

SECTION V

SPECIAL INTEREST ITEMS

SPECIAL INTEREST ITEMS

The National Defense Authorization Act of 1998 directed the Department to address 12 specific items of interest. Information on these 12 items is provided in this section. Where the response to more than one item contained overlapping information, items were combined. There is no response to item 12 because there are no other issues not already covered in this section.

The initiatives referred to in this section are each explained in Volume II. Volume II provides the specific details requested in the legislation for the Special Interest Items (i.e. statements of objectives, performance measures, schedules, and individual and organizational responsibilities).

FINANCE AND ACCOUNTING SYSTEMS

Item 1 - “A description of the costs and benefits of integrating the various finance and accounting systems of the Department of Defense and reducing the total number of such systems, together with the Secretary’s assessment of the feasibility of implementing such an integration.”

Item 5 - “A description of the status of efforts being undertaken in the Department to consolidate and eliminate redundant or unneeded finance systems, and redundant or unneeded accounting systems.”

Systems Consolidation

Finance systems process payments to DoD personnel, retirees, annuitants, and private contractors. Accounting systems record, accumulate and report financial activity. The myriad of prior, duplicative financial management systems is being substantially reduced to decrease cost and achieve standardization. The Department’s strategy aims to eliminate unneeded systems by consolidating finance and accounting functions to a select set of migration systems. The Department has selected the best financial management systems in its inventory and is modifying them as necessary to meet DoD-wide requirements and implementing them as migration systems by business area for use throughout the Department.

Selected migration systems may be used until the transition is made from the current systems to standard, integrated systems. Using migratory systems should facilitate more rapid implementation of a fully integrated standard suite of finance and accounting systems. All of this should improve both the quality and consistency of financial information.

The Department is implementing migration systems in three concurrent stages. At the conclusion of the final stage, the process is expected to culminate in a financial management system comprised of a suite of standard integrated applications that are compliant with the Chief Financial Officers (CFO), Act of 1990 as amended, and Year 2000 (Y2K) requirements.

- Stage 1: Improve Core Accounting Systems
- Stage 2: Integrate Accounting Systems
- Stage 3: Integrate and Interface Accounting and Business Environments

Stage 1 Improve Core Accounting Systems

During this stage, systems are consolidated along DoD Military Department and Defense Agency lines. The Department’s focus is to improve system functionality to comply with the CFO Act and Y2K requirements along with

standardizing processes and data. This effort includes implementing the United States Standard General Ledger (U.S. SGL) and the standard Budget and Accounting Classification Code.

**Stage 2
Integrate
Accounting
Systems**

This stage integrates the accounting systems architecture through the development of a corporate database that links accounting applications and performs functions that impact both finance and accounting systems (e.g. prevalidation, cross disbursements).

**Stage 3
Integrate/Inter-
face Accounting
and Business
Environments**

This stage requires a complete transition to the DoD-wide system architecture that will interface with the Department’s non-financial business systems in a shared data environment to achieve accountability and auditability to source data. The systems consolidation effort will use an incremental strategy that systematically reduces the number of finance and accounting systems and migrates to the target architecture.

**Finance and
Accounting
Systems
Consolidation**

As shown in Figure V.1, the Department is reducing the number of its finance and accounting systems. The number of DoD finance systems has been reduced from 127 in FY1991 to 18 in September 1998, with annual savings of \$77 million. The Department intends to reduce the number of DoD finance systems to a total of nine. The Department has reduced the number of accounting systems from 197 in FY1991 to 91 in September 1998. By FY2003, the Department will reduce the number of accounting systems based on business-case analyses to no more than 23.

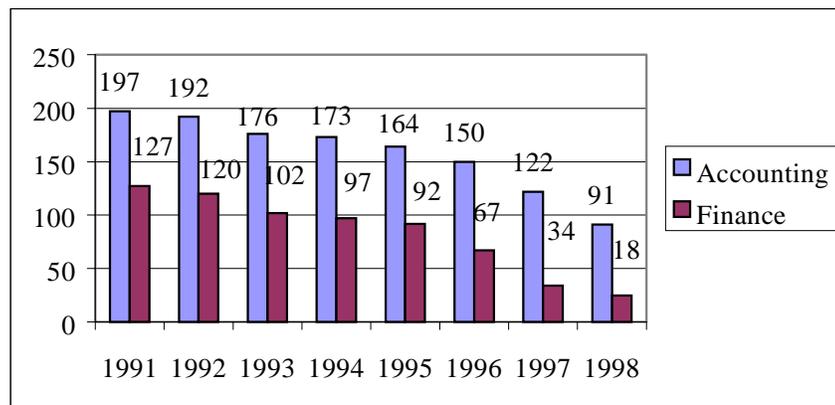


Figure V.1 Reduction in DoD Finance and Accounting Systems, FY1991 – FY1998

Progress to Date

The Department has made substantial progress in consolidating and eliminating redundant or unneeded finance and accounting systems as a result of the following initiatives:

- consolidated retiree and annuitant pay operations onto one standard system - the Defense Retiree and Annuitant Pay System (DRAS), eliminating eight systems with a resulting cost reduction of \$10 million per year
- selected and developing the Defense Procurement Payment System (DPPS) as a standardized DoD contract and vendor payment system; it will replace the nine current vendor pay systems, as well as the Mechanization of Contract Administration Services (MOCAS) system
- implemented a standard system and consolidated operating locations for out-of-service debt management functions; five systems were eliminated, resulting in a \$1 million per year reduction in systems costs while the consolidated operation resulted in \$8.5 million annual savings
- standardized travel computation software, which was implemented DoD-wide
- consolidated DoD printing of savings bonds from over 190 bond issuing sites, using 20 different systems, to two DFAS Centers using only one system; the Department also has a standard automated process for safekeeping savings bonds for active duty military personnel
- as of May 1, 1998, all civilian pay accounts were transferred to the DoD standard system for processing civilian pay - the Defense Civilian Pay System (DCPS); this initiative allowed the Department to close 348 payroll offices and eliminate the original 27 civilian pay systems reducing the monthly cost of maintaining civilian pay accounts by over 35 percent between FY1995 and FY1997
- as of September 30, 1997, the Department eliminated 17 of the 22 former military pay systems
- as of September 30, 1998, the Department reduced the number of accounting systems from 197 in FY1991 to 91 which is a 54 percent reduction
- as of September 30, 1997, the savings from the financial systems standardization effort totaled \$339 million
- by the end of FY2001, the Defense Joint Military Pay System (DJMS) is expected to be implemented and all service members paid by either DJMS or the Marine Corps Total Force System (MCTFS); today 78 percent of military personnel paid by the DJMS and the MCTFS; this initiative will eliminate 22 pay systems

Cost Savings

The consolidation, standardization, and modernization of the Department's financial management systems and feeder systems, in accordance with the

CFO Act, is meant to provide accurate, timely, and meaningful financial management information to decision makers and to produce auditable financial statements. These efforts are also producing intangible benefits such as improved processes and significant cost savings. Figure V.2 highlights these savings.

