines, which will address financial reporting categories, valuation methodologies, transaction requirements, material retention requirements, and internal controls.
- The DoN Inventory and Logistics team is reviewing systems and processes for managing the DoN's Inventory Held for Sale. The team is ensuring that feeder systems comply with financial requirements, intransit assets are properly managed, and physical inventory sampling/counting is accomplished according to the DoD's policy. The team, in coordination with the General Accounting Office (GAO), the Office of the Inspector General, DoD (OIG, DoD), and the Naval Audit Service (NAVAUDSVC), also is revising the current acquisition inventory valuation method while studying the feasibility of implementing a direct historical cost method of valuation.

- The DoN Time and Attendance team has chosen the Standard Labor Data Collection and Distribution Application (SLDCADA) system as its sole time and attendance system, achieving the goal of eliminating redundant systems, increasing efficiency, and fielding a compliant system. Full implementation is expected by September 2003.
- The DoN Navy/Marine Corps Personal Property teams have selected the DPAS, a Defense Logistics Agency system, as its primary accounting and accountability system for personal property. The Marine Corps completed its implementation of DPAS at all sites in FY 1999. The team will have implemented the DPAS at 282 Navy sites by September 30, 2000 with an additional 200 sites planned during FY 2001. All General Fund Capital Assets will be accounted for in the DPAS by September 2001.

Finance and Accounting Systems

The DoN critical finance and accounting systems either are legacy systems to standard DFAS critical systems or are DoN command-owned management information systems that feed accounting data to DFAS standard accounting/finance systems. The DoN, in partnership with the DFAS, is continuing the process of converting to DFAS-owned critical finance and accounting systems.

Internal Controls Business Risk and Process Improvements

The DoN also is improving its financial management through various business process initiatives. One such initiative, the DoN's Management Control Program Initiative, provides an approach towards identifying and reporting business risks and improving the cost-efficiencies of the DoN. The approach allows the DoN management to assess the internal control system against an established standard to help identify basic weaknesses in their operating, financial reporting, and legal/regulatory compliance controls, and take timely and effective actions needed to strengthen them.

Training and Development of the Workforce

The DoN's Civilian Financial Management Career Program Improvement initiative provides strategies and goals to the DoN comptrollers for developing the DoN's financial management workforce. This initiative focuses on improving the DoN personnel infrastructure through a prescriptive career instruction strategy containing improvement methods for all financial management. The career instruction emphasizes and highlights core competencies that the DoN financial management personnel should develop to perform their functions in a more effective manner.

Conclusion The DoN is making significant progress in achieving the goal of implementing an integrated financial management system. The 13 nonfinancial feeder teams are evaluating and implementing DoN-wide standard systems that are compliant, cost efficient, and interface with the DFAS reporting systems. Redundant systems are being eliminated. Internal controls are being reinforced. Through teamwork, the DoN is striving to improve its overall financial management, which will result in clean financial statements.

Air Force Status in Achieving Compliant Systems and the Integrated Financial Management System

Introduction The need for financial management reform is an urgent concern of the Air Force and its Assistant Secretary (Financial Management and Comptroller) (SAF(FM)). The Air Force needs financial management reform to provide better financial information for commanders and managers, improve confidence in the Air Force as a good steward of public funds, and to meet the requirements of public law.

There are many aspects to successful financial reform. The Air Force is using a three-point strategy for achieving auditable financial statements. That strategy consists of the following:

- Aggressive support of the OUSD(C) implementation strategies
- A concerted effort to obtain an unqualified opinion on the Air Force General Fund Statement of Budgetary Resources
- A comprehensive plan to fix the critical financial and feeder systems that provide information reported in the Air Force's financial statements.

Support of Implementation Strategies

As previously discussed in this Plan, the DoD is formulating a series of implementation strategies and supporting action plans designed to accomplish the improvement of financial management within the DoD. Required actions will continue until all necessary changes are accomplished.

In support of these implementation strategies, the Air Force has been working since May 1998 to resolve numerous issues. Using Integrated Process Teams (IPTs), headed by senior financial and logistics managers, the Air Force is employing a coordinated effort within its other functional communities to achieve auditable financial statements. The IPT teams are made up of representatives from the functional communities as well as the Air Force Audit Agency (AFAA) and the DFAS-Denver Center. The premise is that--working together and fully identifying, properly valuing, and correctly accounting for assets, liabilities, and related transactions--the Air Force can solve the most significant audit issues, and thus, enable it to earn at least a qualified opinion on its financial statements.

Emphasis on Statement of Budgetary Resources

The Air Force is continuing its efforts to obtain a favorable audit opinion on its Statement of Budgetary Resources. The focus was on this statement because it most closely portrayed the daily operation of financial management within the Air Force.

To date, significant progress has been made and the lessons learned have been invaluable. From the beginning, the audits have shown that the Air Force receives and distributes the money the Congress appropriates in accordance with all laws and directives. In 1997, a major hurdle was faced in finding the supporting documentation for disbursements and collections. With the support of the DFAS, the Air Force began a major awareness and education campaign regarding the appropriate documentary support for disbursements and collections. This increased attention to the disbursement process and helped the Air Force pass its disbursement audit test in FY 1998 and FY 1999. The last hurdle the Air Force faces is validating outstanding obligations. In 1999, special emphasis was placed on the tri-annual review of unliquidated obligations. In addition, a series of meetings between senior financial and acquisition personnel were held to address solutions. This resulted in significant progress to ensure that obligations are properly supported. Based on the progress, the Air Force's goal is to attain a positive opinion on the FY 2000 statement.

**Achieving
Compliant
Feeder
Systems**

The Air Force is working to ensure that critical feeder systems (i.e., those systems that provide financial data to the accounting systems) are compliant. To this end, the Air Force initiated, in 1996, a three-step approach to first identify, then review, and finally fix all Air Force critical feeder systems.

The Air Force began by identifying all feeder systems that provide important CFO information for financial statement purposes. Through a contractor, the Air Force reviewed a total of 224 systems and provided recommendations on the type of system (i.e., accounting, mixed, and non-accounting) and on the type of review required under the FMFIA. The results indicated that 80 of the 224 systems contained financial data. At that time, 41 systems belonging to the Air Force were deemed critical, that is, having a material impact on Air Force operations.

Once the critical feeder systems were identified, the AFAA initiated a project to conduct compliance assessments for each system. The AFAA is assessing each ongoing critical feeder system and determining whether the system complies with Joint Financial Management Improvement Program (JFMIP) requirements, as well as the GAO accounting requirements. The assessments detail all deficiencies that must be corrected for the system to be fully compliant. In addition, program managers have reassessed their systems in the light of new guidance and requirements, and are reporting the results in this Plan.

The next step was to determine how to correct the deficiencies. Once the determinations have been made and corrective actions are taken, follow-up evaluations are scheduled to determine if all deficiencies have been corrected.

Systems scheduled for replacement or decommissioning will not be assessed. For all new systems the AFAA will provide management advisory services to ensure the CFO requirements play a prominent role in the development of new systems.

The Air Force has rolled this process into the DoD's new requirement to track systems using a compliance process.

As shown in the following table, 36 of the original 41 systems remain today as critical Air Force feeder systems. Through research and further systems development, the Air Force has added 6 systems to the systems inventory, bringing its current critical feeder systems inventory to 42.

	Original	Current
Systems already replaced by a Modern System, Decommissioned, or Scheduled to be Decommissioned	6	0
Systems scheduled to be replaced by a Modern System	21	22
Systems remaining without modernization	14	14
Systems Added	0	6
Total	41	42

Summary of Air Force Systems Inventory

Conclusion

The Air Force has been proactive in improving its financial management procedures and systems. One of the key initiatives is the SAF/FM Systems Review Project. This effort to review and classify various systems being used by the Air Force to provide financial information about its operations has been very successful. The Air Force is committed to improving the integrity of its systems and the data it provides.

DFAS Status in Achieving Compliant Systems and the Integrated Financial Management System

Introduction Since its inception in FY 1991, the DFAS has worked steadily to ensure that its finance and accounting systems comply with applicable federal requirements. In 1991, the DFAS--as the primary agent responsible for the DoD's overall financial and accounting reporting functions--assumed responsibility for scores of finance and accounting systems that had been developed, operated, and maintained by the other DoD Components. These systems had, for the most part, been developed and implemented to satisfy accounting, financial management, and financial reporting functions established by the DoD Components, based on their interpretations of high-level requirements. Naturally, the systems were quite diverse and not standardized with data requirements or functionality.

In November 1990--only two months before the DoD established the DFAS--the Congress passed the "Chief Financial Officer (CFO) Act of 1990". This law established CFO positions in the 23 executive branch agencies, including the DoD. The Under Secretary of Defense (Comptroller) (USD(C)) serves as the DoD's CFO. The DFAS, an organizational component reporting to the USD(C), is responsible for most of the DoD's finance and accounting systems.

DFAS Finance and Accounting Systems Strategy

The DFAS finance and accounting systems strategy is based upon two primary elements (1) eliminate or replace systems that are noncompliant and (2) develop, modify, and implement systems that comply with federal financial management systems requirements.

The DFAS has eliminated or replaced many finance and accounting systems that did not comply with applicable federal requirements. The functions performed by those noncompliant systems (referred to as legacy systems) have been transferred to remaining systems. In certain instances, accounting functionality is resident in automated information systems that perform programmatic and other functions. For such systems, the accounting functions are being transferred to the DFAS accounting systems under development or to systems that are being enhanced. The non-accounting functions may still be performed by the original systems. As of September 30, 1999, the DFAS had eliminated 87 finance systems and 97 accounting systems.

The DFAS plans to continue eliminating legacy systems and projects, and eventually will use 9 automated systems for finance functions and 22 or fewer automated systems for accounting and financial reporting functions.

The DFAS is developing new systems and modifying existing systems to comply with applicable federal requirements. The DoD's financial management systems have been deficient enough that auditors have disclaimed audit opinions on the DoD's annual consolidated financial statements. The DFAS's approach is to ensure that its finance and accounting systems fulfill applicable requirements by:

- Improving the internal control and internal review process
- Using the United States Government Standard General Ledger (USGSGL)
- Using an integrated database for finance and accounting functions
- Using automated cost, performance, and other output measures
- Providing a single, consistent set of policies and procedures for financial transactions throughout the DoD
- Ensuring compliance with applicable policies and procedures for financial transactions
- Reviewing safeguards for the preservation of assets and verifying the existence of assets.

Future Finance Systems State

In October 1993, the Deputy Secretary of Defense called for the accelerated implementation of data standards and process improvements in the DoD's financial operations. The Deputy Secretary's direction led the DFAS to select these finance and accounting systems to be standardized for the DoD's future financial management operations. The following comprise the DoD's envisioned future finance systems:

Civilian Pay

Defense Civilian Pay System (DCPS)

Debt Management

Defense Debt Management System (DDMS)

Military Pay

1. Defense Integrated Military Human Resources System (DIMHRS) Pay Module (DPM)
2. Defense Retiree and Annuitant Pay System (DRAS)
3. Deployable Disbursing System (DDS)

Contract/Vendor Pay

Defense Procurement Payment System (DPPS)

Disbursing

Defense Standard Disbursing System (DSDS)

Transportation Payment

Defense Transportation Payment System (DTRS)

Travel Payment

Defense Travel System (DTS)

**Future
Accounting
Systems State**

The DFAS also has begun implementing its strategy to use multiple systems for supporting the DoD's general fund activities, working capital fund activities, Departmental financial reporting, cash accountability, and other financial activities (such as security assistance and trust funds). The DFAS plans to use the following accounting systems within the DoD:

Defense Working Capital Funds

1. Business Management Redesign (BMR)
2. Commodity Command Standard System (CCSS)
3. Defense Industrial Financial Management System (DIFMS)
4. Defense Working Capital Fund Accounting System (DWAS)
5. Material Financial Control System (MFCS)
6. Standard Industrial Fund System (SIFS)
7. Standard Material Accounting System (SMAS)

General Funds

1. Defense Joint Accounting System (DJAS)
2. Standard Accounting and Reporting System (STARS)
3. Standard Accounting, Budgeting, and Reporting System (SABRS)
4. General Accounting and Finance System – Reengineering (GAFS-R)

Security Assistance

Defense Integrated Financial System – Reengineered (DIFS-R)

Departmental Reporting

Defense Departmental Reporting System (DDRS)

Cash Accountability

Defense Cash Accountability System (DCAS)

Other Systems

1. DFAS Corporate Database (DCD)
2. Program Budget Accounting System - Funds Distribution (PBAS-FD)

Non-DFAS Accounting Systems

1. Defense Logistics Agency - Business Systems Modernization (BSM)
 2. Defense Logistics Agency - Fuels Automated System (FAS)
 3. Defense Information Systems Agency - Federal Financial Accounting Management Information System (FAMIS)
 4. DoN - Military Sealift Command Financial Management System (MSCFMS)
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**Systems
Compliance
Efforts and
Future Plans**

Overall, the DFAS plans to develop and/or modify the 9 finance and 22 or fewer accounting systems to be compliant with federal financial management systems requirements by the end of FY 2003, except for the Defense Joint Accounting System (DJAS). The majority of noncompliant legacy finance and accounting systems are to be replaced or have their financial functionality transferred to the critical systems by the end of FY 2003. Several DoD Components, including the National Security Agency, the Uniformed Services University of the Health Sciences, and the Washington Headquarters Services, plan to continue using their individual accounting systems. The DoD Components that continue to use their own systems are responsible for ensuring that those systems comply with applicable federal financial management systems requirements.

The DFAS's current plan calls for having all of the presently operational finance and accounting systems modified and enhanced to be compliant with applicable federal requirements by the end of FY 2003. New systems under development or to be developed, including systems based on commercial off-the-shelf and government off-the-shelf software, will be developed to comply with federal requirements.

Financial Management Requirements and Critical Finance and Accounting Systems Functions Matrix

The following matrix provides a crosswalk between the financial management requirements described in the Concept of Operations and the DoD’s financial systems described in the Transition Plan that support those functions.

CONCEPT OF OPERATIONS FINANCIAL MANAGEMENT REQUIREMENTS	CRITICAL FINANCE AND ACCOUNTING SYSTEMS FUNCTIONS											
	Finance System Functions						Accounting System Functions					
	Civilian Pay	Debt Management	Military Pay	Contract/Vendor Pay	Disbursing	Transportation Payment	Travel Payment	Working Capital Fund	General Fund	Security Assistance	Departmental Reporting	Cash Accountability
Transaction Processing Mechanisms												
Receivables/ Collections – Debt Management		√	√	√		√		√	√			√
Payables – Vendor, Contract, Disbursements			√	√	√	√		√	√			√
Payroll – Civilian, Military	√		√									√
Accounting and Reporting Mechanisms												
Property Accounting								√	√			√
Inventory Accounting								√	√			√
General Ledger								√	√	√	√	√
Funds Control								√	√	√	√	√
Cost Accounting								√	√	√	√	√
Cash Management								√	√	√	√	√

NOTE: “Other Accounting” functions are comprised of functions performed by the DFAS Corporate Database and the Program Budget Accounting System-Funds Distribution System

Critical Finance and Accounting Systems

Introduction The DoD's critical finance and accounting systems are required to process finance and accounting transactions and report on the DoD's financial status. These systems comprise the part of the integrated financial management system that performs the following functions:

Finance System Functions

- Civilian Pay
- Debt Management
- Military Pay
- Contract/Vendor Pay
- Disbursing
- Transportation Payment
- Travel Payment.

Accounting System Functions

- Working Capital Fund
 - General Fund
 - Security Assistance
 - Departmental Reporting
 - Cash Accountability
 - Other Accounting Functions.
-

General Deficiencies of Critical Finance and Accounting Systems The major deficiencies of the critical finance and accounting systems generally apply to most of the systems. The system deficiencies that must be addressed by the DoD include:

- Non-standard data
- Non-integrated databases
- Disbursements and collections recording and reconciliation
- Non-flexible systems
- Cash verification and reconciliation
- Undocumented audit trails
- Future liabilities recognition
- Use of the USGSGL
- Revenue recognition.

Legacy critical finance and accounting systems currently owned by the DoD Components also have been identified.

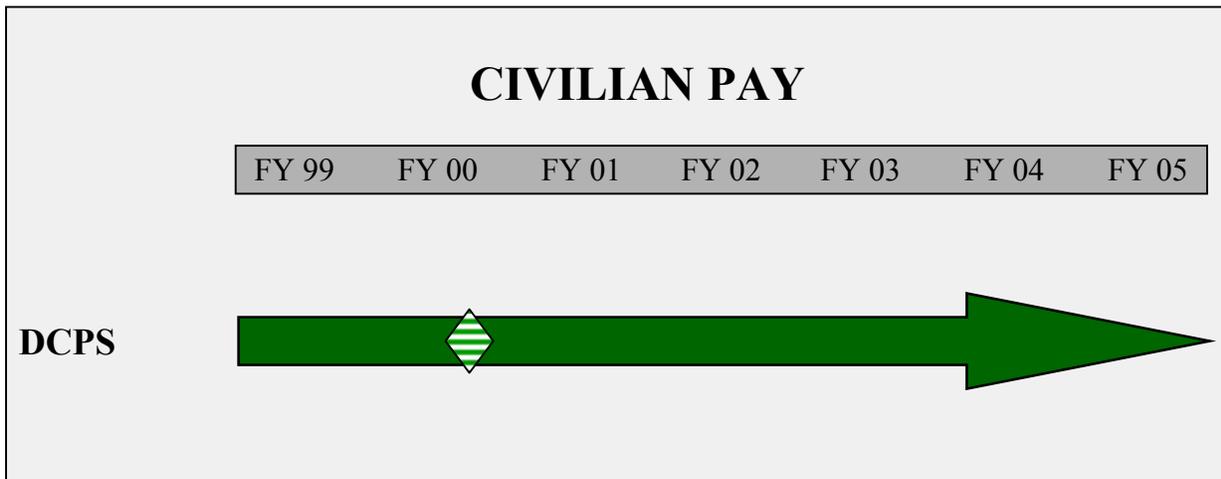
Civilian Pay

Description Systems supporting the civilian pay function perform the compensation and benefit activity for civilian employees.

