

SECTION IV
TRANSITION PLAN

INTRODUCTION TO THE TRANSITION PLAN

Purpose

The Concept of Operations described the Department's target financial management environment and identified the financial management requirements, functions, roles and responsibilities, and infrastructure needed to support that environment.

The Current Environment section described the current financial management structure, the improvements in financial management the Department made over the past four years, and identified the areas the Department intends or is working on, to improve its financial management operations. Although the Department made significant improvements in its financial management operations, it realizes additional improvements remain to be made.

The Transition Plan describes the Department's goals for achieving its desired financial management operations and identifies the strategies, corrective action plans, data flows, system architectures, and organizational infrastructure changes necessary to move the Department through the transition.

Transition Approach

The Department's general approach for improving financial management is to focus primarily on correcting system issues. System consolidation efforts are generally complete for the finance functions, and the accounting systems consolidations are underway. The largest issues for the Department are the accuracy and completeness of data from the program feeder systems and the compliancy of accounting systems.

Goals and Strategies

The 1997 Department of Defense Chief Financial Officers Five Year Plan identified goals designed to improve financial management. As a result of the Department's progress in consolidating its financial operations, the Department is focusing on improving:

- finance and accounting systems that do not meet regulatory requirements
- unreliable program data from feeder systems
- inconsistent, incomplete or repetitive processes, and systems

To accomplish these improvements, the Department is concentrating its efforts on three major goals:

- reengineering business practices
 - improving financial management framework
 - implementing effective systems
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To support these goals the Department developed specific supporting strategies for each major goal.

Strategies for
Reengineering
Business
Practices

To reengineer its business practices, the Department's strategies are to:

- analyze, revise, and implement procedures to eliminate needless or duplicative actions
- revise regulations and procedures to simplify, standardize, and improve financial management requirements
- use modern technology to the fullest extent possible to develop flexible, streamlined processes and procedures
- improve accountability by ensuring that management controls are integrated into day-to-day operations
- develop standard data elements within the Department and coordinate with other federal agencies to facilitate government-wide standards

Strategies for
Improving
Financial
Management
Framework

To improve its financial management framework, the Department's strategies are to:

- maintain an oversight structure to ensure involvement of senior leaders in the financial reform process
- strengthen the partnership with other federal agencies
- strengthen the partnership between the core financial management and the program financial management communities
- provide financial management training
- provide policies and procedures that are clear and simple, and ensure compliance with existing laws and regulations
- develop a mentoring program to include professional development and active communication channels
- provide information that is accurate and timely to internal and external stakeholders
- safeguard information and resources against fraud, waste, abuse, and mismanagement through adequate internal controls

Strategies for
Implementing
Effective
Systems

To implement effective systems, the Department's strategies are to:

- eliminate unnecessary systems and consolidate finance and accounting functions to a select set of migration systems
- ensure finance and accounting and program feeder systems comply with statutory, regulatory and audit requirements
- employ technology improvements to develop standard systems that use logically integrated or interfaced databases with flexible infrastructure supporting future changes

- ensure Year 2000 (Y2K) compliance
- implement a “single entry” structure that requires one-time data input

Transitioning to the Future Environment

To achieve the goals with the strategies discussed above, the Department needs to improve the functions and processes associated with the program, core, and infrastructure requirements described in the Concept of Operations.

Functions associated with Program Requirements and their Deficiencies

The functions associated with program requirements (acquisition, personnel, and cost, property, and inventory management) require that data from feeder systems supporting these functions be provided to the Department’s finance and accounting systems as auditable financial events. The major deficiencies that must be addressed by the Department’s strategies are:

- 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 not properly accounted for

Functions associated with Core Requirements and their Deficiencies

The functions associated with core requirements (receivables/collections/debt management, payables, payroll, property, inventory, and cost accounting, funds control, cash management, and general ledger) are the functions required to process finance and accounting transactions and report the Department’s financial status. The major deficiencies that must be addressed by the Department’s strategies are:

- non-integrated databases
- disbursements recording and reconciliation
- non-flexible systems
- cash verification and reconciliation
- undocumented audit trails
- future liabilities recognition
- a single standard, transaction driven, double entry general ledger

Functions associated with Infrastructure Requirements and their Deficiencies

Infrastructure requirements (organization, human resources, internal controls, system architecture and applications, data structure, organization, and computer security and Y2K) are needed to support the Department’s financial management operational and technical infrastructures. The major deficiencies that must be addressed by the Department’s strategies are:

- inadequate formal training for financial management personnel
- inadequate internal controls
- non-standardized data structures

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- inadequate system and application interfaces
 - Y2K modifications
 - inadequate computer security
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**Initiatives are
the Key to
Implementing
Strategies**

The Department is implementing multiple initiatives to correct deficiencies and/or improve the capabilities of the functions associated with the program, core, and infrastructure requirements. Many initiatives will correct or improve multiple functions in all three of the requirement areas. Appendix C provides a quick reference that associates each function with the initiatives the Department is taking to correct or improve the function. Each function with its supporting strategies and initiatives is summarized in the next section of the Transition Plan.

FUNCTIONAL SUMMARIES

Purpose The functional summaries provide a description of the function, highlight the current status, identify the deficiencies and the applicable strategies and initiatives the Department is implementing to correct them, and illustrate the system architecture if available. Volume II provides detailed information on each initiative discussed in the functional summaries. Appendix C of Volume I provides a list of each function and corresponding initiative.

The functions are organized and located as follows:

Program Requirements	Acquisition	IV- 6
	Personnel	IV-11
	Cost Management	IV-15
	Property Management	IV-20
	Inventory Management	IV-24
Core Requirements	Receivables/Collections/Debt Management	IV-28
	Payables – Vendor, Contract & Disbursements	IV-30
	Payroll – Civilian and Military	IV-36
	Property Accounting	IV-40
	Inventory Accounting	IV-42
	General Ledger	IV-44
	Funds Control	IV-50
	Cost Accounting	IV-52
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Infrastructure Requirements	Human Resources	IV-83
	Internal Controls	IV-86
	System Applications	IV-89
	System Architecture	IV-92
	Data Structures	IV-94
	Organization	IV-97
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Functional Summaries Linking the functions, strategies, and initiatives demonstrates how the Department is transitioning from the current to the future environment. The next section of the Transition Plan provides additional information for each function within the three key requirements.

PROGRAM REQUIREMENT - ACQUISITION

Description Acquisition is performed to obtain goods or services that are required to support DoD programs. Acquisition information is collected throughout all phases of the contract process (i.e., selection, writing, administration, payment, reconciliation, and close out).

Acquisition events that occur must be translated into financial events necessary to perform the accounts payable functions. Accounts payable and disbursements cannot be accurately made without the necessary feeder system data from acquisition.

Current Status The Department is in the process of implementing acquisition reform to remedy acquisition processes burdened by inefficient, cumbersome regulations and duplicative feeder systems that produce inaccurate data. Because acquisition data in these systems is currently neither updated nor maintained, processes suffer from lack of integration.

As part of ongoing process improvement initiatives, an Acquisition and Financial Management Panel Working Group developed a course of action to correct systemic problems causing problem disbursements.

Objectives The Department is focusing on reforming legislative issues as they pertain to acquisition regulations and streamlining processes to reduce costs and duplication. The Department is implementing systems solutions to improve data accuracy, report compliance issues, and support the increased use of electronic commerce.

Strategies The Department is using the following strategies to reach the Acquisition function reengineering objectives:

- analyze, revise, and implement procedures to eliminate needless or duplicative actions
 - revise regulations and procedures to simplify, standardize, and improve financial management requirements
 - use modern technology to the fullest extent possible to develop flexible, streamlined procedures and processes (such as EC/EDI)
 - provide policies and procedures that are clear, simple, direct, and thorough that ensure compliance with existing laws and regulations
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Current Initiatives

The Department is implementing multiple initiatives to improve the Acquisition function.

Initiative	Objective
Standard Procurement System (SPS)	SPS was approved by the Procurement Corporate Information Management (PCIM) Council as a migratory project that will modernize and integrate approximately 76 DoD procurement systems and additional manual processes. SPS represents the merger of the two procurement functions encompassed in the contract placement and contract administration processes. SPS will provide more timely response to customer requirements, permit more cost effective procurements, improve visibility of contract deliverables, reduce procurement lead times, and provide more accurate and accessible information through shared data.
Defense Procurement Payment System (DPPS)	DPPS will integrate with the new procurement system through the use of a Shared Procurement Data Warehouse System. This initiative introduces the first “shared data warehouse” capability with another functional area to the finance and accounting environment. It allows procurement, contract management, finance, and accounting applications to access and use standard data in an interactive mode for their unique purposes.
Procurement Automated Data and Document System (PADDS)	PADDS is an acquisition system that receives requests for procurements and awards contracts. PADDS is a system-level initiative that impacts multiple accounting areas including inventory and real property tracking, accounts payable, and disbursing.
SDS (Standard Depot System)	The Standard Depot System (SDS) is a primary process within the Develop Maintenance Program.
COPS (Create On-Line Procurement System)	COPS will allow increased regulatory compliance and improve internal controls by eliminating systems duplication and correcting data inaccuracies.
Point of Sale Modernization (POS-Mod)	The POS-Mod will enable the Defense Commissary Agency (DeCA) to increase the number of payment methods (particularly credit and debit cards, and electronic benefits transfer) accepted in

Current Initiatives

continued

Initiative	Objective
	commissaries. POS-Mod will decrease the number of checks written, improve cash flow, reduce the amount of cash on hand, and enhance DeCA’s image as a progressive retailer.
Acquisition and Due In System (ADIS)	ADIS acts as a repository for information regarding acquisitions via contracting, reclamation, bailment/loan, and others.
Automated Business Services System (ABSS)	ABSS is SAF/FM’s response to the Vice Presidential mandate for paperless acquisition. Through single data entry, ABSS will significantly reduce problem disbursements, reduce paper processing, shorten cycle times, and enhance document traceability.
Automated Purchase Card System (APCS)	APCS was designed to streamline and automate the process of the IMPAC transactions. APCS produces card transactions used for reporting, billing, payment, validation, electronic funds transfer, and reconciliation.
Headquarters Application System (HAS)	The primary processes for HAS are funding maintenance at the AMC Depots, and billing the Depots’ customers.
Standard Army Automated Contracting System (SAACONS)	The SAACONS replacement initiative is the contracting system for Army Materiel Commands (AMC) at the installation level.

Future Initiatives

The Department’s procurement process will evolve over a period of four to five years as DPPS and SPS are implemented. The conceptual high-level steps for contract payment and accounting through DPPS are:

- 1) To establish initial budgetary authority, a funded activity will coordinate with its servicing accounting office to record an uncommitted or unobligated allotment for vendor payment in the corporate database.
- 2) As contract requirements are developed, a funded activity will forward the necessary documentation and fund certification information to its contracting office. Funding authority will be verified and a pre-award commitment will be recorded.

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- 3) Upon contract award, the contracting office will submit the contract to the shared data warehouse (SDW). Data required for contract payment will be replicated in the corporate database. The related commitment will be partially or fully liquidated.
 - 4) Receiving activities will transmit receiving advise/acceptance data to the SDW.
 - 5) Contractors will transmit invoices to the corporate database where they will be validated and scheduled for payment. Included in the payment process, DPPS will include:
 - a) receipt of all required documentation: contract, receipt/acceptance, and invoice
 - b) entitlement computation in accordance with the Prompt Payment Act, contractual terms, and any discounts, as offered
 - c) the availability of sufficient unliquidated obligations which will eliminate current external prevalidation efforts
 - 6) DPPS will update the corporate database with payment due data.
 - 7) This data will then be accessed by the appropriate disbursing system that will generate the requisite check or EFT payment.
 - 8) The DoD Corporate Database will be updated with the voucher and check number for each completed payment.
 - 9) The available fund balance and obligation amount in the corporate database will be updated after the expenditure is processed.
 - 10) The Department is planning a full implementation of a Centralized Contractor Registration (CCR) database that will contain a minimum data set of information on federal government partners. The goal of CCR is to minimize the administrative burden of data collection for both industry and government agencies, irrespective of whether a contractor is capable of conducting business electronically.
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Architecture

DPPS will integrate with SPS through the use of a Shared Procurement Data Warehouse system. This initiative introduces the first “shared data warehouse” capability with another functional area to the finance and accounting environment. It allows procurement, contract management, finance, and accounting applications to access and use standardized data in an interactive mode for their unique purposes.

Figure IV.1 diagrams how SPS and DPPS interact with the technical architecture.

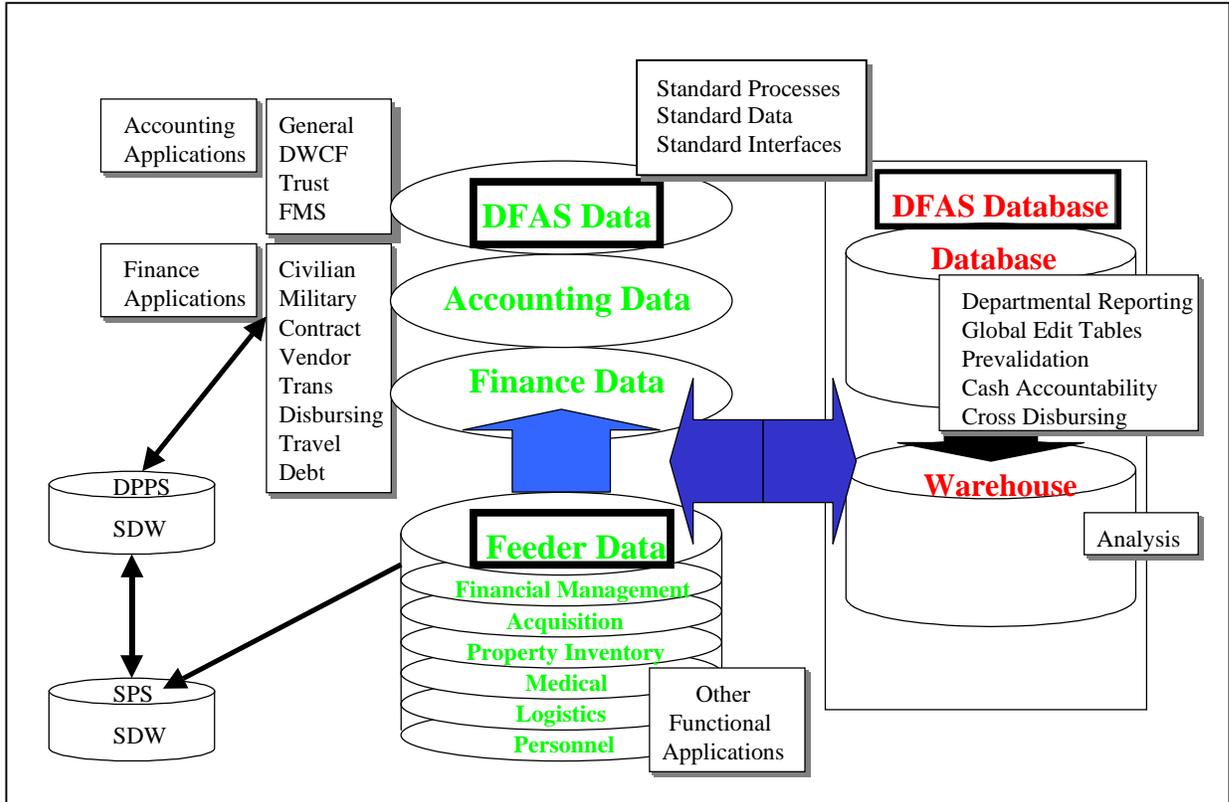


Figure IV.1 SPS and DPPS in the DoD Finance and Accounting Technical Architecture

PROGRAM REQUIREMENT - PERSONNEL

Description The Department's civilian and military personnel functions process time and attendance information and collect and maintain payroll and benefit information about employees' benefits, retirement contributions, and pension plan information. Personnel events that occur must be translated into financial events necessary to perform the payroll function. Payroll cannot be accurately performed without the necessary feeder system data from personnel.

Objectives The objective is for all the personnel payroll systems to be interrelated with other necessary personnel and time and attendance systems. All interfacing personnel systems would be automated and integrated with the appropriate civilian or military pay system. System capacity would then be able to rapidly handle a change in personnel pay status and will operate as smoothly in wartime. The appropriate Military Department or Defense Agency will fund changes to the interfacing personnel or time and attendance system to ensure that it supports all types of pay events.

Current Status The Department is operating the legacy Defense Civilian Personnel Data Systems (DCPDS) and is testing the upgraded version of DCPDS, which will implement standard and more effective business practices throughout the Department. The Department has also consolidated retiree and annuitant pay operations on one standard system, the Defense Retiree and Annuitant Pay System (DRAS), with a resulting cost reduction of \$10 million per year.

Out-of-service debt management functions have been consolidated at certain operating locations and implemented as a standard system. As a result, system costs have been reduced by \$1 million per year while the consolidated operation has yielded \$8.5 million in annual savings.

In addition, the Department is also using Electronic Funds Transfer (EFT). Currently, over 90 percent of DoD civilian employees and military members have their pay directly deposited into their accounts through EFT.

The Department does face future liabilities under the personnel function, including the cost of post-retirement health benefits for military employees. Financial system integration problems limit the accurate assessment of these liabilities.

Strategy

The following strategies apply to personnel:

- use modern technology to the fullest extent possible to develop flexible, streamlined procedures and processes
- improve accountability by ensuring that management controls are integrated into day-to-day operations
- strengthen the partnership between the core financial management and the program financial management communities
- ensure systems comply with statutory, regulatory, and audit requirements
- implement “single entry” structure where data entry for business data elements is required, provide the necessary data elements to all stakeholders within the Department, and track transactions from the source to the financial statements

Current Initiatives

The Department has multiple initiatives to improve the Personnel function.

Initiative	Objective
The Army Personnel and Pay Integration -Standard Installation and Division Personnel System (SIDPERS-3)	This initiative allows single entry to a soldier’s personnel files that would impact both the personnel and finance systems. This effort requires that the location of the input maintain accountability of files and a record of the transactions, minimizing multiple input locations for a single transaction. The initiative is part of the Department’s focus on bringing the total system to the level where it allows the Army to integrate fully in functions, doctrine, and accessibility to the projected DoD personnel system.
Electronic Time Keeping System (ETS)	ETS integrates and streamlines personnel systems and enters time and attendance data into the DCPS.
Automated Time and Attendance Production System (ATAAPS)	ATAAPS is a DFAS source data automation (SDA) system for time and attendance (T&A) and labor and production (L&P) reporting. The DFAS selected ATAAPS to be a SDA system for activities using the Defense Civilian Payroll System (DCPS) and the Defense Business Management System (DBMS) which require edited labor data.

	Initiative	Objective
Current Initiatives continued	Personnel Data System (PDS)	PDS feeds the financial implications of personnel actions such as new enlistees, new hires and promotions to the Air Force's civilian and military payroll systems. A modernization of the military personnel module is in process while the civilian personnel module is expected to be absorbed into DCPS.
	U.S. Navy Assessment of Personnel Systems	The Assessment of Personnel Systems initiative will examine the current processing of source data automation from the military active and reserve personnel management systems to determine areas in need of modification for compliance with financial management system requirements.
	U.S. Navy Assessment of Time and Attendance Source Data Automation System (T&A/SDA)	The Time and Attendance Source Data Automation System (T&A / SDA) initiative will evaluate time and attendance systems, used throughout the Department of the Navy (DoN), to determine the practicality of continuing, consolidating, or eliminating each system.
	Time and Attendance Labor Productivity Reporting/Real Time and Attendance Processing System (TALPRS/RETAPS)	TALPRS and RETAPS are Headquarters Army Material Command (AMC) systems which will be replaced by ATAAPS.
	Civilian Personnel Resource Reporting System (CPRRS/WYPC)	The focus of redesigning CPRRS is to centralize DCPS source data WYPC Level I processing and provide output for the field activity's use.
	U.S. Navy Civilian Financial Management Career Program Improvement	The Department of the Navy (DoN) Civilian Financial Management Career Program initiative provides strategies and goals to the DoN comptrollers for development, on a continuous basis of the DoN financial management (FM) workforce.

	Initiative	Objective
<p>Current Initiatives continued</p>	<p>Air Force Materiel Command (AFMC) Depot Maintenance Activity Group (DMAG) Time and Attendance (T&A) (H117) Systems</p>	<p>The Air Force Materiel Command (AFMC) Depot Maintenance Activity Group (DMAG) Time and Attendance (T&A) (H117) Systems develop sales rates from Maintenance Labor Distribution and Cost System (G037G) data.</p>

PROGRAM REQUIREMENT - COST MANAGEMENT

Description In managing federal government programs, cost information is essential in the following five areas:

- budgeting and cost control
- performance measurement
- determining reimbursements and setting fees and prices
- program evaluations and
- making economic decisions

The Department’s managerial cost accounting system(s) should be able to provide cost information with sufficient supporting detail to allow sound decision-making in each of the five areas.

Current Status The Department has two major impediments in achieving effective Cost Management:

- required financial data elements are not maintained at organizational levels
- multiple, non-integrated systems require common data

Strategies The strategy of Cost Management is to establish a process of continuous improvement that simultaneously focuses on cost and performance to gain efficiencies and improve operations through informed decision making.

Current Initiatives The Department has multiple initiatives to improve the Cost Management function.

Initiative	Objective
Contract Depot Maintenance Production and Cost System (DMIF-DEPOTPROD)	DMIF-DEPOTPROD provides management reporting and a resource planning system for planned and actual costs of performing organic maintenance. It is being redesigned to overcome shortfalls in accounting timeliness, capabilities, and internal controls.

Current Initiatives

continued

Initiative	Objective
Corps of Engineers Financial Management System (CEFMS)	CEFMS is a financial management system that fully integrates Corps of Engineers business processes and supports the management of all types of work and funds, incorporates electronic signature capability, and source data entry.
Airlift Services Industrial Fund Integrated System (ASIFICS)	Provides transportation billing information to the DFAS.
Financial Information Resource System (FIRST)	Integrates the Air Force's budget systems into one system able to interface with other communities, implements the BACC, provides financial information to users, and streamlines the budget process.
Commercial Operations Integrated System (COINS)	Provides information used to track contracts and pay for commercial airlift services.
Army Central Fund Accounting System (ACFAS)	Transitioning ACFAS to a commercial off the shelf system (COTS).
Transportation Management System (TMS)	Implement system change request (SCR) to interface TMS with the Standard Finance System – Redesign I (SRD-I).
Joint Reconciliation Program (Army)	Corrects weaknesses that impact financial operations, data accuracy, internal controls, or operational readiness.
Automated Purchase Card System (APCS)	Automate and streamline the process of IMPAC transactions.
Automated Business Services System (ABSS)	Air Force-wide implementation of an electronic commerce/electronic data interchange (EC/EDI) system.

	Initiative	Objective
Current Initiatives continued	U.S. Navy Problem Disbursement Improvement Project	The Problem Disbursement Improvement Project will coordinate and monitor improvement efforts between the Department of the Navy and the Defense Finance and Accounting Service to identify systemic causes and to implement business process changes and system enhancements to reduce problem disbursements to an acceptable level for CFO compliancy.
	Automated Civil Engineer System (ACES)	ACES is envisioned as the next step in the evolutionary phase of Civil Engineer systems.
	U.S. Army CFO Strategic Plan and Senior Level Steering Group	To develop an Army-wide strategic plan for implementation of the CFO Act.
	U.S. Navy Management Accounting Project (IMAP)	The Installation Management Accounting Project (IMAP) initiative provides management accounting information for shore installation management use by capturing and reporting base operating support costs.
	U.S. Navy Fund Administration and Standardized Document Automation System (FASTDATA)	FASTDATA is an existing application used by a significant portion of the Navy General Fund Accounting ashore community as a source document and transaction system.
	U.S. Navy Enhancement of Organizational Internal Control Structures for Financial Statement Audits	The Enhancement of Organizational Internal Control Structures for Financial Statement Audits initiative provides an assessment of the existing internal control structure of various Department of the Navy (DoN) commands and activities.

Current Initiatives

continued

Initiative	Objective
U.S. Navy Program Budget Accounting System (DoN PBAS)	The Department of the Navy (DoN) is implementing the Department of the Navy Program Budget Accounting System (DoN PBAS) as a standard integrated Department-wide funds control and distribution system.
U.S. Navy Business Process Assessment of Naval Aviation Depot Working Capital Funds Financial Statements	The project provides an overall assessment of the financial statements and focuses on the examination of all aspects of the business process to develop financial statements.
U.S. Navy Business Process Assessment of Marine Corps General Funds Financial Statements	The assessment will evaluate the effectiveness of various organizational units in preparation of the annual financial statements within the General Funds arena.
U.S. Navy Assessment of Navy Working Capital Fund (NWCF) Non-Financial Feeder Systems	This initiative will allow the DoN to identify all critical non-financial feeder modules to ensure required financial management system information is flowing to DFAS accounting modules.
U.S. Army Headquarters Integrated Facilities System – Micro/Mini (HQ IFS-M)	The Headquarters Integrated Facilities System-Micro/Mini (HQ IFS-M) initiative will focus on bringing the Integrated Facilities System – Micro/Mini (IFS-M) into compliance with Year 2000 (Y2K) requirements.
U.S. Army Joint Uniform Military Pay System (JUMPS) Standard Terminal Input System (JUSTIS)	The JUMPS Standard Terminal Input System (JUSTIS) updates JUSTIS programs to become Year 2000 (Y2K) compliant. As part of the Y2K programming, JUSTIS forms are being upgraded to ORACLE Forms Version 4.5.

