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Financial management in a joint field environment

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MBA PROFESSIONAL REPORT

Financial Management in a Joint Field Environment

**By: Steven B. Murphy and
Derrick L. Clark
December 2004**

**Advisors: Lawrence R. Jones,
Donald E. Summers**

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FINANCIAL MANAGEMENT IN A JOINT FIELD ENVIRONMENT

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Submitted in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

from the

**NAVAL POSTGRADUATE SCHOOL
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FINANCIAL MANAGEMENT IN A JOINT FIELD ENVIRONMENT

ABSTRACT

This MBA professional report highlights the FM challenges that comptroller's encounter in the joint field environment, identifies sources of payment inefficiencies and recommends solutions to reduce those inefficiencies, thus addressing the issue of improving foreign contract payments by comptrollers in the field. Problem disbursements during Operation Desert Storm yielded \$54 million dollars in mismanaged funds for the U.S. Army alone. With the continued emphasis on joint operations, the comptroller must effectively manage funds obligated to various Department of Defense (DoD) activities.

The research involved in this endeavor includes doctrine and policy review, interviews with various DoD comptrollers and a case study of exercise Cobra Gold 2002 budget execution and contractual payments at the joint organization level. Cobra Gold is an excellent example of a large-scale joint and combined operation in a foreign country; it provides a great opportunity to analyze the research question. This professional report concludes that field comptrollers cannot adequately meet fiscal responsibilities without comparable garrison IT connectivity and recommends that all of the U.S. services procure systems that are fully interoperable to best support the warfighter. This report is primarily intended for field comptrollers with limited joint field experience to make them aware of the uniqueness that exists in joint operations.

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I. INTRODUCTION

A. PURPOSE

The purpose of this MBA professional report is to examine the United States Marine Corps (USMC) process for paying foreign contractors in a joint field environment. Specifically, the objective is to identify the challenges of (1) making timely and efficient contract payments and (2) tracking the military interdepartmental purchase requests (MIPR, Department of Defense Form DD-448) from serving activities operating in the field environment. These issues affect all military comptrollers; however to constrain the scope of this analysis, this study is limited to the USMC. Finally, we will recommend budgetary considerations to prevent problem disbursements in joint operations that take place in foreign countries. The end product we suggest will help link Defense Finance and Accounting Service (DFAS) and the accounting services together to provide for better tracking of funds and making payments in a timely and efficient manner.

In joint operations, the military comptroller can encounter many issues and challenges that were not formally discussed during schoolhouse training. Consequently a steep learning curve is encountered once “in the field” and on the job training begins. In a joint operation, the U.S. Combatant Commander could direct that each service is responsible for their own financial dealings. Conversely, the Combatant Commander could designate one financial manager, from any U.S. service, to coordinate all of the financial affairs for all of the participating U.S. forces. In this instance that person handles all of the appropriated funds for that operation, field exercise, etc. Frequently this leads to problems experienced during the execution and validation phases of financial management. “Occasionally obligations can’t be matched with expenditures, or may be only partially matched. These conditions are called problem disbursements (PD)” (Candrea, 2003, p. 98). There are three common PD’s: the unmatched disbursement (UMD), the negative unliquidated obligation (NULO), and discrepancies with the interdepartmental bill (IDB). UMD is a transaction that has been received and accepted by the accounting office, but it has not been matched to the correct obligation. This