Initiative	In Millions						
	FY93	FY94	FY95	FY96	FY97	FY98*	FY99*
A-76 study	N/A	N/A	N/A	\$ 0	\$ 3	\$ 8	\$ 10
EC/EDI	N/A	N/A	N/A	5	15	18	25
Consolidation	N/A	N/A	\$ 5	26	52	77	101
Accounting Systems	N/A	N/A	19	39	51	42	43
Financial Systems	\$ 19	\$ 32	32	70	77	87	98
Process Improvements	N/A	72	128	144	216	216	216
Total	\$ 19	\$ 104	\$ 184	\$ 284	\$ 404	\$ 448	\$ 493

* Projected

Figure V.2 Yearly Savings from DoD Financial Management Initiatives

Costs and Disadvantages of Integrating Financial Systems

Although efficient and effective systems integration will yield a number of noteworthy benefits and advantages, such benefits and advantages are not achieved without associated costs. Some costs and disadvantages associated with integrating disparate systems are:

- costly new interfaces between systems must be planned, designed, tested and implemented
- data processing in systems that are integrated must be synchronized
- data structures need to be standardized across integrated systems
- maintenance of shared data must be timely and well executed since many related (integrated) systems may be affected
- a much greater emphasis must be placed on configuration management than was placed in the stove-piped systems environment
- data must be standardized across the integrated network, and data names and meanings need to be the same in each system
- business processes, procedures and practices must be modified commensurate with the integrated network
- operating policies and systems manuals need to be uniformly updated, and
- employees require training to understand new/modified systems

Summary

This strategy establishes measurable and achievable objectives at each stage of the migration, and minimizes the risk of overextending limited functional and technical expertise and resources. This strategy also better ensures that

the Department achieves compliance with the CFO Act and Y2K requirements, as soon as feasible, while moving toward the target architecture. The Department is committed to achieving the consolidation goals outlined above and believes that the target architecture will employ sound business practices throughout the financial management community. The cost of implementing the necessary changes is significant, and further investment is needed.

DATA ACCURACY AND INTERNAL CONTROL WEAKNESSES

Item 2 - "Identification of problems with the accuracy of data included in the finance systems, accounting systems, and data feeder systems that support financial functions of the Department of Defense, together with a description of the actions that the Secretary can take to address those problems"

Item 3 - "Identification of the weaknesses in the internal controls of the systems referred to in the paragraph above, together with a description of the actions that the Secretary can take to address those weaknesses."

Identification of Data Problems

The most identifiable data problem in the Department's financial management systems is the lack of standardization of data elements. Data standardization is critical as the Department optimizes its use of migration systems and moves toward sharing common processes and data under an open system architecture. The best way to mandate that everyone use common data elements is to include a clear, common understanding of the meaning of those elements. In the past, the Department had over 320 finance and accounting systems that used some 100,000 discrete data elements. As of September 1996, the Department identified that its finance and accounting systems need only about 500 standard finance and accounting data elements for the reduced number of systems.

A data administration program is in place and the DoD-wide data dictionary is being populated with standard financial management data elements. Long-term finance and accounting requirements are documented and data and process models are developed. DoD personnel continue to work closely with other government and private sector groups to standardize data and formats of mutual interest and, thereby, promote increased use of capabilities such as electronic invoicing and electronic transfer of payments. Some of the more important initiatives under way to migrate to standard data elements are discussed in detail below.

Budget and Accounting Classification Architecture

The Budget and Accounting Classification Architecture concept (which incorporates the Budget and Accounting Classification Code (BACC)) continues to receive increased management attention and emphasis from the Department. The USD(C) approved the BACC structural data elements in September 1994.

The BACC provides a single coding structure for uniformly capturing and recognizing data and allowing systems to handle data consistently. The Department mapped the BACC to the Defense Data Dictionary System (DDDS) and the DoD Standard Data Elements contained in the DoD Finance and Accounting Activity (Process) Model (DFAPM) as shown in figure V.3. The BACC structure is a prerequisite for any standard DoD finance and accounting system. The BACC structure stipulates that systems must be:

- change responsive
- focused on consistently meeting fiduciary reporting requirements,
- able to identify organizations, documents, and transactions
- uniformly supportive of financial management information requirements for all organizations