Critical Civilian Pay System The Defense Civilian Pay System (DCPS) is the DoD’s designated critical civilian pay system.

Compliance Status The DCPS, a DFAS owned system, is reported as compliant.

Consolidation Status As shown in the following figure, no legacy systems are scheduled to be consolidated into the DCPS by FY 2005.



Civilian Pay Consolidation Timeline

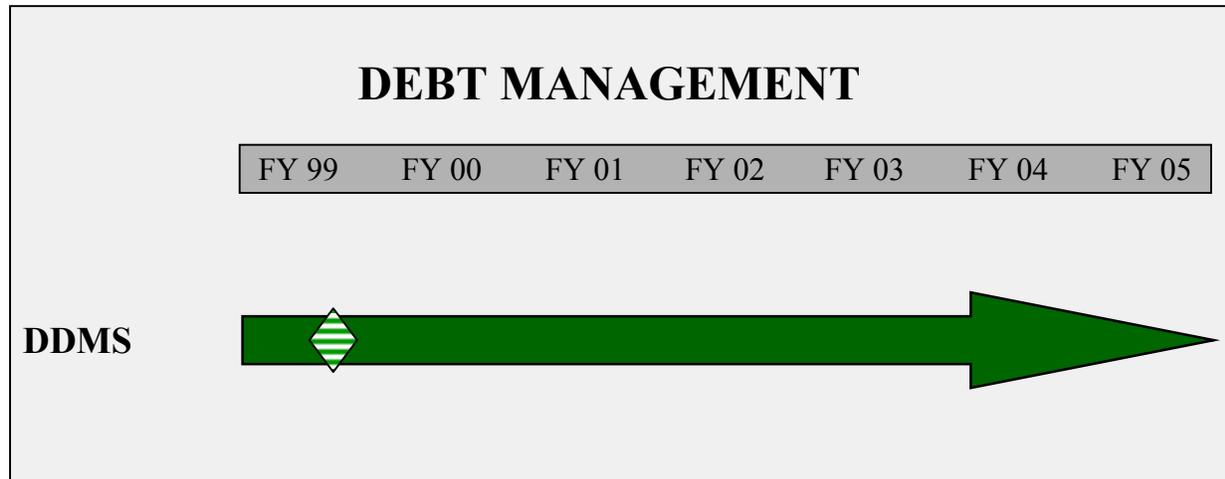
Debt Management

Description Systems supporting the debt management function perform activities associated with billing, tracking, and collecting funds that are owed to the DoD. Debt management for military, travel, or contractor pay is considered a receivable.

Critical Debt Management System The Defense Debt Management System (DDMS) is the DoD’s designated critical debt management system.

Compliance Status The DDMS, a DFAS owned system, is reported as compliant.

Consolidation Status As shown in the following figure, no legacy systems are scheduled to be consolidated into the DDMS by FY 2005.



Debt Management Consolidation Timeline

Military Pay

Description Systems supporting military pay perform the compensation and benefit functions for Active and Reserve Components. Time and attendance information and retiree and annuitant data resulting from personnel functions and systems are supplied by the DoD Components.

Critical Military Pay Systems The following three systems are the DoD's designated critical military pay systems:

- Defense Integrated Military Human Resources System (DIMHRS) Pay Module (DPM)
- Defense Retiree and Annuitant Pay System (DRAS)
- Deployable Disbursing System (DDS).

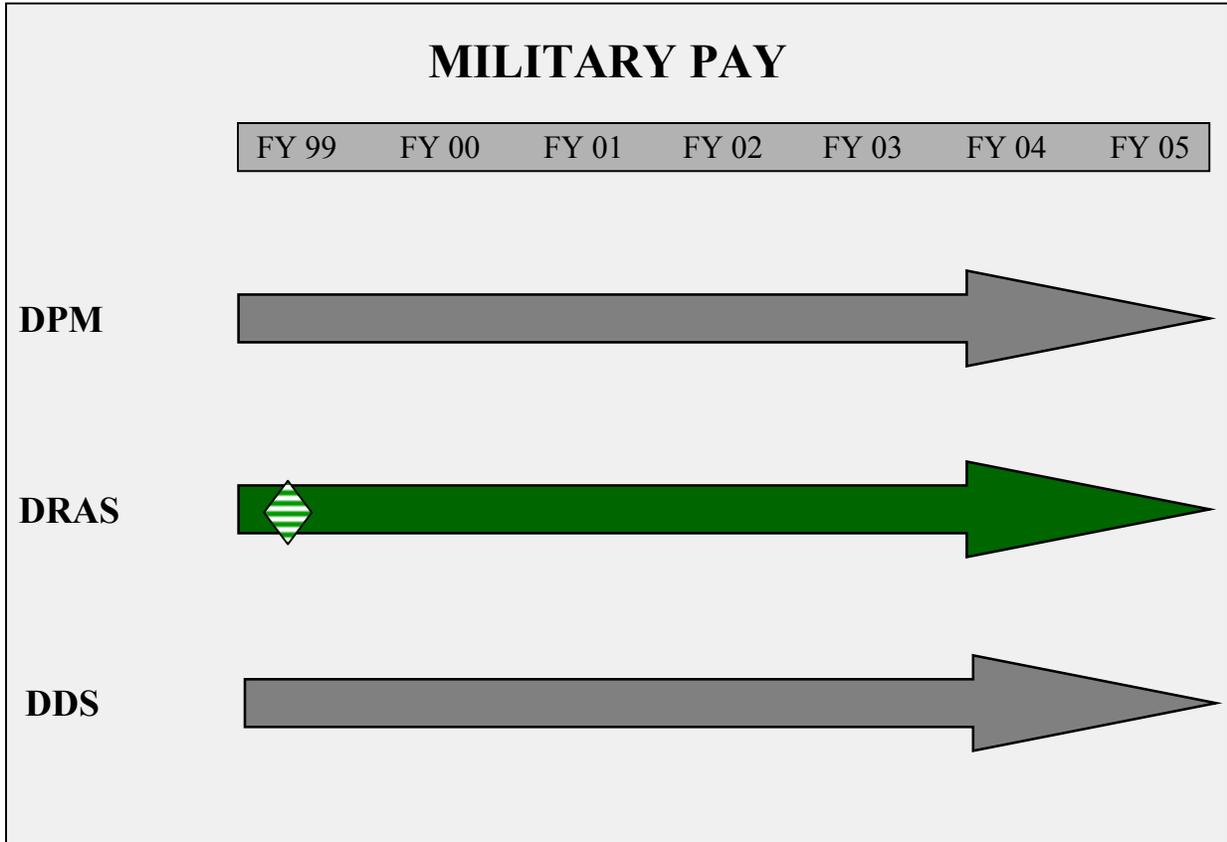
Compliance Status The DFAS owns all three systems. Of the three designated critical systems performing military pay functions:

- One system (DRAS) is reported as compliant
- Two systems (DPM and DDS) are reported as "not determined".

Consolidation Status The following two critical finance systems are legacy systems:

- Defense Joint Military Pay System (DJMS)
- Marine Corps Total Force System (MCTFS).

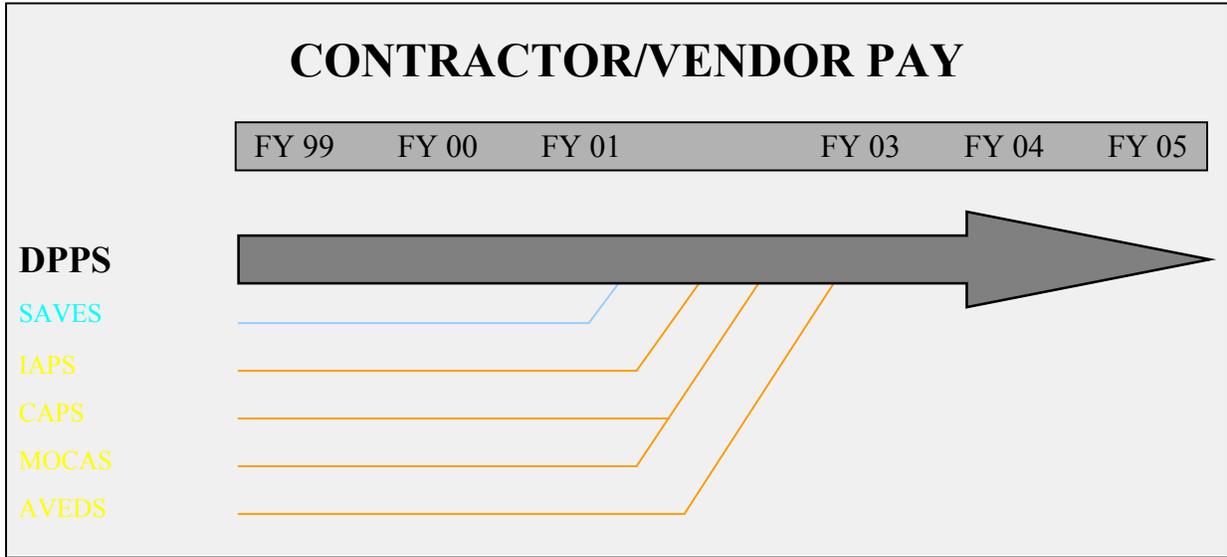
As shown in the figure on the following page, no legacy systems are scheduled to be consolidated by FY 2005.



Military Pay Consolidation Timeline

Contract/Vendor Pay

Description	The contract/vendor pay system computes, prepares, and controls entitlements for goods or services rendered by the DoD's contractors and other vendors.
<hr/>	
Critical Contract/Vendor Pay System	The Defense Procurement Payment System (DPPS) is the DoD's designated critical contract/vendor pay system.
<hr/>	
Compliance Status	The compliance status for the DPPS, a DFAS owned system, is reported as "not determined".
<hr/>	
Consolidation Status	<p>The following four critical finance systems are legacy systems:</p> <ul style="list-style-type: none"> • Automated Voucher Examination Disbursing System (AVEDS) • Computerized Accounts Payable System (CAPS) • Integrated Accounts Payable System (IAPS) • Mechanization of Contract Administration Services (MOCAS). <p>As shown in the figure on the following page, four legacy finance systems and one legacy feeder system will be consolidated into the DPPS by FY 2005.</p>



Contractor/Vendor Pay Consolidation Timeline

Disbursing

Description Systems supporting the disbursing function perform activities associated with establishing an obligation of funds (accounts payable) and disbursing funds for goods or services rendered.

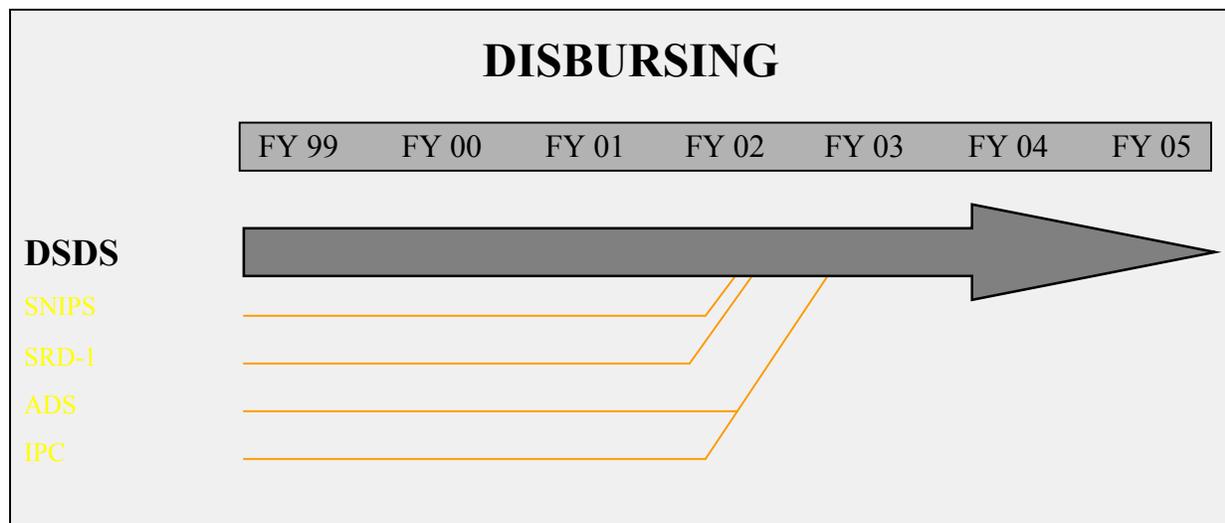
Critical Disbursing System The Defense Standard Disbursing System (DSDS) is the DoD’s designated critical disbursing system.

Compliance Status The compliance status of the DSDS, a DFAS owned system, is reported as “not determined”.

Consolidation Status The following four critical finance systems are legacy systems:

- Automated Disbursing System (ADS)
- Integrated Paying and Collection System (IPC)
- Standard Finance System Redesign Subsystem-1 (SRD-1)
- Standard Negotiable Instrument Processing System (SNIPS).

As shown in the following figure, four legacy finance systems will be consolidated into the DSDS by FY 2005.



Disbursing Consolidation Timeline

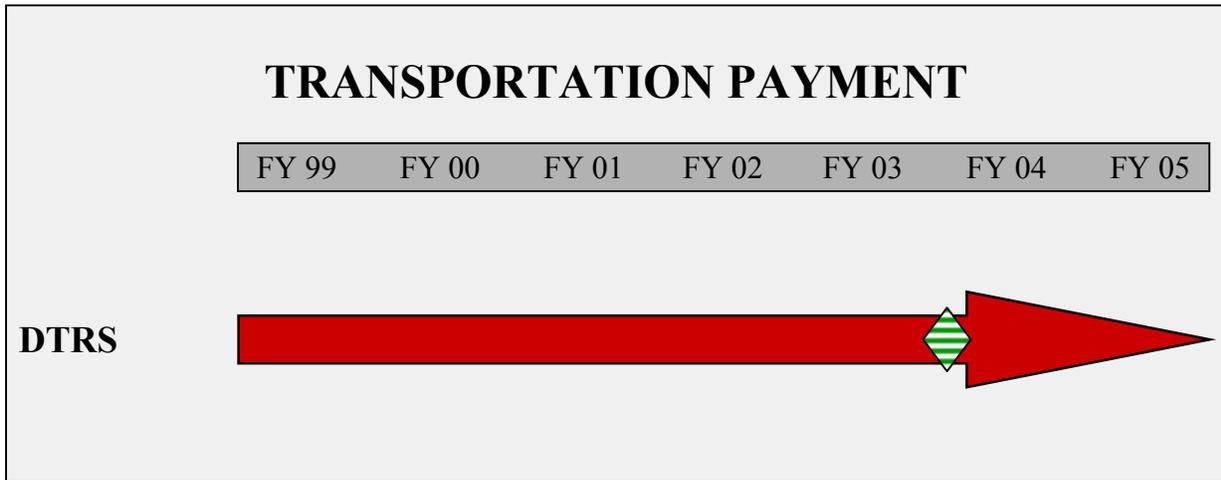
Transportation Payment

Description The transportation payment system compiles entitlements for transportation services rendered by commercial carriers.

Critical Transportation Payment System The Defense Transportation Payment System (DTRS) is the DoD’s designated critical transportation payment system.

Compliance Status The DTRS, a DFAS owned system, is reported as noncompliant.

Consolidation Status As shown in the following figure, no legacy systems are scheduled to be consolidated into the DTRS by FY 2005.



Transportation Payment Consolidation Timeline

Travel Payment

Description Systems supporting the travel payment function perform activities associated with establishing an obligation of funds (accounts payable) and disbursing funds for goods or services rendered.

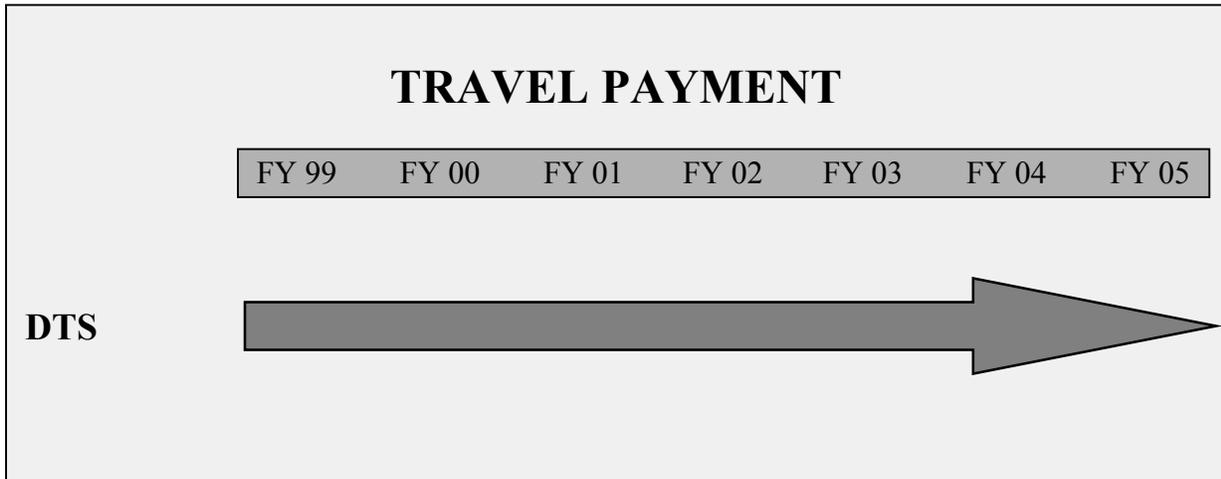
Critical Travel Payment System The Defense Travel System (DTS) is the DoD’s designated critical travel payment system.