includes rejected transactions that have been sent back to the paying office. A NULO is a disbursement transaction that has been matched to the obligation but the total disbursement(s) exceeds the amount of the obligation (Candrea, 2003, pp. 98-99). Discrepancies with IDBs are the most recurrent problem disbursements. All of these PD's can be experienced by every financial activity engaged in the operation and will ultimately require correction at the DFAS level. Both the activity and DFAS need information from the joint financial manager to correct these problem disbursements in a timely manner (the end of the fiscal year will require these MIPRs to be "closed-out"). "The MIPR (DD Form 448) [see Figure 1] is a multi-purpose document that is used between federal agencies and DoD components (i.e., Navy to Army, or Navy to NASA). The MIPR can be used as a Project Order, an Economy Act Order, a Request for Contractual Procurement, or a combination of the three" (Candrea, 2003, p. 73). A MIPR may be accepted on a direct citation or reimbursable basis. At the end of the operation when all parties have returned to their respective commands, DFAS is the entity that can correct these problem disbursements. These corrections will affect the MIPRs balance and could place that activity in a 31 USC Section 1517 Anti-deficiency Act (ADA) violation if the MIPR is over obligated which could cause the activity to "go into the red."

B. BACKGROUND AND CONTEXT

This MBA professional report draws its data from Exercise Cobra Gold 2002. Cobra Gold 2002 was the test bed for Procurement Defense Desktop (PD²) (a computer system for contracting officers) from 2001 to 2002 and was used during Cobra Gold 2004. The problem for all the stake holders (fiscal officer, the contracting officers, logistics representatives, the unit comptrollers, contractors, and DFAS if there are any corrections that need to be made) in that exercise was ensuring that the financial manager paid contracts (foreign) in a timely and efficient manner while tracking MIPRs (to maintain the budget) for servicing activities. With the volume of payments that were made during the exercise, that was an overwhelming task given manpower and system constraints.

Cobra Gold is a regularly-scheduled (mid-May) joint/combined exercise and is the latest in the continuing series of U.S. – Thai military exercises designed to ensure regional peace and strengthen the ability of the Royal Thai Armed Forces to defend Thailand or respond to regional contingencies.

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MILITARY INTERDEPARTMENTAL PURCHASE REQUEST						1. PAGE 1 OF 1 PAGES			
2. FSC		3. CONTROL SYMBOL NO.		4. DATE PREPARED 20020225		5. MIPR NUMBER M2012802MP00050		6. AMEND NO. BASIC	
7. TO: CG 3D FSSG ATTN: CGOZ FISCAL OFFICER UNIT 39401 UIC: M29000 EPO AP 96604-8401				8. FROM: (Agency, name, telephone number of originator) COMMANDING GENERAL ATTN: AC/S COMPTROLLER III MARINE EXPEDITIONARY FORCE UNIT 35605 EPO AP 96606-5605					
9. ITEMS <input type="checkbox"/> ARE <input checked="" type="checkbox"/> ARE NOT INCLUDED IN THE INTERSERVICE SUPPLY SUPPORT PROGRAM AND REQUIRED INTERSERVICE SCREENING									
<input type="checkbox"/> HAS <input checked="" type="checkbox"/> HAS NOT BEEN ACCOMPLISHED.									
ITEM NO.	DESCRIPTION <i>(Federal stock number, nomenclature, specifications and/or drawing No., etc.)</i>			QUANTITY	UNIT	ESTIMATED UNIT PRICE	ESTIMATED TOTAL PRICE		
1.	FY-02 FUNDS IN THE AMOUNT OF \$706,500.00 ISO COBRA GOLD CONTRACTS.						\$706,500.00		
2.	FUNDS WILL NOT BE EXCEEDED WITHOUT PRIOR APPROVAL FROM III MEF COMPTROLLER.								
3.	REQUEST A SIGNED COPY OF THE DD 448-2 TO BE FAXED ASAP. THEN MAILED TO THIS COMMAND WITHIN (5) WORKING DAYS OF RECEIPT.								
4.	THE POINT OF CONTACT AT THIS COMMAND IS: LCPL M. DSN: 622-7289 FAX: 022-9404 COM: 011-81-611-722-7289/9404 EMAIL: MACHUC SMC.MIL								
	FIP: M20128 40 00 BF 25B8 0002 JGO								
10. SEE ATTACHED PAGES FOR DELIVERY SCHEDULES, PRESERVATION AND PACKAGING INSTRUCTIONS, SHIPPING INSTRUCTIONS AND INSTRUCTIONS FOR DISTRIBUTION OF CONTRACTS AND RELATED DOCUMENTS.							11. GRAND TOTAL \$706,500.00		
12. TRANSPORTATION ALLOTMENT <i>(Use if FOB Contractor's plant)</i>					13. MAIL INVOICES TO <i>(Payment will be made by)</i> SAME AS BLOCK 8 PAY OFFICE DODAAD				
14. FUNDS FOR PROCUREMENT ARE PROPERLY CHARGEABLE TO THE ALLOTMENTS SET FORTH BELOW, THE AVAILABLE BALANCES OF WHICH ARE SUFFICIENT TO COVER THE ESTIMATED TOTAL PRICE.									
ACRN	APPROPRIATION	LIMIT/ SUBSAP	SUPPLEMENTAL ACCOUNTING CLASSIFICATION				AMOUNT		
AA	1721106	27A0	000 67438 0 067400 2D M20128 BF402MP00050				\$706,500.00		
15. AUTHORIZING OFFICER <i>(Type name and title)</i> AC/S COMPTROLLER					16. SIGNATURE <i>[Signature]</i>			17. DATE 27 FEB 02	