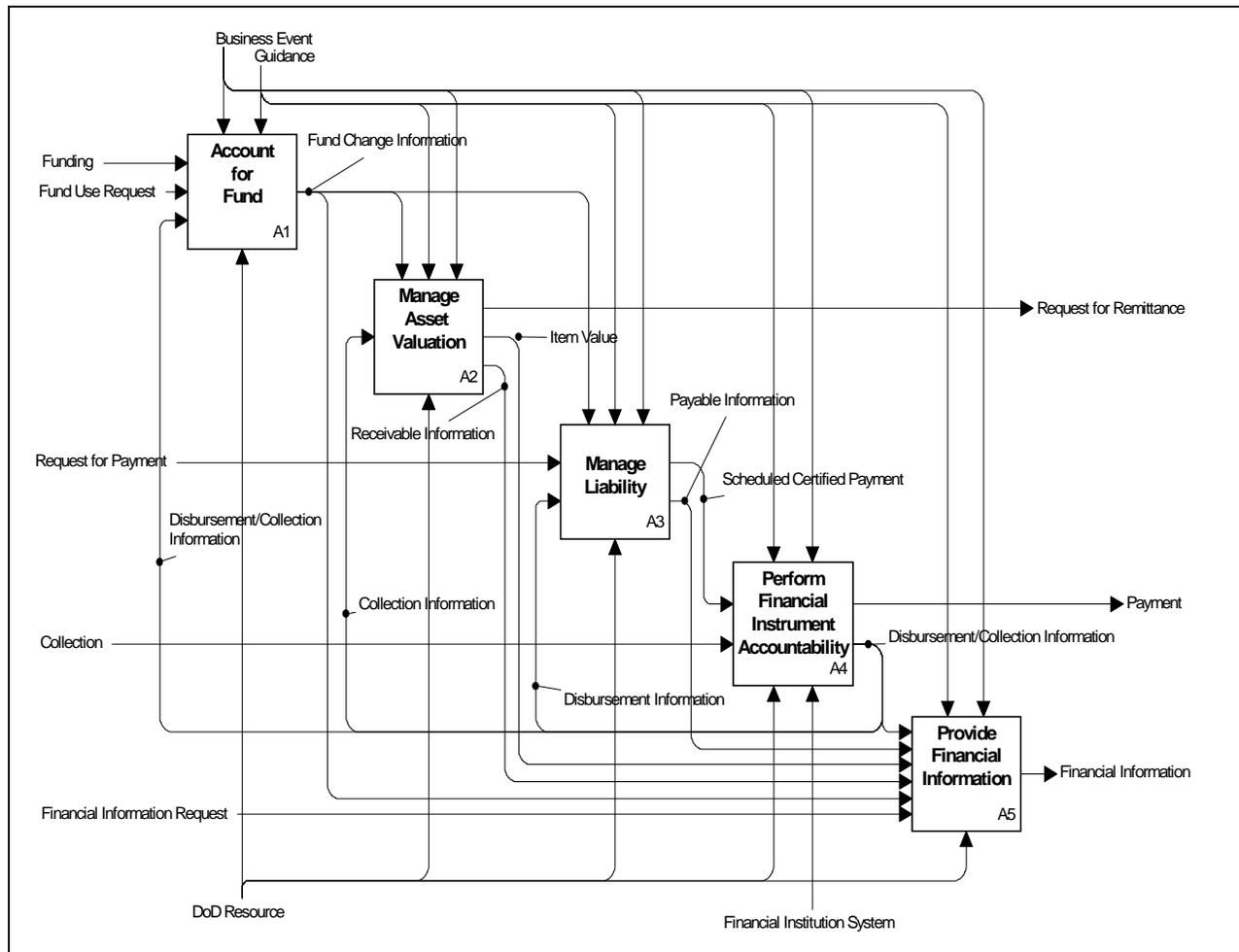


Figure V.3 DoD Finance and Accounting Activity (Process) Model

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.

A tangible benefit of eventual DoD-wide utilization of the BACC is increased ease in the Department's transition to standard systems. Also, one central office will control and maintain the BACC, ensuring the validity of content and ease of updates to the DoD Financial Management Regulation (FMR) 7000.14-R. Centrally BACC-maintained content will also serve as input for the generation of Global Edit Tables (GET). The BACC, once fully implemented, will also facilitate electronic commerce and electronic data interface (EC/EDI), reduce unmatched disbursements, and streamline cross disbursing.

**Global Edit
Tables**

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 (the BACC). The GET will be an integral part of the corporate database, providing valid fiscal code to DFAS legacy systems (e.g., STARS, DJAS, etc.) and corporate applications (e.g., DPPS, DSDS, etc.). In this capacity, the GET will contain legacy and BACC values as well as crosswalks from legacy to BACC. The initial GET was made available on the DFAS Internet homepage in October 1997 with population of the BACC Treasury Code values. The remaining BACC elements as well as program specific elements (PSE) will be populated during FY1999. Centralization of legacy GET values will also occur in FY1999.

**Corporate
Database &
Corporate Data
Warehouse**

The Department's corporate information infrastructure specifies that all new financial application system developments and reengineering efforts built will use: (1) the corporate information infrastructure, (2) the Defense Data Dictionary System (DDDS) registered data elements, and (3) the integrated architecture defined requirements for a data-sharing repository. The repository is defined jointly as the corporate database and the corporate data warehouse.

The corporate database will contain standard data, maintain an audit trail to the data source, and be joint technical architecture (JTA) compliant. The corporate warehouse will contain standard and non-standard data extracted from the corporate database and other systems to provide a standard suite of data conversion and analysis tools compliant with the JTA. The Department is building a common DoD development, test and production infrastructure to support these efforts and other data-sharing requirements. This infrastructure includes all Defense Corporate Information Infrastructure

(DCII) components and the tools, applications, and physical repositories necessary to sustain the corporate database and corporate data warehouse. The DCII will serve the data storage and management needs for all new and reengineered DoD application systems.

Legacy and migration systems currently using non-open mainframe-based operating environments will continue to operate within these environments until it is economical to reengineer or replace them. Prior to replacement, these systems may be converted to operate within an optimized standard operating environment (SOE) established by the Defense Information Systems Agency Defense Megacenters (DMC). All new developments will be built to operate with the DCII, and when systems are reengineered or replaced, these systems will also operate within the DCII. Over time, all Department application systems will be incorporated into the DCII, thereby eliminating all non-standard storage of data, duplicate applications, and accounting and finance problems caused by the current non-standard data environment.

**United States
Standard
General Ledger
(U.S. SGL)**

The Office of Management and Budget (OMB) requires federal agencies to implement the U.S. SGL in their financial systems. The U.S. SGL, which is maintained, updated, and published by the Department of the Treasury, must be implemented by federal agencies at the transaction level. Agencies are permitted to supplement their application of the U.S. SGL to meet agency-specific information requirements. However, agency SGLs must maintain consistency with the U.S. SGL.

Program feeder systems that process transactions in accordance with the SGL transaction rules, send them to the core financial management system for appropriate posting. They also provide for sufficient traceability from the general ledger balances to the source transactions comply with the SGL at the transaction level.

The Department has mandated the implementation of the U.S. SGL and processing of transactions in accordance with SGL transaction rules in its financial management systems.

**Internal
Controls**

The Department's automated financial management systems were designed over the past three decades to primarily pay military service personnel, civilians, and vendors prior to requirements for auditable financial statements. Since these systems were not designed as integrated systems for finance and accounting functions, several factors have led to problems with internal controls, data accuracy, and legislative compliance requirements:

- finance and accounting systems lack a single standard transaction driven general ledger, which is an essential ingredient for sound and reliable financial reports
- the use of non-integrated databases often did not provide the reliable integration or interfacing of information from other (non-financial) functional areas, such as personnel, acquisition and logistics, with the Department's finance and accounting systems
- current finance and accounting systems often are not sufficiently flexible to respond rapidly to changing customer bases, legislative changes, contingency operations, management initiatives, requirements or other changes
- finance and accounting systems often do not include automated indicators that measure or are linked to costs, performance measurements, or other output measurements
- established policies and procedures have not been consistently implemented and followed throughout the Department

In addition, inadequate internal controls and undocumented audit trails also contributed to unreliable financial data and exacerbated significant procedural and systemic deficiencies. Weaknesses include the Department's difficulties with:

- consistently valuing and reconciling physical inventories to financial account balances
- accurately reporting the value of property, plant and equipment
- reporting amounts in a consistent and timely manner

These weaknesses are due largely, but not entirely, to long-standing systems problems. The continuing systems problems remain a serious challenge to the Department, and realistically will require a number of years to correct. Audits also have shown that some actions, short of substantive system changes, can be taken to improve operations. Many of those actions either are planned or are ongoing to redress current system deficiencies.

**Internal
Controls
Corrective
Action**

The diversity and complexity of the Department's business affairs exacerbate the challenge of bringing the Department into full compliance with legislative requirements and securing internal control of financial management systems. The Department's ability to achieve auditable financial statements is dependent upon the application of adequate resources (i.e. personnel, time, and funding) to resolve existing problems. However, modifying the Department's financial management systems and processes is a costly proposition. While the changes planned will make the systems more efficient, thereby resulting in less costly financial system operations, additional functionality is required and the increased cost of such added

functions will offset savings in the beginning. Once these needed improvements are in place, the Department's financial operations are expected to yield financial information that is of a higher quality and provide greater benefits for the monies invested.