Compliance Status The compliance status of the DTS, a DoD owned system, is reported as “not determined”.

Consolidation Status The following critical finance system is a legacy system:

Integrated Automated Travel System (IATS).

As shown in the following figure, no legacy systems are scheduled to be consolidated into the DTS by FY 2005.



Travel Payment Consolidation Timeline

Defense Working Capital Funds

Description Systems supporting the Defense Working Capital Funds perform activities that provide cost visibility and accountability.

Critical Working Capital Systems The following 12 systems are the DoD’s designated critical working capital funds systems:

- Business Management Redesign (BMR)
 - Business Systems Modernization (BSM)
 - Commodity Command Standard System (CCSS)
 - Defense Industrial Financial Management System (DIFMS)
 - Defense Working Capital Fund Accounting System (DWAS)
 - Federal Financial Accounting Management Information System (FAMIS)
 - Fuels Automated System (FAS)
 - Material Financial Control System (MFCS)
 - Military Sealift Command Financial Management System (MSCFMS)
 - Shipyards Management Information System (SYMIS)
 - Standard Industrial Fund System (SIFS)
 - Standard Material Accounting System (SMAS).
-

Compliance Status Of the 12 critical Defense Working Capital Funds systems:

- Four systems are reported as compliant
- Five systems are reported as noncompliant
- Three systems are reported as “not determined”.

The Navy owns three of the systems:

- One system (MFCS) is reported compliant
- Two systems (MSCFMS and SYMIS) are reported as noncompliant.

The DFAS owns six of the systems:

- Two systems (DIFMS and DWAS) are reported as compliant
 - Three systems (CCSS, SIFS, and SMAS) are reported as noncompliant
 - One system (BMR) is reported as “not determined”.
-

The DLA owns two of the systems. These systems (BSM and FAS) are reported as “not determined”.

The DISA owns one of the systems. This system (FAMIS) is reported as compliant.

Consolidation Status

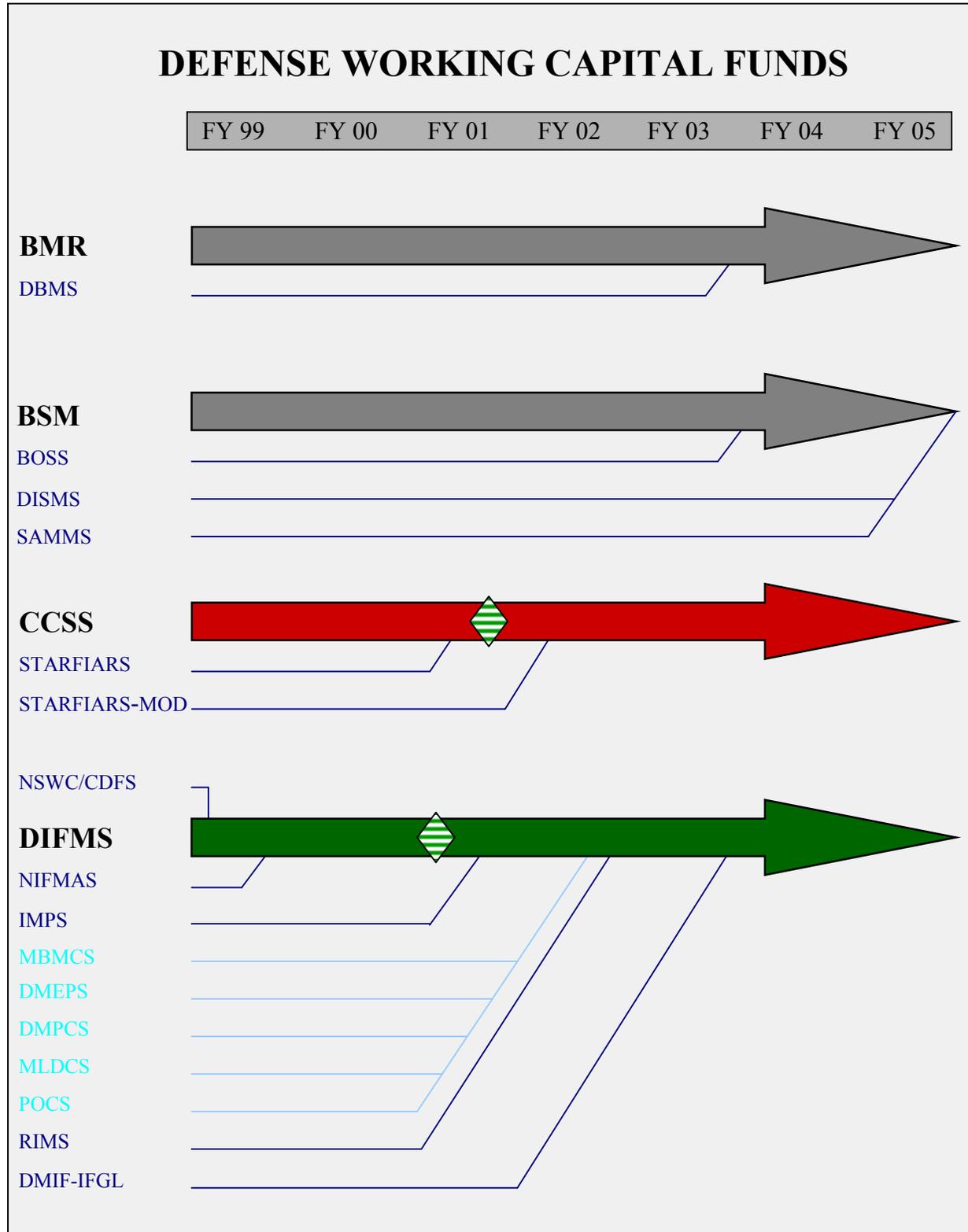
The following two legacy accounting systems were consolidated in FY 2000:

- Fuels Automated Management System (FAMS) 10/99
- NSWC Carderock Division Financial Subsystem (NSWC/CDFS) 5/00.

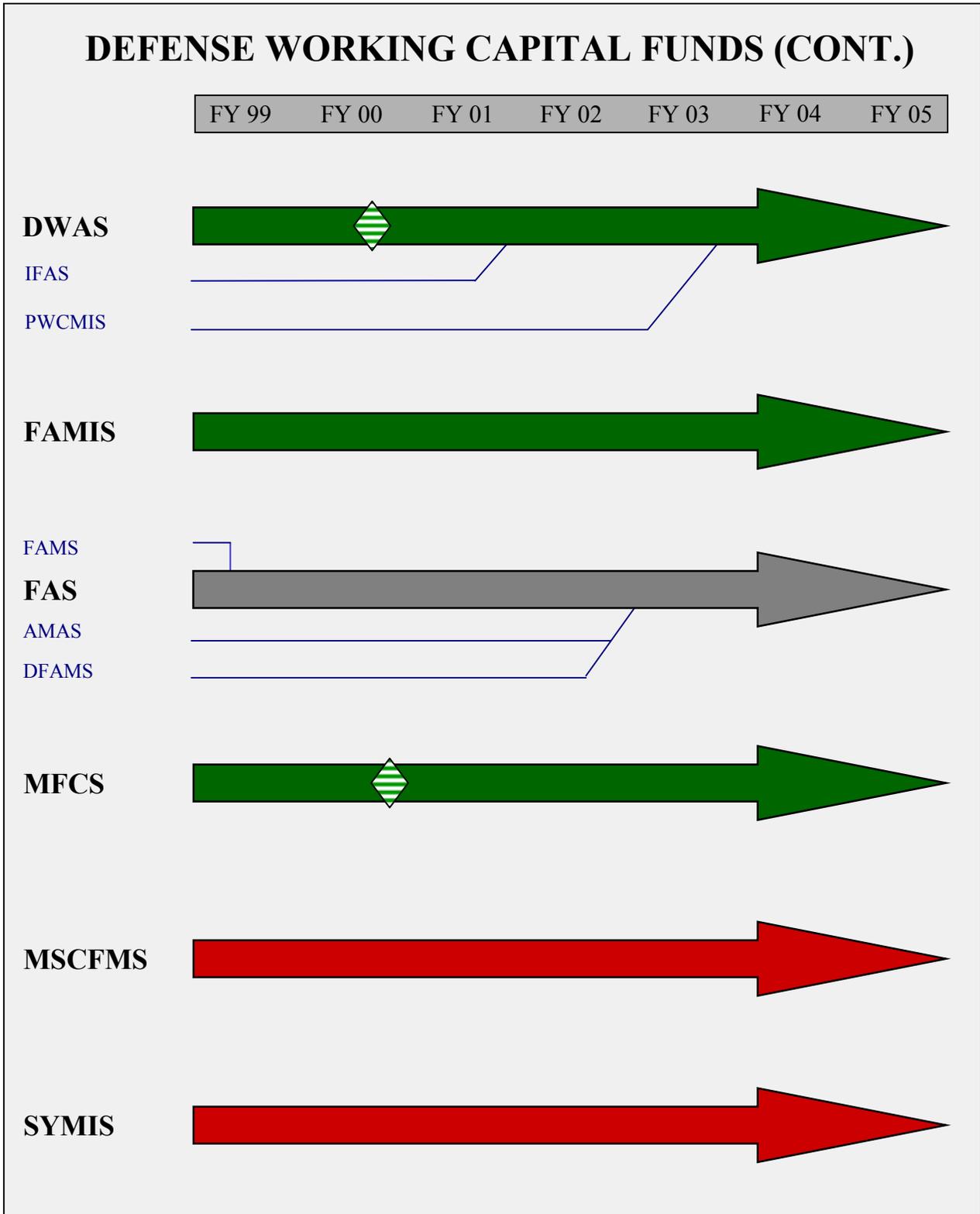
The following 15 legacy accounting systems will be consolidated by the DoD’s designated defense working capital funds systems:

- Air Force Industrial Funds General Ledger System (DMIF-IFGL)
- Avfuel Management and Accounting System (AMAS)
- Base Operations Support System (BOSS)
- Defense Business Management System (DBMS)
- Defense Fuels Automated Management System (DFAMS)
- Defense Integrated Subsistence Management System (DISMS)
- Financial Inventory Accounting and Billing System (FIABS)
- Industrial Fund Accounting System (IFAS)
- Naval Research Laboratory/Integrated Management Processing System (IMPS)
- Navy Industrial Fund Financial Management Accounting System (NIFMAS)
- NSWC Port Hueneme Division Real-Time Information Management System (RIMS)
- Public Works Center Management Information System (PWCMI)
- Standard Army Financial Inventory Accounting and Reporting System (STARFIARS)
- Standard Army Financial Inventory Accounting and Reporting System-Modernization (STARFIARS-MOD)
- Standard Automated Material Management System (SAMMS).

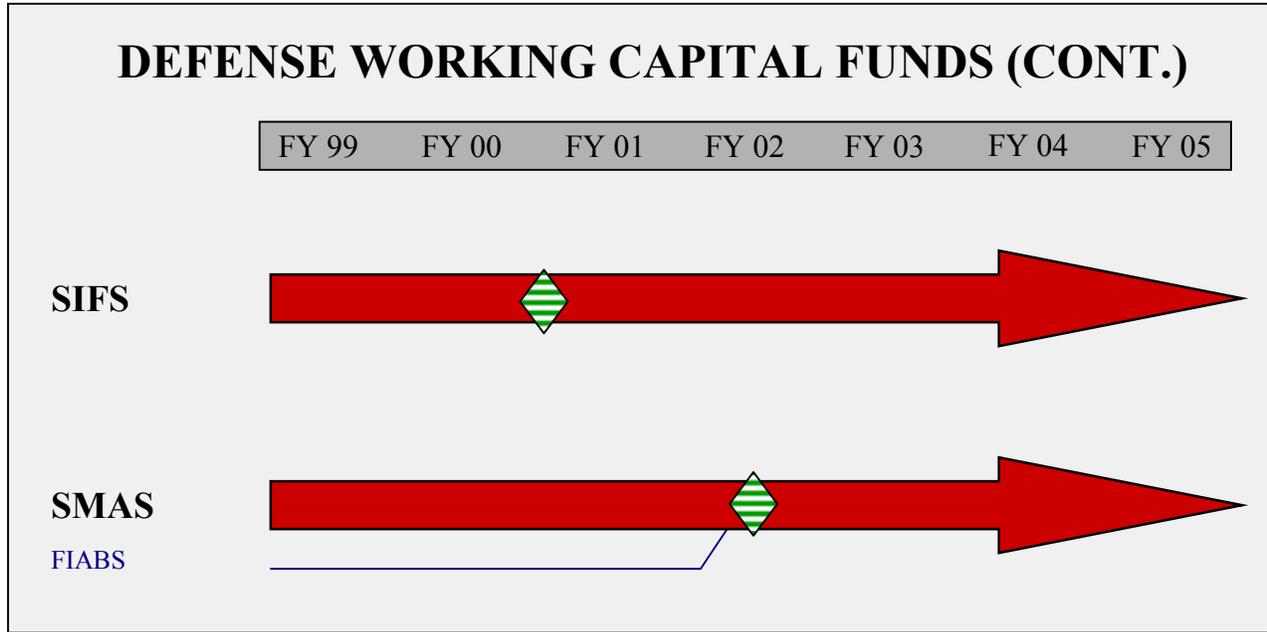
As shown in the figures on the following pages, 15 legacy accounting and 5 legacy feeder systems will be consolidated by FY 2005.



Defense Working Capital Funds Consolidation Timeline



Defense Working Capital Funds Consolidation Timeline (cont.)



Defense Working Capital Funds Consolidation Timeline (cont.)

General Funds

Description Systems supporting the general funds accounting function support the management of funds appropriated by the Congress to perform the DoD’s mission. Funding generally is managed by the activity performed--managers track the availability of funding to support the acquisition of supplies and services required to perform the mission.

Critical General Funds Systems The following 11 systems are the DoD’s designated critical general funds systems:

- Centralized Accounting and Financial Resources Management System (CAFRMS)
- College and University Financial System (CUFS)
- Corps of Engineers Financial Management System (CEFMS)
- Defense Joint Accounting System (DJAS)
- Financial Management Information System (FMIS)
- General Accounting and Reporting System (GAC)
- General Accounting & Finance System–Reengineering (GAFS-R)
- Regional Level Application Software (RLAS)
- Resource Accounting Management System (RAMS)
- Standard Accounting, Budgeting, and Reporting System (SABRS)
- Standard Accounting and Reporting System (STARS).

Compliance Status Of the 11 critical general funds systems:

- Five systems are reported as compliant
- Four systems are reported as noncompliant
- Two systems are reported as “not determined”.

The Army owns two of the systems:

- One system (CEFMS) is reported as compliant
- One system (RLAS) is reported as “not determined”.

The Navy owns one of the systems. This system (FMIS) is reported as noncompliant.

The NSA owns one of the systems. This system (GAC) is reported as noncompliant.

The DTRA owns one of the systems. This system (CAFRMS) is reported as compliant.

The DFAS owns four of the systems:

- Two systems (DJAS and SABRS) are reported as compliant
- One system (STARS) is reported as noncompliant
- One system (GAFS-R) is reported as “not determined”.