DD FORM 448, JUN 72 (EG)

PREVIOUS EDITION IS OBSOLETE.

PerFORM (DLA)

Figure 1. MIPR (DD Form 448)



Cobra Gold is one of several training exercises the U.S. conducts with Thailand each year. The U.S. funds Thai military and civilian professional development training under the international military education and training program (IMET). Specifically, the purpose of Cobra Gold 2002 was to improve U.S., Thai, and Singaporean combat readiness and combined-joint interoperability, enhance security relationships, and demonstrate U.S. resolve to support the security and humanitarian interests of friends and allies in the region (Pike, 2003).

The armed forces of Thailand, Singapore, and the U.S. participated in Cobra Gold 2002 from May 14-28. For Cobra Gold 2002 the U.S. budgeted roughly \$30 million for the exercise and it was one of the largest exercises involving U.S. forces in the Pacific command that year. Approximately 14,000 U.S. personnel participated, including elements of the U.S. Army Pacific Command; U.S. Marine Corps Forces Pacific; U.S. Pacific Air Forces; Special Operations Command Pacific; Air Combat Command; Air Mobility Command; Military Sealift Command; and reserve elements from the Army, Navy, Marine Corps and Air Force. Participating Thai forces numbered approximately 7,000 and included elements of the Royal Thai Army, Navy, Marine Corps, and Air Force.

Although the exercise is just a two-week evolution, there is a significant amount of effort that goes into planning of an exercise of that scale (Pike, 2003). Cobra Gold is such a high visibility event that it was specifically mentioned as one of the U.S.'s major joint and international exercises in the Navy's Fiscal Year 2004 Budget Highlights Book.

C. RESEARCH QUESTION

How can financial managers ensure a more timely and efficient payment of contracts (foreign) and track the military interdepartmental purchase request (MIPR), DD Form-448, from serving activities in a field or training environment without connectivity with any payment accounting system?

D. RESEARCH STATEMENT

1. Addressing the Statement

Without connectivity to any payment accounting system, we offer that efficient accomplishment of the research question is unobtainable. With the DoD recent emphasis on network oriented warfare, the support fields have to follow suit and leverage network technologies in order to maintain pace with the front-line main effort forces to provide more robust and timely support for the daily activities in the field. In addition to better information management, improved tools and training will also assist in resolving the issue. Chapter 3 will provide a more detailed discussion of these elements.

E. SCOPE

The scope of this professional report is limited to analysis of the USMC payment difficulties encountered in the field environment, as illustrated from personal experience during Exercise Cobra Gold 2002.

F METHODOLOGY

The preponderance of information obtained for this professional report was gathered through three research methods: a literature review of Department of Defense (DoD) Armed Forces' directives and other governmental financial management media sources, field research consisting primarily interviews and electronic mail correspondence, and qualitative analysis interviews.