To aid in achieving these goals, the Deputy Secretary established the Working Capital Fund Policy Board to oversee actions and milestones for the improvement of the working capital funds (WCF). The Policy Board monitors WCF implementation and operation, including policies, rates, cash flow analysis and criteria, and reviews business area performance. Further, the USD(C) chairs a DoD Financial Management Steering Committee which oversees the development of functional requirements, facilitates the implementation of policy recommendations, and addresses financial management systems and practices, other than those involving the WCF.

The Department will gain significant benefits from standardizing and reducing the number of its financial management systems. The cost of maintaining a few hundred systems will be reduced to the cost of maintaining fewer enhanced, standardized systems. The quality of financial information should be improved significantly, providing managers with the relevant data needed to manage the Department's business affairs. Availability of information to managers should be more timely, thereby allowing managers to use the latest information in resolving complex problems and issues. Additional benefits accruing to the Department should result from the facilitated use of Electronic Funds Transfer (EFT) and Electronic Data Interchange (EDI). When fully implemented, functions such as vendor invoicing, contract payments, travel settlements, and deposit of military and civilian pay will be transferred electronically.

Summary

In summary, the Department considers data accuracy and internal control deficiencies in its current financial systems to be priority matters. The Department's senior leadership is focusing on fixing these problems. The development of the corporate database should eliminate the need to develop further data standards, crosswalks, conversions, and interfaces for each system. This will increase the data integrity of all systems and provide financial managers with timely and accurate financial information.

PROBLEM DISBURSEMENTS

Item 4 - “A description of the actions that the Secretary can take to eliminate negative unliquidated obligations (NULO), unmatched disbursements (UMD), and in-transit disbursements (INTRANST) and to avoid such obligations and disbursements in the future.”

Current Elimination of Problem Disbursements

A problem disbursement occurs when an expenditure has not been reconciled with official accounting records. In June 1993, when the Department began intense efforts to resolve these situations, the Department had a total of \$34.3 billion in UMD/NULO/INTRANST. In February 1997, the Department established a new office to focus and direct DoD-wide efforts to identify the types of disbursement transactions resulting in UMDs, INTRANSTs, and NULOs, isolate causes and reasons and develop viable alternatives for reducing and eliminating the underlying conditions. By August 1997, the inventory of UMD/NULO/INTRANST had been reduced to \$8.2 billion in absolute NULO/UMD and \$4.2 billion in net INTRANSTs.

Although the Department’s problem disbursements have been a serious issue, there is no basis for concluding that the expenditures involved were improper. Each expenditure was made only after a Department official confirmed receipt of the subject goods or services and ensured that the payment was made in accordance with a valid contract. That notwithstanding, the Department has an extensive business process reengineering (BPR) effort under way to improve its disbursement process.

Short Term Strategies for the Elimination of Problem Disbursements

The following are specific initiatives the Department is using as part of a short-term strategy for eliminating problem disbursements.

- On-Line Payment and Collection (OPAC) – This Department of Treasury system has been expanded throughout the DFAS for processing reimbursable bills. OPAC electronically moves the payments and collections between disbursing officers’ accounts with sufficient accounting information to allow for manual posting of the transaction as “for self” transactions. These bills are now processed into the accounting records within a few days instead of months.
- Transaction for Other (TFO) Cells – This initiative is being implemented at each DFAS operating location (OPLOC). With this process improvement, the payment office cited on the contract receives the invoice from the contractor and accesses the bill paying system(s) supporting the lines of accounting associated with the invoice. The

process permits payments to be processed by fewer entities greatly increasing the accuracy of each payment and corresponding entry in the accounting system.

- Centralized Disbursing – Under this process, the disbursing function is consolidated from multiple disbursing offices to one site per DFAS Center. The central disbursing site receives files electronically from the bill paying offices. Disbursements are created and the related accounting transactions are separated by site and files transferred to the applicable accounting system. This procedure eliminates intra-service and improves the timeliness of expenditure reporting. The DFAS Indianapolis Center has partially implemented this process. Eventually centralized disbursing is expected to be fully implemented across the DFAS.
- Collection and Accounting version dated 7/15 (CA715) – CA715 software enables disbursing offices to directly input the Navy and the Marine Corps accounting data into the Financial Reporting System (FRS). This eliminates the collection and processing of hard-copy vouchers, as the CA715 processing site captures and transcribes the entire long line of accounting for the Navy and the Marine Corps activities. After editing for distribution and accounting propriety, the data is processed directly into the accounting system.
- Defense Cash Accountability System (DCAS) – DCAS, which will allow data to be automatically transferred to the applicable accounting system, is being implemented in phases. DCAS, projected to be implemented by the end of 1998, will expedite the timeliness of expenditure reporting.
- Prevalidation – This procedure ensures, prior to the disbursement, that an obligation exists and that the amount is sufficient to cover the proposed disbursement, preventing NULOs and UMDs. Thresholds for applying prevalidation have been established at each DFAS center.

**Long Term
Strategies for
the Elimination
of Problem
Disbursements**

To fully eliminate problem disbursements, the Department's plan consists of the following strategies:

- gradually lower the prevalidation threshold until all payments are prevalidated
- provide disbursement voucher information via the DoD intranet for access and recording by accounting stations

- pilot test the matching of payments and accounting data from the current financial management systems using data warehouse techniques
 - record all accounting events within the corporate database, providing immediate access to all entitlement, disbursing, and accounting stations
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Summary

Although the Department's problem disbursements have been a serious issue, it is not an issue of improper expenditures. The Department's problem disbursements resulted because many of its expenditures were not reconciled with its official accounting records. With initiatives such as prevalidation, the Department has significantly reduced its problem disbursements. However, the Department realizes it must continue to resolve the issue. It is implementing both short and long-term solutions to improve the disbursement process as the means for eliminating the issue of problem disbursements.

INTEGRATION, CONSOLIDATION AND ELIMINATION OF DATA FEEDER SYSTEMS

Item 6 - “A description of efforts being undertaken to consolidate or eliminate redundant personnel data systems, acquisition data systems, asset accounting systems, time and attendance systems, and other data systems of the Department.”

Item 7 - “A description of efforts being undertaken to integrate the data feeder systems of the Department with the finance and accounting systems of the Department.”

Identification of Problems

Systems that support other functional areas, including acquisition, medical, logistics and personnel, originate and process a significant amount of financial data that is ultimately reported on financial statements. Before the Department can produce financial statements that are validated and auditable to the source, the Military Departments and the Defense Agencies will need to modify these systems to record, maintain, and manage financial data in accordance with federal financial management requirements. To begin this collaborative effort, the Department is working with the Military Departments and the Defense Agencies to define roles and responsibilities concerning changes to systems that record financial data.