The TMA owns two of the systems:

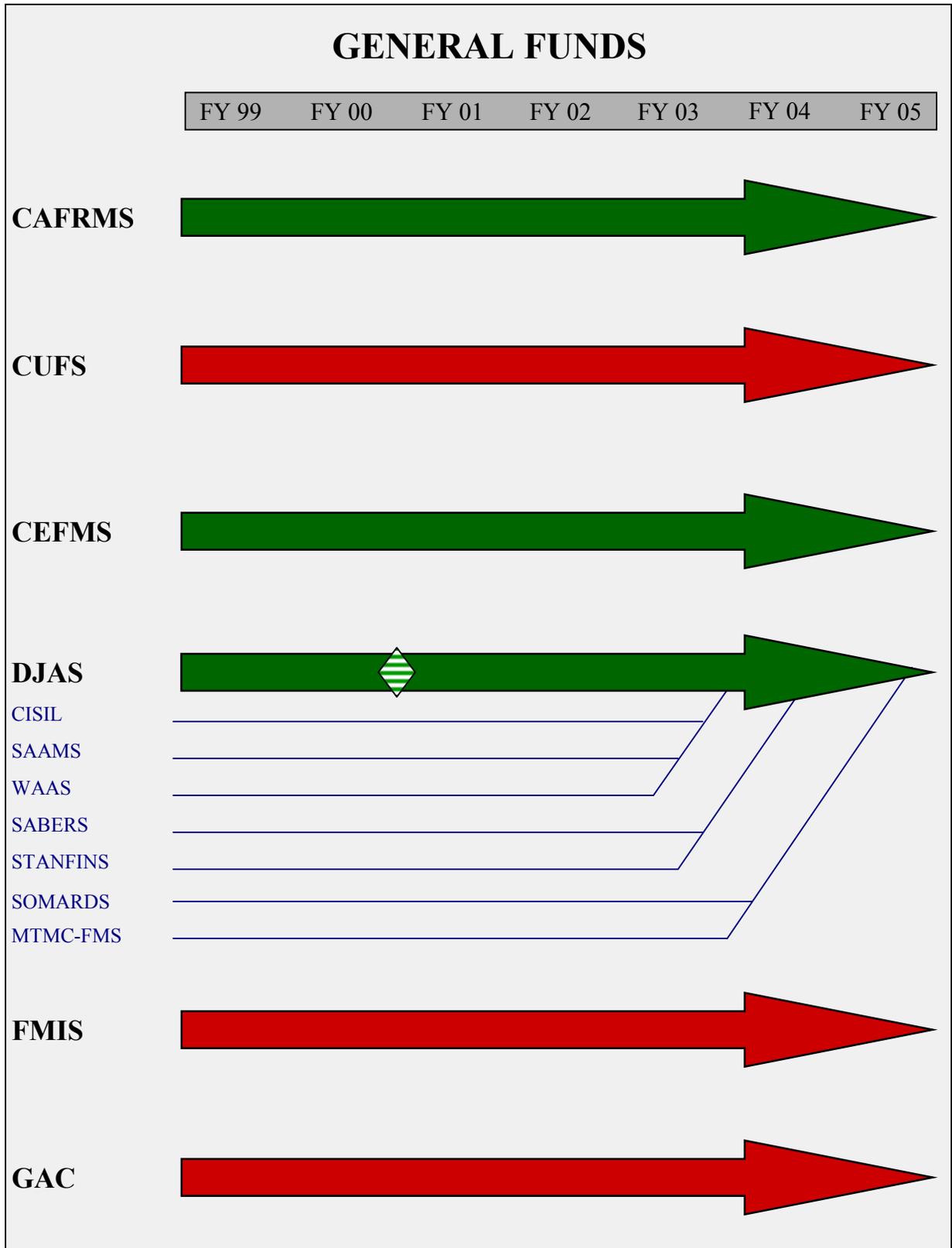
- One system (RAMS) is reported as compliant
 - One system (CUFS) is reported as noncompliant.
-

**Consolidation
Status**

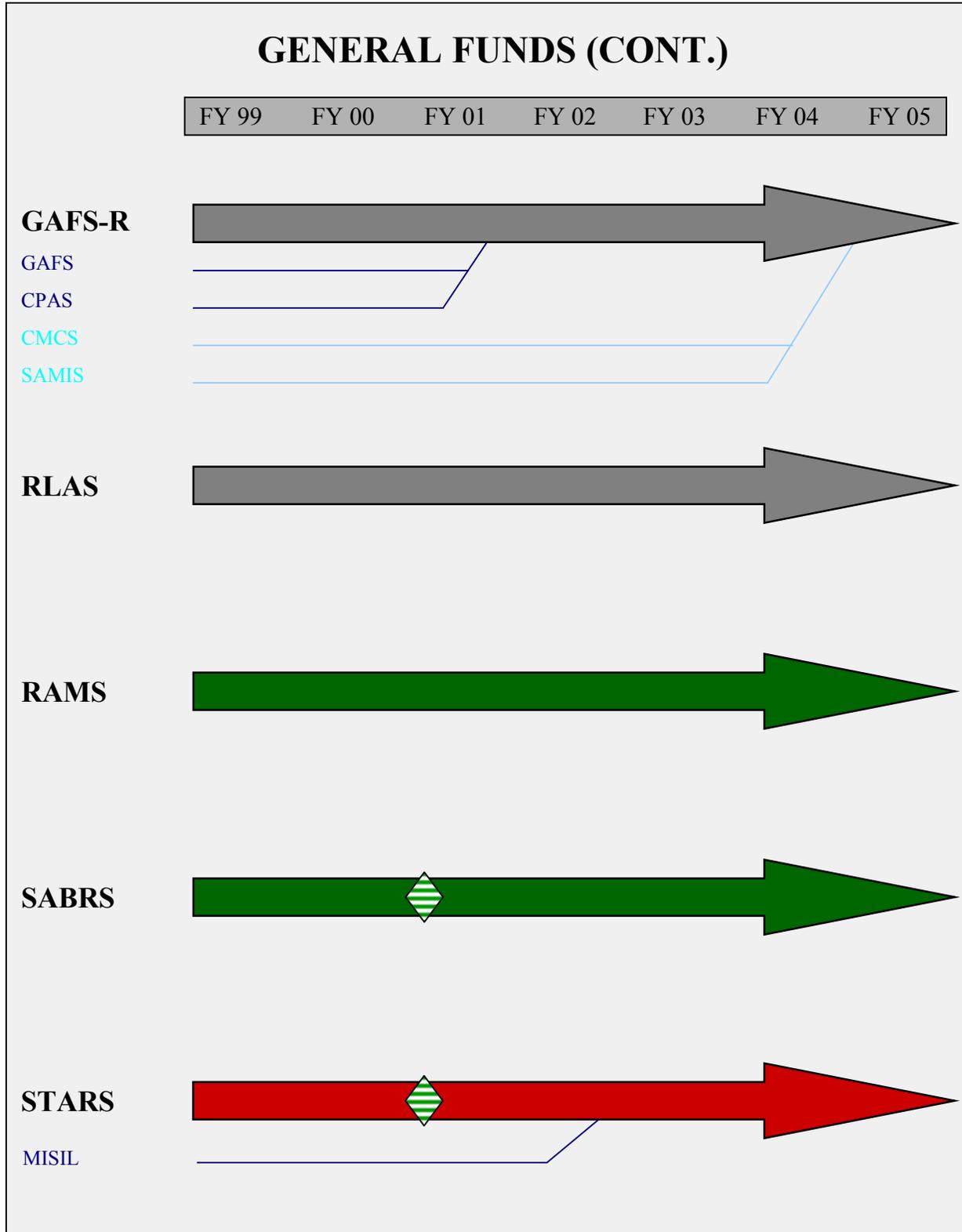
The following nine legacy accounting systems will be consolidated by the DoD’s designated general funds systems:

- Central Procurement Accounting System (CPAS)
- Centralized Integrated System for International Logistics (CISIL)
- General Accounting and Finance System (GAFS)
- Military Traffic Management Command-Financial Management System (MTMC-FMS)
- Security Assistance Automated Management Support System (SAAMSS)
- Standard Finance System (STANFINS)
- Standard Operations & Maintenance, Army Research and Development System (SOMARDS)
- State Accounting and Budget Expenditure Reservation System (SABERS)
- Washington Headquarters Service Allotment Accounting System (WAAS).

As shown in the figures on the following pages, 10 legacy accounting systems and 2 legacy feeder systems will be consolidated by FY 2005.



General Funds Consolidation Timeline



General Funds Consolidation Timeline (cont.)

Security Assistance

Description Systems that support the security assistance accounting function provide accounting support to activities that sell military equipment, weapons, and training to foreign governments based on agreements with the United States.

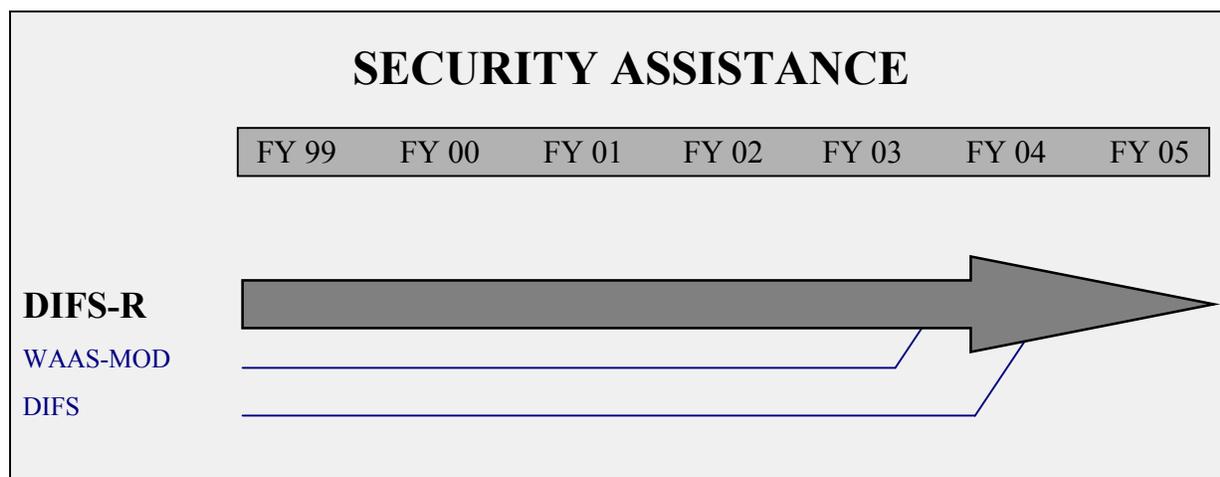
Critical Security Assistance System The Defense Integrated Finance System–Reengineering (DIFS-R) is the DoD’s designated critical security assistance system.

Compliance Status The compliance status of the DIFS-R, a DFAS owned system, is reported as “not determined”.

Consolidation Status The following three critical accounting systems are legacy systems:

- Defense Integrated Finance System (DIFS)
- Management Information System International Logistics (MISIL)
- Washington Headquarters Service Allotment Accounting System – Modification (WAAS-MOD).

As shown in the following figure, two legacy accounting systems will be consolidated into the DIFS-R by FY 2005.



Security Assistance Consolidation Timeline

Departmental Reporting

Description Systems performing the Departmental reporting function consolidate budget execution, expenditure and general ledger information from the DWCF, and the general fund accounting systems to produce fiduciary and managerial reports for the DoD, the OMB, the DoD Components, the U.S. Treasury Department, and other federal agencies.

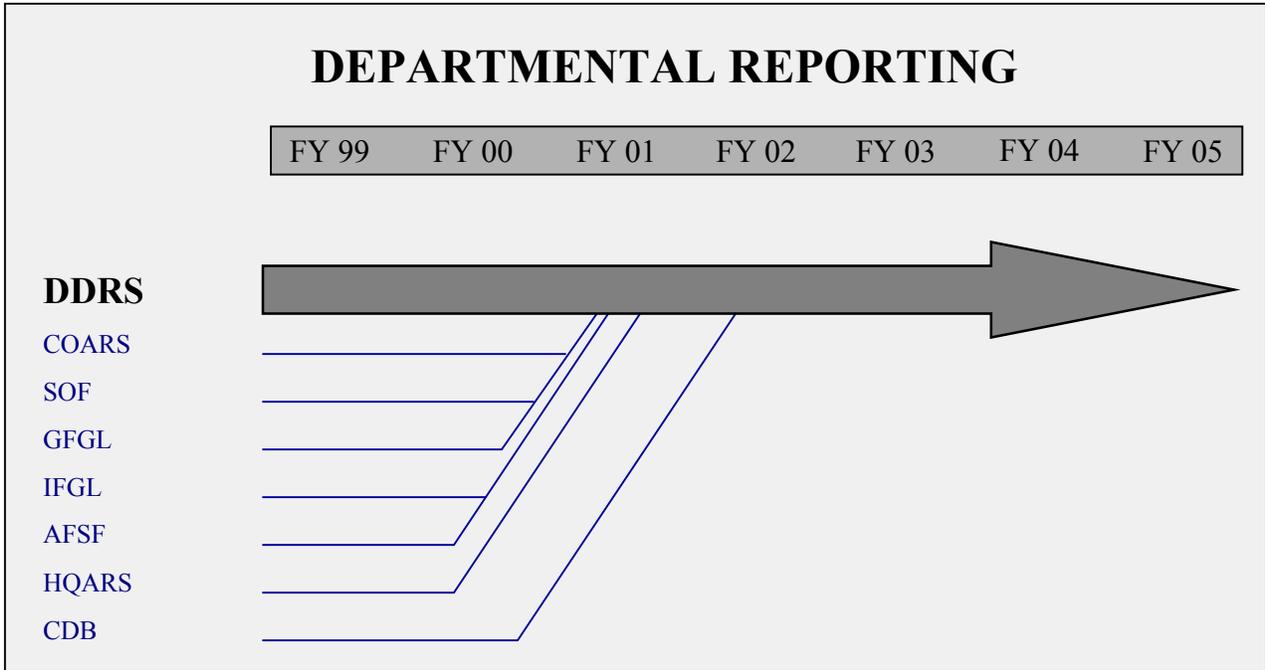
Critical Departmental Reporting System The Defense Departmental Reporting System (DDRS) is the DoD's designated critical Departmental reporting system.

Compliance Status The compliance status of the DDRS, a DFAS owned system, is reported as "not determined".

Consolidation Status The following seven critical accounting systems are legacy systems:

- Air Force Stock Funds Accounting and Reporting System (AFSF)
- Central Database (CDB)
- Command On-Line Accounting and Reporting System (COARS)
- General Funds General Ledger (GFGL)
- Headquarters Accounting and Reporting System (HQARS)
- Industrial Funds General Ledger (IFGL)
- Status of Funds System (SOF).

As shown in the figure on the following page, the seven accounting systems will be consolidated into the DDRS by FY 2005.



Departmental Reporting Consolidation Timeline

Cash Accountability

Description Systems supporting the cash accountability accounting function support the management of funds appropriated by the Congress to perform the DoD's mission. Managers track the availability of funding to support the acquisition of supplies and services required to perform the mission.

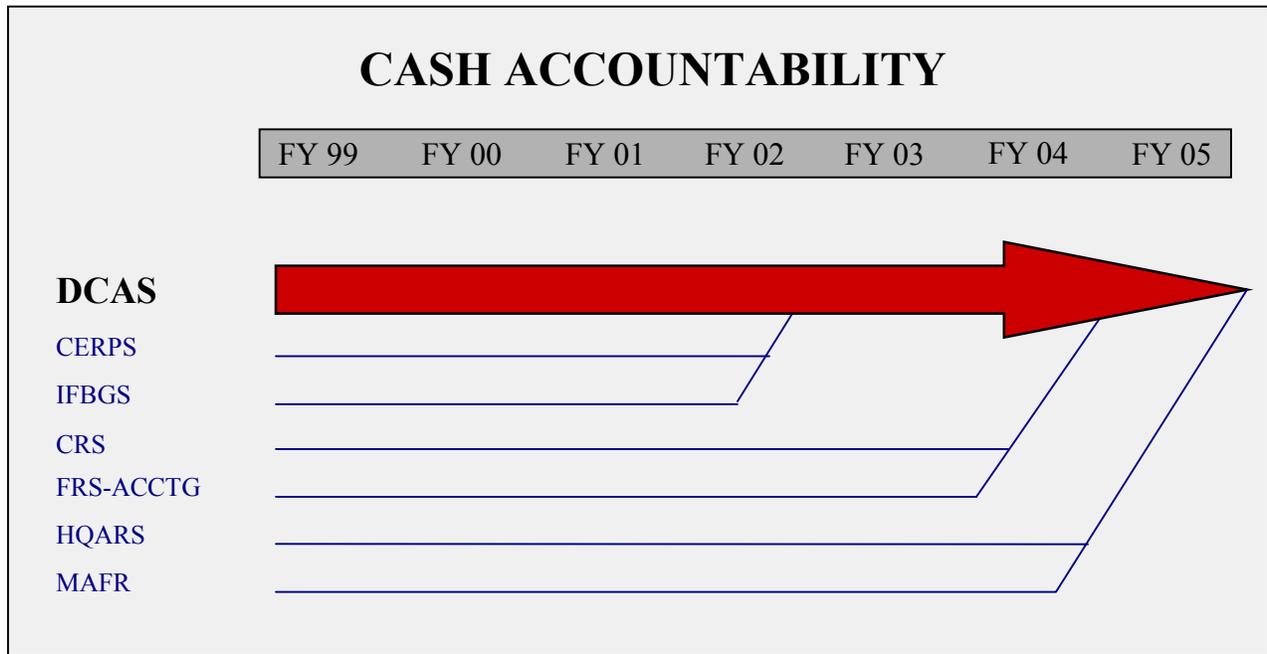
Critical Cash Accountability System The Defense Cash Accountability System (DCAS) is the DoD's designated critical cash accountability system.

Compliance Status The compliance status of the DCAS, a DFAS owned system, is reported as noncompliant.

Consolidation Status The following five critical accounting systems are legacy systems:

- Cash Reconciliation System (CRS)
- Central Expenditures & Reporting Pay System (CERPS)
- Financial Reporting System-Accounting (FRS-ACCTG)
- Inter-Departmental Fund Billing Group System (IFBGS)
- Merged Accountability and Fund Reporting (MAFR).

As shown in the figure on the following page, six legacy accounting systems will be consolidated into the DCAS by FY 2005.



Cash Accountability Consolidation Timeline

Other Accounting Functions

Description Systems that comprise the other accounting functions of the DoD maintain financial management data in a centralized location as well as handle certain programming and funds distribution responsibilities.