1. Literature Review

The review of available literature on this topic revealed that the DoD created the Business Management Modernization Program (BMMP) in an effort to enhance joint military transformation. While BMMP is a link in the chain for the Joint Financial Management Improvement Program; our review did yield evidence that the DoD is still falling short of its goal in acquiring *joint* financial management hardware. While reviewing formal education requirements for financial managers, we discovered that the

Army has received funding through FY07 to field 163 deployable LAN configured financial management systems for active, reserve, and National Guard financial management units (Verville, 2004).

G. PROFESSIONAL REPORT ORGANIZATION

This professional report is organized in the following manner to enhance the reader's understanding of its content:

1. The Management Issue

This chapter provides an analysis of the financial management issues within DoD where the financial responsibilities of Exercise Cobra Gold 2002 is a microcosm of these issues. On July 20, 2000, a statement from Jeffrey C. Steinhoff, Assistant Comptroller, General Accounting and Information Management Division, testified before the Task Force on Defense and International Relations, Committee on the Budget, House of Representatives United States. His testimony said "financial management deficiencies identified at DoD, taken together, continue to represent the single largest obstacle that must be effectively addressed to achieve an unqualified opinion on the U.S. government's consolidated financial statements and financial management information could provide a useful perspective to decision makers related to budget requests, performance measures, costs, and other key decision points." DoD accounting has lead to management execution weaknesses which has lead to the inability to reconcile its balances in accounts in the U.S. Treasury's, a myriad of adjustments of recorded payments from one appropriation to another appropriation account, including canceled appropriations, problem disbursements that are unmatched to specific obligations recorded in the department's records, and obligated balances that are not supported with proper documentation. These are significant issues with comptrollers and one of the main reasons is the possibility of problem disbursement. Problem disbursement can lead to an understatement of funds or over obligation of funds. This makes accountability of funds critical to avoid Anti-deficiency Act violations. Funds that are provided to an activity that is does not have connectivity is a unique situation. The fund administrator has to be aware of the uncertainty in the amount obligated against those funds. The uncertainty is

the possible charges that may be still in the payment process and have not reached the component's department for processing. For example, a \$5,000 contract was paid and the payment was not processed correctly, because the accounting data was inaccurately placed on the payment document. When the payment is correctly routed to the correct funding source, the funding activity may discover that \$5,000 over obligated their allotted funds placing that activity in an anti deficiency status.

Cobra Gold provided several of these unique challenges that are not generally experienced in garrison. Accounting for the 63 MIPRs provided accountability challenges when reporting back to the stakeholders who were concerned about the amount of funds that were obligated and more importantly for any additional request for funds to fulfill the requirements of the participating units. If units were in need for additional funds and the parent unit headquarters did not have additional funds to provide, the unit was faced with ending the exercise or wait until additional funding was provided. An issue with problem disbursements could lead to a unit requesting additional funds when actually the available balance was positive when there were duplicate payments on one or several contracts. The accounting system in the field always posed problems of this nature because of the difficulty of flat file management. For example, when the logistics representative initially listed the funding category (FUNDCAT) as SBT 1009 (a space between the alpha numeric number) on the contract, which included multiple payments, the fiscal clerk might enter the FUNDCAT as SBT 1009. When a second partial payment is requested on the contract, the fiscal clerk may enter the data into the MS Excel spreadsheet as SBT1009 (no space between the alpha numeric number), which probably will not prompt for a duplicate payment when search is made for the SBT 1009 payment. This would make for a duplicate payment. Figure 2 depicts the contract payment process with 22 systems listed and others that are not listed that are stovepipe systems. All these systems complicates the payment system and because of the no standardization of an intergraded accounting system.