Current Initiatives

continued

Initiative	Objective
U.S. Army State Accounting Budgeting Expenditure and Reservation System (SABERS)	The State Accounting Budgeting Expenditure and Reservation System (SABERS) is Y2K compliant, handles funded reimbursables, multiple operating agency codes, and specific allotments for inactive duty pay.
U.S. Army Theater Army Medical Management Information System (TAMMIS)	The Theater Army Medical Management Information System (TAMMIS) initiative provides visibility of items being procured with the credit card and captures the detailed information for audit and tracking purposes.
U.S. Air Force Manufacturing Resources Planning II (MRP II)	The MRP II replacement initiative provides a full general ledger system to account for aircraft maintenance, reclamation, and regeneration activities at the Aerospace Maintenance and Regeneration Center (AMARC) at Davis-Monthan Air Force Base (AFB).

PROGRAM REQUIREMENT - PROPERTY MANAGEMENT

Description The Property Management function encompasses the status of real and personal property, equipment, and facilities. It involves program managers purchasing, maintaining, transporting, and officially destroying property. Updating the status and condition of DoD property is imperative to the reliable reporting of assets.

Current Status Most program systems do not track the current status and condition of DoD property, as they were not required to do so when they were originally installed. Reliable data meeting current requirements regarding the status and condition of property is presently difficult to obtain for many areas.

Strategies To obtain reliable data on the status and condition of property, the Department is implementing several strategies:

- improve accountability by ensuring that management controls are integrated into day-to-day operations
- strengthen the partnership between the core financial management and the program financial management communities
- ensure systems comply with statutory, regulatory, and audit requirements
- implement a “single entry” structure where data entry for business data elements is required, provide the necessary data elements to all stakeholders within the Department, and track transactions from the source to the financial statements

Current Initiatives The Department has multiple initiatives for improving the Property Management function.

Initiative	Objective
Army General and Mission Equipment Working Group-CFO compliance	Ensures successful and accurate reporting of general and mission equipment in the Army.
U.S. Navy General Property, Plant, and Equipment (PP&E) Accountability Project	The General Property, Plant and Equipment Accountability Project initiative will consolidate for accountability and financial accounting and reporting purposes,

Current Initiatives

continued

Initiative	Objective
	the PP&E used or maintained by Navy and Marine Corps Non-working Capital Fund Activities.
U.S. Navy Assessment of National Defense Property, Plant, and Equipment (PP&E)	The Assessment of National Defense Property, Plant, and Equipment initiative will examine the feasibility of creating a data warehouse application to serve as a central information repository for financial statements from various disbursed systems and functional areas.
Continuing Balance System Expanded Requisition Validation (CBS-X REQVAL)	CBS-X REQVAL will be modified to allow for proactive reject correction from the field and for automated reconciliation of data with property books.
U.S. Army Standard Property Book System – Redesign (SPBS-R)	The Standard Property Book System – Redesign (SPBS-R) is a critical feeder system that provides on-hand reportable assets and property data to the LOGSA CBS-X database.
Global Combat Support Team - Tier 1 (GCSS)	Business automation enabler for the Army’s combat service support mission area.
Aerospace Vehicle Resource System (AVRS)	Integrates with other system to provide vehicle data.
U.S. Army Medical Department Property Accounting System (AMEDDPAS)	The Army Medical Department Property Accounting System (AMEDDPAS) is the property book accounting system for medical equipment, maintenance, scheduling and appointments.
Comprehensive Engine Management System (CEMS)	A CFO-compliant system that provides logistics support.

Current Initiatives

continued

Initiative	Objective
Facility and Equipment Maintenance System (FEMS)	Replacement of two systems: Facility Equipment Planning, Programming and Control system (FEPPC) and the Test Measurement and Diagnostic Equipment System (TMDE).
Integrated Maintenance Data System (IMDS)	The Air Force-standard, integrated information technology program that provides maintenance-related information.
Government Furnished Material & End Item Transaction Reporting System (GFMTR)	Reengineering of system to: 1) provide daily visibility of assets, 2) consolidate division of stock fund, 3) incorporate functionality of another system, 4) provide CFO compliance, and 5) add tracking capability.
On-Line Vehicle Interactive Management System (OLVIMS)	Integration with other systems to provide data on the maintenance of the Air Force Fleet of Vehicles.
U.S. Army General and Mission Equipment Working Group-CFO Compliance and Real Property Integrated Process Team-CFO Compliance	The Army General and Mission Equipment Working Group-CFO Compliance is a joint working group that includes key Army and Defense Finance and Accounting Service (DFAS) representation to help ensure successful and accurate reporting of general and mission equipment in the Army.
Reliability and Maintainability Informational System (REMIS)	Improves the accuracy of maintenance and selected supply information received from other systems by maintaining standard Air Force edit tables.
Navy Facility Assets Database (NFADB)	Automated file of existing facility data owned or leased by the Department of the Navy.

	Initiative	Objective
<p>Current Initiatives</p> <p>continued</p>	<p>U.S. Air Force Information Processing Management System (IPMS)</p>	<p>The objective of the IPMS is to provide an integrated and comprehensive means of reporting transaction level property, plant, equipment and inventory values that are subsequently incorporated into Air Force financial statements.</p>

PROGRAM REQUIREMENT - INVENTORY MANAGEMENT

Description Inventory management tracks supplies and their location. As inventory is managed (i.e., received, warehoused and distributed) events occur that must be translated into financial events necessary to perform inventory accounting which cannot be accurately performed without the necessary feeder system data from inventory management.

Objectives Inventory accounting systems will be designed and reengineered to maintain detailed accounting information concerning fixed assets and other property maintained on an individual basis throughout their useful lives.

Current Status Managing this vast inventory while accurately recording and valuing the property, equipment, and supplies to financial accounts consistent with historical or latest acquisition cost, is imperative.

The Department's inventory is currently valued at standard or selling price in violation of accounting standards. In addition, accounting feeder systems are not transmitting necessary or standard data elements to the core financial management systems that would allow managers to properly account for the inventory and manage costs.

As a result, the Department faces unreconciled physical inventory levels and financial statements, inadequate valuation, reporting and accounting of inventory, and non-integrated financial systems.

Strategies The Department recognized these problems and is focusing on streamlining through systems consolidation and improving data transmission quality by standardizing data elements. The following strategies are being implemented to improve the Inventory Management function:

- use modern technology to the fullest extent possible to develop flexible, streamlined procedures, and processes
- improve accountability by ensuring that management controls are integrated into day-to-day operations
- develop standard data elements that are coordinated with other departments to facilitate government-wide standards
- strengthen the partnership between the Department and other federal agencies, and between the core and program financial management communities

- ensure systems comply with statutory, regulatory, and audit requirements
- implement a “single entry” structure that requires data entry for business data elements, provides the necessary data elements to all stakeholders within the Department, and tracks transactions from the source to the financial statements

Current Initiatives

The Department has multiple initiatives to improve the Inventory Management function.

Initiatives	Objectives
CCSS (Commodity Command Standard System)	CCSS will improve the reliability of financial statements and incorporate changes to ensure compliance with the CFO Act. CCSS is the logistics behind the process of planning, implementing, and controlling the efficient and effective flow and storage of goods, services, and related information from the point of origin to the point of consumption, for the purpose of conforming to customer requirements.
Inventory Tracking Management (ITM) Automated Data Processing (ADP) System	ITM ADP will track and report ADP office automation equipment and services installed throughout the OUSD(A&T).
Stock Control System (SCS)	SCS maintains visibility of reparable and critical consumable assets stored at retail base accounts and redistributes base excess assets to fill backorders.
Financial Inventory Accounting and Billing System (FIABS)	FIABS processes transactions describing inventory activity of the General Support Division and some investment items for the General Funds General Ledger. FIABS also performs the wholesale accounting function in conjunction with CPAS, GAFS, and SAMMS.
Transfer of Management Responsibility Project	Identification of applications, modules, or portions of the Air Force financial, non-financial, and mixed systems that perform financial and accounting functions for the basis of the inventory of the Air Force feeder systems.

Current Initiatives

continued

Initiatives	Objectives
U.S. Navy Assessment of Logistics and Inventory Systems	The Assessment of Logistics and Inventory Systems initiative will examine the existing inventory management systems of several distinct Department of the Navy (DoN) Navy Working Capital Fund (NWCF) and General Fund business groups to define approaches to meet federal requirements for financial management systems
Integrated Logistics System-Supply (ILS-S)	The objective of ILSS is to provide reliable weapon system availability through stock availability and time definite delivery of material while continually improving service and cost performance.
Point of Sale Modernization - DCA	The Point of Sale – Modernization (POS-M) creates a single, consistent architecture that adheres to open systems standards, greatly reducing the DeCA’s support burden.
World-Wide Ammunition Reporting System New Technology (WARS-NT)	The WARS-NT migratory initiative is the Army’s ammunition asset visibility system, merging wholesale and retail stocks into a single National level system, with feeder data reported from a worldwide array of reporting elements.
Recoverable and Consumable Item Stratification (RCIS), D200N	The Recoverable and Consumable Item Stratification (RCIS), D200N, is being updated to communicate with the Recoverable and Consumable Item Computation (D200A), the replacement for Recoverable Consumption Item Requirements System (D041), and to integrate with the seamless supply system GCSS.
U.S. Air Force Requirements Data Bank (RDB)	The objective of the RDB system is to provide information to determine weapon system material procurement, spares, and repair requirements, ensuring that logistics capabilities are not degraded.

Milestones The Department has major milestones for improving inventory management:

Action	Date
CCSS	<ul style="list-style-type: none"> Key Accounting Requirements (KAR) Accounts Receivable Analysis September 2000 Key Accounting Requirements Systems Operation Analysis September 2000

Architecture The CCSS data flow, pictured in Figure IV.2, functions as a primary inventory system for The Army’s Material Support Command. The Army has identified CCSS as a critical feeder system (in addition to its role as a DFAS core cost accounting system) in support of the Inventory Management function.

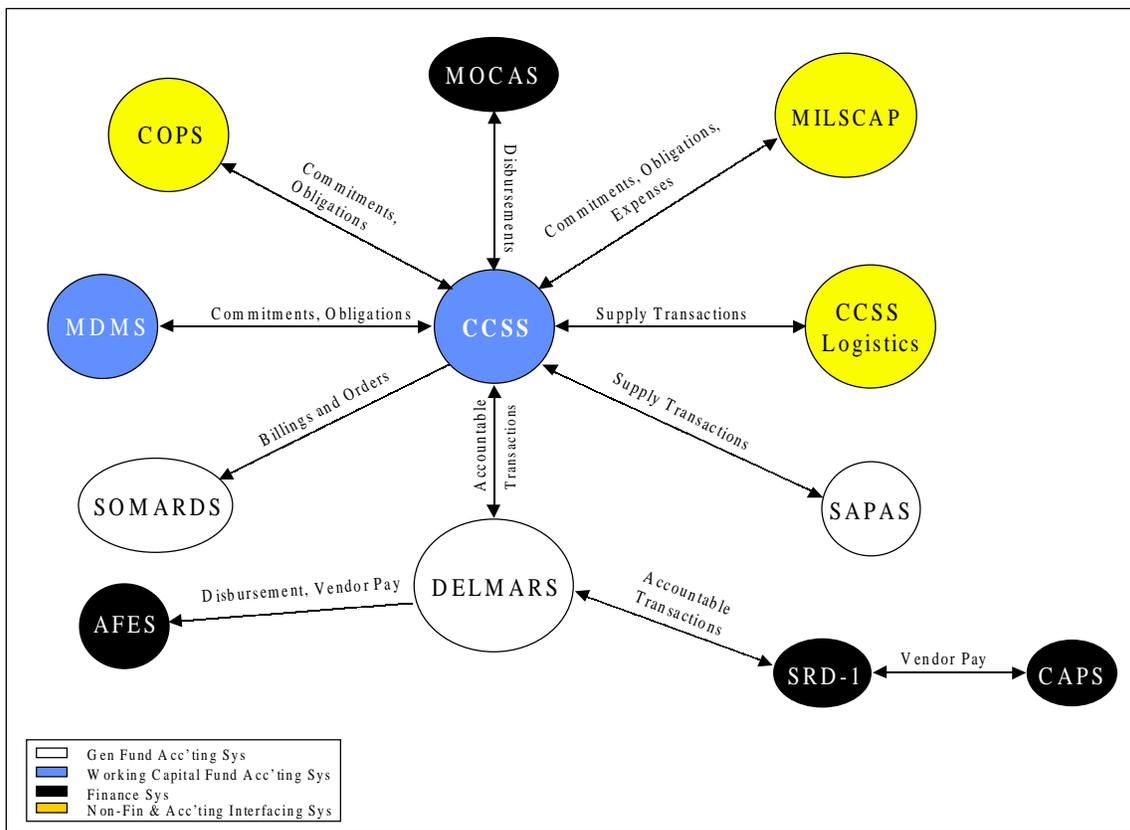


Figure IV.2 CCSS “As-Is” Data Flow

CORE REQUIREMENT - RECEIVABLES/COLLECTIONS/DEBT MANAGEMENT

Description The Department generates accounts receivables from sales to other organizations and from disbursements to contractors and employees that after further investigation and recalculation are determined to be overpayments. The collection of accounts receivable is a high priority for working capital fund (WCF) organizations. Debt management, whether it be for military, travel, or contractor pay, is considered a receivable function.

Account receivables include billing, tracking, and collecting funds that are owed to the Department. The Department sends an invoice for payment to notify the payee of the receivable. If a payee refuses to make the payment or has a dispute regarding the invoice, the receivable is researched or sent to the debt collection office for possible legal action.

Current Status The Department maintains an acceptable balance of outstanding account receivables. Generally, the collection process is effective. Account receivables are generated due to miscalculated payroll outprocessing, overpayments to vendors, and non-billing to customers. The Department is addressing the process and supporting system architectures that generate unacceptable account receivables in the appropriate functional area.

Current Initiatives The Department has multiple initiatives for improving the Receivables/Collections/Debt Management function.

Initiative	Objectives
Debt Collection Matching Program (DCMP)	DCMP identifies individuals receiving payments from the Federal Government as current or former military service members or civilian employees who are delinquent in the payment of debt to the Government.
Garnishments Business Process Reengineering (GARNBPR)	GARNBPR is a study of consolidating garnishment functions including child support, alimony, commercial debts for military members and DFAS paid civilians, and retired pay under the Uniformed Services Former Spouses Protection Act.

	Initiative	Objectives
<p>Current Initiatives</p> <p>continued</p>	<p>Defense Debt Management System (DDMS)</p>	<p>DDMS is the single debt accounts receivable system for debt management and is used for both separated military members and civilian employees.</p>

Architecture The Department maintains one system for debt management, the Defense Debt Management System (DDMS), which is used for both separated military members and civilian employees, other individuals not on an active federal government payroll system, and delinquent contractor debt collection. If the Department does not receive the funds for the debts in a timely manner, the debt is transferred to private collection agencies, the Internal Revenue Service, or the Department of Justice. The receivable and billing functions are supported by multiple systems, generally modules of cost accounting systems.

CORE REQUIREMENT – PAYABLES: VENDOR, CONTRACT, AND DISBURSEMENTS

Description	<p>The Department purchases goods and services from multiple vendors to support all functional areas. The purchase of goods and services generates a payable. Account payables include the process of receiving, verifying, and making payments for goods and services received. The Department verifies that a valid receiving report, vendor invoice, and contract exist prior to making a payment.</p> <p>The Department’s accounting practices for vendor payments and disbursements include recognizing current and future liabilities in accordance with Federal Generally Accepted Accounting Principles (FEDGAAP) and matching all disbursements with valid obligations.</p>
<hr/>	
Current Status	<p>The verification of a receiving report, contract, and invoice is labor-intensive generally due to the large amount of paper processing. This processing also results in incorrect and untimely payments. The ineffective payments generate labor intensive customer support requirements and can cause untimely payments that lead to interest penalties or unrealized discounts.</p> <p>The Department has future liabilities that include environmental cleanup and retirement payments for military personnel. The current year recognition of future payments may not be sufficient to meet FEDGAAP.</p> <p>Inadequate systems and processes have led to billions of dollars in unmatched disbursements (UMD), negative unliquidated obligations (NULO) and intransits. The Department must reconcile these accounting balances to produce auditable financial statements.</p>
<hr/>	
Strategies	<p>The Department’s focus is to streamline the procedures for accounts payable, implement new technology to maximize availability of required data, and ensure accounting practices meet regulatory requirements. Multiple strategies apply to the Payables function including:</p> <ul style="list-style-type: none"> • analyzing, revising, and implementing procedures to eliminate needless or duplicative actions • revising regulations and procedures to simplify, standardize, and improve financial management requirements

- using modern technology to the fullest extent possible to develop flexible, streamlined procedures and processes (such as electronic data interchange (EDI) and electronic funds transfer (EFT))
- implementing a “single entry” structure that requires data entry for business data elements once (in feeder, finance, or accounting systems), provide the necessary data elements to all stakeholders within the Department, and track transactions from the source to the financial statements

Current Initiatives

The Department has multiple initiatives for the Payables function that are designed to transition to an efficient and effective accounts payable and disbursing process.

Initiative	Objectives
Unmatched Disbursements (UMD), Negative Unliquidated Obligations (NULO), and Intransits	The Department has multiple working groups to resolve outstanding UMD, NULO, and intransits. These initiatives also identify process and system weaknesses that cause the problems, and implement corrective actions to eliminate future problems.
Integrated Accounts Payable System (IAPS)	IAPS provides automatic payment voucher creation, follow-up for missing documents (e.g. contract, invoice, and receiving reports), internal reconciliations, and a transaction history to satisfy internal control requirements.
Defense Standard Disbursing Project (DSDS)	DSDS will be the single standard DFAS automated information system for disbursing, collecting, processing, and recording disbursement data and transactions.
Automated Financial Entitlements System (AFES)	The Automated Financial Entitlements System (AFES) sustainment initiative sustains this pay legacy system and its transition to the interim and migratory system, Integrated Automated Travel System (IATS).

Current Initiatives

continued

Initiative	Objectives
Vendor Pay Strategy	The Vendor Pay Strategy initiative will develop strategies, plans, and programs to streamline and standardize vendor pay operations.
Automated Disbursing System (ADS)	ADS will be the sole payment system for the Department of the Navy and associated DFAS Cleveland Center Operating Locations.
Acquisition and Financial Management Panel (ACQPANEL)	The ACQPANEL, co-chaired by the Under Secretary of Defense (Comptroller) and the Principal Deputy Under-Secretary of Defense (Acquisition and Technology) has made 48 recommendations for the elimination of UMD.
On-line Payment and Collection/Electronic Data Interchange Payment and Collection System (OPAC/EDIPAC)	Implementation of OPAC/EDIPAC will reduce or eliminate manual invoice and payment processing between federal agencies. It will also reduce U.S. Treasury check disbursements and begin processing in an electronic data interchange (EDI) format.
Prevalidation	This procedure ensures, prior to the disbursement, that an obligation exists and that the amount is sufficient to cover the proposed disbursement. This will prevent NULO and UMD. Thresholds for applying prevalidation have been established at each DFAS center.
Implementation of Electronic Commerce/ Electronic Data Interface (EC/EDI)	Implementation of EC/EDI will greatly reduce the inefficient paper processes and provide immediate access to all offices requiring specific data.
Standard Finance System Redesign Subsystem-I (SRD-I)	Perform disbursing functions for all DFAS Defense Accounting Office (DAO) locations.
Computerized Accounts Payable System (CAPS)	CAPS is a personal computer, local and wide area network based accounts payable system that computes vendor entitlements in

	Initiative	Objectives
Current Initiatives continued		accordance with the Prompt Payment Act and regulations pertaining to purchase orders, receiving reports, and/or invoices.
	Defense Procurement Payment System (DPPS)	The DPPS initiative will become the standard DoD procurement payment system used to calculate contract and vendor payments, grants, and other agreement entitlements.
	International Merchant Purchase Authorization Card (IMPAC)	IMPAC is a DoD initiative to streamline the acquisition process for procuring commercial goods and services, and save costs for processing commercial invoices. The program is aimed at improving business practices for use of the government purchase card in the areas of micro-purchases, as a payment vehicle for purchases over the micro-purchase threshold, and as a method for accomplishing inter- and intradepartmental transfers and sales.
	Integrated Paying and Collection System (IPC)	IPC is an on-line system, with batch processing capabilities, designed to automate disbursing accountability and payment functions related to payments for military and civilian personnel with commercial vendors, and processing collections.
	Standard Automated Material Management System (SAMMS)	SAMMS is the interim migratory system supporting the wholesale supply management business area of the DLA support command for major hardware supply centers/inventory control points.
	Contract Management Analysis System (CMAS-II)	CMAS-II tracks and manages contracting activities that are on-going for the OUSD (A&T) staff.
	Disbursing Office Processing System (DOPS)	The Disbursing Office Processing System (DOPS) initiative supports field-level finance operations at locations worldwide.

	Initiative	Objectives
Current Initiatives continued	Integrated Automated Travel System (IATS)	IATS will provide accurate and timely travel entitlement calculations and payments.
	Defense Transportation Payment System (DTRS)	DTRS was designated as a migratory system for standardizing and consolidating all DoD transportation payments at the DFAS Indianapolis Center.
	PerDiemAzing	PerDiemAzing will automate the travel process and related accounting functions for DISA.
	Defense Travel System (DTS)	The Defense Travel System (DTS) reengineering initiative is an outgrowth of the National Performance Review (NPR) initiative to streamline government operations. The Department of Defense (DoD) identified this functional area as in need of reengineering and developed a new concept for temporary duty (TDY) travel.
	Travel Pay Business Process Reengineering (BPR)	Travel Pay BPR is a reengineering study mandated by the USD(C) to evaluate the entire travel pay process.

Architecture

As shown in Figure IV.3 on the following page, a series of interim consolidation efforts will reduce 16 existing contract and vendor payment systems to eight systems. These eight will then be migrated to Defense Procurement Payment System (DPPS).

The DPPS system design extracts data from various databases and uses EC/EDI transactions and electronic document management techniques and source data entry applications.

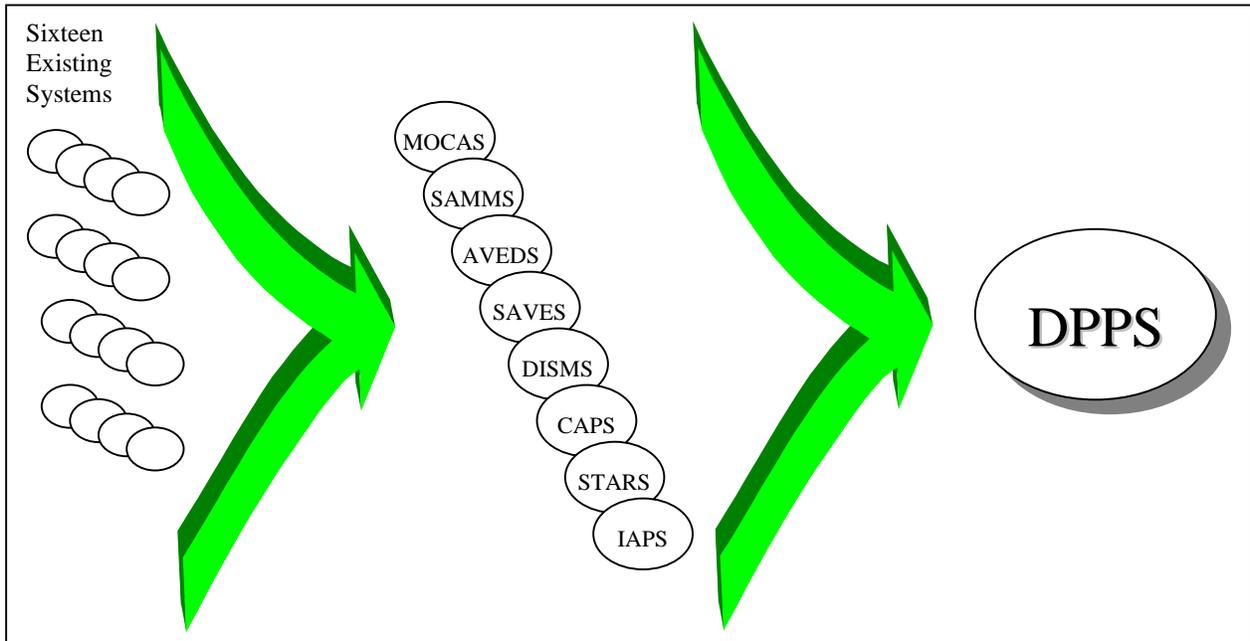


Figure IV.3 Accounts Payable System Migration

CORE REQUIREMENT – PAYROLL: MILITARY, CIVILIAN, RETIREE AND ANNUITANT

Description Although some employees are reimbursed on an hourly basis, the majority of military and civilian personnel are yearly, salaried personnel. Civilian personnel submit time and attendance information for each pay period. For organizations working in a cost accounting environment, time and attendance information feeds into the payroll systems. This information is also used to determine leave days.