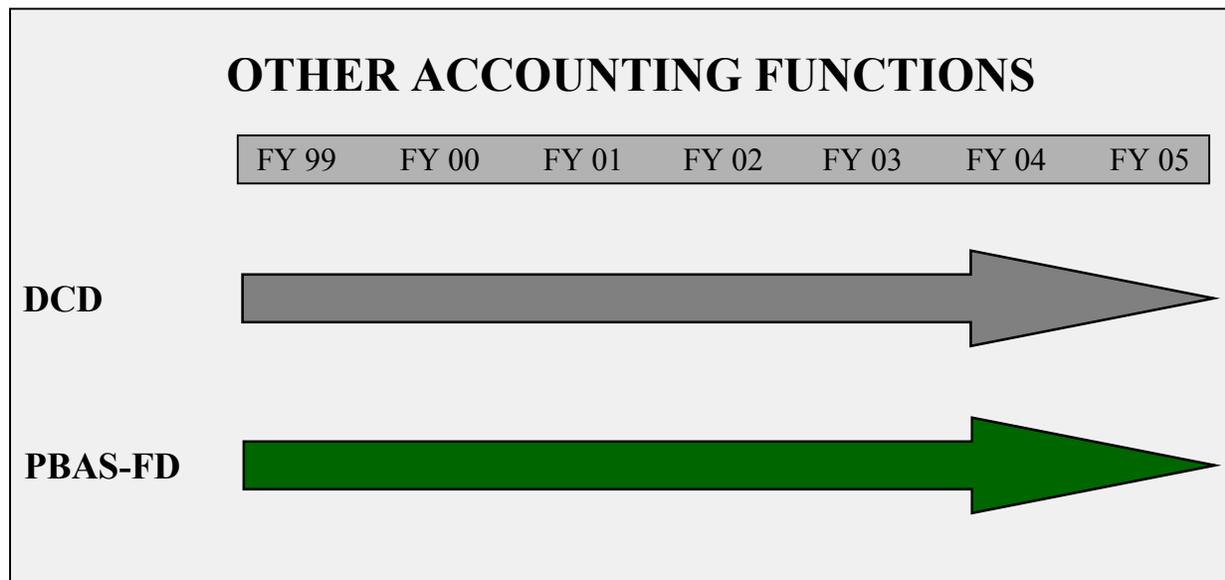
Critical Other Functions Systems The following two systems are the DoD’s designated critical other accounting functions systems:

- DFAS Corporate Database (DCD)
- Program Budget Accounting Systems – Funds Distribution (PBAS-FD).

Compliance Status The DFAS owns both systems. Of the two designated critical systems performing the other accounting functions:

- One system (PBAS-FD) is reported as compliant
- One system (DCD) is reported as “not determined”.

Consolidation Status As shown in the following figure, no legacy accounting systems are scheduled to be consolidated by FY 2005.



Other Accounting Functions Consolidation Timeline

Critical Feeder Systems

Introduction In the targeted integrated financial management system environment, critical feeder systems will provide auditable financial data to the finance and accounting systems. The critical feeder systems comprise the part of the integrated financial management system described in the Concept of Operations that performs the following program management functions:

- Acquisition
 - Personnel
 - Cost Management
 - Property Management
 - Inventory Management.
-

General Deficiencies of Critical Feeder Systems Generally, the DoD's critical feeder systems do not comply with applicable financial management requirements. Specific system deficiencies that must be addressed by the DoD include:

- Inadequate valuation, reporting, and accounting of property, equipment, inventory, and supplies
- Unreconciled physical inventory levels and financial statements
- Undocumented audit trails
- Non-integrated databases
- Transactions with improper accounting.

Critical legacy feeder systems currently owned by the DoD Components also have been identified.

Acquisition

Description The acquisition function is performed to obtain the goods or services required to support DoD programs. Acquisition information is collected throughout all phases of contracting (i.e., selection of contracts, writing, administration, payment, reconciliation, and closeout). The financial impacts of acquisition events are translated into financial events such as recording obligations, expenditures, and payments.

Critical Acquisition Systems The following five systems are the DoD’s designated critical acquisition function systems:

- Acquisition and Due-In System (ADIS)
- Automated Business Services System (ABSS)
- Facilities Information System 2.0 (FIS 2.0)
- Standard Procurement System (SPS)
- Wholesale Logistics Modernization Program (WLMP).

Compliance Status Of the five designated critical systems performing acquisition functions:

- One system is reported as compliant
- One system is reported as noncompliant
- Three systems are reported as “not determined”.

The Army owns one of the systems. This system (WLMP) is reported as “not determined”.

The Navy owns one of the systems. This system (FIS 2.0) is reported as compliant.

The Air Force owns two of the systems:

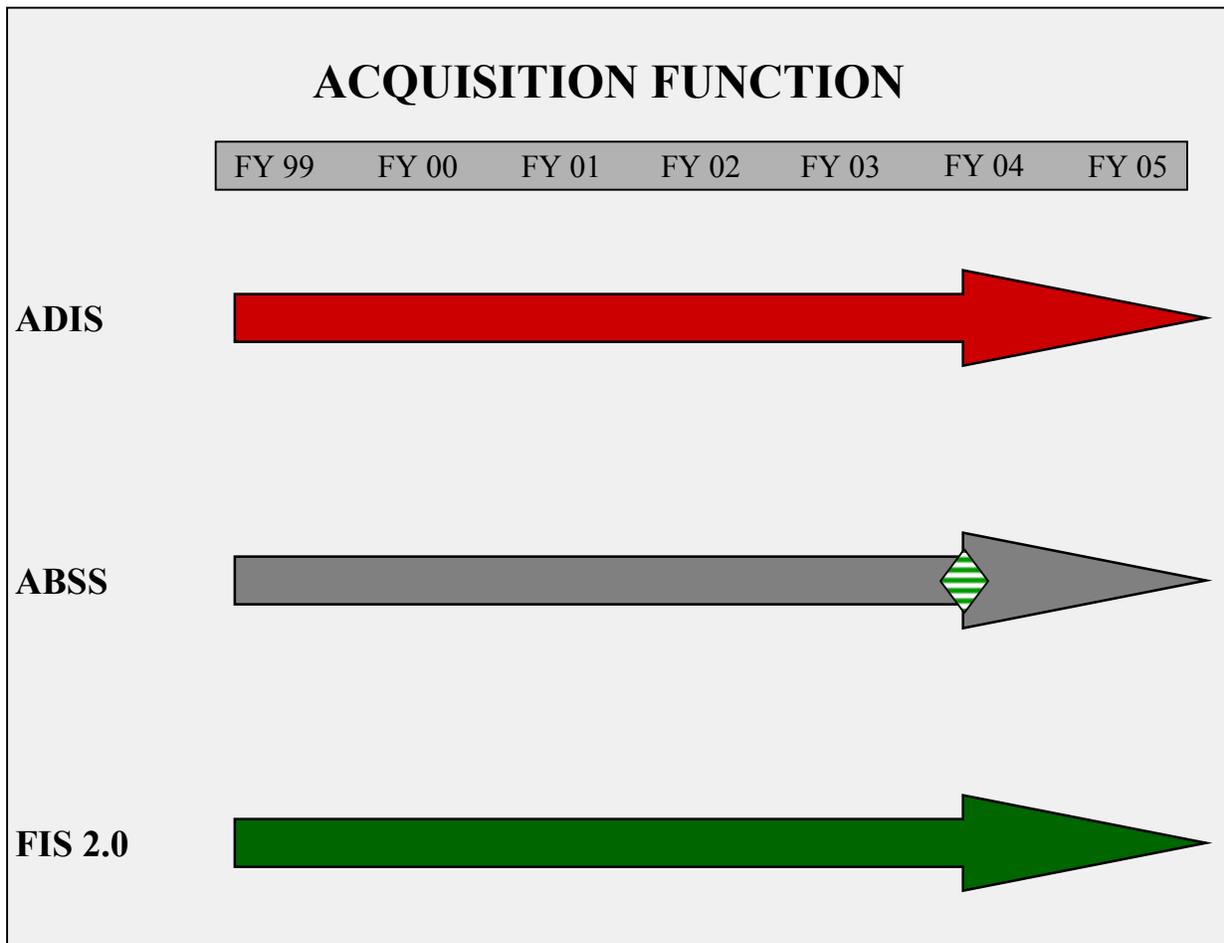
- One system (ADIS) is reported as noncompliant
- One system (ABSS) is reported as “not determined”.

The Defense Contract Management Agency (DCMA) owns one of the systems. This system (SPS) is reported as “not determined”.

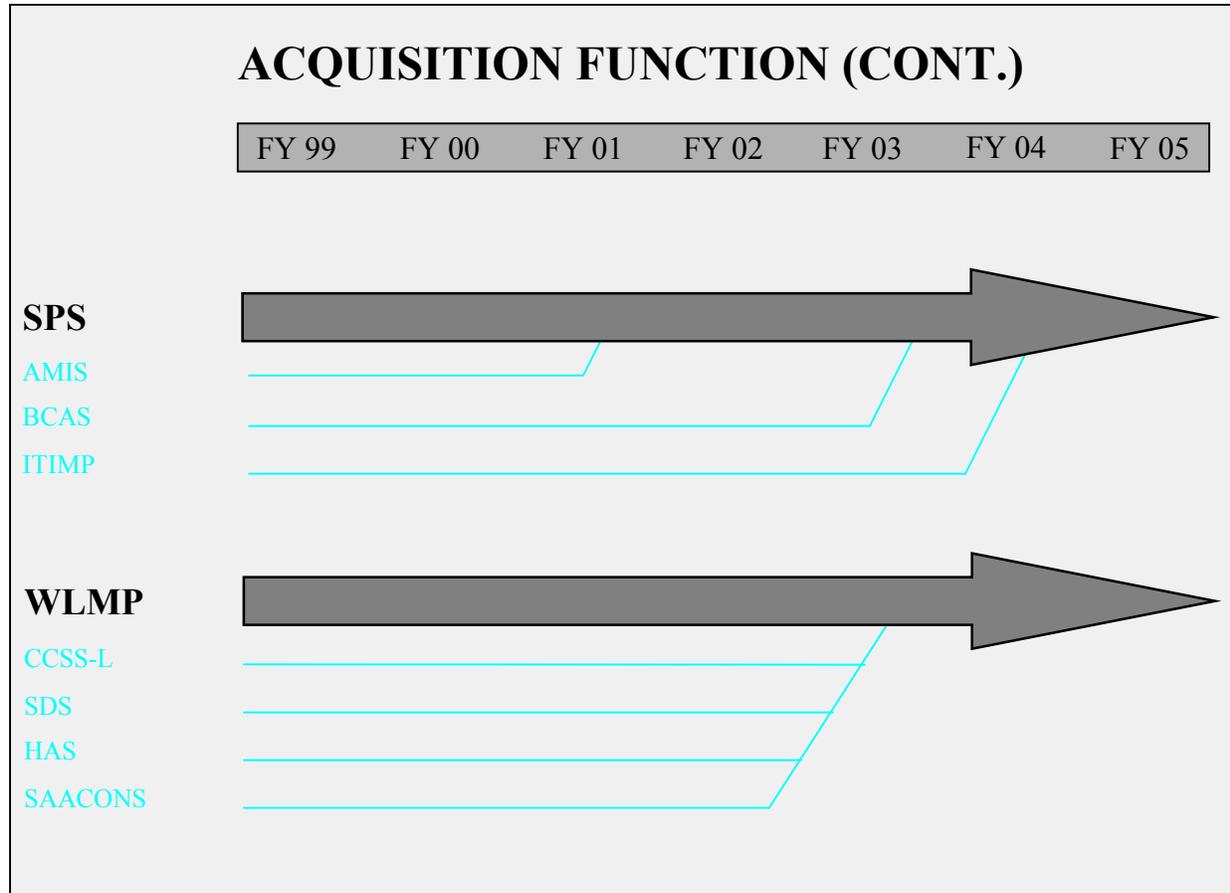
Consolidation Status The following 11 critical feeder systems are legacy systems:

- Acquisition Management Information System (AMIS)
- Base Contracting Automated System (BCAS)
- Commodity Command Standard System – Logistics (CCSS-L)
- Commercial Operations Integrated System (COINS)
- Create On-Line Procurement System (COPS)
- Headquarters Application System (HAS)
- Integrated Technical Item Management Program (ITIMP)
- Procurement Automated Data and Document System (PADDS)
- Procurement Request Information System (PRISM)
- Standard Army Automated Contracting System (SAACONS)
- Standard Depot System (SDS).

As shown in the following figures seven legacy feeder systems will be consolidated by FY 2005.



Acquisition Consolidation Timeline



Acquisition Consolidation Timeline (cont.)

Personnel

Description The personnel function processes time and attendance information and collects and maintains payroll and benefit information about employees' benefits, retirement contributions, and pension plan information. The time and attendance systems also track the labor hours by project for working capital fund organizations. Labor hours apply to direct, indirect or general, and administrative cost codes used to develop rates for billing customers. Personnel events that occur must be translated into financial events necessary to perform the payroll function. Payroll and cost accounting cannot be accurately performed without the necessary feeder system data.

Critical Personnel Systems The following five systems are the DoD's designated critical personnel function systems:

- Automated Time, Attendance, and Production System (ATAAPS)
- Defense Civilian Personnel Data System (DCPDS)
- Military Modification (MILMOD)
- Standard Installation and Division Personnel System 3.0 (SIDPERS 3.0)
- Standard Labor Data Collection and Distribution Application (SLDCADA).

Compliance Status Of the five designated critical systems performing personnel functions:

- One system is reported as compliant
- Four systems are reported as "not determined".

The Army owns one of the systems. This system (SIDPERS 3.0) is reported as "not determined".

The Navy owns one of the systems. This system (SLDCADA) is reported as compliant.

The Air Force owns one of the systems. This system (MILMOD) is reported as "not determined".

The DHRA owns one of the systems. This system (DCPDS) is reported as "not determined".

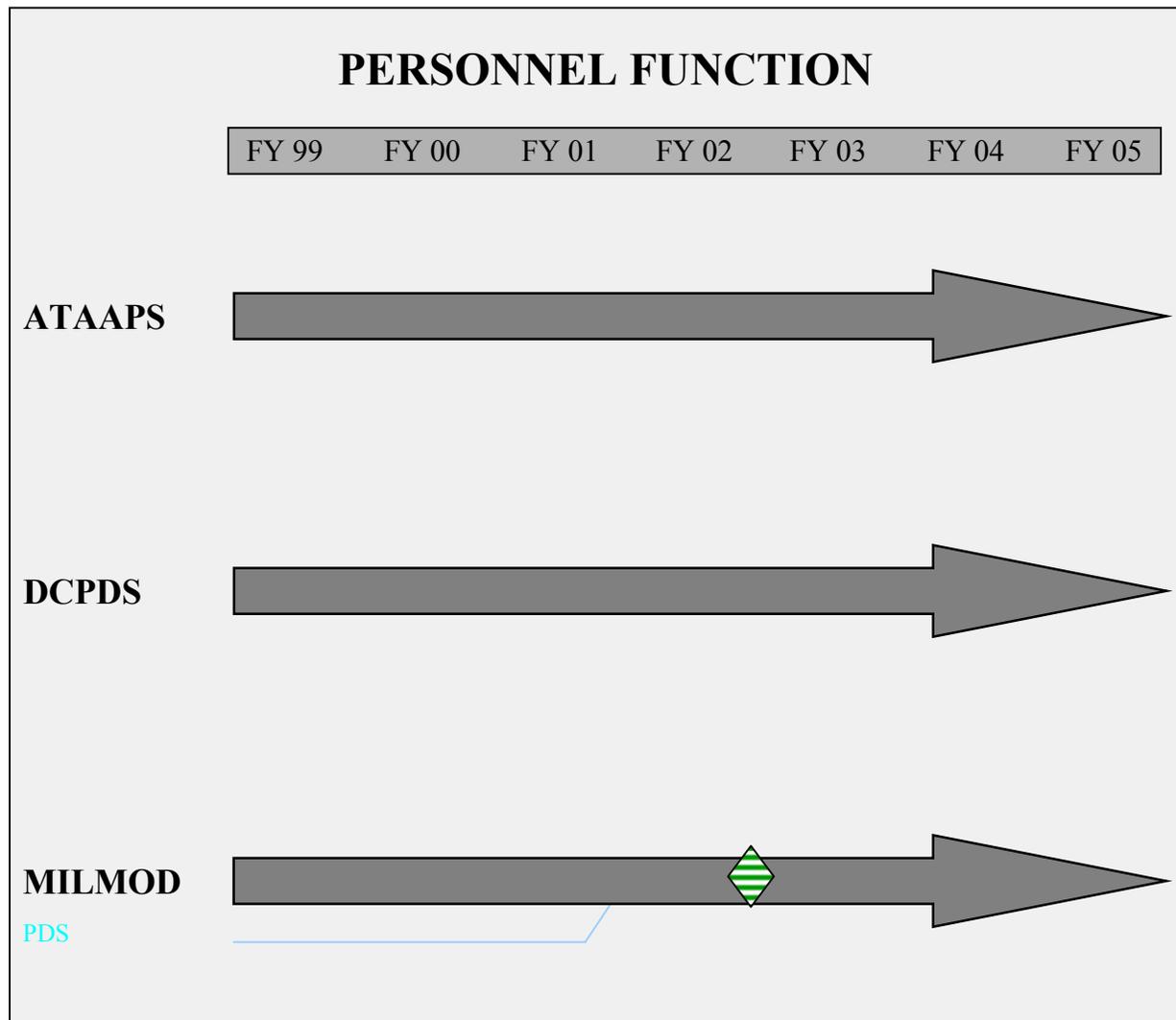
The DFAS owns one of the systems. This system (ATAAPS) is reported as “not determined”.