Department Initiatives to Integrate “Feeder Systems” with Finance and Accounting Systems

To assist all DoD financial systems managers in planning, designing, modifying, and implementing financial management systems to comply with the myriad of financial requirements, the Department published in January and April 1998, A Guide to Federal Requirements for Financial Management Systems. The guide (commonly referred to as the “Bluebook”) serves as a roadmap to federal requirements by major functional areas and includes references to the authoritative sources for the requirements. The Bluebook not only includes requirements for finance and accounting systems, but also includes requirements applicable for the Department’s feeder systems, those financial management systems (e.g. property, inventory, and personnel systems) that provide financial data directly or indirectly to the Department’s accounting systems. The Bluebook is available via the World Wide Web at: <http://www.dfas.mil/library/bluebook.pdf>.

In conjunction with the publication and dissemination of the Bluebook, the Department initiated a DoD-wide effort to identify, inventory and report to OMB its critical financial management systems. OMB Circulars A-11 and A-127 require that the Department annually report to OMB its core financial systems and other systems that are “critical” to DoD-wide financial

management, control, and reporting. During the past year, the DFAS has worked closely with the Military Departments and the Defense Agencies in identifying their critical feeder systems. In addition, the DFAS drafted major revisions to DoD FMR Volume I, Chapter 3, that, when implemented, will clearly delineate and affix organizational responsibilities for ensuring that financial management systems comply with applicable federal requirements. Additionally, the Department is making significant progress in integrating feeder systems with finance and accounting systems:

- the Department created a Systems Inventory Database (SID) to record and store information on finance and accounting systems, including all feeder systems interfaces; all critical feeder systems are scheduled to be stored in the SID
- the Department has published a draft Budget Accounting Classification Code (BACC) in December 1997, which provides the fiscal coding structure and code policy to a wide variety of DoD organizations that interact and support DoD functions; the BACC is the official DoD framework for interrelating planning, programming, budgeting, execution (accounting) and manpower control through a standard classification of Army, Navy, Air Force, Marine Corps and the Defense Agency activities and functions into standard lines of accounting; when systems are modernized, the data will comply with the BACC standard
- the Department has a massive systems consolidation effort underway; the Department is on target to reduce its FY1991 324 finance and accounting systems down to 32 by FY2003; this consolidation will significantly reduce the number of systems with which to interface
- the Department is designing its systems architecture so that all data will be centralized in the Department's corporate database; the corporate database will also contain standard translators from non-standard legacy and feeder systems; by placing all translators in a common location, the burden of controlling non-standard interfaces will ease significantly

**Army
Initiatives to
Integrate
“Feeder
Systems” with
Finance and
Accounting
Systems**

Systems modifications are being implemented across the spectrum of Army activities, which include elimination, or incorporation of systems. These actions are being taken both as self-initiated improvement initiatives and in response to audit findings. A long-standing weakness concerning development of an integrated, transaction driven system to support functional and financial requirements is a major driving force. The modifications also address a variety of other areas requiring improvement to meet CFO requirements and improve data reliability. These areas include improving data accuracy, reengineering business practices, and standardizing systems.

The initiatives detailed below represent major systems improvement activities both by the Army alone or in conjunction with the DFAS.

CFO Strategic Plan	The Army is developing an Army-wide strategic plan for the implementation of the CFO Act. The purpose of this initiative includes determining methods for improving business processes and integrating functional and financial systems. The ultimate goal is to obtain an unqualified audit opinion on the Army's financial statements.
Continuing Balance System Expanded (CBS-X) Improvement Plan Phase 2	The CBS-X was designed primarily as the Army asset database for major items of equipment. The Army is currently making improvements to the system to achieve general process improvements and in response to audit findings. These improvements are primarily directed toward improving data accuracy. CBS-X will be modified to allow for proactive correction from the field and for automated reconciliation of data with property books. This will allow more frequent reconciliations and will require less manpower. A number of other changes are expected to result in vastly improved accuracy of data and to allow a compatibility (accuracy) percentage match between CBS-X and property books to meet the Army's 98 percent goal.
Army Personnel and Pay Integration – Standard Installation and Division Personnel System (SIDPERS)	In response to direction from OUSD(C), the Army is in the process of integrating personnel and pay processes. To accomplish this initiative the Army is making enhancements to SIDPERS to allow single input to a soldier's personnel files that would impact both the personnel system and the finance system. Completion of this initiative will result in maintaining accountability for field and records of transactions at the input location and will minimize the number of input locations for a single transaction. Anticipated results of this initiative will be synchronization of current databases, increased standardization, and dependability. Anticipated results of this initiative will be synchronization of current databases, increased standardization, and dependability. Military personnel and pay management functions will transition to the future Defense Integrated Military Human Resource System (DIMHRS) being developed by the Department.
Global Combat Support System – Army (GCSS-A)	GCSS-A is a long-term improvement project which will be the business automation enabler for the Army's combat service support (CSS) mission. It supports Force XXI and is expected to be the catalyst for the CSS automation initiatives, which support the Army After Next. GCSS-A supports the CSS functions of manning, arming, fixing, fueling, moving, and sustaining soldiers and their systems. The Army is developing GCSS-A concurrently in three tiers. Tier 1 refers to the system at the tactical level, Tier 2 at the wholesale level, and Tier 3 at the Joint level. GCSS-A is expected to provide vastly improved functionality and eventually replace ten current systems.

Navy Initiatives to Integrate “Feeder Systems” with Finance and Accounting Systems	<p>The Department of the Navy (DoN) focused on further refining the DoN strategy to eliminate and consolidate non-financial feeder systems within each functional area, where possible, and to develop an approach toward achieving compliancy with the Federal Government accounting and reporting standards. Non-financial feeder systems were developed by various functional areas to meet their day-to-day management requirements and not as an attempt to support financial statement preparation, as is the current practice. It was recognized that significant changes to some of these systems would be necessary in order for these systems to be compliant with the standards. Therefore, a key element of the DoN strategy is to address how best to achieve the information needs for the financial statements while not incurring significant cost and disruption to the extant systems. This is especially true in those cases, such as systems used for reporting of National Defense Property, Plant and Equipment (PP&E), where the accounting standards are under discussion and significant changes to the standard may result. In other cases, such as General PP&E and time and attendance source data automation, the DoN will be consolidating and eliminating stand-alone systems performing similar functions. The following provides the initiatives currently ongoing within the DoN to consolidate and/or eliminate non-financial feeder systems.</p>
General Property, Plant and Equipment Accountability Project	<p>This initiative will consolidate for accountability purposes and financial accounting and reporting purposes the General Property, Plant and Equipment (PP&E) used or maintained by Navy and Marine Corps Non-Working Capital Fund Activities. The initiative, which is to field the Defense Property Accountability System (DPAS), will include all General PP&E except land, buildings, structures, and utilities. DPAS will replace the following Navy PP&E systems: (1) DAO Great Lakes System used by Pensacola, Charleston, San Diego and Oakland Operating Locations; (2) DAO Pearl Harbor used by Pearl Harbor and San Diego Operating Locations; (3) DAO Norfolk used by the Norfolk Operating Location; and (4) the Equipment Reporting Registration and Tracking System used by the Naval Security Group. DPAS will also provide property accountability for the Marine Corps.</p>
Assessment of DoN Time and Attendance Source Data Automation Systems	<p>This initiative will evaluate the various time and attendance source data automation systems (T&A/SDA) used within the DoN. The initiative will examine and evaluate the various T&A/SDAs to determine whether systems should be consolidated or eliminated based upon such factors as the number of accounts, system processing capabilities, and business processes.</p>
Evaluation of the DoN Real Property System	<p>This initiative will examine the feasibility of modifying and/or enhancing the Naval Facility Asset Database (NFADB) which is used for DoN facility management. The assessment will determine whether the system may be cost effectively modified to provide the information requirements of the Federal Accounting Standards Board's guidelines or augment it with another system or application as the single DoN repository for real property.</p>