The payroll function includes payroll payments, government withholdings, leave computation, and submission of accounting data for both active and retired military and civilian personnel.

Current Status The Department has significantly improved the system architecture and organizational infrastructure related to payroll in recent years. The focus for these improvements included system consolidation which:

- replaced 26 civilian payroll systems with one system (Defense Civilian Pay System (DCPS))
- replaced 22 military payroll system with two systems (Defense Joint Military Pay System (DJMS) and the Marine Corps Total Force System (MCTFS))
- designated operating locations by function for military pay and civilian pay

The system consolidation efforts have eliminated unneeded and redundant systems, but some processes may still require reengineering.

Strategies After the successful system consolidation efforts, the Department will focus on improving processes and operations. The supporting strategies for the next phase of improvements demonstrate the change in focus:

- use modern technology to the fullest extent possible to develop flexible, streamlined procedures and processes (such as EDI and EFT)
 - strengthen the partnership between the core financial management and the program financial management communities
 - implement a “single entry” structure that requires data entry for business data elements once (in feeder, finance, or accounting system), provides the necessary data elements to all stakeholders within the Department, and tracks transactions from the source to the financial statements
-

Objectives

To further improve payroll operations, the Department intends to integrate military personnel and military pay feeder functions into a seamless support structure, the Defense Integrated Military Human Resources System (DIMHRS). Both military payroll systems will then become a part of the OUSD (Personnel and Readiness (P&R)) integrated personnel and pay.

Outsourcing of the civilian payroll function is an option the Department is analyzing via an A-76 study. If the study determines that government operation of civilian pay is more cost beneficial, efforts will continue to increase the servicing ratio from one personnel specialist for every 88 customers (achieved in 1998), to one personnel specialist for every one hundred employees (scheduled by 2003).

Current Initiatives

The Department currently has multiple initiatives to improve the Payroll function.

Initiative	Objectives
Defense Joint Military Pay System (DJMS)	The Department is completing the military pay system consolidation for DJMS active component and reserve component. This results in two military pay systems.
Marine Corps Total Force System (MCTFS)	MCTFS is the Marine Corps Service members complete payroll system encompassing pay, entitlements, withholdings, leave, and other deductions.
Defense Civilian Payment System (DCPS)	DCPS will provide the Department with a standard and fully automated civilian payroll system that will improve productivity, reduce support costs, and provide standard data to interfacing accounting and civilian personnel data systems.
Defense Civilian Personnel Data System (DCPDS)	The Defense Civilian Personnel Data System (DCPDS) Modernization Program is an aggressive, multi-year, incremental program to establish a single civilian personnel information system.
Defense Integrated Military Human Resources System (DIMHRS)	DIMHRS is an initiative to define the requirements for a standard military personnel management and pay system for all organizations of the Military Departments.

The personnel community improvement efforts include development of the Defense Civilian Personnel Data System (DCPDS), designed to support the “single entry” system regarding personnel data. The Department is integrating data between DCPDS and DCPS.

MCTFS is used during peacetime, wartime, and in times of crisis. It supports worldwide deployments and contingencies, and provides for a seamless mobilization of Reserves--both individual and unit. To accommodate this singular system, which has the ability to support all the Marines from their initial enlistment through their final discharge, MCTFS consolidated elements of the Marine Corps' Joint Uniform Military Pay System (JUMPS), Manpower Management System, and the Reserve Manpower Management Pay System. However, MCTFS must continually undergo transformation to accommodate legislative changes and enhancements to stay abreast of technological advancements.

Future Initiatives

The OUSD(P&R) established a program management office for the combination of military payroll and personnel functions. Future reports will include more detailed information regarding efforts to combine these functions. The combination supports the strategy for strengthening the partnership between DoD communities and “single-entry” for financial management data.

The outsourcing study determines the privatization or government improvement for civilian payroll. Future initiatives will depend on the results of the study.

Milestones

The Department has major milestones for improving payroll functions and systems.

Action	Date
Enhance civilian payroll system software	February 1999
Merge military payroll system (DJMS-RC and DJMS-AC)	December 2000
Consolidate military payroll and personnel	October 2002

Architecture

Figure IV.4 on the following page, shows the consolidation of personnel and finance actions completed with one system, the Defense Integrated Human Resource System (DIMHRS). The combination of functions eliminates the need for separate military payroll and personnel systems.

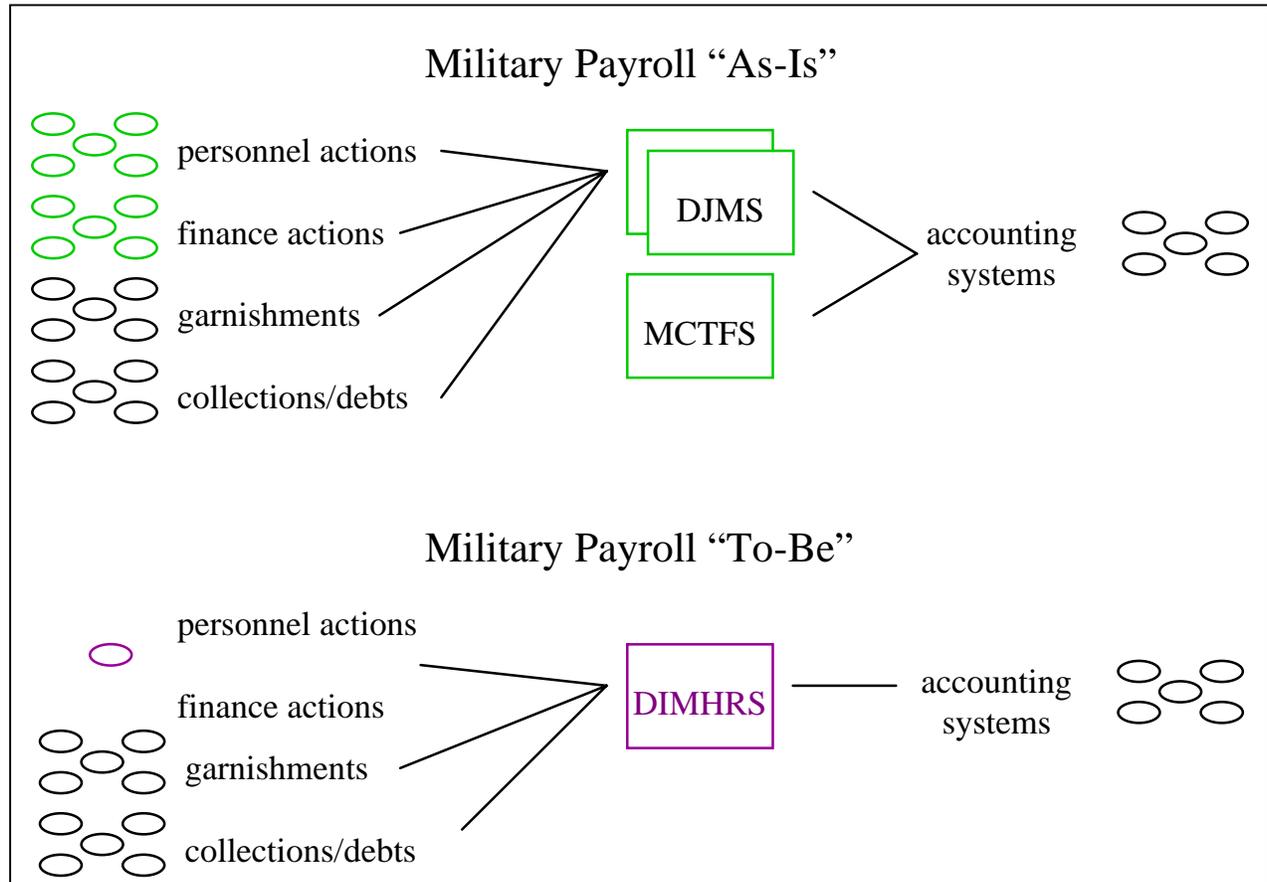


Figure IV.4 Military Pay System Migration

CORE REQUIREMENT - PROPERTY ACCOUNTING

Description	Real and personal property comprise approximately 59 percent of the Department's financial statements. Because of the high proportion of real and personal property to overall assets, material weaknesses in this area impact the fair presentation of the financial statements for the Department.
Current Status	<p>Existing accounting systems were not designed to satisfy the asset, liability, and equity accounting data required for financial reporting purposes. Accordingly, when the need for such data arose, the financial systems depended on functional activities and their property accountability systems, rather than financial systems, to furnish required data. Consequently, the Department's financial statements are compiled using property management systems that were not designed or intended for financial reporting.</p> <p>These management systems serve non-financial managers well but were not designed to identify and retain key financial data required to produce auditable financial statements (e.g., acquisition costs versus standard prices), capitalization thresholds, asset modification or overhauls and repair costs, and in-house project investment. In addition, the accounting systems do not produce account-oriented transaction files or subsidiary ledgers and the acquisition cost of many assets cannot be verified because of system problems and document retention practices. As a result, the auditors maintain that they are unable to verify account balances.</p> <p>Samples of deficiencies in current property accountability systems include the inability to report properly:</p> <ul data-bbox="440 1304 1166 1457" style="list-style-type: none">• government property in the possession of contractors• unit and installation property• wholesale assets• equipment awaiting repair
Strategies	To remedy these and other deficiencies, the Department has selected, and is deploying Department-wide, an integrated property system, the Defense Property Accountability System (DPAS). The DPAS provides for financial control over real and personal property and is expected to replace over 150 separate property systems in DoD organizations.

Current Initiatives

The Department has multiple initiatives to improve the Property Accounting function.

Initiative	Objective
Defense Property Accountability System (DPAS)	Replace existing real and personal property systems.
Depot Maintenance/Air Force Aviation Depots	The Depot Maintenance Air Force Aviation Depots (DMMIS) was rejected as the interim migratory system for the Depot Maintenance Activity Group (DMAG), Air Force. DFAS-HQ is currently working with Air Force personnel to finalize selection of another system.
Standard Army Procurement Appropriation System (SAPAS)	The Standard Army Procurement Appropriation System (SAPAS) supports field-level accounting and financial reporting on the execution of customers general funds and operations

Milestones

The Department has major milestones for improving the Property Accounting function.

Action	Date
Complete fielding of the DoD-wide property accountability system	September 2000
Complete interface/integration requirements with other systems	September 2001
Begin first complete fiscal year with the standard DoD-wide system that integrates property accountability with financial accounting records and reports	October 2001

CORE REQUIREMENT - INVENTORY ACCOUNTING

Description Inventories comprise approximately 75 percent of total assets of the Department’s Working Capital Funds (WCF). Because of the high proportion of inventory to overall assets, material weaknesses in inventory impact the fair presentation of the financial statements for the Department’s WCFs.

Current Status Accounting standards require inventory to be reported at historical cost or latest acquisition cost. The Department’s inventory systems value inventory at standard (selling) price. Accordingly, inventory value amounts presented on auditable financial statements must be calculated prior to their inclusion in auditable financial statements. Additionally, inventory valuation and account classification problems exist in the Department’s inventory accounts. As a result, the auditors maintain that they are unable to independently verify reported inventory account balances.

Strategies The Department is taking aggressive action to remedy procedural, systemic, and knowledge deficiencies. The Military Department’s audit services are working with the Directorate of Accounting policy, DoD Deputy Chief Financial Officer to review the financial information provided by the applicable Military Department’s logistics systems. They are determining the ability to generate data needed to properly account for inventory in accordance with Statement of Federal Financial Accounting Standards (SFFAS) No. 3, “Accounting for Inventory and Related Property.”

Current Initiatives The Department has multiple initiatives to improve the Inventory Accounting Function.

Initiative	Objective
Accounting and Inventory Management System (AIMS)	AIMS edits information from store systems, processes receipts, issues, and adjustments and maintains line item inventory by store.
Management of Network Income, Expense, and Services (MONIES)	MONIES will integrate the data associated with service order entry, inventory, and billing. Seven legacy systems will be terminated as a result of MONIES.

Current Initiatives

continued

Initiative	Objective
Consolidated Acquisition Reporting System (CARS)	CARS is a windows based data entry and reporting software package that maintains and reports on defense acquisition programs.

Milestones

The Department has major milestones for improving the Inventory Accounting function:

Action	Date
Complete Review of the financial data for the Army and the Navy and supporting DFAS Centers	Completed
Conduct training on the requirements of accounting for inventory for the Air Force and supporting DFAS Center	Completed
Complete review of the Air Force financial data	Completed
Evaluate the results of the reviews of the Military Departments' inventory accounting processes	Completed
Implement approved changes from the reviews of the Military Departments' inventory accounting processes	December 1999
Implement general corrective actions	September 2001

CORE REQUIREMENT - GENERAL LEDGER

Description The Department uses general accounting for appropriated funding organizations. The general accounting tracks the effects of events by summarizing information into the standard general ledger (SGL) accounts from transaction driven events. The SGL uses a standard data format to read the data. The results of the financial events post through the core accounting systems. This function ensures that all events are recorded accurately and by consistent definitions. The results of all financial events must be reported in trial balances and reported in DoD financial statements.

Current Status DoD finance and accounting systems lack a single, standard, transaction-driven general ledger, an essential ingredient for sound reliable financial reports. Additionally, financial transactions do not always have a clear audit trail from the general ledger to the source data due to inadequate systems and manual entries.

Certain future liabilities of the Department have not been accurately assessed. Specifically, these future liabilities include the cost of post-retirement health benefits for military employees, environmental clean up, and disposal of assets. Determining the future cost of these liabilities through the use of current costs, not budget obligations, is necessary to provide accurate estimates.

Strategies The following are strategies for improving the accounting process, data, and systems interfaces:

- use modern technology to the fullest extent possible to develop flexible, streamlined procedures and processes (such as electronic data interchange and electronic funds transfer)
 - improve accountability by ensuring that management controls are integrated into day-to-day operations
 - develop standard data elements within the Department and coordinate with other federal agencies to facilitate government-wide standards
 - maintain oversight structure to ensure the involvement of the Department's senior leaders in the financial reform process
 - strengthen the partnership between the Department and other federal agencies
 - strengthen the partnership between the core financial management and the program financial management communities
 - provide financial management training to enhance the performance and quality and improve efficiency
-

- provide policies and procedures that are clear, simple, direct, and thorough and that ensure compliance with existing laws and regulations
- provide information that is accurate and timely to internal and external stakeholders
- safeguard information and resources against fraud, waste, abuse, and mismanagement through adequate internal controls
- eliminate unnecessary systems and consolidate finance and accounting functions to a select set of migration systems
- ensure systems comply with statutory, regulatory, and audit requirements
- employ technology improvements to develop standard systems that use logically integrated or interfaced databases with flexible infrastructure supporting future changes
- ensure Y2K compliance
- implement “single entry” structure that requires data entry for business data elements once (in feeder, finance, or accounting system), provides the necessary data elements to all stakeholders within the Department, and tracks transactions from the source to the financial statements

Current Initiatives

The Department is focusing on standardizing the existing accounting systems, correcting the feeder and accounting interfaces, and properly accounting for assets and liabilities for the General Ledger function.

Initiative	Objectives
Defense Joint Accounting System (DJAS)	DJAS supports Defense Agencies supported by the DFAS Indianapolis Center, Army general fund accounting, Army transportation, and field level accounting for the Defense Security Assistance Agency.
Standard Accounting and Reporting System (STARS)	STARS will be the migratory accounting system to which the U.S. Navy will consolidate all general fund accounting, commercial entitlement, and reporting operations.
Standard Operations and Maintenance, the Army Research Development System (SOMARDS)	SOMARDS is the legacy general fund accounting system for all appropriations other than the Army Working Capital Fund (AWCF) and Foreign Military Sales (FMS) Trust Fund. DJAS will replace SOMARDS.

	Initiative	Objectives
Current Initiatives continued	General Accounting and Finance System Reengineering (GAFS-R)	GAFS provides general funds accounting support to the Air Force and selected DoD agencies. GAFS does not currently contain a transaction-driven general ledger.
	Standard Accounting, Budgeting, and Reporting System (SABRS)	SABRS supports Marine Corps general accounting. The system initiative focuses on compliancy with all Key Accounting Requirements (KAR) and generating auditable financial statements.
	General Accounting and Reporting System (GAC)	GAC is a comprehensive financial management system for the management of Defense Intelligence Agency (DIA) and National Security Agency (NSA) resources. GAC provides control of all appropriated and other funds, automatically creates financial and business events, and posts those events to the appropriate general ledger account.
	Defense Departmental Reporting System (DDRS)	DDRS is a DFAS migration financial management system to support DoD appropriation level control, line item control, financial reporting, and financial analysis.
	Centralized Accounting and Financial Resource Management System (CAFRMS)	The CAFRMS supports agency and field-level accounting and financial reporting on execution of general funds in support of nuclear weapons matters.
	Mechanization of Contract Administration Services (MOCAS)	The Mechanization of Contract Administration Services (MOCAS) is an automated system used in the administration and payment of supply and service contracts.

Architecture

To support the general accounting function, the Department is transitioning to the following systems:

- Defense Joint Accounting System (DJAS)
- Standard Accounting and Reporting System (STARS)
- General Accounting & Finance System (GAFS)
- Standard Accounting, Budgeting and Reporting System (SABRS)
- NSA’s General Accounting and Reporting System (GAC)

The available “as-is” and the “to-be” data flows and systems are described on the following pages.

SABRS

SABRS migrates to a single accounting system all the Marine Corps appropriations and eliminates five legacy systems. The current data and system flows are illustrated in Figure IV.5.

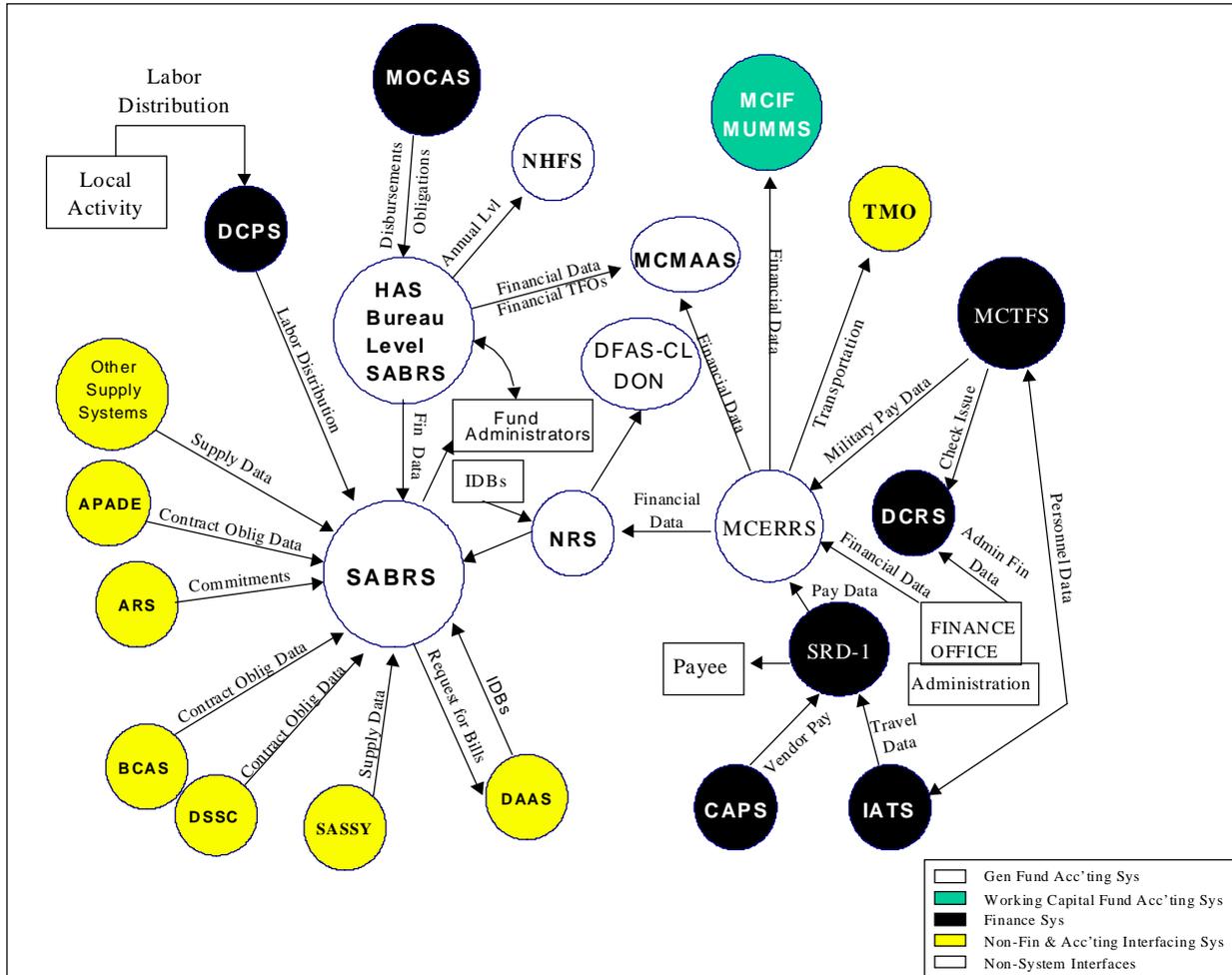


Figure IV.5 The Marine Corps “As-Is” General Fund Data and System Flows

DJAS

The Defense Joint Accounting System (DJAS), formerly known as the Corps of Engineers Financial Management System (CFEMS), will consist of the data and system flows illustrated in Figure IV.7.

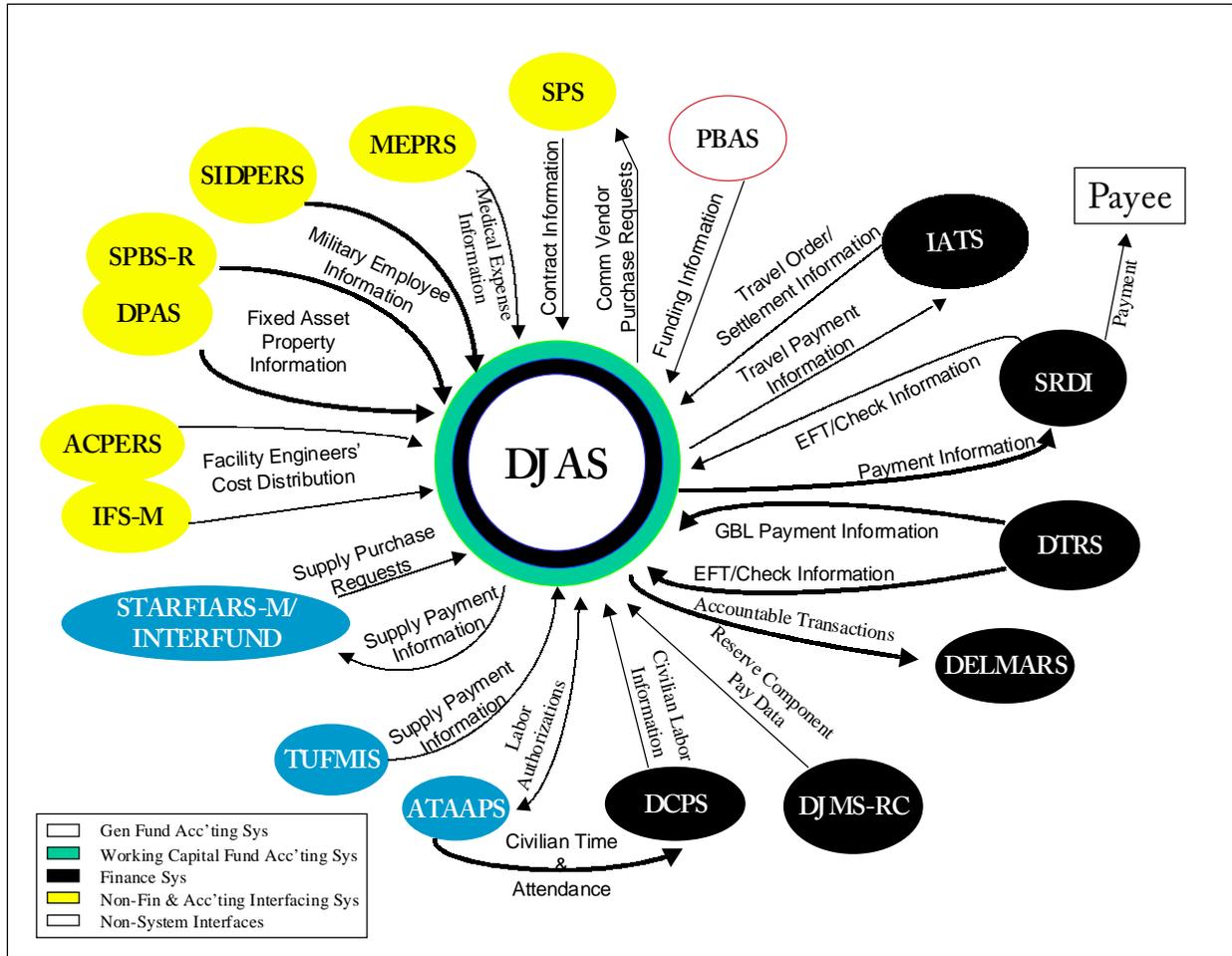


Figure IV.7 DJAS “To-Be” Data and System Flows

CORE REQUIREMENT - FUNDS CONTROL

Description Funds distribution and reprogramming (i.e. program, budget authority, and treasury funds) are important areas of concern for the Department. Preventing the over-distribution of funds and placing controls on redistribution are fundamental basics in the budgetary execution process.