Consolidation Status

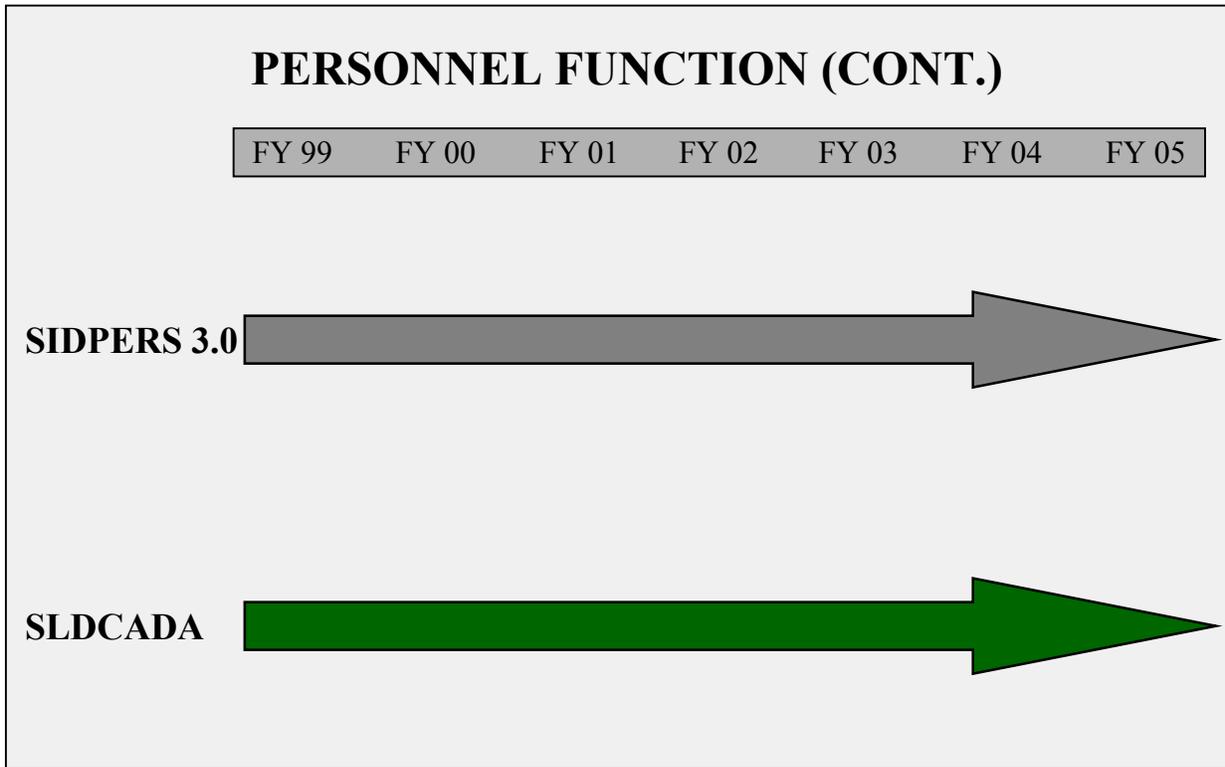
The following four critical feeder systems are legacy systems:

- Electronic Timekeeping System (ETS)
- JUMPS Standard Terminal Input System (JUSTIS)
- Personnel Data System (PDS)
- Time and Attendance Reporting System (TASYS).

As shown in the following figures, one legacy system will be consolidated by FY 2005.



Personnel Consolidation Timeline



Personnel Consolidation Timeline (cont.)

Cost Management

Description The cost management function provides relevant, internal cost measurements for operational managers and decision-makers to continuously improve operations. The cost management function tracks the cost of performing a certain program or service and reports the full cost of programs and activities. Cost functions are required for operating within the working capital funds environment for unit cost and fee for service support. In these cases, cost is integrated with the accounting system to provide the required management information and unit cost reports. General fund operations also use cost information to determine how efficiently and effectively programs are being administered. This information must be translated into financial information necessary to perform multiple transaction processing functions.

Critical Cost Management Systems The following 11 systems are the DoD's designated critical cost management systems:

- Air Force Restoration Information Management System (AFRIMS)
 - Airlift Services Industrial Funds Integrated Computer System (ASIFICS)
 - AMARC Business System (ABS)
 - Automated Civil Engineering System-Operations (ACES-OP)
 - Contract Maintenance Accounting and Production System (CMAPS)
 - Defense Security Assistance Management System (DSAMS)
 - Job Order Cost Accounting System II (JOCAS II)
 - Job Order Production Master System (JOPMS)
 - Momentum Financial Information System (MOMENTUM)
 - Normalization of Data System (NORM)
 - Reserve Integrated Management System (Financial Management) (RIMS (FM)).
-

Compliance Status Of the 11 designated critical systems performing cost management functions:

- Two systems are reported as compliant
- Five systems are reported as noncompliant
- Four systems are reported as “not determined”.

The Navy owns three of the systems:

- Two systems (MOMENTUM and NORM) are reported as compliant
 - One system (RIMS (FM)) is reported as noncompliant.
-

The Air Force owns seven of the systems:

- Four systems (ASIFICS, ABS, ACES-OP, and JOCAS II) are reported as noncompliant
- Three systems (AFRIMS, CMAPS, and JOPMS) are reported as “not determined”.

The DSCA owns one of the systems. This system (DSAMS) is reported as “not determined”.

**Consolidation
Status**

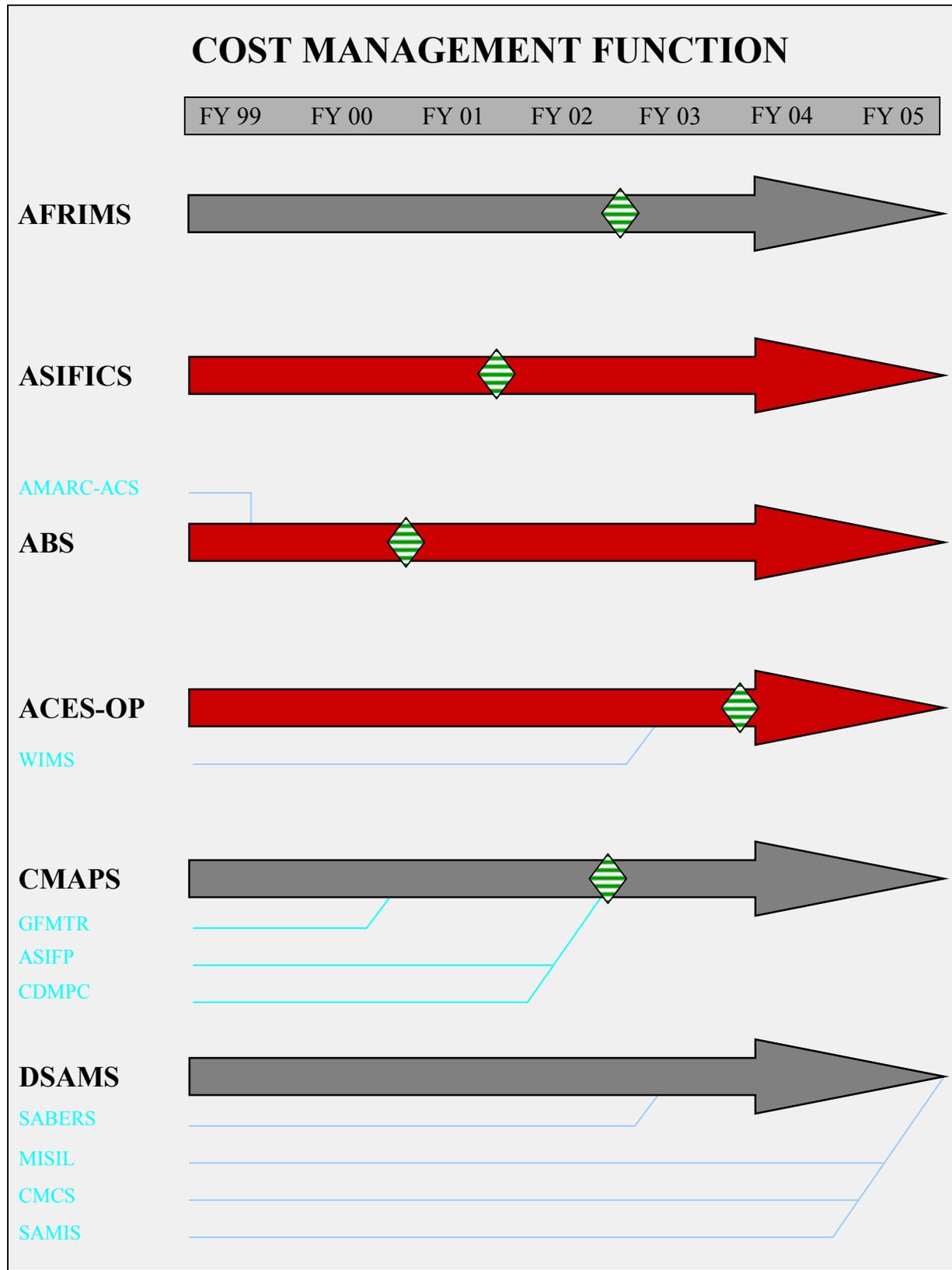
The following legacy feeder system was consolidated in FY 2000:

AMARC-ACS (05/99)

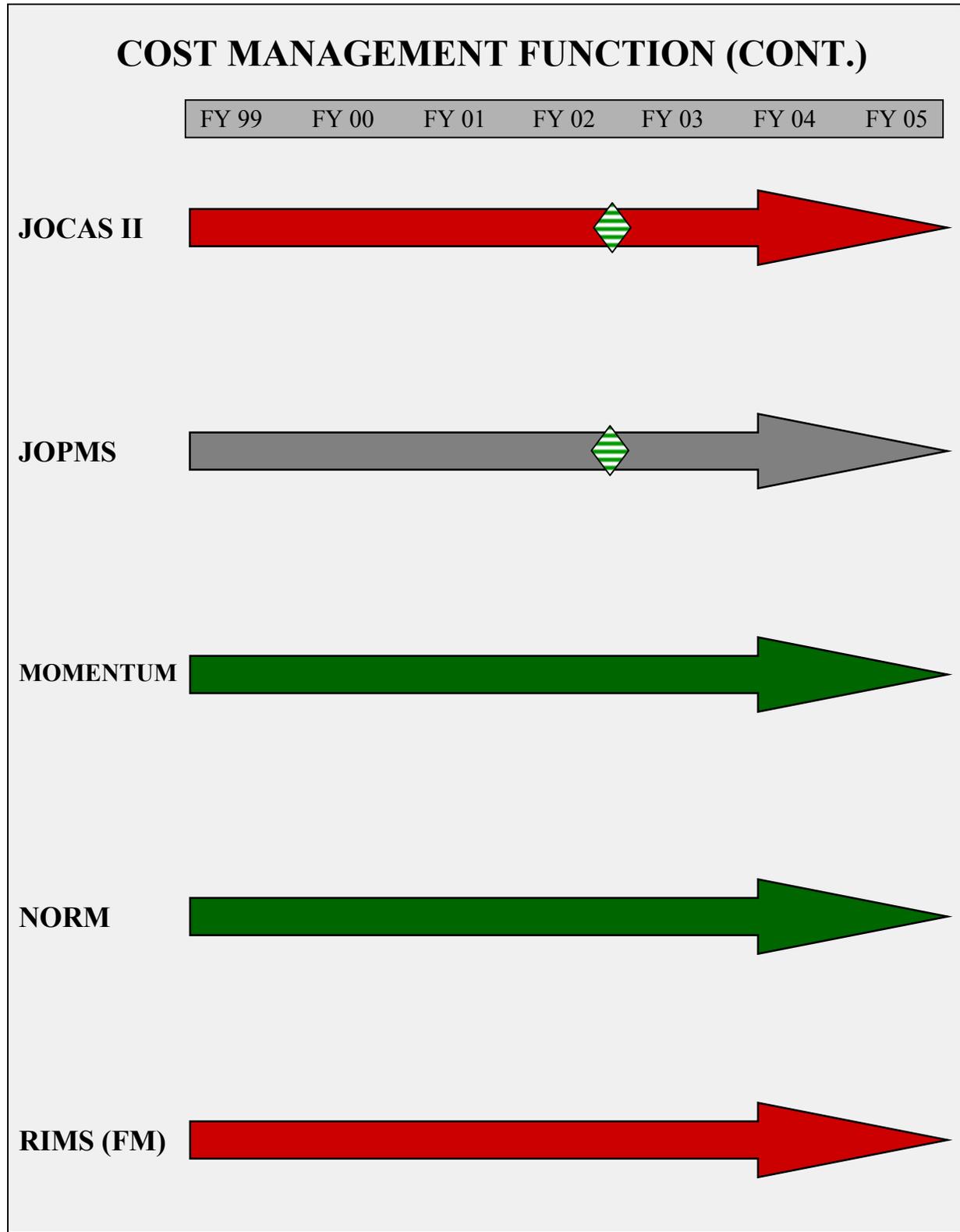
The following 14 critical feeder systems are legacy systems:

- Accounting System for Industrial Procurement of GFM (ASIFP)
- Case Management Control System (CMCS)
- Contract Depot Maintenance Production and Cost System (CDMPC)
- Depot Maintenance Budget Management Cost System (MBMCS)
- Depot Maintenance Equipment Program System (DMEPS)
- Depot Maintenance Production Cost System (DMPCS)
- Depot Maintenance Workload Planning and Control System (MWPCS)
- Foreign Military Sales Credit System (FMSCS)
- Maintenance Actual Material Cost System (MAMCS)
- Maintenance Labor Distribution and Cost System (MLDCS)
- Project Order Control System (POCS)
- Security Assist Management Information System (SAMIS)
- Standard Automated Voucher Examination System (SAVES)
- Work Information Management System (WIMS).

As shown in the figures on the following pages, eight legacy feeder systems will be consolidated by FY 2005.



Cost Management Consolidation Timeline



Cost Management Consolidation Timeline (cont.)

Property Management

Description The property management function relates to the use and status of real and personal property, equipment, and facilities (e.g., investment, land, computer equipment, and government-furnished equipment and material). As property is managed (i.e., purchased, maintained, destroyed, or transported), events occur for which financial data must be recorded.

Critical Property Management Systems

The following 20 systems are the DoD's designated critical property management systems:

- Aircraft Engine Management System (AEMS)
 - Aircraft Inventory Readiness and Reporting System (AIRRS)
 - Air Force Equipment Management System (AFEMS)
 - Automated Civil Engineering System-Real Property (ACES-RP)
 - Comprehensive Engine Management System (CEMS)
 - Conventional Ammunition Integrated Management System (CAIMS)
 - Craft and Boat Support System (CBSS)
 - Defense Medical Logistics Standard System (DMLSS)
 - Defense Property Accountability System (DPAS)
 - Department of the Navy Heritage Assets Management System (DoNHAMS)
 - Facility Inventory Planning System (FIPS)
 - Global Combat Support System - Army (GCSS-A)
 - Integrated Facilities System (IFS)
 - Integrated Missile Data Base (IMDB)
 - Naval Vessel Register (NVR)
 - On-line Vehicle Interactive Management System (OLVIMS)
 - Real Estate Management Information System (REMIS)
 - Reliability and Maintainability Information System (REMIS)
 - Reliability, Availability, and Maintainability Logistics Engineering Support System for Electronic Combat Pods and Integrated Systems (RAMPOD)
 - Support Equipment Resource Management Information System (SERMIS).
-

Compliance Status

Of the 20 designated critical systems performing property management:

- Two systems are reported as compliant
 - Twelve systems are reported as noncompliant
 - Six systems are reported as “not determined”.
-

The Army owns three of the systems:

- One system (REMIS) is reported as compliant
- Two systems (GCSS-A and IFS) are reported as “not determined”.

The Navy owns eight of the systems:

- Seven systems (AEMS, AIRRS, CAIMS, CBSS, FIPS, NVR, and SERMIS) are reported as noncompliant
- One system (DoNHAMS) is reported as “not determined”.

The Air Force owns seven of the systems:

- Five systems (AFEMS, ACES-RP, CEMS, OLVIMS, and REMIS) are reported as noncompliant
- Two systems (IMDB and RAMPOD) are reported as “not determined”.

The DLA owns one of the systems. This system (DPAS) is reported as compliant.

The TMA owns one of the systems. This system (DMLSS) is reported as “not determined”.