Assessment of National Defense PP&E	This initiative will examine the feasibility of creating a data warehouse application to serve as a repository for the information needs for the financial statements from the various disaggregate systems used by the functional organizations to control and manage their areas of responsibility. The data warehouse will provide a means to accumulate and maintain the data requirements without incurring the significant cost and disruption that would occur by modifying the current systems.
Assessment of Logistics/Inventory Systems	This initiative will examine the existing inventory management systems used by the DoN to define approaches to meet the requirements of <u>A Guide To Federal Requirements For Financial Management Systems</u> . This initiative will also consider opportunities for standardizing or consolidating like functions.
Assessment of Navy Working Capital Fund (NWCF) Non-Financial Feeders	This initiative will identify all non-financial feeder modules to ensure required information as defined in <u>A Guide To Federal Requirements For Financial Management Systems</u> is being passed to the financial accounting module owned by DFAS. This initiative will also identify opportunities for non-financial feeder system consolidation or standardization within the NWCF thus eliminating duplicative systems.
Assessment of Personnel Systems	This initiative will examine the current processing of source data automation from the military personnel management systems both active and reserve to determine areas in need of modification to comply with <u>A Guide To Federal Requirements For Financial Management Systems</u> .

Air Force Initiatives to Integrate “Feeder Systems” with Finance and Accounting Systems

As part of an effort to monitor and facilitate feeder system improvements Air Force financial management requested Air Force Audit Agency (AFAA) assistance with improving feeder systems. The AFAA embarked upon a three-year project to review the feeder systems, identify the deficiencies, and make recommendations for improvements. Of the 41 critical feeder systems, the AFAA completed work on 20 systems and is in the process of completing audit work on 9 more. The remaining have been dropped from consideration due to plans for replacement. As a follow-on-effort, the AFAA is a key team member, providing Management Advisory Services for new systems under development, such as the Automated Civil Engineer Systems (ACES), the Integrated Logistics System-Supply (ILS-S), and the Stock Control System (SCS)

In the fall of 1995 the Air Force established an office to foster financial reform. This office is at the forefront of financial management issues such as improving business procedures, complying with mandated legislation and audit findings, and supporting the transition to modern automated financial systems.

A key accomplishment of the office was the identification of 60 critical systems that are responsible for providing the majority of financial statement data. The Air Force and the DFAS agreed on these critical systems in September 1997. The identification of these systems will aid the Air Force in their feeder system consolidation and elimination efforts. Examples of feeder system integration initiatives are described below.

Automated Business Services System (ABSS)	The ABSS is an EC/EDI system that includes the capability to generate electronic forms and funding documents, user specific pick screens/lists for form data population, automatic routing for internal and external coordination, electronic signature, automated commitments, and automated upload of standard contracting systems. It is expected that the single data entry capability provided by ABSS will significantly reduce the occurrence of problem disbursements, reduce paper processing, decrease cycle times, enhance document traceability, and facilitate more efficient reconciliation by the Air Force and the DFAS.
Integrated Logistics System-Supply (ILS-S)	The ILS-S will be the Air Force standard base level inventory accounting and ordering management system. The goal of ILS-S is to provide reliable weapon system availability through stock availability and time definite delivery of material. The system will also provide limited financial management to support the Supply Management Activity Group (SMAG). The ILS-S will provide total asset visibility and positive asset control for material in the warehouse, in-transit, in maintenance repair, and in the custody of using organizations while deployed. The ILS-S is the first system to be built using the GCSS-Air Force contract and concepts.
Automated Civil Engineer System (ACES)	The ACES is the Air Force project initiative envisioned as the next step in the evolutionary phase of civil engineer systems. The ACES corrects weaknesses that have a critical impact on financial operations or data that involve inefficient and unnecessary procedures that result in the reduction of operational readiness in the areas of data accuracy and internal controls.
Stock Control System (SCS)	The SCS maintains visibility of reparable and critical consumable assets stored at retail base accounts and redistributes base excess to fill backorders. A large modernization effort is currently under way for SCS and will: <ul style="list-style-type: none"> • provide a web-enabled interface • consist of windows-type screens • separate data from business applications to allow data warehousing • be compliant with Defense Information Infrastructure- Common Operating Environment (DII-COE) regulations • operate within a shared data environment

The SCS business processes will also be reengineered as part of the modernization effort. SCS “wholesale” supply functions and “retail” supply functions will interface seamlessly with the GCSS-AF Seamless Supply System architecture. The AFAA provided a permanent member to participate in all aspects of SCS modernization including requirements, definition, design, and testing.

Summary

The Department is taking the necessary steps to eliminate unneeded data systems that provide little or no benefit. Through joint endeavors with the Military Departments and the Defense Agencies, these feeder systems are being identified, consolidated, and eliminated where necessary.

The remaining critical feeder systems will provide crucial data to the finance and accounting systems expected to be in place by FY2003. These systems will comply with all necessary regulatory requirements and conform to the standard set of data elements currently targeted for DoD-wide implementation.

FINANCIAL MANAGEMENT COMPETENCY

Item 11 - “A description of actions that can be taken to ensure that each comptroller position (and comparable position) in the Department of Defense, whether filled by a member of the Armed Forces or by a civilian employee, is held by a person who, by reason of education, technical competence, and experience, has the core competencies for financial management.”

**Financial
Management
Community
Executive
Committee and
Civilian
Professional
Development
and Training
Work Group
(CPDTWG)**

The ability of the Department’s financial management community to perform necessary and required functions hinges upon its leaders possessing skills for their particular jobs and related responsibilities. To address this, the Department took several steps to ensure competent personnel are employed in key financial management positions throughout the Military Departments and the Defense Agencies.

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.