Current Status The Army, Corps of Engineers, the Navy and OSD currently use the Program Budget Accounting System-Funds Distribution (PBAS-FD) migratory system for funds control oversight. The Department’s other organizations use a variety of methods, processes, and systems.

Strategies The following are strategies focus on improving operations for the Funds Control function:

- use modern technology to the fullest extent possible to develop flexible, streamlined procedures and processes (such as EDI and EFT)
- provide information that is accurate and timely to internal and external stakeholders
- ensure systems comply with statutory, regulatory, and audit requirements
- employ technology improvements to develop standard systems that use logically integrated or interfaced databases with flexible infrastructure supporting future changes

Current Initiatives The Department has multiple initiatives to improve the Funds Control function.

Initiative	Objective
Program Budget Accounting System-Funds Distribution (PBAS-FD)	To prevent the over-distribution of funding and control reprogramming based on limits established by the Congress.
Funds Control Information System (FunCIS)	FunCIS is a classified information system that tracks RDT&E program elements and procurement line items from the POM phase of the PPBS through the obligation life of appropriated funds.

Architecture The Office of the Under Secretary of Defense Program/Budget (OUSD P/B) has requested a series of changes, including adding levels of funds distribution and providing greater capability for use of customer program coding structures.

CORE REQUIREMENT - COST ACCOUNTING

Description	<p>The Department has increased the number of Working Capital Fund (WCF) Activity Groups considerably over the last five years. These organizations operate like commercial businesses in that they sell goods and services to the Department and other organizations. WCF organizations use cost accounting systems to determine the direct, indirect, and general and administrative costs for their operations. Cost accounting collects and records costs for management to develop customer billing rates, fees, and pricing structures.</p> <p>Cost accounting information provides operational managers with relevant, internal information to support cost management initiatives (e.g. Activity/Service Based Costing, Job Order Costing, and Product Costing)</p> <hr/>
Current Status	<p>WFC organizations have varying businesses, such as software development, mainframe services, ship depot maintenance, and fuel management. The varying business requirements are currently met with multiple systems.</p> <hr/>
Strategies	<p>The following are strategies for cost accounting's focus on improving operations:</p> <ul style="list-style-type: none"> • use modern technology to the fullest extent possible to develop flexible, streamlined procedures and processes (such as EDI and EFT) • support internal decision making and management controls that are non-prescriptive and flexible • capture relevant costs • provide understanding at full cost • link cost to performance • provide information that is accurate and timely to internal and external stakeholders • ensure systems comply with statutory, regulatory, and audit requirements • employ technology improvements to develop standard systems that use logically integrated or interfaced databases with flexible infrastructure supporting future changes <hr/>
Current Initiatives	<p>The Department plans to maintain the following 15 business fund systems. Each system has an initiative to improve the system architecture, improve interfaces with feeder systems, and incorporate U.S. Standard General Ledger (SGL) accounting requirements.</p>

-
- Defense Industrial Financial Management System (DIFMS)
 - Base Operations Support System (BOSS)
 - Commodity Command Standard System (CCSS)
 - Defense Business Management System (DBMS)
 - Automated Billing Program (ABP)
 - Defense Integrated Subsistence Management System (DISMS)
 - Defense Working Capital Accounting System (DWAS)
 - Fuels Accounting System (FAS)
 - Financial Inventory Accounting and Billing System (FIABS)
 - Industrial Fund Accounting System (IFAS)
 - Material Financial Control System (MFCS)
 - Standard Automated Material Management System (SAMMS)
 - Standard Industrial Fund System (SIFS)
 - Standard Materiel Accounting System (SMAS)
 - Standard Financial Inventory Accounting and Reporting System (STARFIARS)
-

Future Initiatives

The Department will continue to evaluate organizations for potential transition from appropriated funding to working capital funding. WCF organizations incur fewer costs and increase quality of service.

The Department will consider either standardization or further elimination for the 15 selected cost accounting systems. Cost beneficial commercial off-the-shelf (COTS) cost accounting programs that meets the organizational and regulatory requirements may replace the selected 15 cost accounting systems.

Architecture

To support the multiple types of business operating under the WCF, the Department has 15 systems. Each system has initiatives to incorporate new technology, integrate with future systems, and other related improvements. The following sections describe the “as-is” and the “to-be” data flows and systems.

DIFMS

The electronic data-sharing requirement has resulted in a great push towards unified, compatible software for standard Navy business applications. Recently, the Department selected the Defense Industrial Financial Management System (DIFMS), formerly known as NIFMS, to be the standard accounting software. The current data and system flows are illustrated in Figure IV.8.

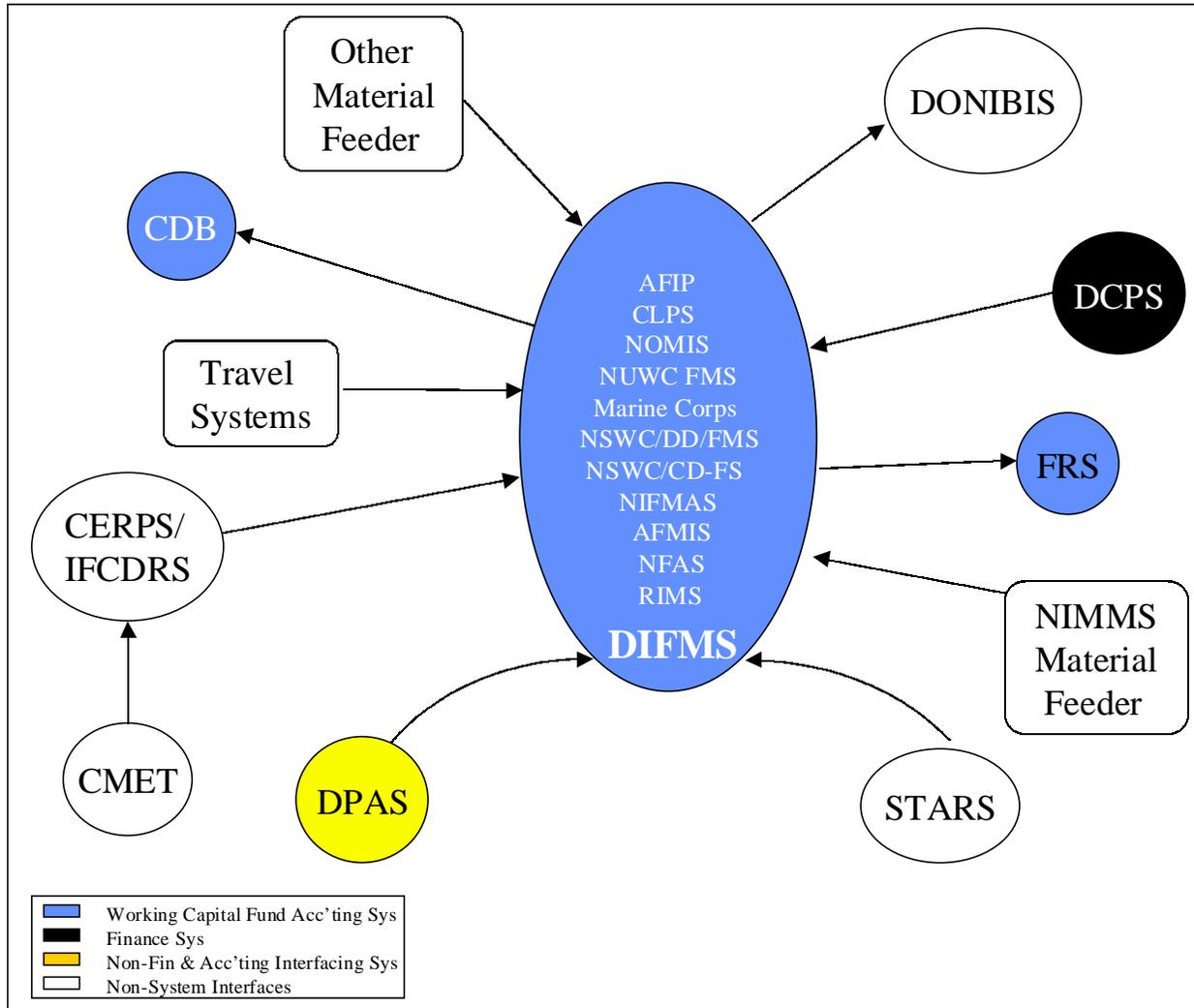


Figure IV.8 DIFMS "As-Is" Data and System Flows

The system interfaces and consolidations change the interfaces as shown in figure IV.9.

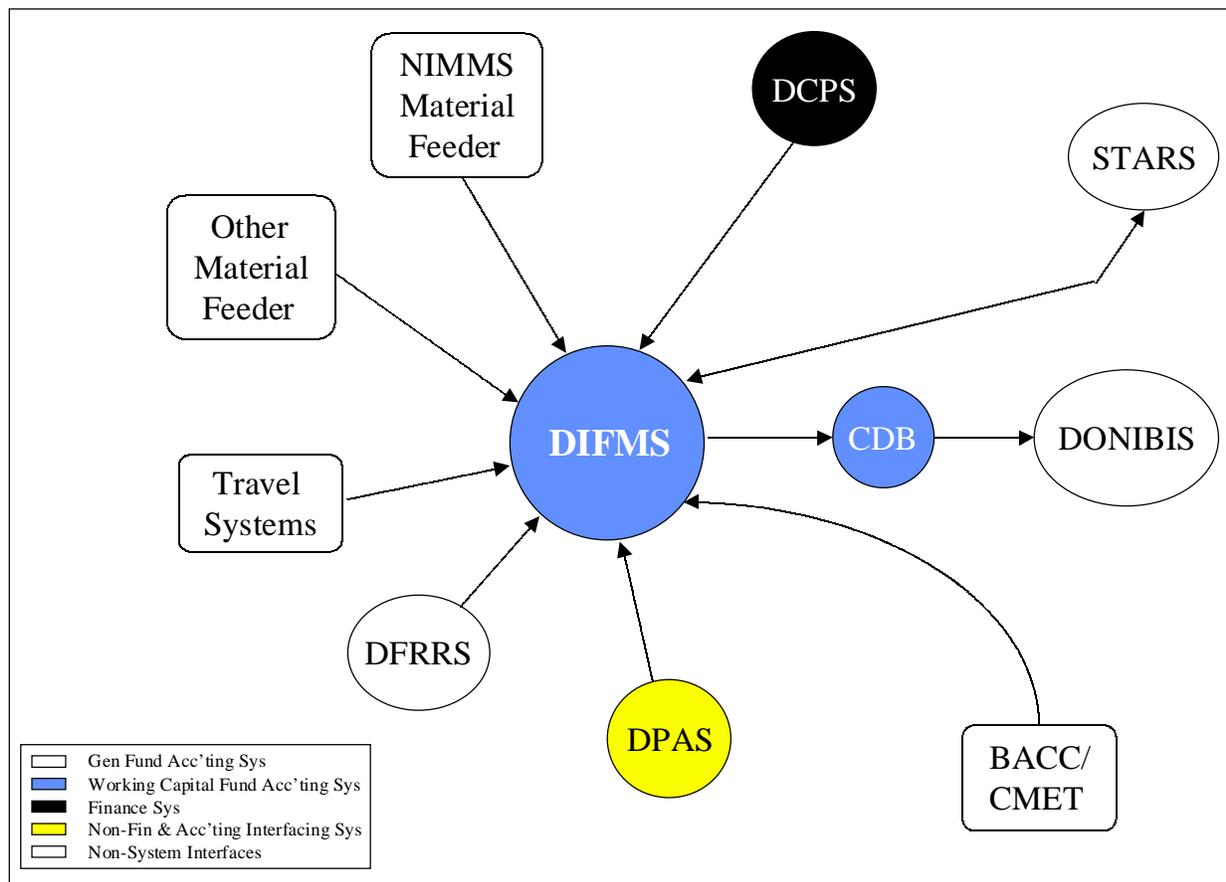


Figure IV.9 DIFMS “To-Be” Data and System Flows

BOSS

BOSS is the selected interim migratory Defense Working Capital Fund (DWCF) system supporting the DLA retail supply business area and the DFAS.

BOSS users include:

- base supply
- contracting
- finance and accounting functions in their respective installation support roles throughout the Defense Logistics Agency (DLA)
- the DoD Education Activity (DoDEA)
- the Defense Reutilization and Marketing Service (DRMS) including the DoD Hazardous Waste Program

BOSS is a real-time, interactive system used for:

- receiving
- ordering
- issuing and accounting for supplies and services

The current data and system flows are illustrated in Figure IV.10.

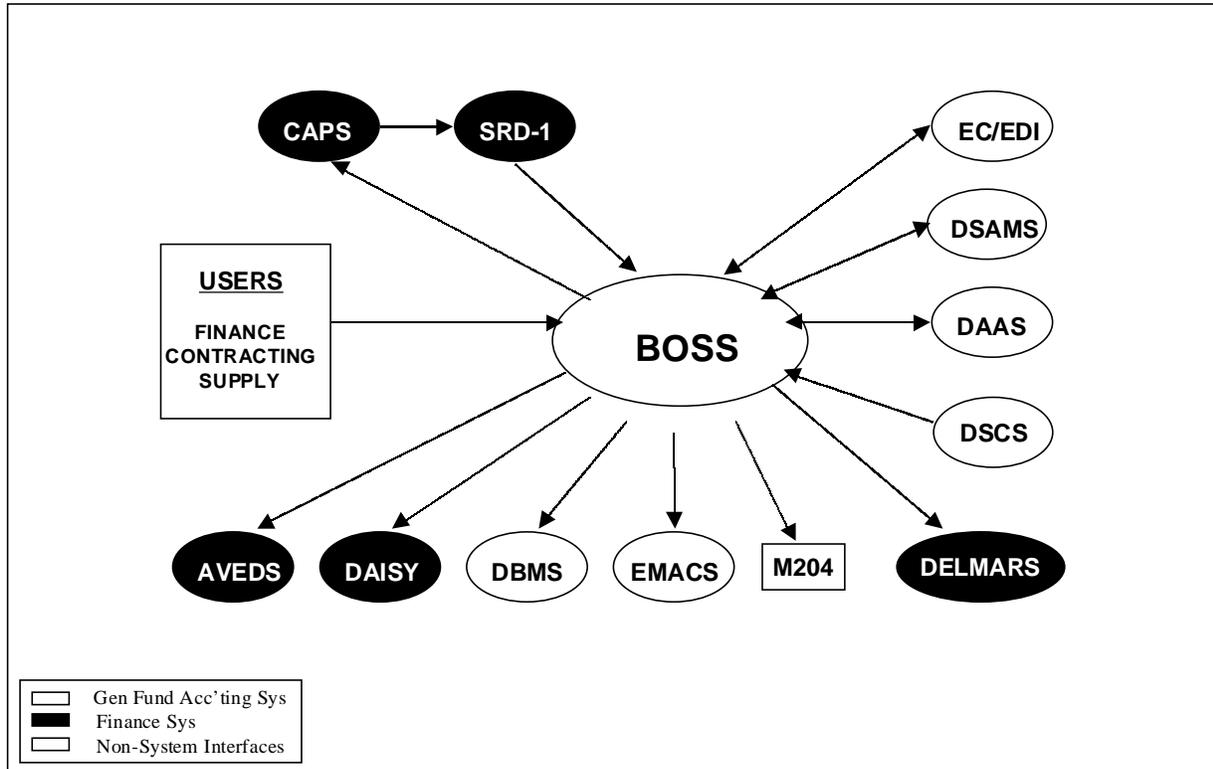


Figure IV.10 BOSS “As-Is” Data and System Flows

BOSS will interface with the corporate database (CDB) and standard data warehouse (SDW), as illustrated in Figure IV.11.

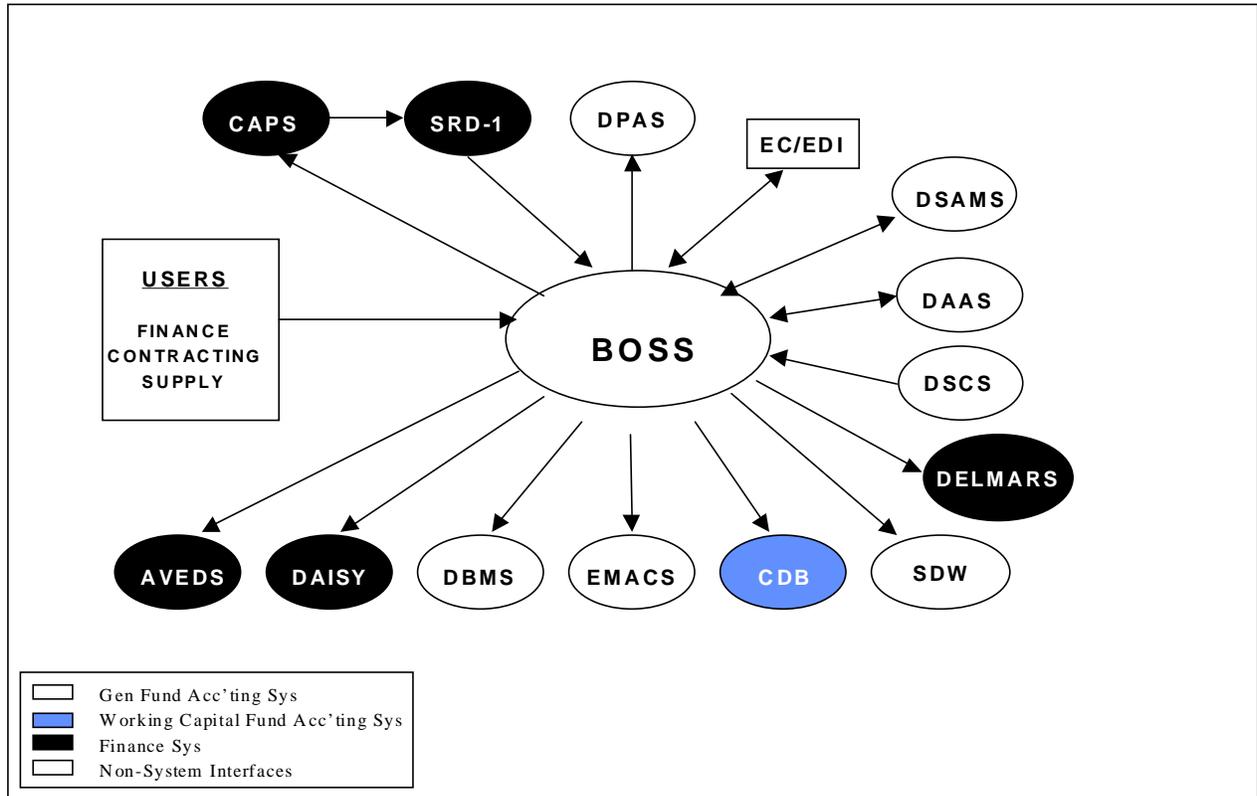


Figure IV.11 BOSS "To-Be" Data and System Flows

IFAS

The Industrial Fund Accounting System (IFAS) supports the information services business area using the illustrated data and system flows in figure IV.12.

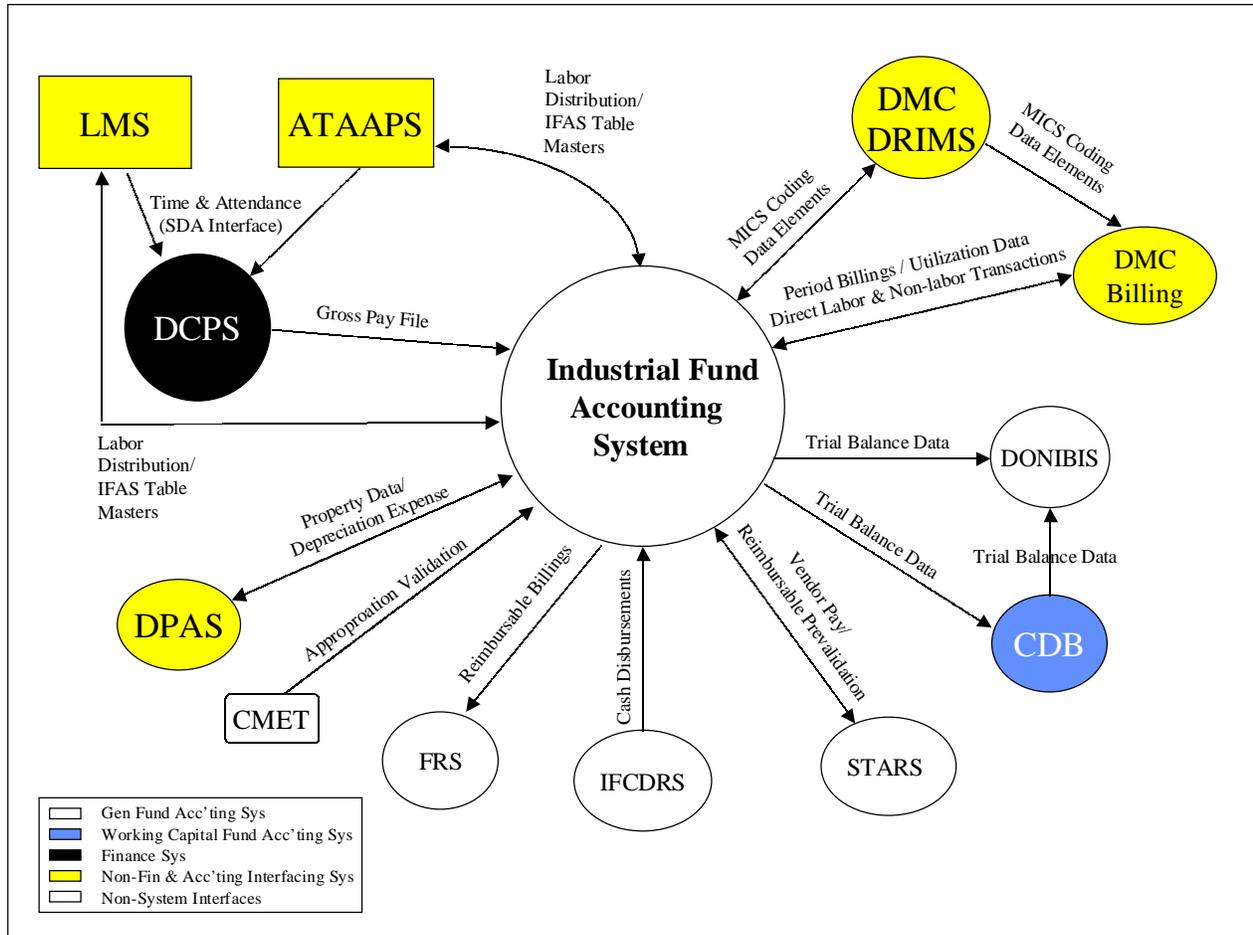


Figure IV.12 IFAS “As-Is” Data and System Flows

IFAS will use a relational database and develop additional interfaces to include DPPS, COPS, and DFRRS as shown in figure IV.13.