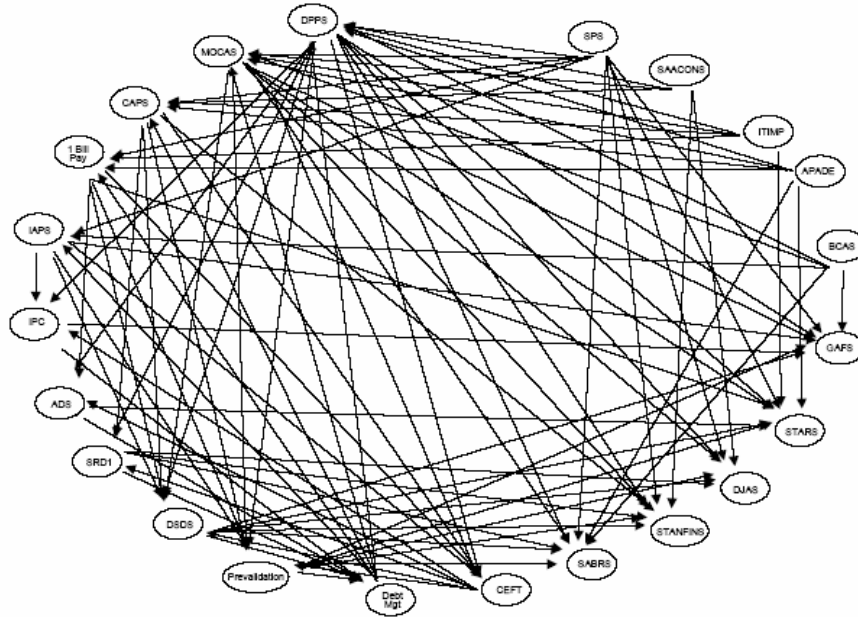


Figure 2. Current Contract Payment Process Environment
 (From: Steinhoff, J.C., 2000, p. 26)

2. Mandated Solution

There have been many elected officials testifying before Congress regarding concerns about financial systems and the payment process. Congress wants to provide solutions and guidance to govern these critical concerns. In Jeffrey C. Steinhoff’s testimony, he further stated, “Establishing an integrated financial management system—including both automated and manual processes—will be key to reforming DoD financial management operations.” Reforming DoD is the business initiative the Secretary of Defense has mandated for the department. Part of this business reform is an integrated financial management system stated by Congress in the Chief Financial Officers (CFO) Act of 1990 and the Federal Financial Management Improvement Act (FFMIA) of 1996. FFMIA mandated federal agencies to establish and maintain a single integrated financial system.

The problem with implementation is the size, complexity, and current financial operations. The current systems are maintained because of their deep rooted, long-standing legacy systems that are maintained because their complex nature. To ensure this

business transformation progresses, DoD needs to ensure there are specific milestones identified, lessons learned are applied, and feedback is provided to make sure the milestones are being achieved. Another key aspect for implementation is to receive buy-in from the stakeholders. Stakeholders buy-in is critical and could be difficult to achieve given a department's enormous size and origin of these systems to maintain departmental integrity and longevity.

3. Hypothesized Results

This chapter contains a discussion of what the authors believe are probable results of adopting our recommendations.

4. Conclusions and Recommendations

The final composition of this professional report contains our conclusions and recommendations based on our research for the direction of the financial future of financial management in a deployed environment in accordance with the business transformation initiatives directed by the Secretary of Defense and promulgated by the Joint Financial Management Improvement Program (JFMIP) and BMMP directives.

5. Appendix A. Financial Manager/Comptroller Officer Formal Education

Appendix A provides a compilation of the various formal training offered to financial management officers from the United States Armed Forces.

6. Appendix B. Glossary of Financial Management and Related Terms

Appendix B provides a glossary of financial and related terms and explanation of acronyms used in this professional report.