Consolidation Status

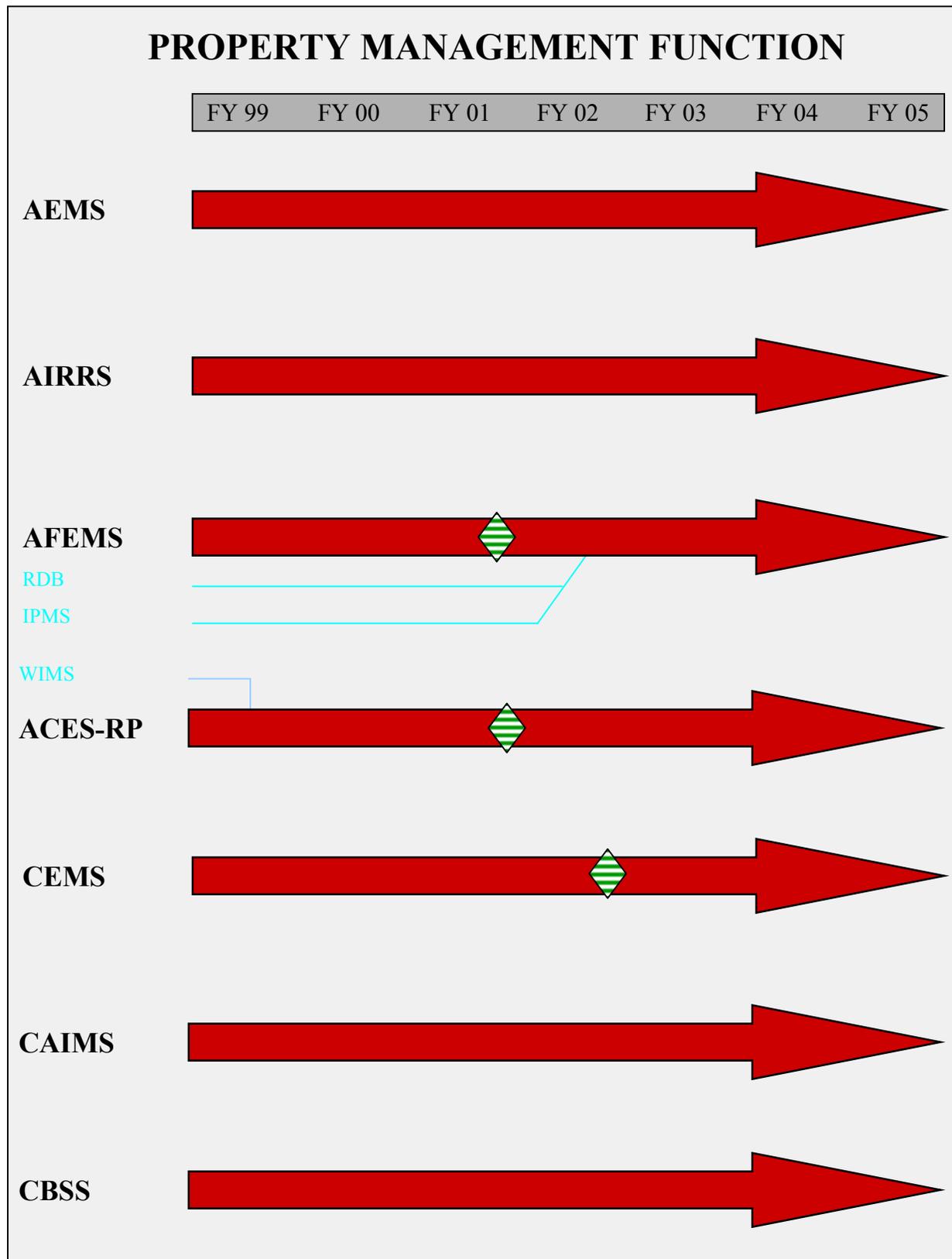
Portions of the following legacy feeder system was consolidated in FY 2000:

WIMS (09/00)

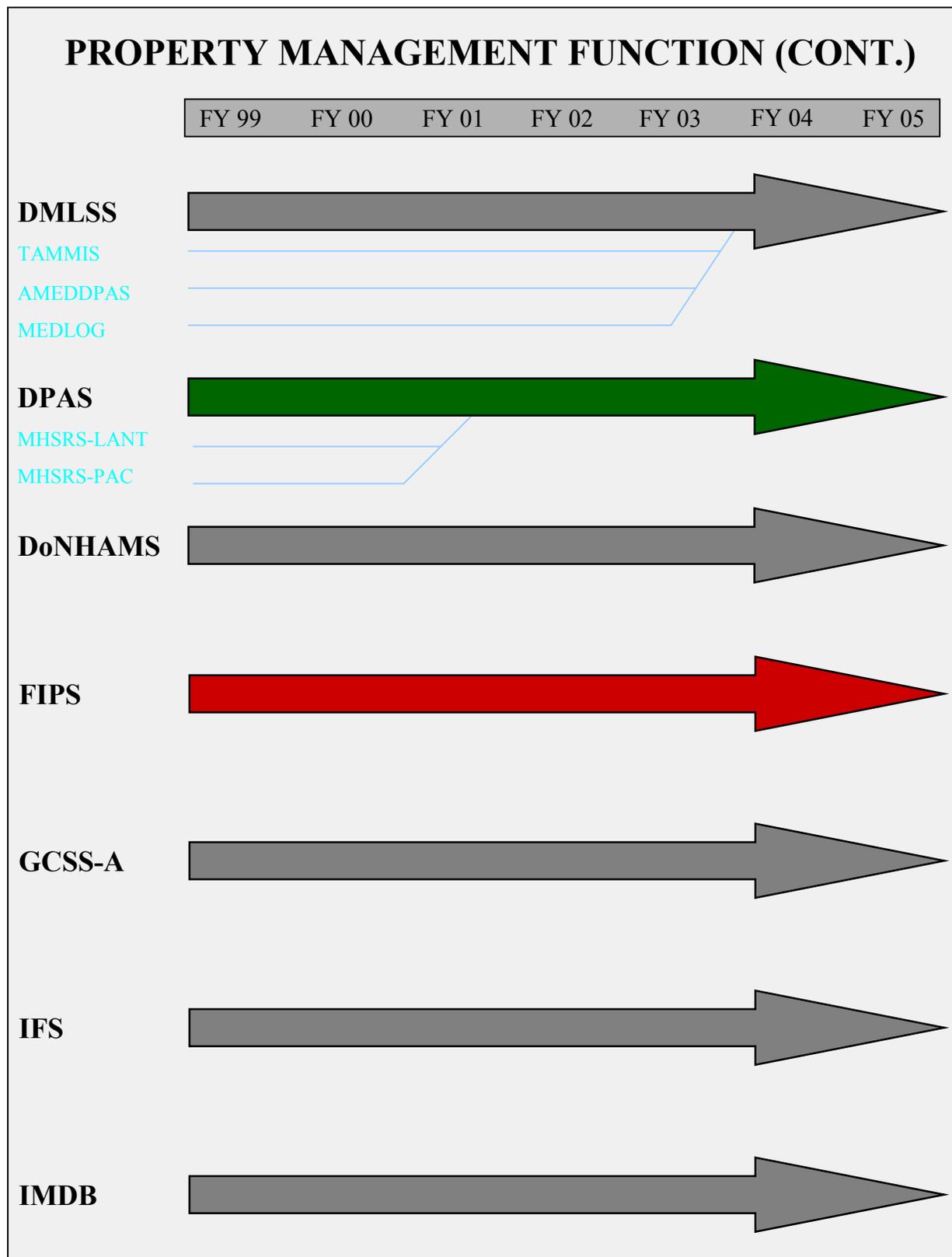
The following nine critical feeder systems are legacy systems:

- Army Medical Department Property Accounting System (AMEDDPAS)
- Government Furnished Material and End Item Transaction Reporting System (GFMTR)
- Information Processing Management System (IPMS)
- Medical Logistics System (MEDLOG)
- Patuxent Inventory System (PAXIS)
- Requirements Data Bank (RDB)
- SWFLANT Missile History and Status Report System (MHSRS-LANT)
- SWFPAC Missile History and Status Report System (MHSRS-PAC)
- Standard Property Book System – Redesign (SPBS-R).

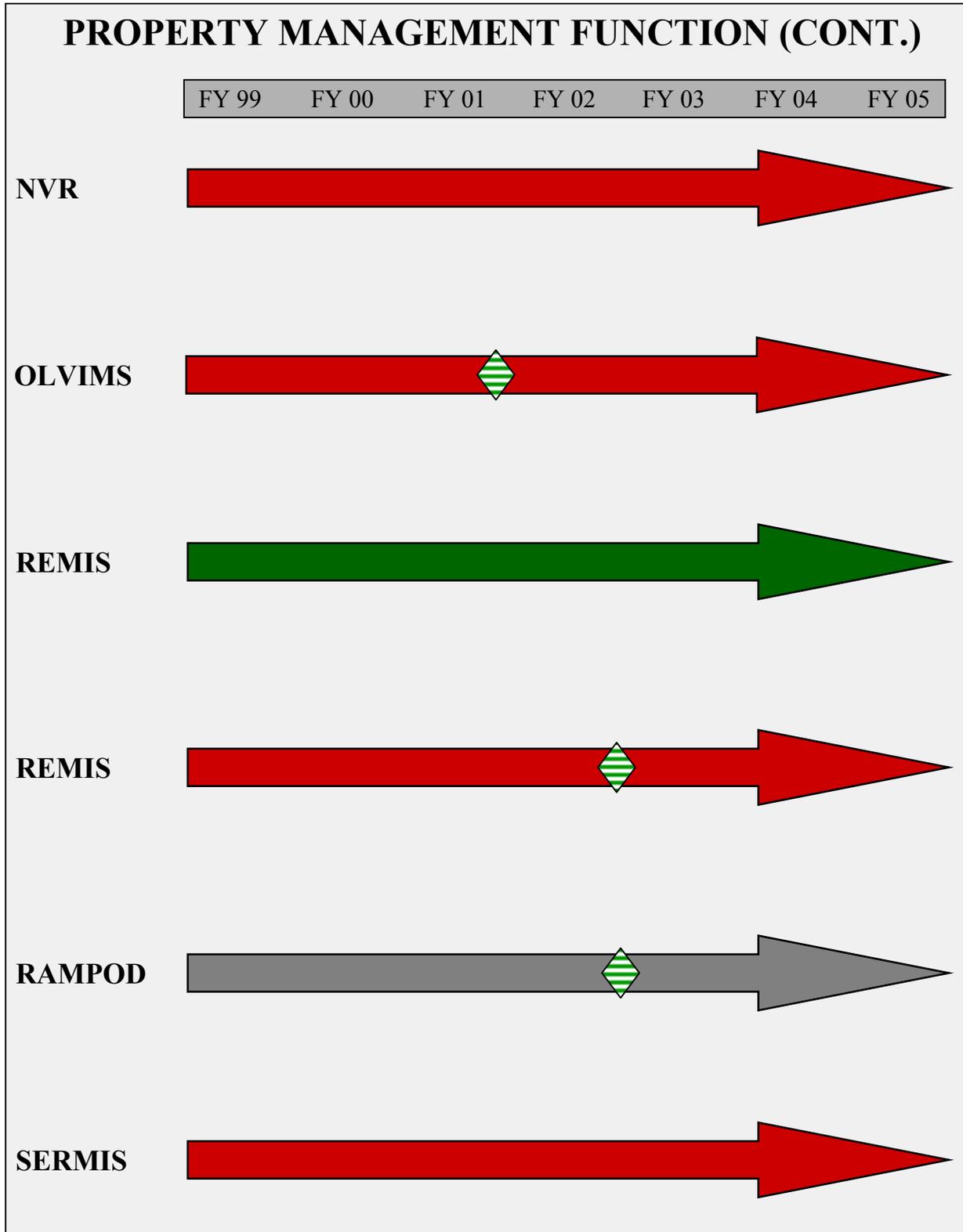
As shown in the figures on the following pages, seven legacy feeder systems will be consolidated by FY 2005.



Property Management Consolidation Timeline



Property Management Consolidation Timeline (cont.)



Property Management Consolidation Timeline (cont.)

Inventory Management

Description	The inventory management function tracks operating supplies and their location. As inventory is managed (i.e., received, stored, and distributed), events occur for which financial information must be recorded in order to effectively minimize and account for inventories.
<hr/>	
Critical Inventory Management Systems	<p>The following 10 systems are the DoD’s designated critical inventory management systems:</p> <ul style="list-style-type: none"> • Accounting and Inventory Management System (AIMS) • Asset Tracking Logistics and Supply System Phase II + (ATLASS II+) • Industrial Logistics Support Management Information System (ILSMIS) • Standard Base Supply System (SBSS) • Stock Control System (SCS) • Stock Control System–Recoverable Assembly Management Process (SCS-RAMP) • Stock Number User Directory (SNUD) • Uniform Automated Data Processing System – Inventory Control Point (UADPS-ICP) • Uniform Automated Data Processing System – Stock Point (UADPS-SP) • Worldwide Ammunition Reporting System – New Technology (WARS-NT).
<hr/>	
Compliance Status	<p>Of the 10 designated critical systems performing inventory management functions:</p> <ul style="list-style-type: none"> • Seven systems are reported as noncompliant • Three systems are reported as “not determined.” <p>The Army owns one of the systems. This system (WARS-NT) is reported as “not determined”.</p> <p>The Navy owns four of the systems. These four systems (ATLASS II +, ILSMIS, UADPS-ICP, and UADPS-SP) are reported as noncompliant.</p> <p>The Air Force owns four of the systems:</p> <ul style="list-style-type: none"> • Three systems (SBSS, SCS, and SCS-RAMP) are reported as noncompliant • One system (SNUD) is reported as “not determined.”

The Defense Commissary Agency owns one of the systems. This system (AIMS) is reported as “not determined”.

Consolidation Status

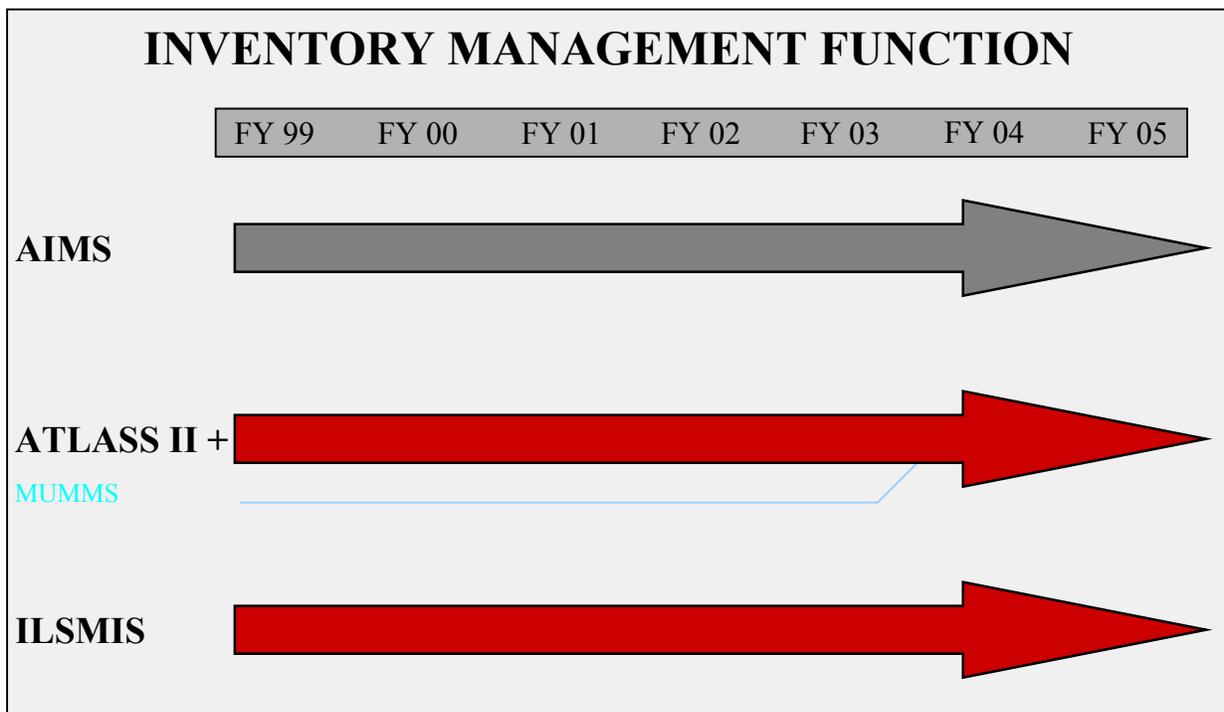
Portions of the following feeder system was consolidated in FY 2000:

SCS-RAMP (09/00)

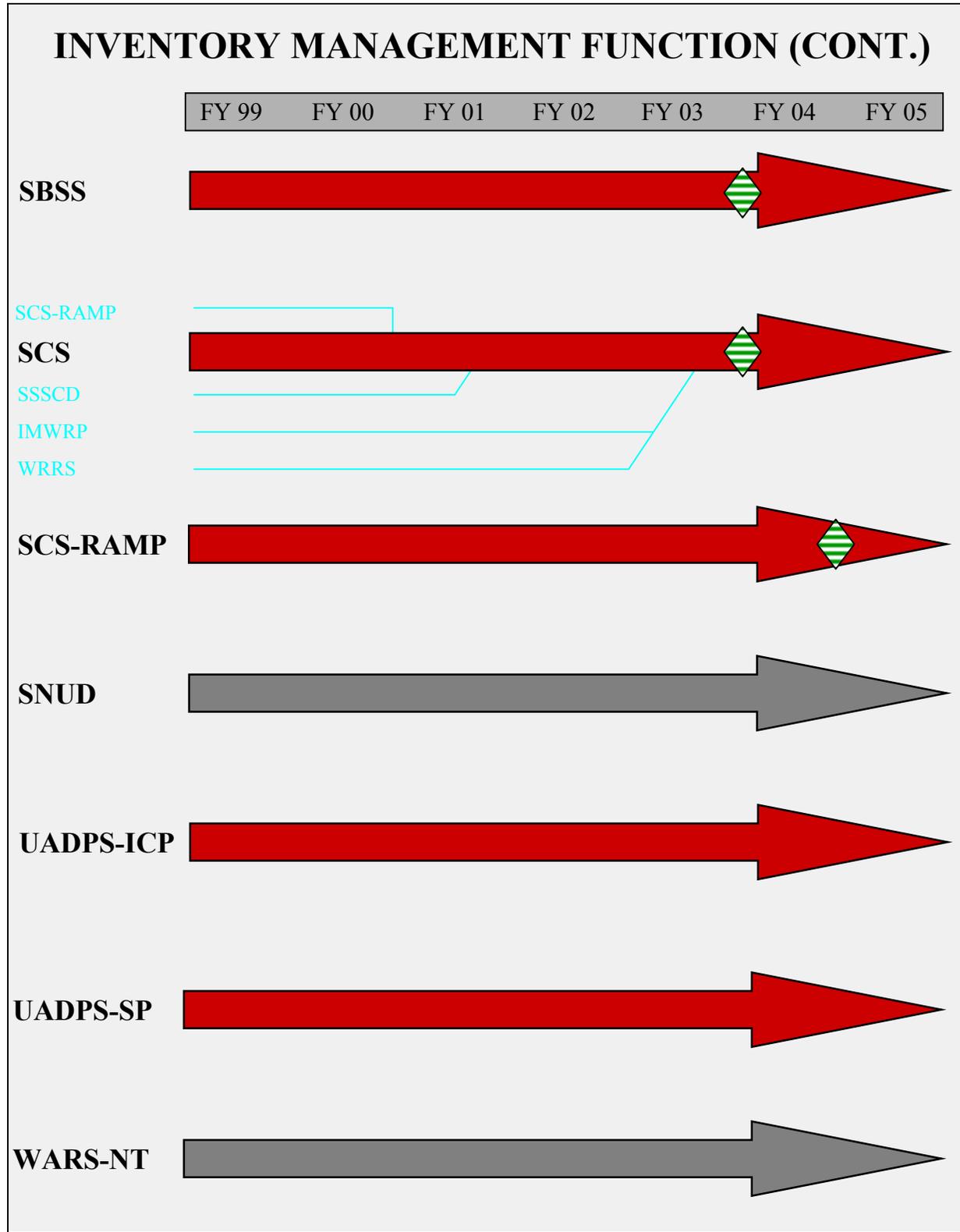
The following 10 critical feeder systems are legacy systems:

- Combat Ammunition System-ACP (CAS-A)
- Item Manager’s Wholesale Requisition System (IMWRP)
- Marine Ammunition Accounting and Reporting System II (MAARS II)
- Marine Corps Unified Material Management System (MUMMS)
- Shipboard Uniform Automated Data Processing System (SUADPS)
- Special Support Stock Control Distribution System (SSSCD)
- Standard Army Retail Supply System - Objective (SARSS-O)
- Supported Activities Supply System (SASSY)
- Theater Army Medical Management Information System (TAMMIS)
- Wholesale and Retail Receiving/Shipping System (WRRS).