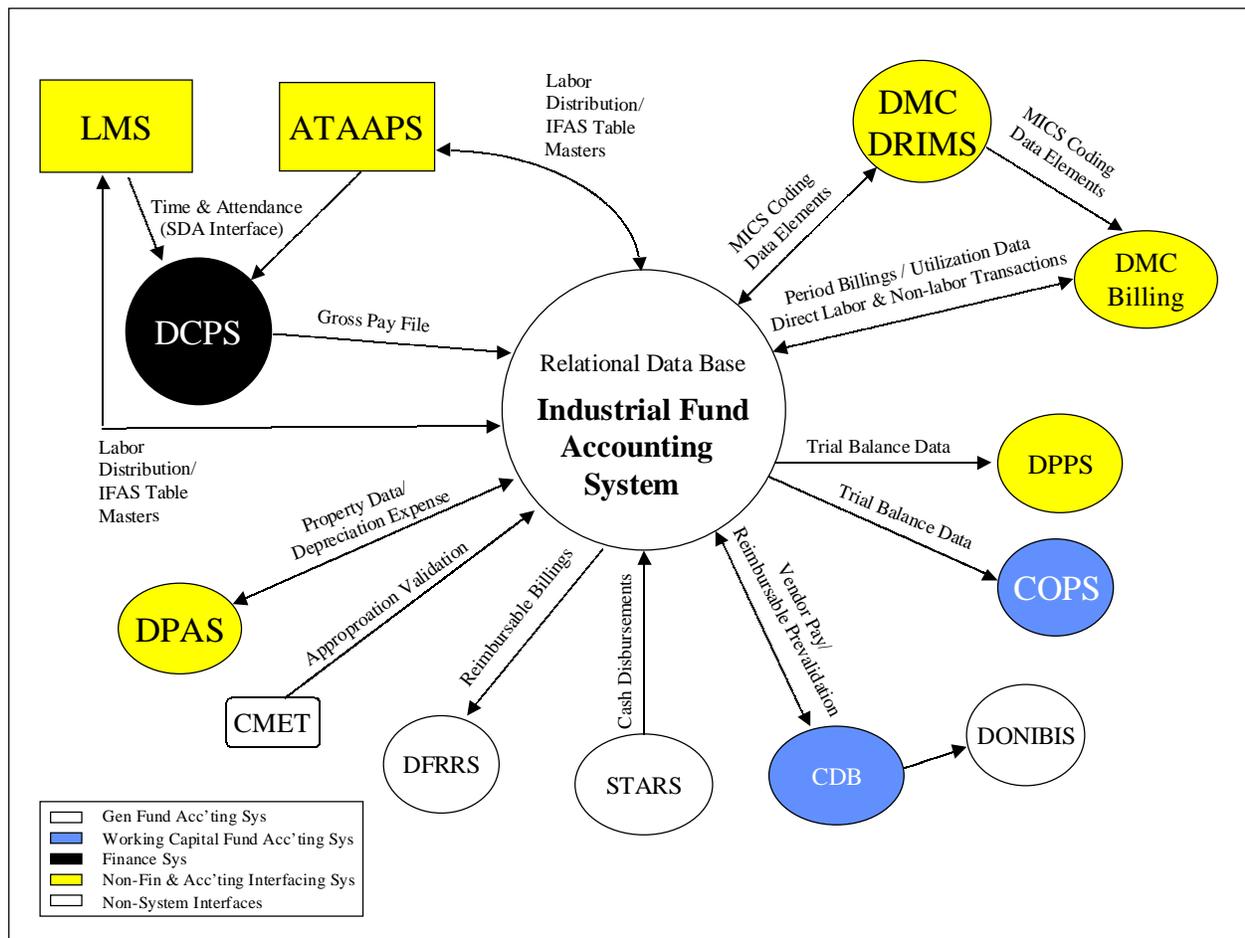


Figure IV.13 IFAS “To-Be” Data and System Flows

DBMS

The Defense Business Management System (DBMS) is the interim migratory working capital fund accounting system for:

- distribution depots
- supply management
- information services
- commissary operations
- financial operations
- reutilization, and marketing
- industrial plant equipment

DBMS serves as the migratory accounting system for DWCF in support of the following agencies:

- Defense Logistics Agency
- Defense Finance and Accounting Agency
- Defense Commissary Agency
- Air Force Material Command
- Naval Supply
- Defense Contract Audit Agency (for General Fund)

Figure IV.14 illustrates the “as-is” data and system flows.

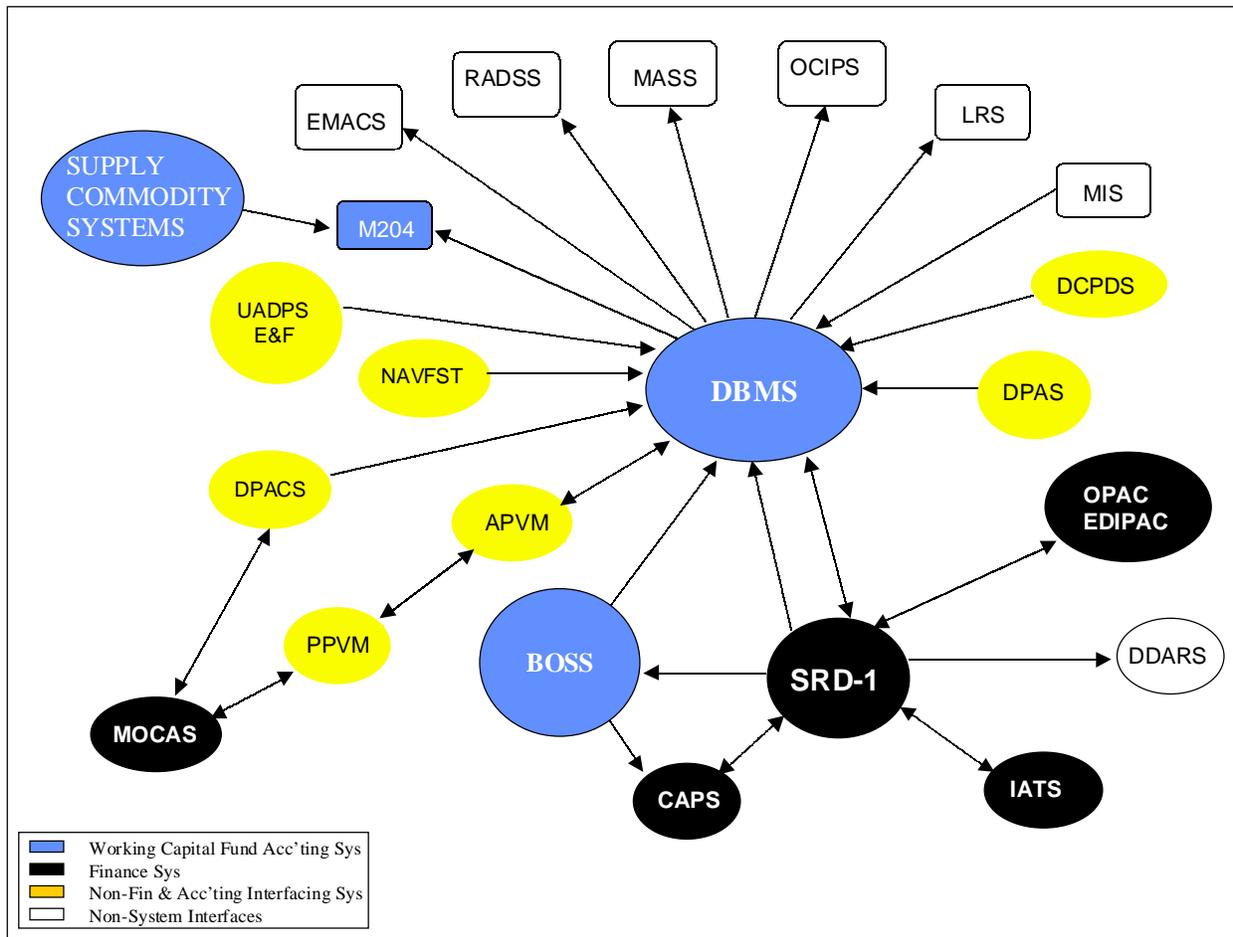


Figure IV.14 DBMS “As-Is” Data and System Flow

System integration and interfaces will change to incorporate the implementation of new systems and the elimination of accounting and finance systems as shown in figure IV.15.

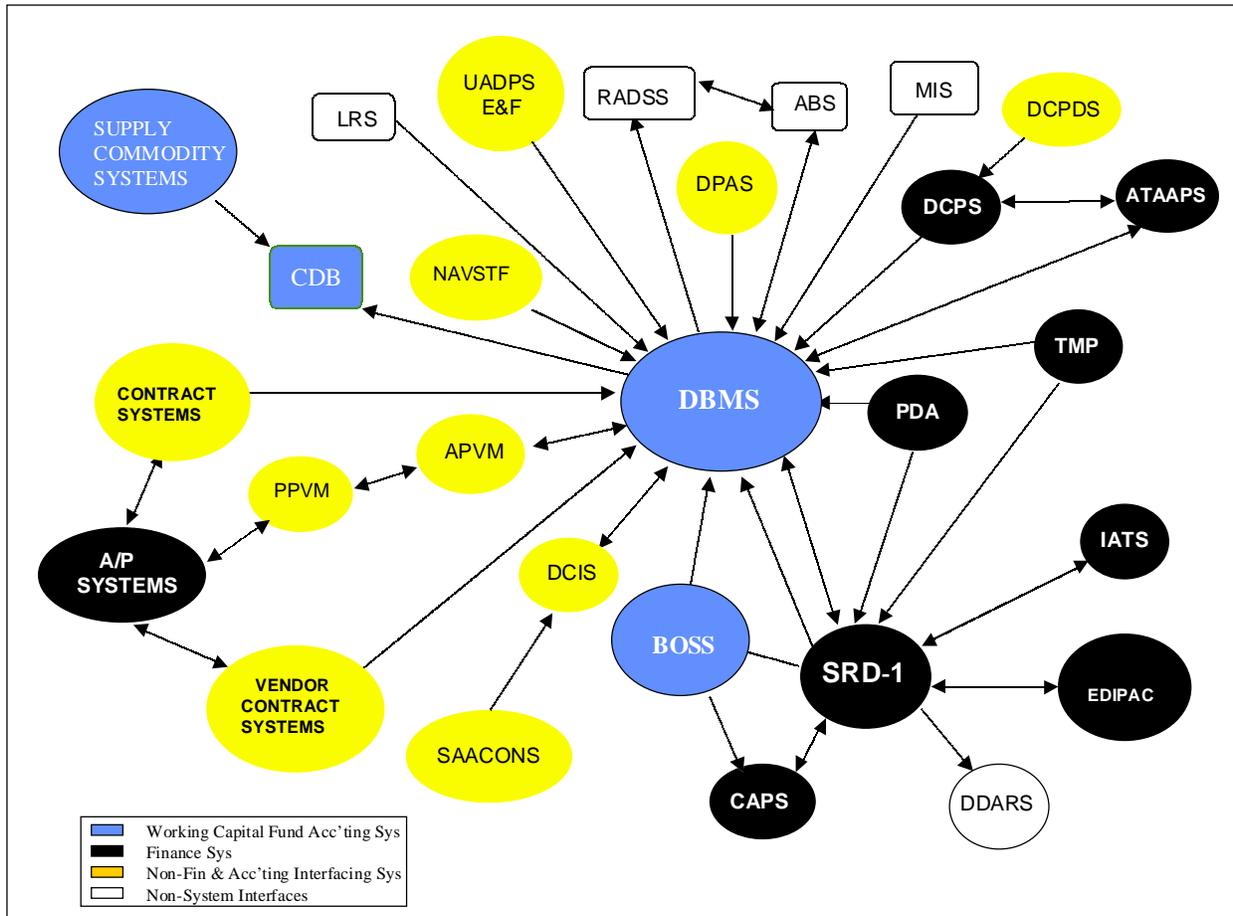


Figure IV.15 DBMS “To-Be” Data and System Flows

FIABS

The Financial Inventory Accounting and Billing System (FIABS) supports the Air Force wholesale supply using the data and system flows illustrated in Figure IV.16.

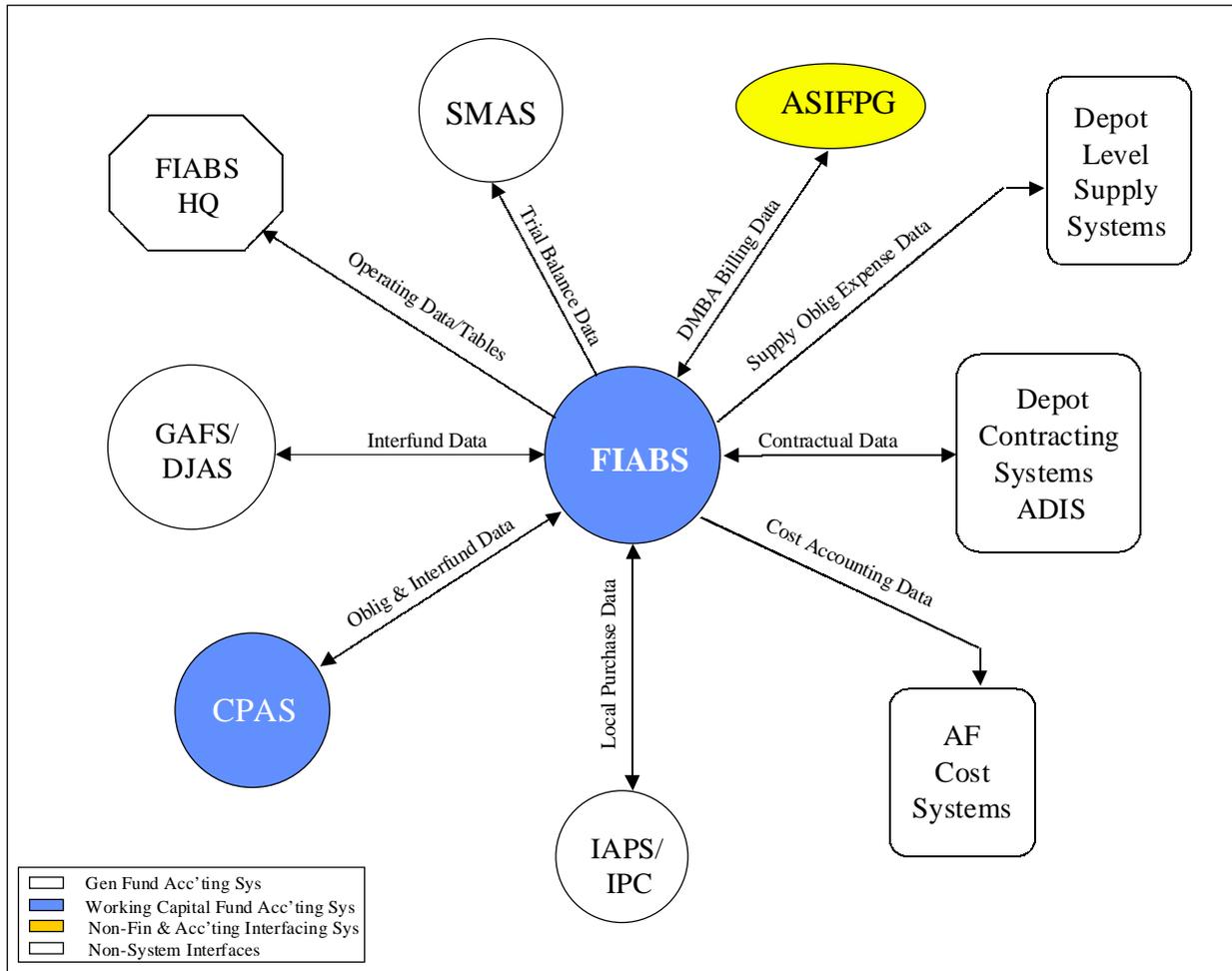


Figure IV.16 FIABS “As-Is” Data and System Flows

The system interface with FIABS will change as illustrated in figure IV.17.

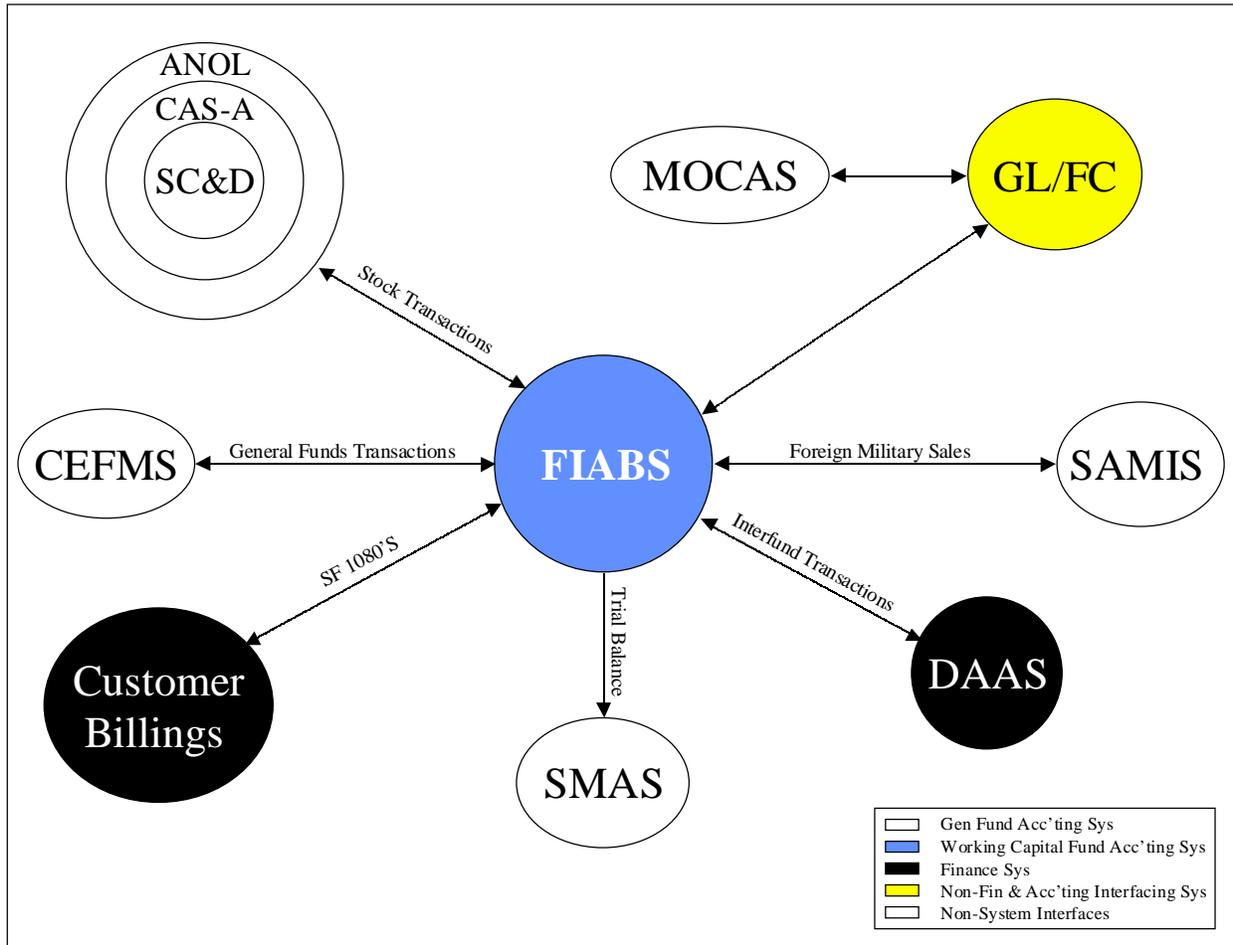


Figure IV.17 FIABS "To-Be" Data and System Flows

DISMS

As illustrated in figure IV.18, the Defense Integrated Subsistence Management System (DISMS) is the accounting system for DLA wholesale supply management subsistence.

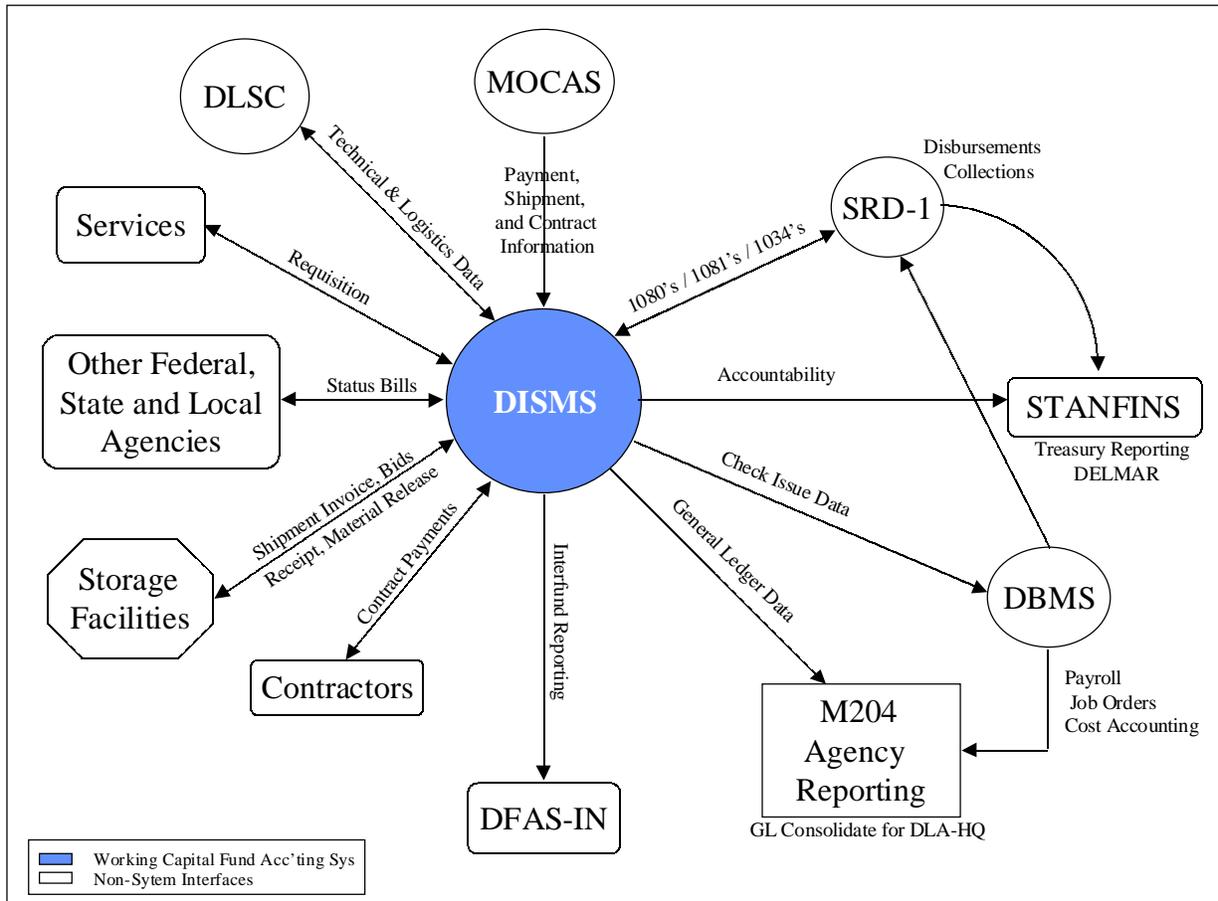


Figure IV.18 DISMS “As-Is” Data and System Flows

DISMS systems interfaces increase as illustrated in Figure IV.19.

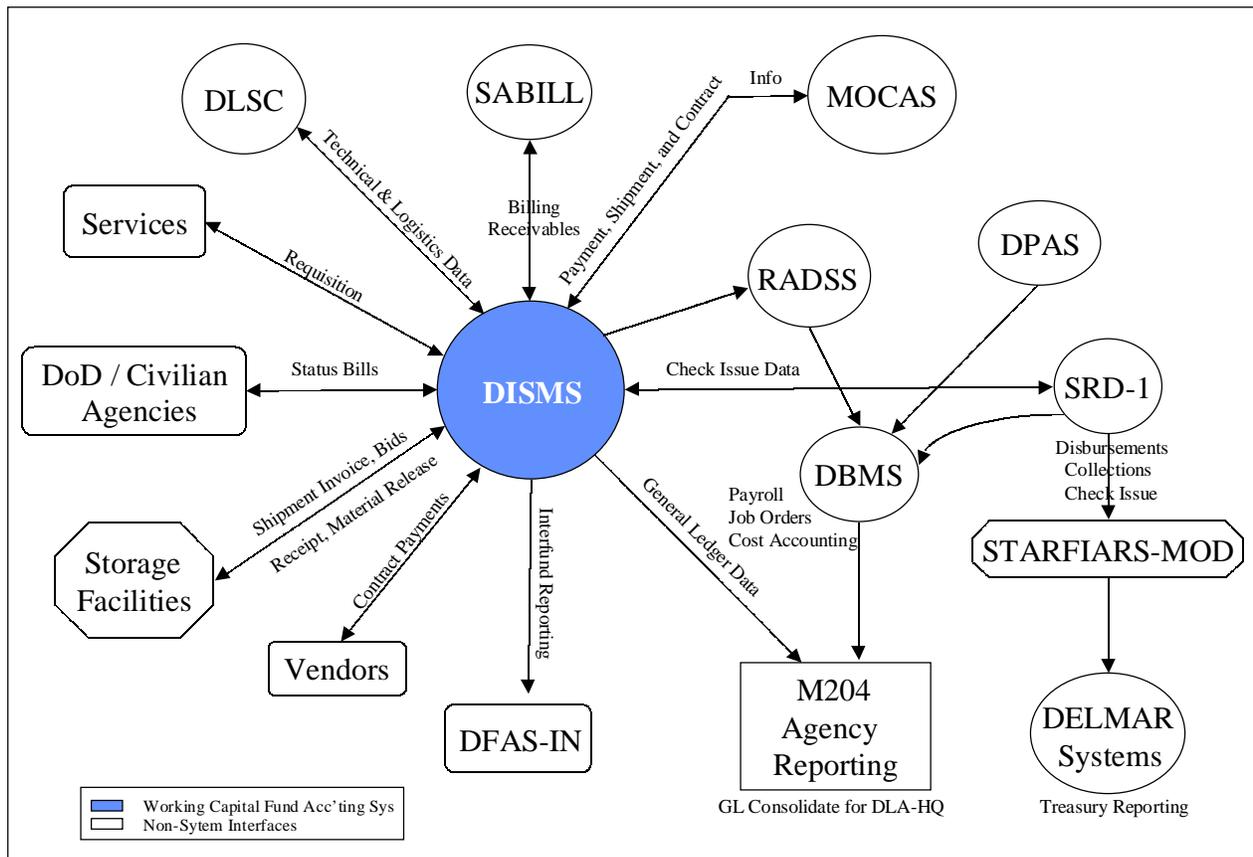


Figure IV.19 DISMS "To-Be" Data and System Flows

CCSS

The Commodity Command Standard System (CCSS) supports the Army Material Command’s inventory control points using the data and system interfaces illustrated in Figure IV.20.