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II. THE MANAGEMENT ISSUE

A. QUALITATIVE ANALYSIS-EXERCISE COBRA GOLD 2002

During 2002, cooperative engagement was the United States Pacific Command (USPACOM) (formerly USCINCPAC) strategy designed to deter aggression, promote peace, encourage prosperity and democratic ideals, and -- if necessary-- allow the U.S. to fight and win if a conflict could not be avoided (Pike, 2003). Specifically, the strategy was a process of aggressively employing the means (forces, assets, funds, and programs) available to USPACOM in three principal ways: forward presence, strong alliances and friendships, and a visible demonstrated capacity for crisis response. The goal was to achieve engagement and participation in peace, deterrence, and cooperation in crisis, and a swift and decisive victory in conflict, through multilateral alliances if possible.

Although U.S. forces operate together in the joint environment, each service still primarily supports its own basic financial functions. For example, the USMC accounts for its own expenditures, the Air Force accounts for its own expenditures, etc; that was the fiscal structure utilized in Operation Iraqi Freedom according to LtCol B. A. Norris, I MEF Comptroller (personal communication, February 10, 2004). However, this is not the only way to structure the process. During Cobra Gold 2002 there was only one designated financial manager for all the participating U.S. services. Usually, the services rotate through the fiscal responsibilities each year of the exercise to share the training value. Although this is not an ideal arrangement for real world operations, it is an option that is available to the Combatant Commander.

Financial managers in the DoD are well trained to perform in garrison, but not so well trained for exercises or contingencies. When a situation arises where there are no clear guidelines to follow, as financial manager may assume. The financial manager must utilize their training, education, and experience to achieve success. None of the armed service comptrollers are provided training for a joint field or training environment (see Appendix A). A typical fund manager deploys to this environment equipped only with a laptop computer with the latest version of MS Office suite software. These are the only tools available given there is no hard-wired connectivity to an accounting system.

It is also assumed that there is one source of funding that comes from the commander conducting the exercise; as this is not always the case. Each agency involved in a joint training exercise must provide its own funding in order to participate or operate in the exercise. The fund administrator must know how to: accept funding documents, track expenditures, ask for additional funding when needed, accept invoices, pay contracts, deal with problem disbursements, and return any remaining funds back to the agency. Usually all of this is done within an agency's financial accounting system. However, in the field, there is no connectivity with any accounting system. The fiscal officer must have a good bookkeeping process in place from the outset to maintain an accurate accounting system with supporting documentation. This detail becomes crucial at the end of the exercise when it is time to close-out and reconciliation of the accounts with each activity and vendor to ensure proper payments were disbursed in a timely, efficient, and accurate manner.

There are three key positions in the contracting cell: the logistics representative, the contracting officer, and the fiscal officer. The logistics representative, contracting officer, and the fiscal officer all have separate duties for internal control purposes. This means the person who makes the payments on contracts should not be the person who writes the contract or certifies the receipt of goods or services.

The contracting officers are usually the first personnel in country to secure contracts and start the process for preparing for the exercise. The lead-time is needed because vendors usually have limited funds and need capital to purchase or sub-contract out the work or equipment needed to perform the needed task.

Military exercises have numerous meetings to plan and coordinate all aspects of an exercise. There are on average three large-scale conferences: the initial, middle, and final planning conferences. The exercise planning process for Cobra Gold 2002 started around October with a two-week site survey and the initial planning conference (IPC). The next step in the planning was the mid-planning conference (MPC) around mid-December. The final planning conference (FPC) was around February. All the concerns for the participants were addressed at these planning conferences. Planning conferences significantly impact a unit's planned budget from the exercise. For Cobra Gold,