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. By May 1997, 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. They consist of:

1. knowledge of applicable legislative, administrative, and regulatory requirements, DoD strategic planning to include those of the Government Performance and Results Act (GPRA) and the impact of those requirements on external organizations and DoD operations
2. knowledge of the strategic planning process and how it relates to resource management
3. ability to develop creative and innovative solutions to complex financial, budget, and program management issues
4. ability to identify problems and potential concerns, provide leadership, and involve others in decision making processes and build support for options that provide solutions

5. knowledge of budget operations and analysis systems
6. knowledge of management analysis functions and program analysis and evaluation
7. ability to administer complex financial information from appropriate systems and to disseminate that information to appropriate users
8. knowledge of the principles, methods, techniques, and systems of financial management to improve program effectiveness
9. skill at assessing customer needs and modifying program management to improve the delivery of goods and services to customers
10. ability to develop and use automation principles, methods, techniques, and systems to improve program effectiveness, efficiency and customer service
11. ability to implement management control systems within the agency, including a quality assurance program

In addition, the CPDTWG identified target learning objectives and corresponding educational courses to ensure that financial managers received the necessary training for proficiency in each of the eleven core competencies.

An example of instilling these core competencies at the Military Department level is the Air Force's development of three levels of financial management training. At the entry level, individuals are given the "Basic Financial Management Officer" course designed to train Air Force personnel in the knowledge and skills necessary to perform as financial management officers. At the intermediate level, the "Financial Management Staff Officer" course trains personnel for positions of greater responsibility in financial management. The senior level course, the "DoD Professional Military Comptroller School", provides professional development education for mid-career and senior financial managers within the Department.

Rotational Training Assignments

Rotational training assignments fall under the category of on-the-job training (OJT), which is the primary type of training and development that employees receive, but the least recognized. OJT is typically presented one-on-one at the work site. Examples of OJT include job swaps and rotational assignments, which allow Comptrollers to broaden their skill base and cement an understanding of all aspects of the financial management community.

Formal Education

Proper education is a basic requirement. Formal education is an integral part of managerial and leadership training for all personnel. In addition to a formal education, successful financial managers will have a working knowledge of basic accounting concepts as well as familiarity with Federal

Accounting Standards Advisory Board (FASAB) principles and Federal Generally Accepted Accounting Principles (FEDGAAP). Standard education criteria, which must be attained, will ensure that comptrollers have been appropriately selected from a capable pool of candidates and possess the basic skills to perform required duties.

Additionally, each of the Military Departments have established financial management curriculums at their higher education facilities (e.g. the Naval Post Graduate school in Monterey, CA and the Professional Comptrollers school in Montgomery, AL) train future managers and executives about financial management in the Department of Defense. The DFAS has also taken a highly pro-active role in the educational process by developing the Financial Management Career Development Plan. This plan is designed to provide a roadmap for growth and learning for financial management personnel and will help develop a highly skilled and professional financial and accounting workforce.

Objectives

The Department intends to implement specific actions and programs to ensure the comptroller position and comparable positions are held by people who possess the core competencies for financial management. These qualified personnel will be from either the Military Departments or the civilian population. They will also be of sufficient education and technical competence, and will have acquired an adequate amount of pertinent experience. The Department will ensure that these competencies will be consistently maintained.

Additional objectives of the Department to achieve financial management competency include:

- providing employees with a comprehensive list of competencies needed for performing major tasks in their occupation for use in planning their careers
- providing employees and their supervisors with a single-source reference to assist in determining appropriate training
- enabling employees to plan and sequence appropriate career training and development
- developing and strengthening employee professional qualifications and leadership abilities

These stated objectives will support the financial management environment's overall goal of providing top-quality financial support to the Department.

Summary

The Department's senior leaders recognize the importance of equipping its work force with the necessary training leading to the attainment of core competencies critical to the stewardship of resources. Training that contributes directly to the professional development of the Department's work force and future senior leadership is essential, if the Department is to meet the social, economic, and technical challenges of the future. Through the identification of core competencies and instructional courses designed to educate future financial managers and comptrollers on those competencies, the Department is poised to succeed in the twenty-first century.

OPLOC AND CENTER ORGANIZATION

Item 8 - “A description of problems with the organization or performance of the Operating Locations and Service Centers of the Defense Finance and Accounting Service, together with a description of the actions the Secretary can take to address those problems.”

Identification of Problems at the Centers and Operating Locations

The business processes capitalized by the DFAS and consolidated at the service centers and operating locations (OPLOC) were, for the most part, non-standard and inefficient. These processes were the result of the Military Departments and the Defense Agencies having developed their own independent financial systems and business practices over the past years. As these practices, requirements, and systems were assimilated into the DFAS, it became apparent that business processes for the same functions varied greatly among the DFAS sites. Additionally, some critical business processes often required large amounts of manual labor. Examples of inherited inefficiencies include:

- vendor payments require that the DFAS paying office have a copy of the contract, an invoice from the vendor, and a receiving report showing that the government received the good or service; the receiving reports from the DoD organizations were handled differently at various levels; these reports were seldom received in a timely manner and often required follow-up action
 - invoices were paid late, with accumulated interest, because too many invoices were on-hand and not tracked or prioritized by payment due date
 - processing of invoices is mostly manual and time-consuming
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Business Process Improvements and Corrective Action

In identifying business practice issues and determining solutions to these problems, the DFAS conducted a business process reengineering study of the Norfolk OPLOC. The study focused on bill payments, cross disbursing, problem disbursements, and report generation, analysis, and reconciliation. In addition, an organizational mission, functional and structural study of the OPLOC was conducted. As a result of these studies, the DFAS is implementing new business processes, similar to the private sector best practices, and organizational changes have occurred including:

- automating matching of purchase orders, invoices, receipts, and contracts
 - implementing imaging capabilities or electronic document management (EDM)
 - using electronic funds transfer (EFT) for disbursements
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- using electronic data interchange (EDI) with vendors for ordering, price changing, accepting receiving reports, and invoices
 - using electronic mail to transmit receiving report data elements from the installation to the OPLOC
 - upgrading equipment, automated information systems, and communications to support the new state-of-the-art business process
 - directing the DoD components to fully implement the use of the International Merchants Purchase Authorization Card (IMPAC) for purchases less than \$2500; in using IMPAC, the cardholder verifies the charges to the bill, thus negating the requirement for the receiving report
 - aligning DFAS business processes with those of contractors that have centrally billed accounts
 - providing employees with the proper education, training, and tools at all levels
 - reengineering systems and processes that integrate obligations, claims, settlements, and posting of disbursements into the accounting records
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Summary

Business process improvement at the DFAS Centers and OPLOCs is an ongoing process. The Department is continually evaluating private, commercial, and other federal organizations' best business practices with the goal of incorporating the appropriate new ideas, techniques, and processes. Further, the Department plans to conduct a series of benchmarking studies during the next five years for the purpose of measuring itself against commercial financial operation costs and practices. These evaluations will assist the Department in improving its mission, function, and responsibilities.

OPLOC AND CENTER PERFORMANCE

Item 9 - “A description of the costs and benefits of reorganizing the Operating Locations and Service Centers of the Defense Finance and Accounting Service according to function, together with the Secretary’s assessment of the feasibility of carrying out such a reorganization.”