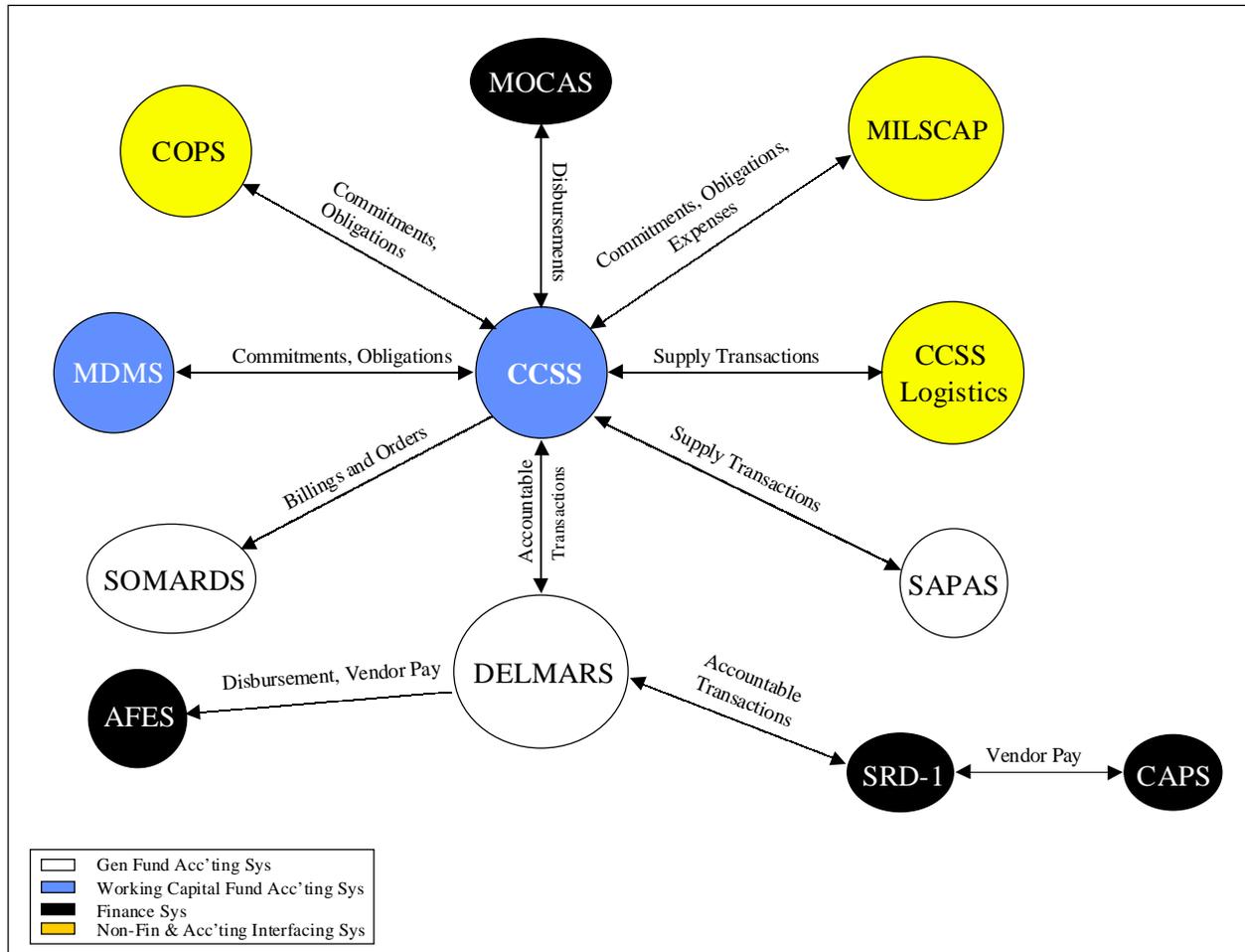


Figure IV.20 CCSS “As-Is” Data and System Flows

The system interfaces will change as illustrated in Figure IV.21.

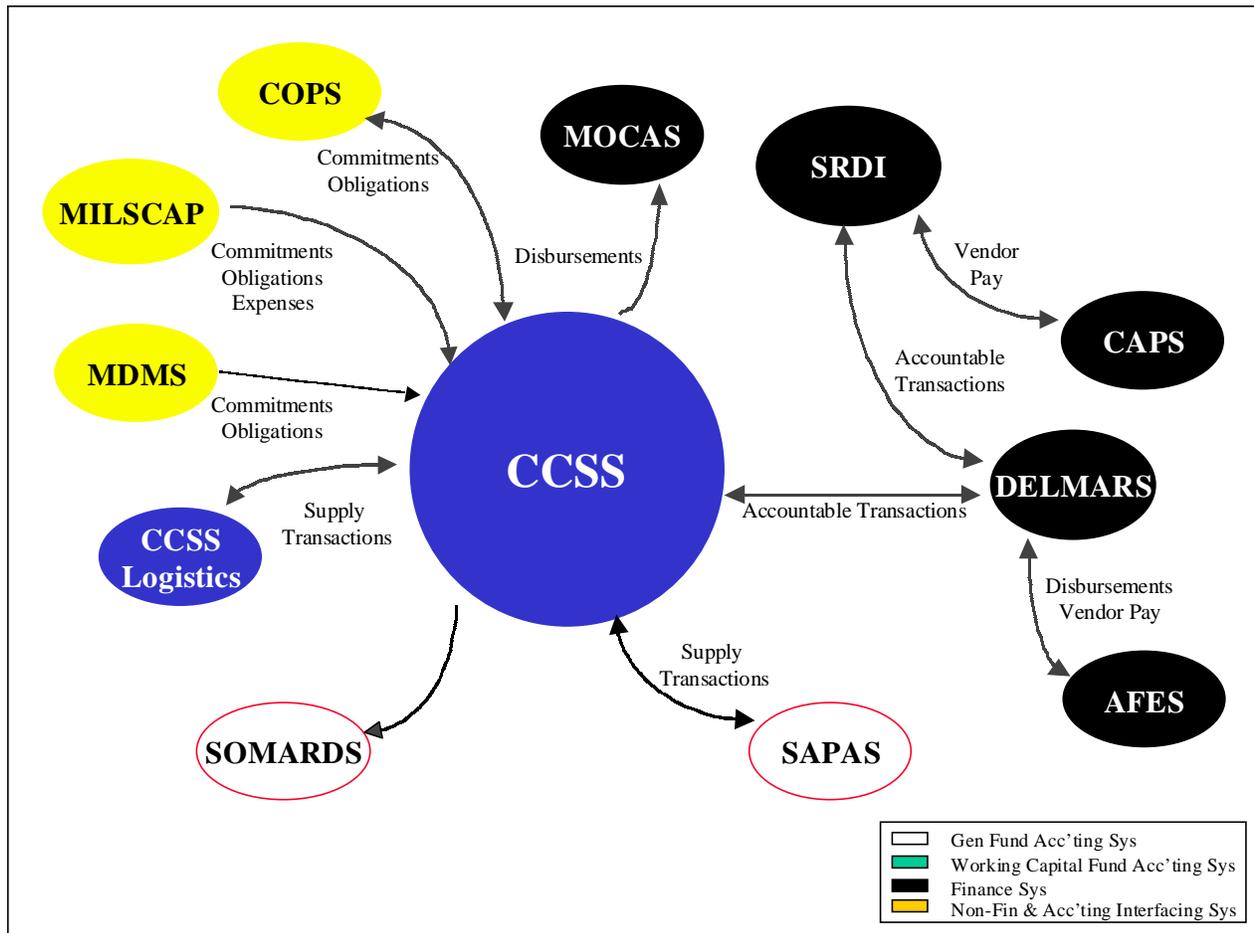


Figure IV.21 CCSS “To-Be” Data and System Flows

MFCS

The Material Financial Control System (MFCS) supports the Navy wholesale and will support the Navy retail supply management functions. The system interfaces vary for the retail and wholesales functions. Figure IV.22 illustrates the data and system flows for retail operations.

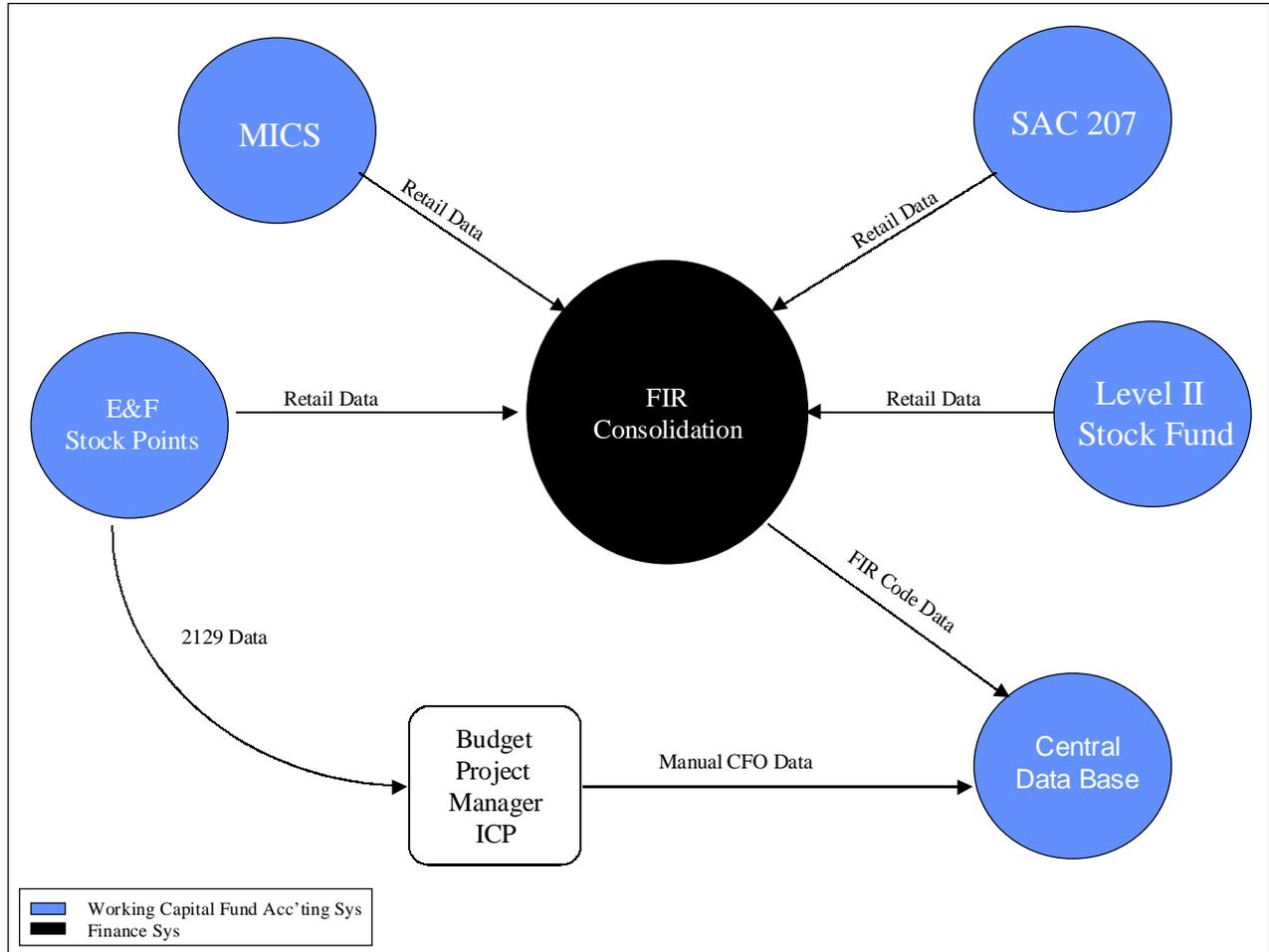


Figure IV.22 MFCS Retail “As-Is” Data and System Flows

The wholesale operations are processed using the data and system flow illustrated in Figure IV.23.

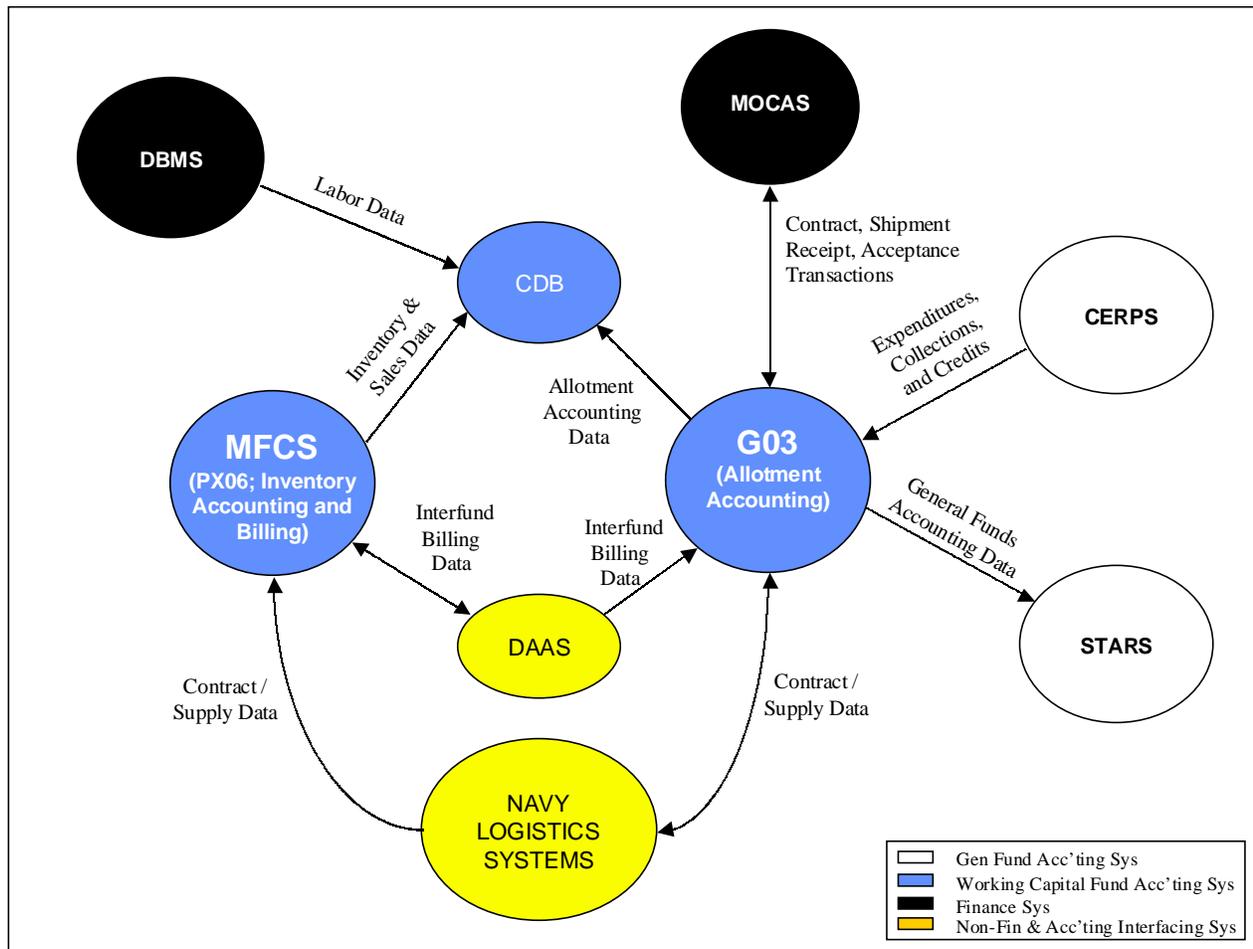


Figure IV.23 MFCS Wholesale “As-Is” Data and System Flows

The improved system interfaces decrease the number of required system interfaces as shown in figure IV.24.

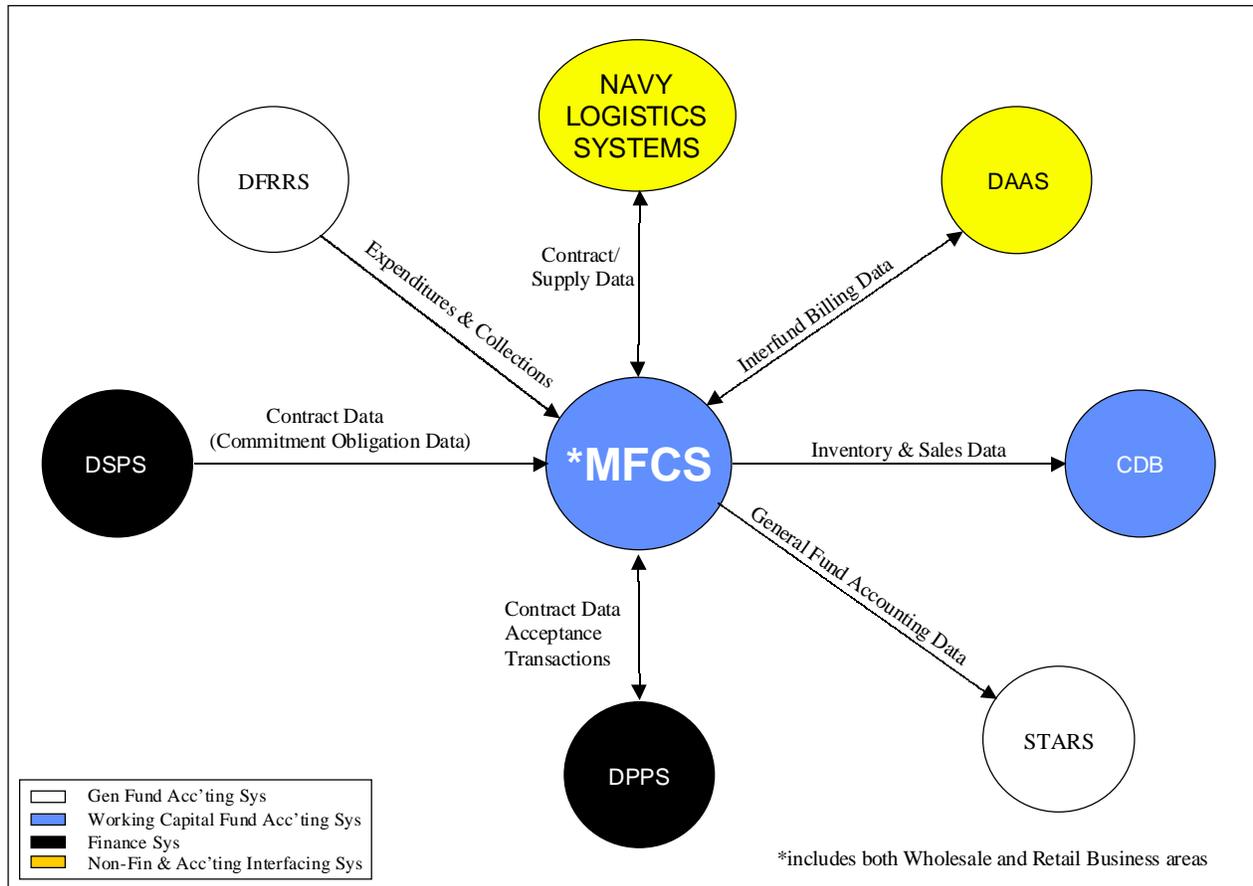


Figure IV.24 MFCS “To-Be” Data and System Flows

SAMMS

As shown in figure IV.25, the Standard Automated Material Management System (SAMMS) supports DLA’s wholesale supply business areas for six commodities:

- construction
- electronics
- general
- industrial
- medical
- clothing and textile

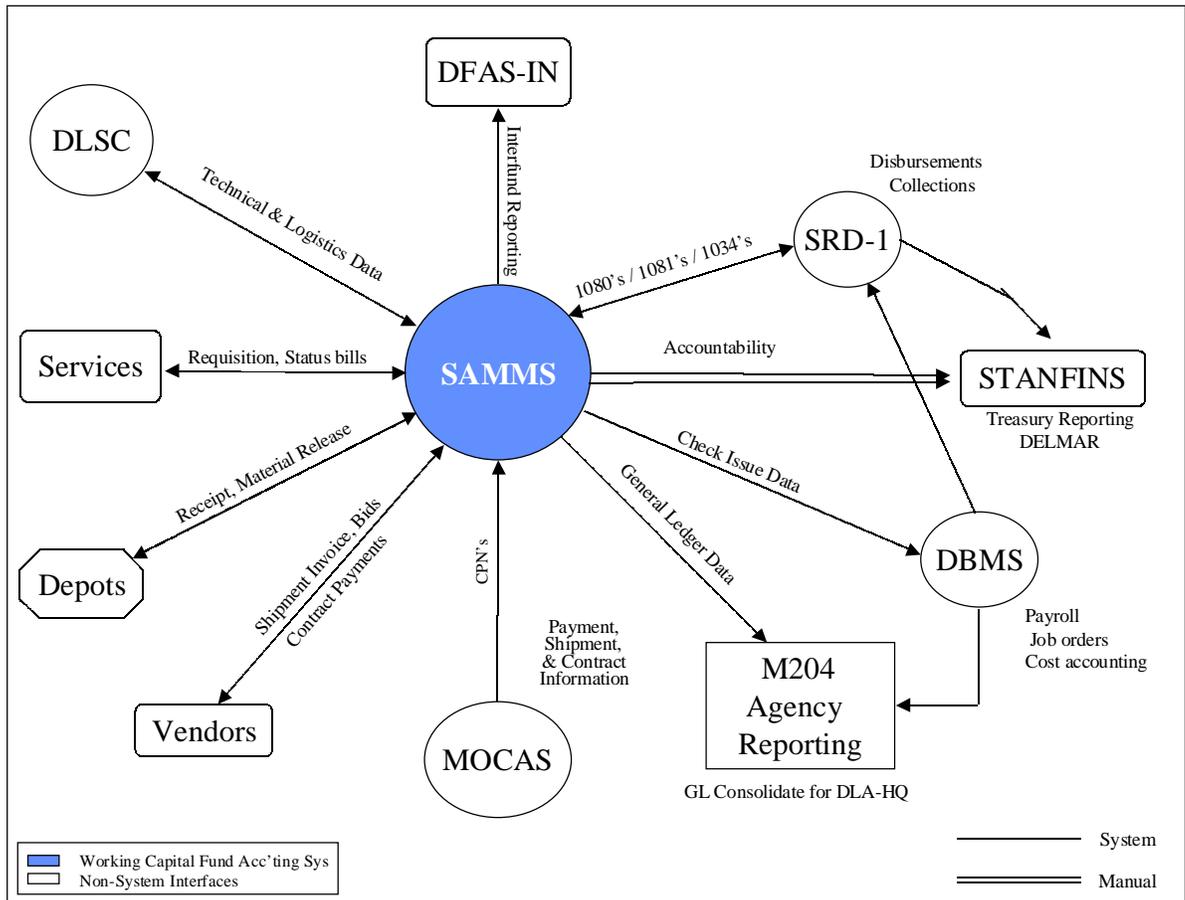


Figure IV.25 SAMMS “As-Is” Data and System Flows

SAMMS will eliminate the manual interfaces and increase the number of automated interfaces as illustrated in Figure IV.26.

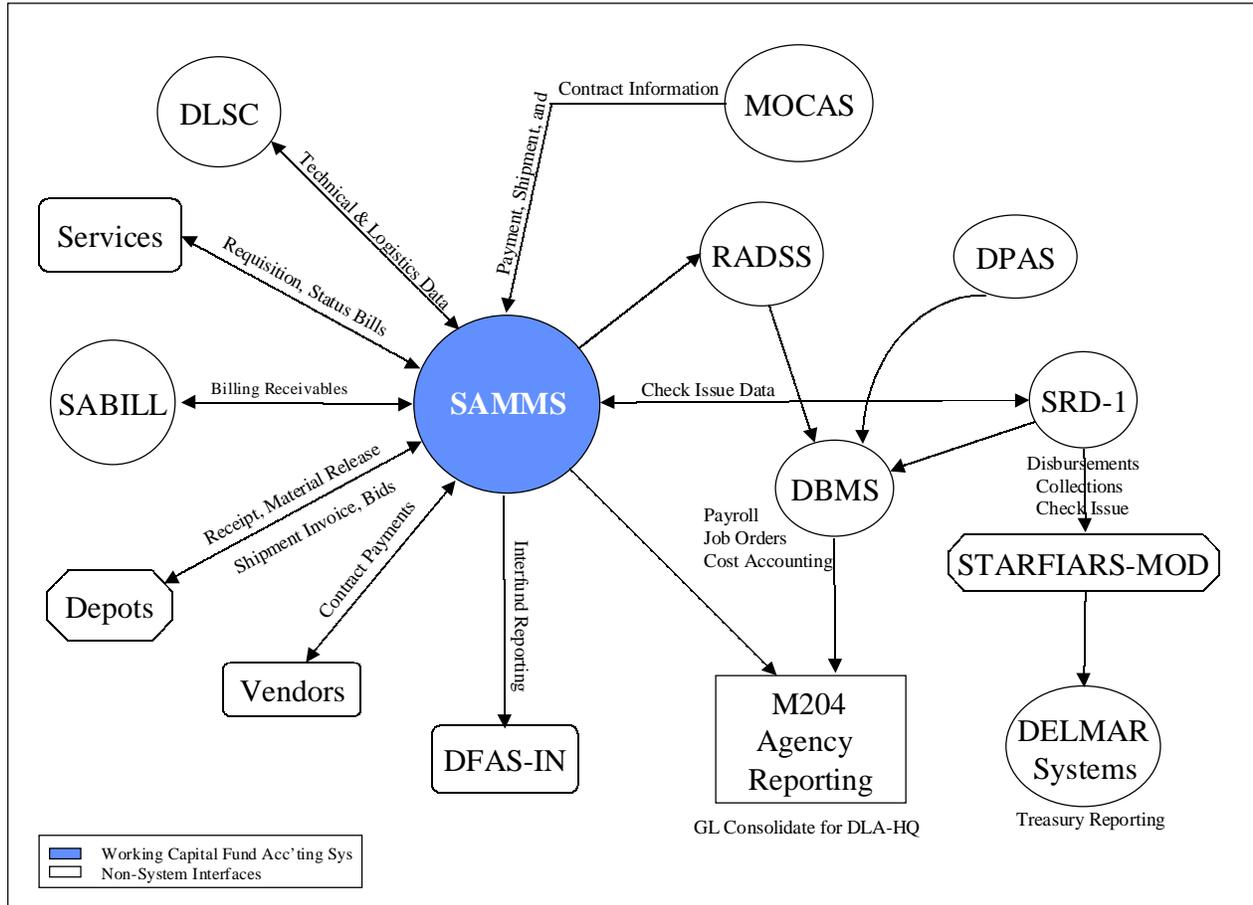


Figure IV.26 SAMMS “To-Be” Data and System Flows

SMAS

The Standard Materiel Accounting System (SMAS) supports the Air Force retail supply management as illustrated in Figure IV.27.