As shown in the following figures, four legacy feeder systems will be consolidated by FY 2005.



Inventory Management Consolidation Timeline



Inventory Management Consolidation Timeline (cont.)

Policy and Oversight Initiatives

Description	<p>Policy and oversight encompasses the financial management policy and oversight roles and relationships of the organizations within the financial management community. The primary functions within the policy and oversight requirement include:</p> <ul style="list-style-type: none"> • Financial management policy development • System oversight, compliance definition, improvements, and financial reporting • Promulgation and implementation of managerial internal controls. <hr/>
Initiatives	<p>The DoD is currently pursuing 20 policy and oversight initiatives to improve its financial management operations:</p>
U.S. Army Initiatives	<ul style="list-style-type: none"> • General and Mission Equipment Working Group-CFO Compliance This initiative is a joint working group that includes key Army and DFAS representation to help ensure successful and accurate reporting of general and mission equipment in the Army. The Army General and Mission Equipment Working Group-CFO Compliance initiative will produce results in determining key elements, possible approaches, and solutions for meeting existing and future reporting requirements for Army equipment. • Army Joint Reconciliation Program This initiative addresses effective budget execution. The Joint Reconciliation Program involves a three-phased approach with current obligations reviewed in each phase. The joint reviews combine the skills and expertise of managerial accountants, budget analysts, and program directors. Contracting, logistics, legal, internal review, and DFAS personnel may be used to assist in the joint review process. • Army Operating Materials & Supplies Process Action Team This initiative was formed to review current Army financial reporting practices and policies for Operating Materials and Supplies and to make changes where appropriate to meet the applicable financial requirements. • Army Real Property Integrated Process Team-CFO Compliance (RP-IPT) This initiative is a joint working group that includes key Army and DFAS representation to help ensure the successful and accurate reporting of land, building, and structures. The RP-IPT determines approaches and solutions for meeting existing and future reporting requirements for the Army's real property. The RP-IPT working

group currently is determining and implementing changes needed for existing systems to meet real property reporting requirements.

U.S. Navy and
U.S. Marine
Corps
Initiatives

- **Civilian Financial Management Career Program Improvement**
This initiative, led by the Naval Financial Management Career Center, provides strategies and goals to the Navy comptrollers for development of the Navy's financial management workforce. The DoN Civilian Financial Management Career Program Improvement initiative will focus on improving personnel infrastructure.
- **Management Control Program Improvement**
This initiative, led by the Office of the Assistant Secretary of the Navy (Financial Management & Comptroller) provides an approach towards identifying and reporting business risks focused on improving the cost-efficiencies of the DoN. This approach allows the DoN management to assess the internal control system against an established standard to help identify basic weaknesses in their operating, financial reporting, legal/regulatory compliance controls, and take the timely and effective actions needed to strengthen them.
- **Assessment of Environmental Restoration Liabilities**
This initiative will review policies and procedures related to how and when to estimate expected hazardous waste removal and disposal costs for ammunition, chemical weapons, and excess and obsolete structures and major weapons systems.
- **Assessment of Hazardous Material Disposal Liabilities**
This initiative will review policies and procedures related to how and when to estimate expected hazardous waste removal and disposal costs for ammunition, chemical weapons, and excess and obsolete structures and major weapons systems.
- **Assessment of Deferred Maintenance**
This initiative will assess the method to improve the reporting of deferred maintenance related to General Property, Plant, and Equipment real property and depot-level deferred maintenance for National Defense Property, Plant, and Equipment such as ships, aircraft, tracked vehicles and other weapons systems platforms, where appropriate.
- **Assessment of Property in Possession of Contractors**
This initiative will focus on improving the reporting of government furnished property in the possession of contractors. The goal of this initiative is to ensure that the property reported is accurate.

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- U.S. Air Force Initiatives
- **Chief Financial Officer (CFO) Integrated Process Team (IPT)**
This initiative, designed to help obtain auditable financial statements, is a coordinated effort between the Air Force financial management community and other Air Force functional communities. The Air Force has developed 14 teams that are focusing on policy and guidance, accounting, systems, and implementation strategy issues from each team’s respective functional community.
 - **Implementation Strategies**
This initiative represents a key element of the Air Force’s efforts to produce auditable financial statements particularly for the balance sheet. In support of the DoD’s strategies, the Air Force has been working with private-sector firms to conduct surveys of its real property holdings. The Air Force is also working to verify the existence and completeness of its “personal” property, assess its environmental liabilities, and value its inventories.
 - **Financial Information Systems Assessment Study**
This initiative identifies all functional and technical interactions among the financial systems that serve the Air Force, and to provide a plan to remedy any significant deficiencies. The overall objective is to create an integrated, efficient set of systems that support Air Force business processes and financial reporting. The culmination of this initiative will be a Web-based encyclopedia cataloging the details of the Air Force’s financial management and related systems.
 - **Improve Compliance**
This initiative is designed to ensure full compliance with financial laws and regulations. One of the main areas of emphasis for improvement is Antideficiency Act violations. The Air Force developed a Web-based training course dealing with Antideficiency Act violations and will publish new instructions on investigating Antideficiency Act violations.
 - **Improve Cost Accounting**
This initiative is intended to aid in the development of the Air Force Total Cost of Ownership information system that will provide improved and timelier costs of supporting weapons systems to commanders. The Air Force also plans to increase its efforts to improve Activity-Based Costing/Management as an important analytical technique for relating costs to specific activities. The Depot Maintenance Accounting and Production System (DMAPS) is being developed to improve the cost accounting of the Depot Maintenance Activity Group. The DMAPS will provide the Air Force with the capability to capture actual and planned direct labor and direct material at the task level and report this on a daily basis.
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Defense
Finance and
Accounting
Service
Initiatives

- **Professional Qualifications**
This initiative began as an effort to improve the professional qualifications of Air Force financial management personnel. In May 1999, the senior financial management leadership in the Air Force issued guidelines for the professional development of its financial managers. One objective of the initiative is to make continuing professional education easier to complete by using distance learning courses, videotapes, articles, and quizzes on the SAF/FM home page. Another objective is to help the American Society of Military Comptrollers develop training and a test-based certification program focused on defense financial matters.
 - **Statement of Budgetary Resources**
This initiative focuses on achieving an auditable Statement of Budgetary Resources for the Air Force's General Funds area. One of the main goals of this initiative is to obtain beginning balances for the fund for FY 2000 which would be a major step towards achieving a clean opinion on the FY 2000 Statement of Budgetary Resources.
 - **Career Development Program**
This initiative is a comprehensive career development program for financial management positions within the DFAS. The initiative is designed to help the DFAS develop a highly skilled and professional workforce that is knowledgeable of applicable laws and regulatory requirements.
 - **Professional and Leadership Certification Program**
This initiative provides priority funding and recognition for those DFAS employees pursuing educational advancement, leadership development, technical competency development, and professional certification in accordance with the DFAS Career Development Program.
 - **DoD Financial Management Guidance**
This is a joint initiative between the DFAS and the OUSD(C) to develop a single set of DoD financial management guidance for use throughout the DoD. The initiative will take the DoD's various finance management regulations and consolidate them into the "DoD Financial Management Regulation" ("DoDFMR").
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Infrastructure Initiatives

Description The DoD's financial management operational infrastructure consists of the organizations, personnel, and internal control mechanisms required to manage and account for the DoD's resources. Infrastructure includes initiatives that are improving the DoD's information system environment.

Initiatives The Infrastructure section currently consists of 22 initiatives designed to improve the environment that supports the DoD's financial management operations:

U.S Army Initiatives

- **Defense Travel System-Limited (DTS-L)**
This initiative will field an automated process for preparing travel orders and uses static databases for airline flights and per diem tables, which may be updated monthly, to help develop cost estimates. Traveling staff use DTS-L to prepare their own trip orders, travel profile, and itinerary.
- **Financial Operations Conference**
This initiative will use the Army's annual Financial Operations Conference to ensure that financial information is available to all interested Army personnel. The FY 2000 conference offered 22 different workshops and was attended by approximately 360 personnel from the Army and the DFAS resource management community.
- **Internal Review Program**
This initiative will establish a worldwide community of financial professionals within the Army to meet the Army's changing needs by providing responsive, timely, and flexible internal audit and related advisory services to Army commanders. The Internal Review offices prepare annual audit plans to ensure that audit resources are used in the most effective way possible.
- **Obligation Adjustment Matrix**
This initiative grants the DFAS and the Army accounting activities the authority to post an obligation when there is an unrecorded or insufficient obligation. The authority to post an obligation is based upon the existence of documentary evidence. Effective July 1, 2000, the Obligation Adjustment Matrix became a standard business practice Army-wide. This initiative has assisted in reducing problem disbursements.
- **Single Stock Fund**
The single stock fund initiative is designed to reengineer inventory

management functions and processes throughout the Army. The focus of the Single Stock Fund reengineering effort is to eliminate the Supply and Management-Army account, using instead only the “parent” Army Working Capital Fund.

U.S. Navy and
U.S. Marine
Corps Initiatives

- **Assessment of Real Property**
This initiative will examine the feasibility of modifying or enhancing the FIPS-NFADB module, which is used for the Department of the Navy facility management. The assessment will determine whether the system can be cost effectively modified to provide the information requirements of the Federal Accounting Standards Board guidelines or replace it with another system application as the single DoN repository for real property.
- **General Property, Plant, and Equipment Accountability Project**
This initiative will consolidate for accountability and financial accounting and reporting purposes, the General PP&E personal property used or maintained by the Navy and the Marine Corps Non-Working Capital Fund (NWCF) Activities. This initiative will implement the DPAS throughout the General Funds Community.
- **Assessment of National Defense Property, Plant, and Equipment**
This initiative will examine the feasibility of creating a summary-level database populated from the National Defense PP&E to serve as a central information repository for financial statements. The summary-level database provides a means to consolidate and maintain data requirements without incurring the significant cost and disruption that a current system modification might cause.
- **Assessment of Heritage Assets**
This initiative will review current guidance, directives, business processes, and information systems employed by the DoN to ensure full accountability and visibility of heritage assets.
- **Assessment of Inventory and Logistics Management Systems**
This initiative will examine the existing inventory management systems of the NWCF Supply Management business group to define approaches and solutions to meet federal requirements for financial management systems. The initiative will also consider opportunities for standardization and consolidation of similar functions.
- **Assessment of Operating Materials & Supplies Management Systems**
This initiative is a breakout from the Assessment of Inventory Management and Systems initiative and is a parallel initiative for a different category of assets. This initiative will examine the existing

inventory management systems of the NWCF (non-supply) business groups and General Funds to define approaches and solutions to meet federal requirements for financial management systems. The initiative will also consider opportunities for standardization and consolidation of similar functions.

- **Assessment of Personnel Systems**
This initiative will examine the current processing of source data automation from the military active and reserve personnel management systems to determine areas that need to be modified to comply with federal financial management system requirements.
- **Assessment of Time & Attendance Source Data Automation System**
This initiative will evaluate time and attendance systems, used throughout the DoN to determine the practicality of continuing, consolidating, or eliminating each system based upon the number of accounts, system processing capabilities, and business processes.

U.S. Air Force Initiatives

- **Depot Maintenance Accounting and Production System**
This initiative is the development of a suite of systems that will support the organic depot maintenance for the Air Force. This new suite of systems will result in the modification of Air Force business practices so that the Air Force Material Command will become CFO compliant. The objective of the initiative is to provide the Air Force with the capability to capture actual and planned direct labor and direct material at the task level and report progress on a daily basis.
- **Global Combat Support System–Air Force**
This initiative will integrate Air Force combat support information systems to provide timely, accurate, and trustworthy information to the warfighter and supporting elements, with the appropriate level of security needed for the Expeditionary Aerospace Force to execute the Air Force mission.

Defense Finance and Accounting Service Initiatives

- **Integrated Database/System**
This initiative will create a single, shared data environment for financial systems. This environment is composed of the DFAS Corporate Database and the DFAS Corporate Data Warehouse. The intent of the initiative is to have the DFAS's finance and accounting systems electronically interface with the Corporate Database, which will in turn store the information in the Corporate Warehouse.
- **FMFIA Improvement Task Force**
This DFAS initiative is one of many ongoing actions that are designed to improve the DFAS's FMFIA Section 2 program by implementing needed improvements to existing programs.

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- **Operation Mongoose**
This organization was established in 1994 by the USD(C) to meet the challenges of rapidly advancing technology and provide a fraud detection and prevention unit for the DoD. The objective of the current initiative is to integrate the research performed by operation Mongoose into the other functions of the internal review office.
 - **Systems Development Auditing Team**
This initiative by the DFAS will result in a team of system auditors who will be responsible for monitoring the development and deployment of automated systems to ensure that all the proper internal controls have been incorporated.
 - **Systems Integration and Implementation Plan (SIIP)**
The DFAS SIIP is a high-level plan for senior management and program managers that describes how the DFAS proposes to pursue a systems integration strategy to achieve FMFIA-compliant finance and accounting systems within the Defense Information Infrastructure environment.
 - **Critical Infrastructure Protection (CIP) – Financial Services Sector**
This initiative provides an approach to implementing a goal and strategy for the protection and security of commercial and defense critical infrastructures. The DoD’s CIP Plan establishes defense-wide sectors and assigns sector leads to provide single points of planning and coordination of sector activities. The DFAS is assigned the lead for the Financial Services Sector portion of the DoD’s CIP plan.
- Defense Human Resources Activity Initiative
- **Defense Integrated Military Human Resources System (DIMHRS)**
This initiative will address major deficiencies in the delivery of military personnel and pay services. This initiative will meet or exceed the functionality of designated legacy military personnel and pay systems currently in operations or planned.
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DoD's Future Integrated Financial Management System Composition

Critical Finance and Accounting Systems

The first part of the DoD's integrated financial management system target architecture is comprised of the DoD's critical finance and accounting systems. As shown in the transition plan, the DoD's target architecture consists of 37 critical finance and accounting systems. Of these 37 systems, 13 are compliant, 11 are noncompliant, and 13 are "not determined".

Critical Feeder Systems

The second part of the DoD's integrated financial management system target architecture is comprised of the DoD's critical feeder systems. As shown in the transition plan, the DoD's target architecture consists of 51 critical finance and accounting systems. Of these 51 systems, 6 are compliant, 25 are noncompliant, and 20 are "not determined".

Policy and Oversight Initiatives

The third part of the DoD's integrated financial management system target architecture is comprised of the DoD's policy and oversight initiatives. The DoD currently has 20 initiatives to address and correct policy and oversight issues that will improve the DoD's financial management operations in the future.

Infrastructure Initiatives

The fourth part of the DoD's integrated financial management system target architecture is comprised of the DoD's infrastructure initiatives. The DoD currently has 22 infrastructure initiatives directed at improving the technical and operational infrastructure that supports the integrated financial management system that the DoD is moving towards.

Details

The details on system consolidation initiatives, system compliance efforts, oversight and policy initiatives, and infrastructure initiatives discussed in the Transition Plan section are contained in Volume II of this plan.