Defense Finance and Accounting Service

The Defense Finance and Accounting Service (DFAS) is presently organized in two major ways, by function and by customer. Each has its own advantages. For example, in the accounting area a customer-oriented organization works well in providing “one face” to the customer. Timely, often daily, feedback by center or OPLOC personnel to customers at the installation, base or activity level provides these managers with the critical financial information they need to manage on a day-to-day basis. On the other hand, the DFAS has already completed a great deal of functional alignment, especially in the finance functional areas. These functional alignments achieved great success in reducing costs and improving service:

- the civilian pay function was consolidated to one DFAS center and two OPLOCs; the DFAS is reviewing this function for further consolidation
 - all military retiree pay was consolidated to one DFAS center and all military annuitant pay has been consolidated to one DFAS center; as with civilian pay, the DFAS is also reviewing military retiree and annuitant pay for further consolidation
 - all contract pay was consolidated to one DFAS center
 - the out-of-service debt management function for all Military Departments was aligned to one center while the garnishment function for the Department has been consolidated to another
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Business Process Improvements and Corrective Action

Some functional alignment also took place in the accounting area. Security Assistance accounting, for example, was consolidated to the Denver Center with a customer focus on providing timely financial information to the Defense Security Assistance Agency.

Problems

The most problematic function remaining is perhaps the installation/base-level vendor pay function. Presently, this function is aligned with accounting. The electronic document management technology, that supports and speeds vendor pay processing, is being installed at a limited number of sites. If it proves effective, the DFAS may realign this function to fewer sites.

However, proper interfaces and internal controls must first be in place to ensure such a realignment does not adversely impact the timeliness of payments or the timeliness and accuracy of posting the information to the accounting records. Care must be taken to avoid exacerbating one problem, such as negative unliquidated obligations or unmatched disbursements, while attempting to repair another.

**Advantages/
Savings**

The DFAS employment levels are projected to decrease by almost 6,000 by FY2003. Further functional realignments may prove to be a major factor in the DFAS' ability to absorb this decrease without experiencing unacceptable mission degradation. Functional realignment has proven to increase operational efficiencies in many areas, allowing the DFAS to take advantage of emerging technology with less investment cost. However, the DFAS is not yet in a position to develop the savings potential until standard systems are implemented, and technologies such as EDM are fielded and evaluated.

**Disadvantages/
Costs**

The DFAS workforce has been in a state of uncertainty, turmoil and major upheaval since being capitalized. Some employees have uprooted their families and bought new homes. Many new employees were hired, and both old and new employees require training in the new ways of doing business. Continuing the turmoil with the functional realignments may cause a strain on employee morale and productivity as these employees potentially face another family move, more retraining, and, in some cases, potential job loss from reductions in force. Similar to the savings associated with further functional alignment, costs will be developed as these realignment opportunities arise.

Summary

The DFAS's experience shows that although functional alignment of workload makes good sense in some areas, the DFAS cannot assume it is the best way to do business for every functional area. Many factors determine if, and when, functional alignment should take place. Customer organizational structures, reorganizations, business practices and feeder systems play major roles in how the DFAS does business. The DFAS automated systems migration strategy and the development of a corporate database will be major determining factors in any future functional realignments. Additionally, benchmarking studies and outsourcing studies may conclude that a customer or system-related structure makes more sense for certain operations. The results of these studies will be carefully considered in deciding DFAS's future workload alignment strategy.

CONTRACTING AND OUTSOURCING

Item 10 - "A description of the costs and benefits of contracting for private sector performance of specific functions currently performed by the Defense Finance and Accounting Service, together with the Secretary's assessment of the feasibility of contracting for such performance."

Private Sector Assistance

One of the goals of both the Quadrennial Defense Review (QDR) and the Defense Reform Initiative (DRI) is to reduce the Department's operating costs in reallocating resources and modernizing and enhancing readiness. As a subset of this larger goal, the Department is interested in reducing its tooth-to-tail ratio of combat-to-combat support forces. One tool to achieve this end is the use of the private sector to enhance operational efficiencies and reduce costs.

DFAS Contracting and Outsourcing

The DFAS is using numerous avenues to gain support from external sources to satisfy DoD outsourcing requirements:

- outsourcing select functions
- contracting with private-sector vendors for support
- reengineering processes with the private sector
- performing competitive outsourcing studies

Outsourcing Select Functions

The DFAS currently outsources a number of critical support functions with external service providers. In terms of budgeted dollars, approximately 10 to 12 percent of the information processing support, printing and facilities support is provided by the Military Departments and the Defense Agencies. This relationship provides continuity of operations and guaranteed support, while having the added benefit of reducing DFAS full-time equivalents (FTE).

Contracting with Private Sector Vendors

The DFAS has entered into a partnership with the private sector to enhance efficiencies in finance and accounting, as well as support functions. In FY1997, the DFAS contracted for more than \$26 million in contractor support for financial analysis, accounting, contract reconciliation, business process reengineering, software development, and special studies. Over 30 percent of the DFAS software development was accomplished by the private sector. This partnership has helped to reduce FTE's and costs, and encourages the Department to apply new technologies to improve efficiencies. It also eliminates the government's capability to perform its financial functions without establishing an untenable reliance on private sector vendors.

Reengineering Processes	The DFAS is working closely with private-sector vendors to reengineer selected functions. These efforts provide the Department with the capability to take advantage of leading-edge technology and business practices to enhance efficiencies and reduce cost. Such an effort was recently initiated in the area of military payroll where the DFAS authorized a contractor to complete a review of the process to reduce full-time staff and overall cost by 25 percent over the next two years. Similar efforts were undertaken in the areas of travel and annuitant pay with similar results.
Competitive Outsourcing	In an effort to reduce costs, enhance customer service and support the needs of the Department, the DFAS continually assesses each business area to identify the best potential candidates for competitive outsourcing studies. To date, the DFAS has implemented the government's most efficient organizations (MEO) resulting from three OMB Circular A-76 studies in the areas of Debt and Claims Management, Facilities, Logistics and Administration, and Defense Commissary Vendor Payments. Implementing these three MEOs have generated savings of \$22.7 million annually. These actual savings exceeded the projections and did much to start the DFAS on its path to satisfy established QDR targets. In addition, the DFAS has active A-76 competitions in the areas of commissary accounting, DoD transportation accounting, DoD depot maintenance accounting, civilian payroll, and retiree and annuitant payroll. The projected savings from all of these studies combined is estimated at \$51.4 million when fully implemented without affecting inherently governmental functions or establishing an unacceptable risk of mission failure from the use of private sector sources.

Summary	The DFAS established successful working relationships with many outside vendors whose professional experiences encompass a vast array of departmental functions. The Department will continue to outsource DFAS functions where it does not pose the threat of mission failure and provides benefits in the form of significant long-term cost savings, reductions in process cycle time, increased productivity, and/or significant increases in technological utility.
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