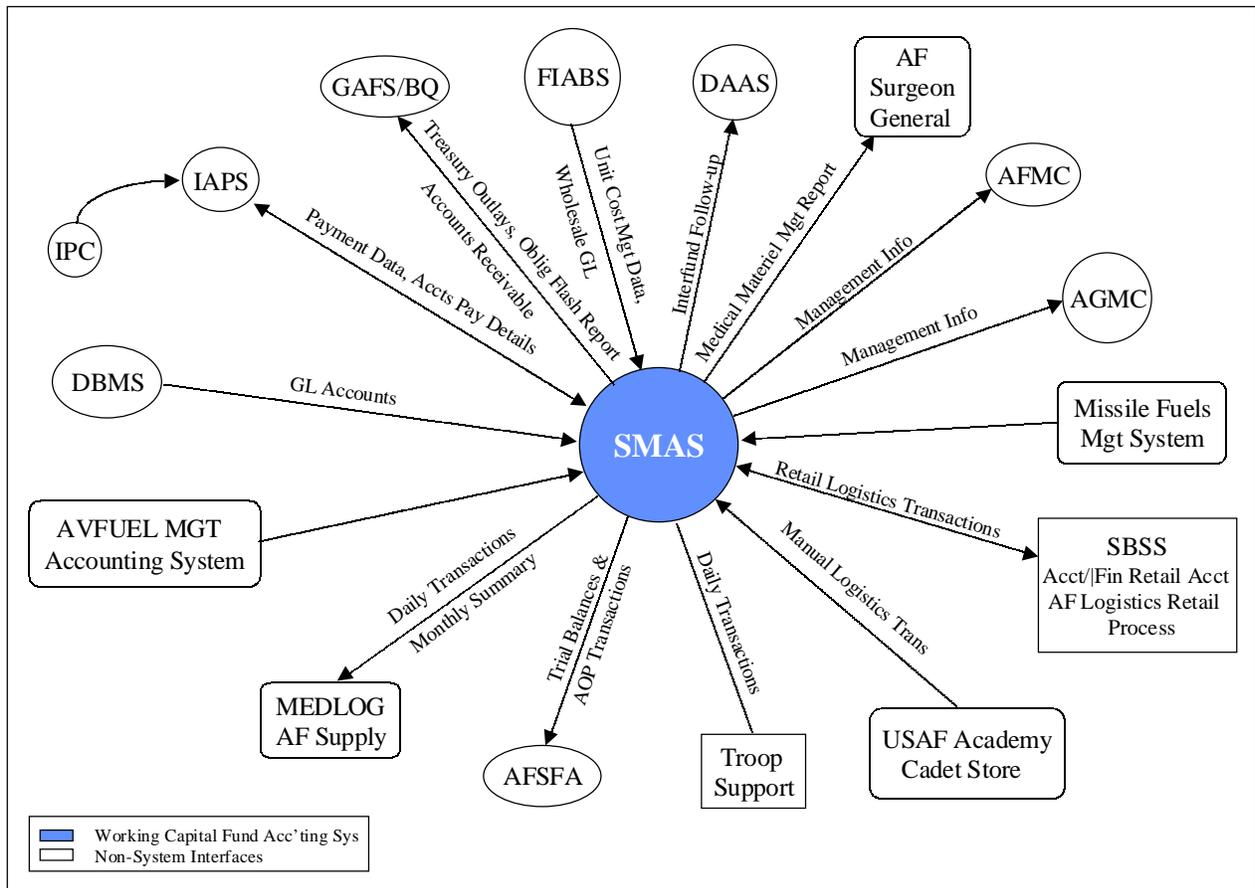


Figure IV.27 SMAS “As-Is” Data and System Flows

SMAS new data and system flows are illustrated in Figure IV.28.

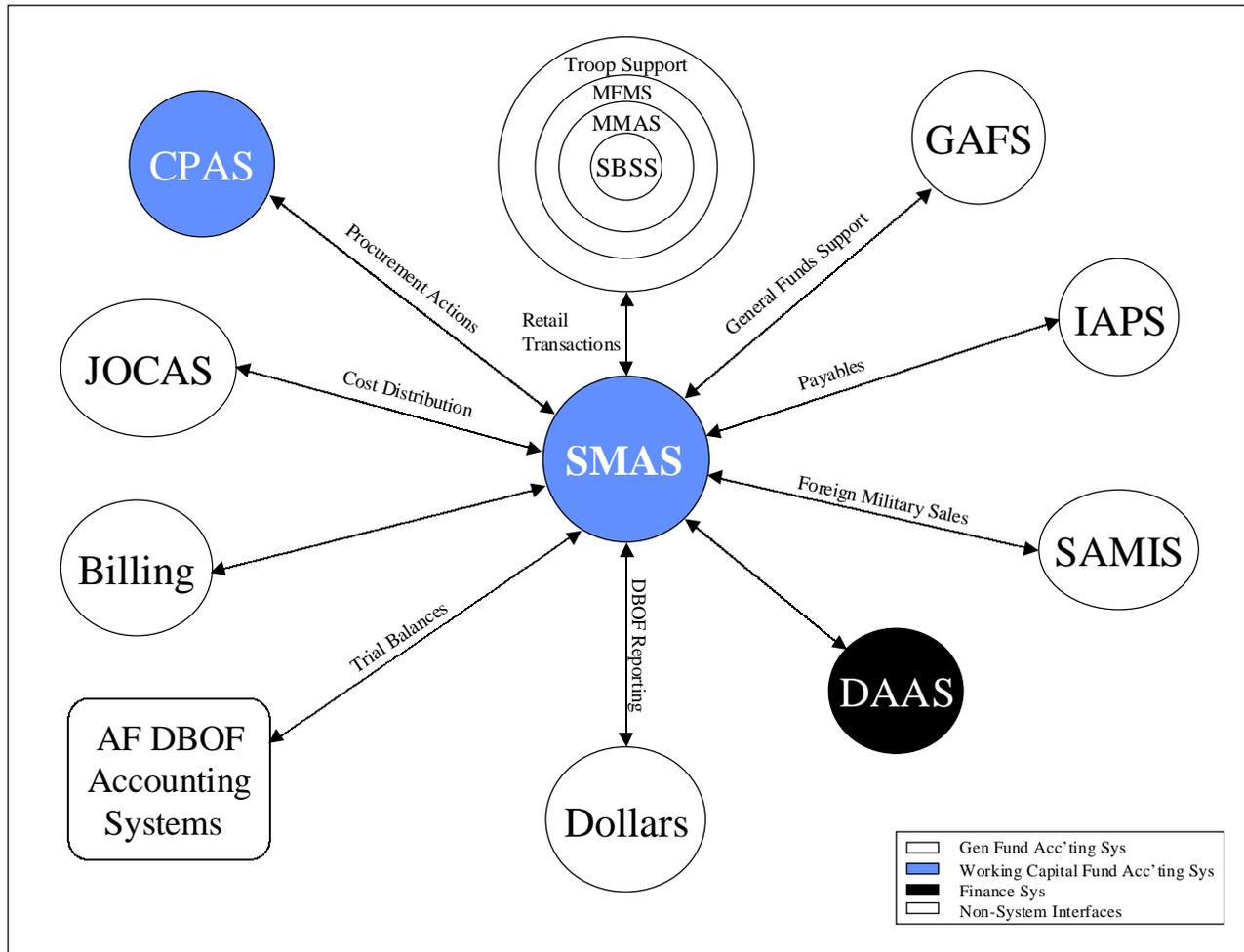


Figure IV.28 SMAS "To-Be" Data and System Flows

SIFS

The Standard Industrial Fund System (SIFS) supports Army Depot Maintenance using the interfaces illustrated in Figure IV.29.

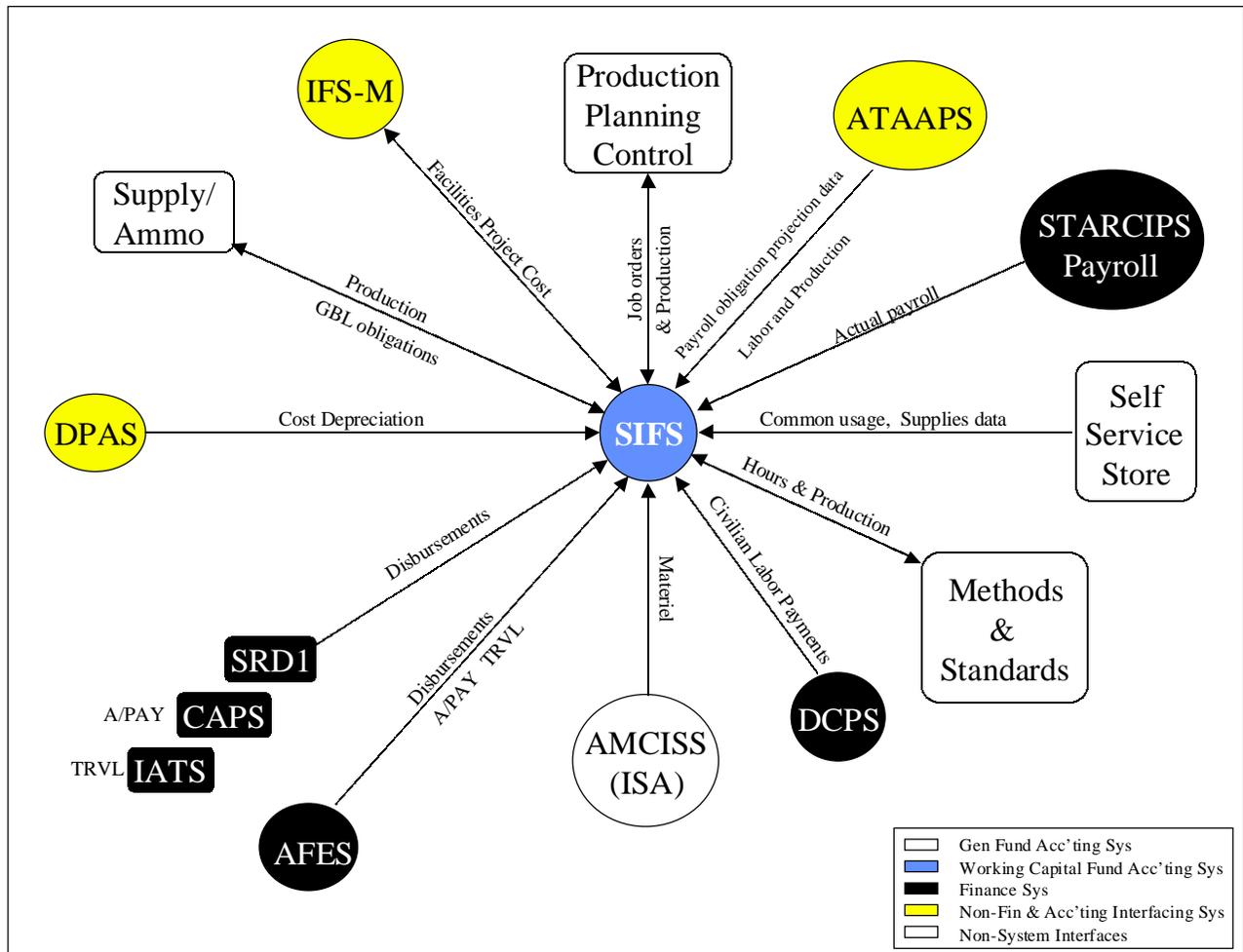


Figure IV.29 SIFS "As-Is" Data and System Flows

SIFS will eliminate some system interfaces as shown in figure IV.30.

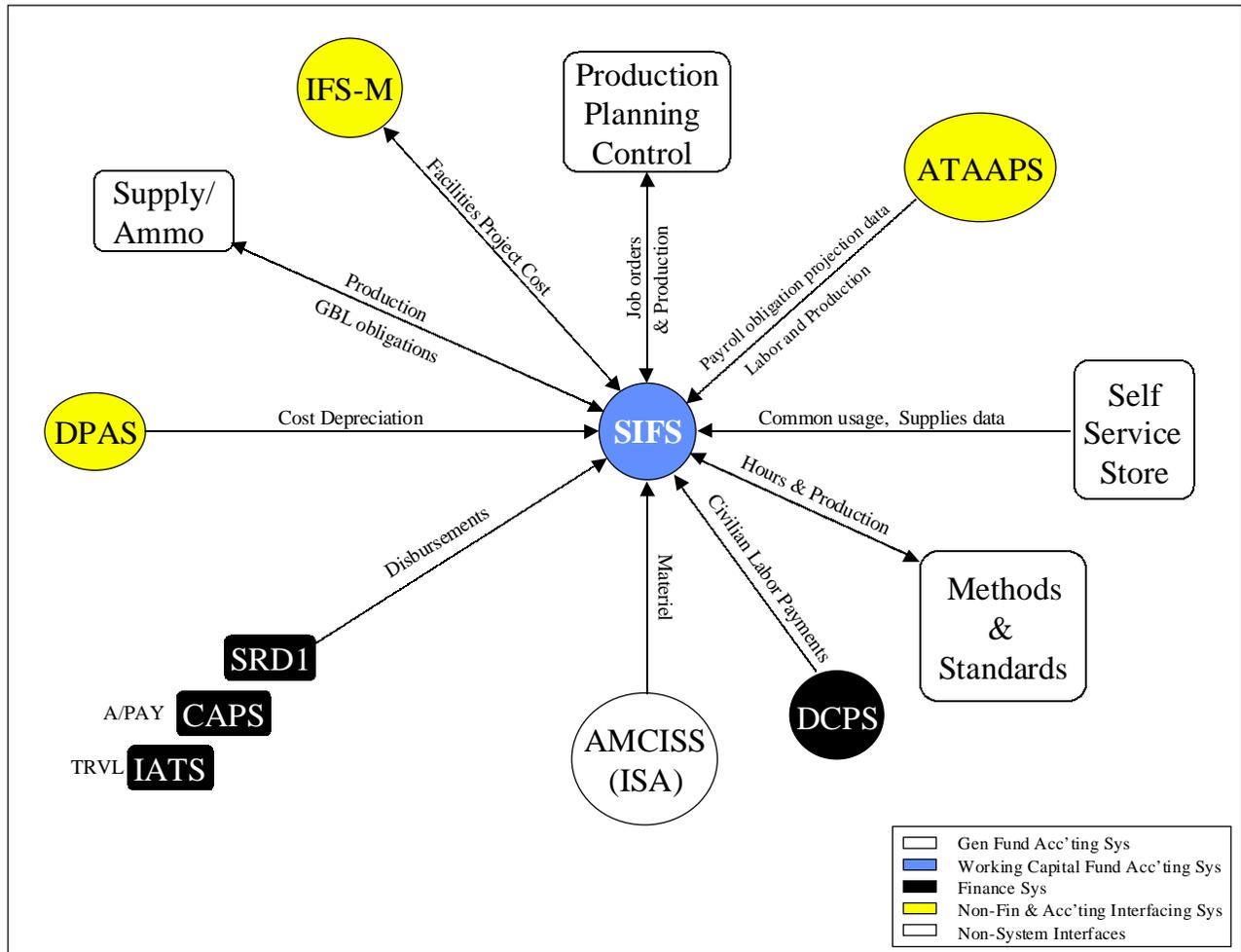


Figure IV.30 SIFS "To-Be" Data and System Flows

FAS

The Fuels Accounting System (FAS) is a commercial off-the-shelf (COTS) package consisting of accounts payable, general ledger, accounts receivable, inventory accounting, purchasing, order entry, and alert modules. The open systems architecture and full integration supports a reduction in data redundancy, data inconsistency and reconciliations, duplicate data entry, paper handling, NULO, and overpayments. In addition, it supports improved business practices through electronic commerce, decision support capability, processing and reporting capabilities, cash management controls, and budget data. Figure IV.31 highlights this information.

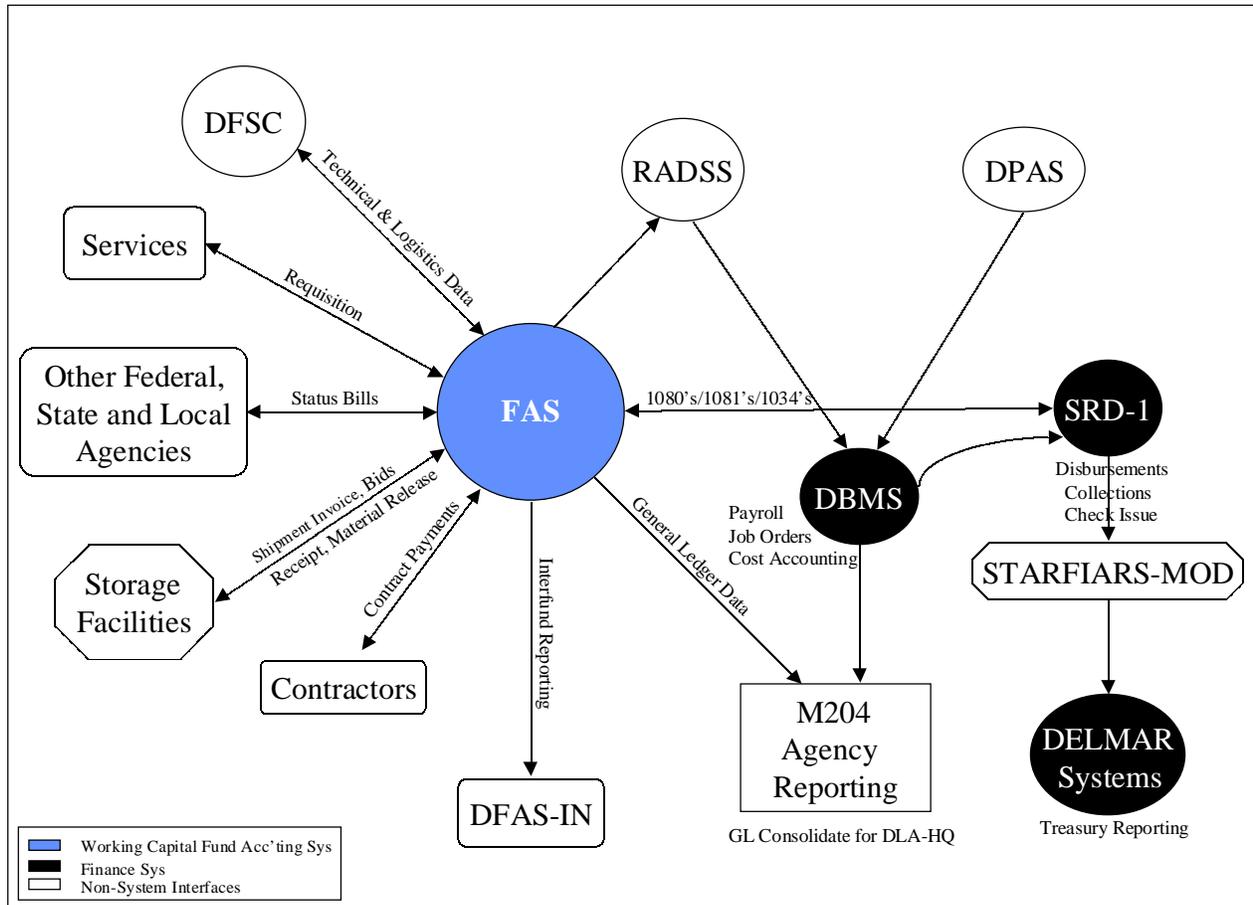


Figure IV.31 FAS “As-Is” Data and System Flows

STARFIARS

The Standard Financial Inventory Accounting and Reporting System (STARFIARS) supports the Army retail supply management functions using the data and system interfaces illustrated in Figure IV.32.

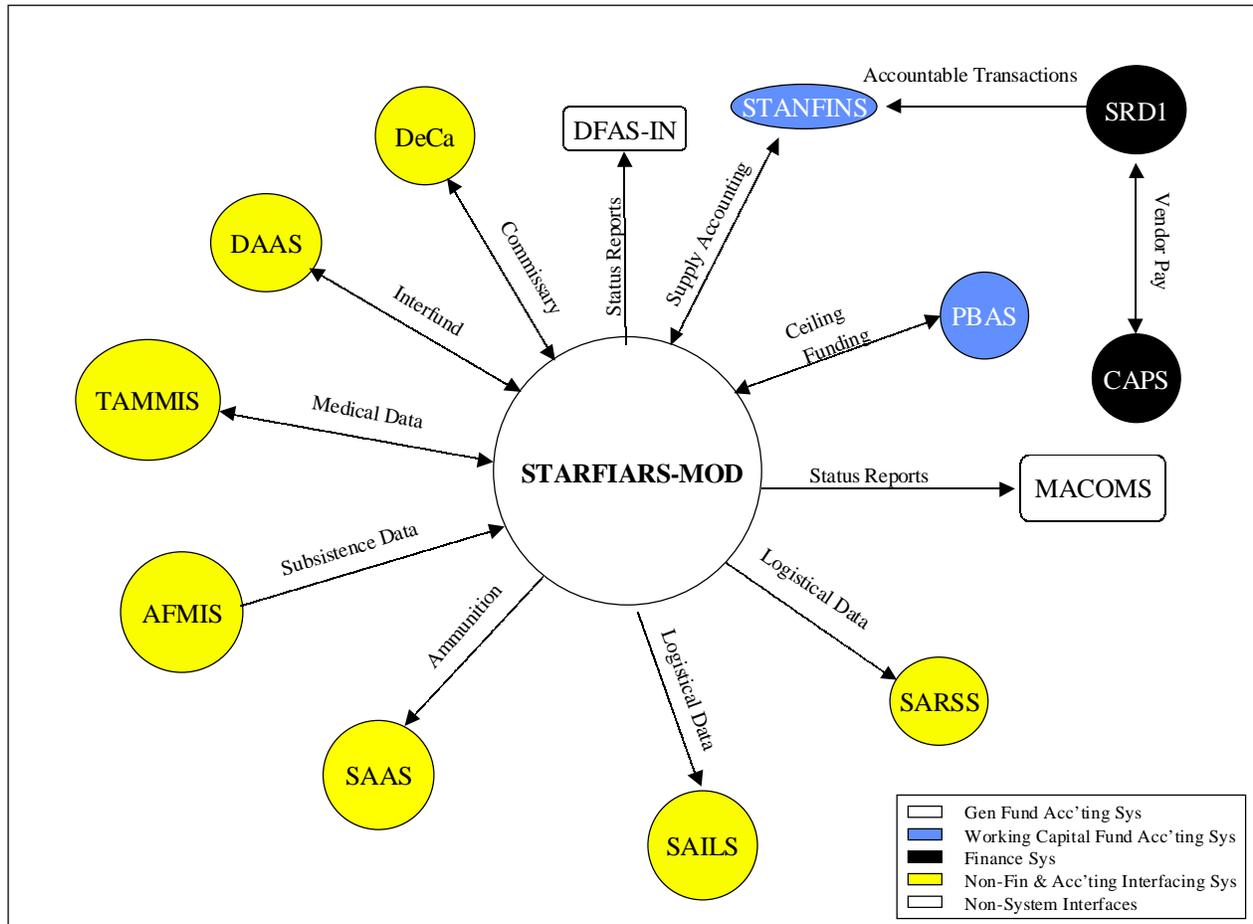


Figure IV.32 STARFIARS "As-Is" Data and System Flows

STARFIARS will transition from using STANFINS to CEFMS as shown in figure IV.33.

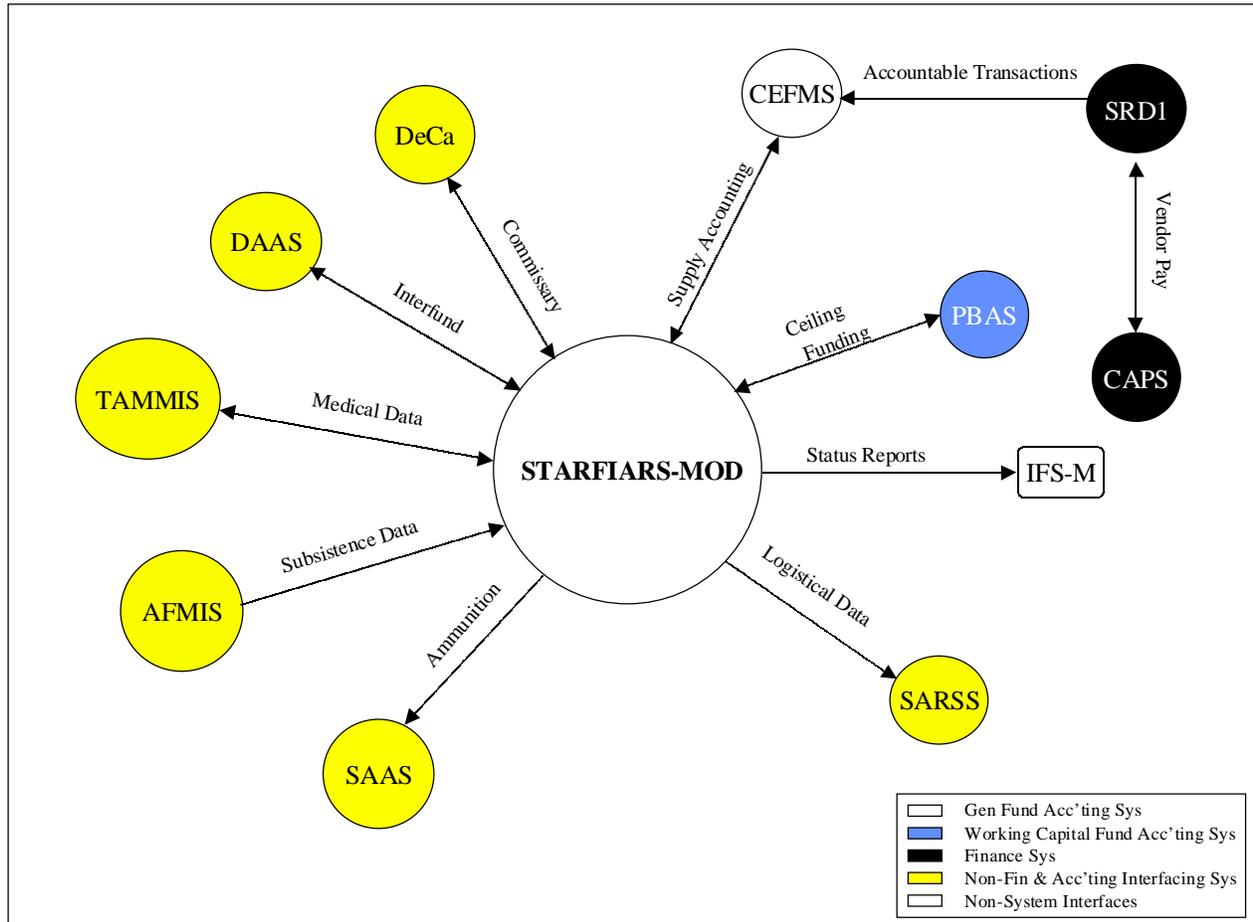


Figure IV.33 STARFIARS “To-Be” Data and System Flows

Other Current Initiatives

The Department currently has other initiatives in place to improve the Cost Accounting function.

Initiative	Objective
Job Order Cost Accounting System (JOCAS) II	The Job Order Cost Accounting System (JOCAS) centralization implementation initiative is a critical element to the operations of the Defense Security Service (DSS) as it enters the Defense Working Capital Fund (DWCF).

	Initiative	Objective
<p>Current Initiatives</p> <p>continued</p>	<p>Defense Integrated Finance System-Redesign (DIFS-R)</p>	<p>DIFS consolidates Security Assistance (SA) financial data from the DFAS network and provides financial management, customer billing, and reporting for the SA program.</p>

CORE REQUIREMENT - CASH MANAGEMENT

Description The Cash Management function tracks the cash position and provides the necessary reports for managing cash. Status of funds are maintained and reported to the resource or program managers. Financial events are posted to a general ledger. Subsequently, dollar amounts of the inventory and the corresponding appropriation are reduced.

Objectives The objective is to use one standard departmental reporting system to ensure all U.S. Treasury reports will be produced using the U.S. SGL from this system. Funds control systems must ensure that spending does not exceed funds appropriated or authorized.

Strategies To streamline and reengineer the cash management process, the Department is using the following strategies:

- analyze, revise and implement procedures to eliminate needless or duplicative actions
- use modern technology to the fullest extent possible to develop flexible, streamlined procedures and processes
- develop standard data elements within the Department and coordinate with other federal agencies to facilitate government-wide standards
- ensure systems comply with statutory, regulatory, and audit requirements

Current Initiatives The Department has multiple initiatives for improving the Cash Management Function.

Initiative	Objective
Departmental Cash Accountability System (DCAS)	DCAS is the final migratory system selected by DFAS to be the single cash accountability system for the Department. Cash accountability is the reporting of disbursements, reimbursements, deposits, and receipts to the U.S. Treasury.
Departmental Cash Management System (DCMS)	The Department is implementing DCMS, which is a streamlined business design uses the power of client/server and desktop platforms. This system will eliminate in-transit

Current Initiatives

continued

Initiative	Objectives
	transactions by providing expenditure reporting directly from the disbursing station. DCMS is the planned replacement for the inefficient and non-compliant Merged Accountability and fund Reporting (MAFR) system, and will provide support for improving cash accountability business processes.
Departmental Financial Reporting and Reconciliation System (DFRRS)	DFRRS will provide a consolidated, standardized, and centralized cash accountability/expenditure reporting and reconciliation system for the DFAS Cleveland Center, which will possess shortened cycle time, reduced cost, and improved quality of products and services.

INFRASTRUCTURE REQUIREMENT - HUMAN RESOURCES

Description	<p>This function encompasses the recruiting, training, and developing of personnel and maintaining core competencies for all of the Department's finance and accounting personnel. Prior to the establishment of the Defense Finance and Accounting Service (DFAS), the Military Departments were responsible for recruiting and training their employees and military personnel. The DFAS capitalized a majority of the individual Military Department finance and accounting manpower authorizations and associated personnel, and assumed responsibility for recruiting civilians and providing training to military and civilian personnel. The Military Departments retained the responsibility for recruiting and training the remaining individuals.</p>
Current Status	<p>In August 1995, the USD(C) together with the Military Department Assistant Secretaries (Financial Management and Comptroller) and the Director of the DFAS signed a charter that established the Financial Management Community Executive Committee. The objective of this Committee is to ensure the continued viability of civilian and military careers in financial management fields in the Department by addressing many items, including education, training, and career development.</p> <p>In 1996, the Committee established the Civilian Professional Development and Training Work Group (CPDTWG), which consists of subject matter experts in financial management who meet regularly. One of the CPDTWG's projects was to identify and develop generic core competencies for the Department's entire financial management work force. The CPDTWG developed eleven-core competencies (in addition to a working knowledge of basic accounting principles) necessary for successful senior financial managers in today's complex financial and accounting environment.</p> <p>Military Department and Defense Agency-unique Civilian Career Management Programs and mentorship programs focus on the professional development and training of higher graded employees. The Military Departments and the Defense Agencies also use intern programs to recruit recent college graduates and provide training to develop required competencies in their employees. The DFAS recently began a Civilian Career Management Program designed to further develop trained employees. The DFAS career management program provides employees with competency-based career development plans that set forth a structure for them to build capabilities for current and future assignments.</p>

In addition, the Department has undertaken information system initiatives that will improve the ability of the financial community to manage its human resources.

Strategies

A strong supporting infrastructure is one of the Department's focuses. The following supporting strategies demonstrate the Department's commitment to improving the Human Resources function:

- provide financial management training to enhance performance and quality, and improve efficiency
- provide policies and procedures that are clear, simple, direct and thorough that ensure compliance with existing laws and regulations
- develop mentoring program to include professional development and active communication channels

Objectives

The Department recognizes the need to have a well-trained, competent workforce performing all levels of its finance and accounting functions. To achieve this, the Department is implementing standardized career systems and programs aimed at improving employee performance.

The objectives are to:

- develop and strengthen employee professional qualifications
- prepare employees to perform duties more efficiently and effectively
- retain quality, high grade employees
- increase the overall education level of the workforce

Current Initiatives

The Department has multiple initiatives for improving the Human Resources function:

Initiative	Objective
Peoplesoft	Peoplesoft is a COTS product that will be used to consolidate and standardize personnel policy across intelligence components of the Military Departments and the Defense Agencies.
Regionalization and Systems Modernization (REG/MOD)	Consolidation of civilian personnel operations across the Department into regional service centers (RSC)

Current Initiatives

continued

Initiative	Objective
	and installation-level customer support units (CSU).
Civilian Career Management Program (CIVPROG)	Develop and implement an agency career management system that clearly identifies guidelines and processes for the acquisition, training and development, maintenance, and advancement of DFAS employees in all occupational series.
Defense Enrollment Eligibility Reporting System (DEERS)	DEERS is a benefits system that collects, maintains, and provides demographic data on eligible beneficiaries, which is used to improve the management, planning, and allocation of DoD benefits resources.
Health Standard Resource System (HSRS)	HSRS will integrate Service-specific readiness and manpower utilization, workload, and financial reporting, and business office processes into one system.
Concerto – Human Resources Management System (HRMS)	The Concerto – HRMS replacement initiative will replace the legacy human resources, training, and security systems with commercial-off-the-shelf (COTS) technology.
Core Financial Management Competencies	The Core Financial Management Competencies initiative identifies the needs and core competencies to improve overall training and development of the comptroller staff. The Defense Advanced Research Project Agency (DARPA) developed this education plan in accordance with JFMIP Framework.

INFRASTRUCTURE REQUIREMENT - INTERNAL CONTROLS

Description The internal controls function prevents waste, fraud, mismanagement, and abuse within the Department’s finance and accounting operations. It does so by determining the correct processes and procedures necessary to perform finance and accounting duties in the most effective and efficient manner.

Current Status Currently, many of the Department’s processes and systems do not always have the necessary controls in place to detect or prevent occurrences of fraud, waste, abuse, and to identify areas for management improvement. This is especially evident in the case of manual data entry, which often leads to undetected data errors.

Strategies The Department is focusing on its internal control function in order to prevent occurrences of fraud, waste, abuse, and mismanagement. It is doing so through several methods:

- improving accountability by ensuring that management controls are integrated into day-to-day operations
- maintaining oversight structure to ensure the involvement of the Department’s senior leaders in the financial reform process
- safeguarding information and resources against fraud, waste, abuse, and mismanagement through adequate internal controls

Current Initiatives The Department has multiple initiatives in place to combat fraud, waste, abuse, and mismanagement and improve the Internal Controls function.

Initiative	Objective
Operation Mongoose	A proactive fraud detection and prevention unit formed to identify possible individual intrusion into financial systems for illegal personal gain.
Multilevel Information System Security Initiative (MISSI)	Improve the security posture of the DFAS systems and to explore new and emerging information security technologies.

	Initiative	Objective
Current Initiatives continued	Activity Based Costing (ABC)/Management or Total Ownership NPR Goal	The purpose of the ABC implementation initiative is to define requirements and establish an implementation plan for a cost accounting and cost management system.
	Defense Commissary Agency (DeCA) Interim Business System (DIBS)	The Defense Commissary Agency (DeCA) Interim Business System (DIBS) initiative supports a variety of functions that include ordering, receiving, shelf stock replacement, physical inventory, and control operations (deposits, demand reporting, and centralized control of file and database maintenance).
	Obligation/Disbursement Percentage Rates	The Obligation/Disbursement Percentage Rates initiative is used for Research, Development, Test and Evaluation (RDT&E) appropriations throughout the Military Departments and Defense Agencies.
	Elimination of Unmatched Disbursements (EUD)	The Elimination of Unmatched Disbursements (EUD) initiative provides an automated method to prevalidate entitlement transactions with the appropriate obligation before payment.
	Implement Certifying Officers Legislation	The Implement Certifying Officers Legislation initiative links responsibility for payments to activities and personnel with direct knowledge of operations and responsibility for design and operations of systems feeding data to accounts payable systems.
	Supply Chain Management (SCM)	The Supply Chain Management (SCM) initiative reengineers the supply chain management process

Current Initiatives

continued

Initiative	Objective
	to replace cumbersome and fragmented efforts of managing inventories and stock supplies.

Future Initiatives

To put more emphasis on the key elements of internal controls established within most major commands, the Air Force has formulated and published a core list for the entire financial management community. SAF/FM is posting the checklist to the Air Force Financial Web-site, making it readily accessible for use and updates. The checklist will be used by MAJCOMS, for individual use or higher level directed reviews.

To transition smoothly to its future concept of operations, the Department needs to further analyze its procedures to identify problem areas with internal controls. The use of modern technology and the implementation of safeguards will aid in the reduction of fraud, waste, abuse, and mismanagement. Increased accountability of finance and accounting personnel at all levels and continued oversight will also help reduce these problems.

INFRASTRUCTURE REQUIREMENT - SYSTEM APPLICATIONS

Description Systems Applications focuses primarily on how data is transferred between feeder systems, transaction processing systems, and accounting and reporting systems.

Current Status Currently, the Department relies on either manual or multiple individual system interfaces to transfer data back and forth between systems. These interfaces require extensive translation tables that often contain errors as a result of data element translation problems or inadequate updates to keep up with system changes.

Strategies The Department is implementing multiple strategies to combat deficiencies in the systems application function.

- use modern technology to the fullest extent possible to develop flexible, streamlined procedures, and processes (e.g., EDI and EFT)
- provide information that is accurate and timely to internal and external stakeholders
- ensure systems comply with statutory, regulatory, and audit requirements
- employ technology improvements to develop standard systems that use logically integrated or interfaced databases with flexible infrastructure supporting future changes

Current Initiatives The Department has multiple initiatives to improve the systems application function.

Initiative	Objectives
Procurement Request Information System (PRISM)	To eliminate manual record keeping through the automation of the contract administration process.
Systems Inventory Database (SID)	The Department implemented the SID which provides an inventory of all DoD financial management systems and the DFAS administrative systems.
OSD Information Technology Program (OSDITP)	To integrate three separate databases into one, eliminating duplicative data and enabling cradle to grave tracking and management of IT.

Current Initiatives

continued

Initiative	Objectives
Defense Environmental Security Corporate Information Management (DESCIM)	The DESCIM Information Technology program includes target areas for reengineering, fielding, and integrating migration systems and transition to implementing Environmental Security Information Management, Information Technology Transfer, Installation Systems, and Cleanup Technology.
Automated Billing Project (ABP)	ABP will automate the current manual reimbursable billing process.
Momentum System	The Momentum System is a single source management and financial system that incorporates the budget planning and the internal review process at the Defense Advanced Research Project Agency (DARPA).
Defense Medical Logistics Standard Support (DMLSS) Program	The Defense Medical Logistics Standard Support (DMLSS) streamlining initiative is intended to simplify the complexity and number of electronic financial transactions that occur between Service Medical Logistics Systems, the DMLSS, and the DFAS.
Field Management Information System (FMIS) ABS Integration	Reimbursable information recorded in DCAA's internal DBS system is downloaded by the DFAS into the ABS and DBMS to speed billing and collections of receivables and reduce workload.
Integrated Logistics System (ILS)	The Integrated Logistics System (ILS) initiative improves data accuracy and maintains accountability of the Defense Intelligence Agency's (DIA) expendable, capital, and durable assets.
Resource Analysis Decision Support System (RADSS)	RADSS provides a consolidated source of unit cost, manpower, budget, and work count information for the DFAS community including the Headquarters, the Centers, the Operating Locations (OPLOCS), the Infrastructure Services Organization (ISO), and USD(C).
Standard Automated Voucher Examination System (SAVES)	The SAVES compliancy initiative is automated support for the contract and bill paying functions.

	Initiative	Objectives
<p>Current Initiatives continued</p>	<p>WHS Allotment Accounting System (WAAS)</p>	<p>The WHS Allotment Accounting System (WAAS) initiative will strengthen internal controls and improve data accuracy while ensuring compliance with Key Accounting Requirements (KAR).</p>

INFRASTRUCTURE - SYSTEMS ARCHITECTURE

Description The Department’s corporate information infrastructure is a common development, test, and production infrastructure comprised of a corporate database and corporate data warehouse, integrated finance and accounting processes, and other varied environments, building blocks, and system standards. The corporate information infrastructure will establish a shared corporate information environment based on Defense Information Infrastructure (DII) guidance, DoD Joint Technical Architecture (JTA) standards, and DoD data standards. It will evolve to become the future information environment for DoD financial services.

Current Status The corporate database and corporate data warehouse are still in the development phase.

Strategies The Department is implementing multiple strategies to improve the Systems Application function:

- use modern technology to the fullest extent possible to develop flexible, streamlined procedures and processes (such as EDI and EFT)
- provide information that is accurate and timely to internal and external stakeholders
- ensure systems comply with statutory, regulatory, and audit requirements
- employ technology improvements to develop standard systems that use logically integrated or interfaced databases with flexible infrastructure supporting future changes

Current Initiatives The Department has multiple initiatives to improve the Systems Architecture function.

Initiative	Objectives
DoD Corporate Warehouse	The DoD corporate warehouse will contain standard and non-standard data extracted from one or more operational systems to provide a standard suite of data conversion and analysis tools that enable Department decision support needs and are JTA compliant.

Current Initiatives	Initiative	Objectives
	continued	DOD Corporate Database

INFRASTRUCTURE - DATA STRUCTURES

Description Data elements are the “shorthand” of any accounting system. The data elements identify such things as fiscal year, appropriation, and type of commodity purchased. Standardized data elements within the finance and accounting feeder systems are the key factors in developing efficient and effective finance and accounting operations. The use of standard data allows for consistent classification throughout the entire Department.

Strategies The Department is using the following strategies to achieve standard data throughout its finance and accounting operations.

- develop standardized data elements within the Department and coordinate with other federal agencies to facilitate government-wide standards
 - strengthen the partnership between the core financial management and the program financial management communities
 - employ technology improvements to develop standard systems that use logically integrated or interfaced databases with a flexible infrastructure supporting future changes
 - implement a “single entry” structure that requires data entry for business data elements once (in feeder, finance, or accounting system), provides the necessary data elements to all stakeholders within the Department, and tracks transactions from the source to the financial statements
-

Current Status Currently, each Military Department and Defense Agency use different data elements within their respective finance and accounting systems. These data elements do not readily crosswalk between the different systems creating confusion and inconsistency when attempting to consolidate data for financial processing and reporting purposes.

Because systems are not integrated and data is not readily transferable between users, manual processing is required. Manual processing increases the chance of error and takes more time to process transactions. With a standardized data format, electronic interfacing can be used, and a single corporate database warehouse may be implemented.

	Initiative	Objectives
Current Initiatives	The Budget and Accounting Classification Code (BACC)	The BACC simplifies the task of standardizing systems and interfaces between systems at all DoD organizational levels by allowing for the use of a single data structure and the capability to edit for acceptable values. The Department is generating detail coding in the BACC fields, and the BACC will assist in accounting and feeder system migration upon full implementation.
	Global Edit Tables (GET)	The GET project was created to provide a single data validation reference capability within the DoD finance and accounting network for accumulating and disseminating standard fiscal code (BACC) and standard transaction data sets. The initial GET was available in October 1997.
	Integrated Digital Environment (IDE)	The Integrated Digital Environment (IDE) initiative is intended to establish data management systems and appropriate digital environments that allow every activity involved with a program to exchange data digitally throughout its total life-cycle.
	Standard Data Implementation Strategy (SDIS)	The Standard Data Implementation Strategy (SDIS) is not system specific. The overarching purpose of this initiative is to support the Department's Data Administration program.

**Future
Initiatives**

The Department must implement the BACC/GET standard data elements it has already developed. This initiative will be the framework for integrating finance and accounting systems and ultimately establishing the corporate data warehouse necessary to fulfill the many legislative requirements for compliant systems.

The DoD corporate information infrastructure is a common development, test, and production infrastructure comprised of a corporate database, a corporate warehouse, integrated finance and accounting processes, and other varied environments, building blocks, and system standards. This corporate information infrastructure will establish a shared corporate information environment based on DII guidance, DoD JTA standards, and DoD data standards. It will evolve to become the future information environment for DoD financial services.

INFRASTRUCTURE REQUIREMENT - ORGANIZATION

Description In the Department of Defense, the Military Departments conduct the functional operations, and the Defense Agencies provide support for functions common to the Military Departments. At present, the Department's operating structure is organized along two levels of finance and accounting. The Military Departments and the Defense Agencies perform the primary or source-level finance and accounting functions, while the DFAS performs the reporting of finance and accounting events.

As finance and accounting functions transitioned to the DFAS, the Department modified the organizational infrastructure. The modified infrastructure should provide information and resources necessary to conduct effective and efficient financial management operations. This section identifies how the transition to the Department's finance and accounting operating organization, infrastructure, and physical structure promote more effective and efficient operations.

Current Status The Department has reorganized the way it operates its finance and accounting. In 1991, the DFAS was established to reduce the cost and improve the overall quality of DoD financial management through consolidation, standardization, and integration of finance and accounting procedures, operations, and systems.

The finance and accounting functions were divided between the DFAS and the Military Departments and the Defense Agencies. The DFAS processes transactions, prepares the financial statements, and charges each Military Department and Defense Agency a fee for its services. The Military Departments and the Defense Agencies retained certain primary-level, programmatic finance and accounting functions, as these were determined as being best performed at the installation and agency level.

Strategies The Department's focus is to provide the setting and tools necessary to perform finance and accounting operations effectively and efficiently. The following strategies are designed to improve the Organizational function:

- strengthen the partnership between the Department and other federal agencies
- improve material work facilities
- strengthen the partnership between the core financial management and the program financial management communities

- provide financial management training to enhance performance and quality, and improve efficiency
- provide policies and procedures that are clear, simple, direct and thorough, and ensure compliance with existing laws and regulations
- develop mentoring programs to include professional development, and active communication channels

Current Initiatives

The Department has multiple initiatives in place designed to promote an efficient and effective finance and accounting organization.

Initiative	Objectives
Operating Location (OPLOC) Business Process Reengineering (BPR)	A BPR study of the DFAS Norfolk Operating Location on all the business processes was conducted to make recommendations on bill payments, cross disbursing, problem disbursements, and report generation, analysis, and reconciliation.
Columbus MILCON (COMILCON)	DFAS Columbus is building a state-of-the-art operations center to consolidate operations and reduce facility-operating costs.
Operating Location Military Construction (OPMILCON)	The Operating Location Military Construction (OPMILCON) initiative provides upgraded facilities for the Defense Finance and Accounting Service (DFAS) Operating Locations (OPLOCs) where needed to facilitate consolidation.
Transportation Commercial Activities (TRANS-CA)	The TRANS-CA initiative compares the cost of performing transportation accounting functions between Department of Defense (DoD) employees and prospective contractors, and to determine the most cost effective and productive means of accomplishing the work requirements.

INFRASTRUCTURE REQUIREMENT - COMPUTER SECURITY AND YEAR 2000

Description Computer security and internal controls are important aspects of a reliable finance and accounting system. The Department experiences an estimated 250,000 computer attacks by computer hackers every year. DoD computer controls need to provide adequate protection against these attacks for significant financial functions (e.g., payroll, personnel, disbursements, and inventory).

System errors can be fatal in complex computer systems, and many of the systems in the inventory of the Department rely on two-digit fields for reporting dates. As a result, many of the Department's systems will be unable to differentiate between the years 1900 and 2000, and sequencing of dates, date arithmetic, and date logic could be adversely affected.

Current Status The year 2000 (Y2K) problem has the potential to affect all functional areas within the Department. The Department uses computers to perform or support performance of all its functions including finance, personnel, health care, contract, and logistics management. Computers perform or support performance of strategic/tactical operations to mobilize, deploy, and maneuver forces and their weapon systems. Computers also support intelligence, surveillance, and security efforts.

Fixing the Y2K problem poses an enormous technical and management challenge. The Department's goal is for DoD mission critical systems to process data and date-related information correctly, before, through, and after January 1, 2000.

Current Initiatives The Department has multiple initiatives in place to improve the Computer Security/Y2K function.

Initiative	Objective
College and University Financial System (CUFS) Y2K	The Uniformed Services University of the Sciences currently has a Y2K initiative underway to ensure that the CUFS system is Y2K compliant.

	Initiative	Objective
<p>Current Initiatives</p> <p>continued</p>	<p>Defense Finance and Accounting Service (DFAS) Year 2000 (Y2K)</p>	<p>As a DFAS initiative, Year 2000 is intended to ensure that all DFAS applications including hardware, executive software, and application software are Y2K compliant.</p>
	<p>Defense Logistics Agency (DLA) Y2K</p>	<p>DLA has several programs in place to ensure Y2K compliance by December 31, 1999.</p>