historically about 25% to 30% of a unit's budgeted funding for the exercise was executed during the conferences. Notably the comptroller only took part in FPC. With such an impact, there should a representative to address any fiscal concerns from pervious years. The contracting officers (CO) rotate with a primary and an alternate CO for next years exercise. During those conferences the logistics representative met with each of the service representatives to go over the number of personnel they would bring to the exercise and the requirements that they would need to operate during the exercise. This was usually a very lengthy process given the number of participating units involved. The other factor they had to consider was host nation support, which Thailand provided. The logistics representative had to ensure that the unit representatives coordinated with the host nation representatives to determine what host nation support was needed. Thailand representatives and U.S. forces determined the payment arrangements and support provisions, e.g., the utility costs were paid for by the tenant unit while Thailand provided the barracks rooms. Those agreements were placed on documents written as Mutual Logistics Support Agreement (MLSR) or Base Support Agreements (BSA). The "Milers," as they were called, were contracts between Thailand and U.S. Forces that determined the cost that would be incurred by the U.S. Forces. BSA's were support that was provided to the U.S. Forces at no cost. That coordination process was fined tuned during the three conferences to finalize all of the support requirements. The resultant projections were turned into each agency's comptroller to project the amount of funding needed to participate in the exercise.

Once the estimate was established on the amount of funding needed to operate, the unit comptroller sent a MIPR to the exercise's designated financial manager. When the financial manager received the MIPR, he presented the MIPR to the logistics representative for verification to ensure the MIPR contained the proper language for the exercise. Once the logistics representative approved the MIPR, the finance officer accepted the MIPR (using DD Form 448-2) [see Figure 3] and provided a copy of the MIPR to the contracting officer, so that he could direct cite the appropriation data on each contract. Candreva (2003) provides good basic insight into the fundamentals of contracts:

A contract is a legal agreement that creates duties and obligations. Elements of a contract are at least two persons with the legal capacity to act; consent to terms through offer and acceptance; consideration (some form of payment); is for only legal purposes; and is sufficiently clear (p. 124).

A contract is governed by the Federal Acquisition Regulations (FAR) which is a contracting officer's main source for guidance. The FAR encourages coordination in acquisitions to cost effectively provide the customer with the best product or service:

Its objectives are to satisfy the customer, minimize administrative costs, conduct business with integrity, and fulfill public policy objectives. The FAR principles state: do not assume that practices not otherwise prescribed or required are prohibited and interpret the absence of direction as an opportunity to innovate, consistent within sound business practices and the law (Candrea, 2003, pp. 123-124).

When the fiscal officer had all the MIPRs in place and were accepted, this became the budget for the exercise. Once all the forms were in place and everything was operational, the logistic representatives were cleared to begin their process of providing Purchase Requests (PR) to the contracting officer. The contracting officer then validated the PR's to ensure the requirements are correct. Once the requirements are in agreement, the contracting officer started the bid process with soliciting vendors who could perform the task(s) of the PR's. The contract was awarded once a vendor was selected. The fiscal officer then received a copy of the contract and obligated the funds from the corresponding MIPR of the unit the contract supported.

The vendor faxed and sometimes provided by courier an invoice to the fiscal officer upon completion of the delivered goods or services. Once the fiscal officer received the invoice, he would then have the logistics representative certify the invoice for payment. Now the process was in control of the fiscal officer. This is usually where the problems with contracts, invoices, and disbursements start. Fiscal officers are not trained in contracting and most of the time have never heard of the FAR.

ACCEPTANCE OF MIPR					
1. TO (REQUIRING ACTIVITY ADDRESS) (INCLUDE ZIP CODE) Commanding General Attn: AC/S Comptroller III MEF Unit 35605 FPO AP 96606-5605			2. MIPR NUMBER M2012802MP00050		3. AMENDMENT NO. BASIC
			4. DATE (MIPR SIGNATURE DATE) 25-Feb-02		5. AMOUNT (AS LISTED ON THE MIPR) \$706,500.00
6. THE MIPR IDENTIFIED ABOVE IS ACCEPTED AND THE ITEMS REQUESTED WILL BE PROVIDED AS FOLLOWS: (CHECK AS APPLICABLE)					
A. <input type="checkbox"/> ALL ITEMS WILL BE PROVIDED THROUGH REIMBURSEMENT (CATEGORY I)					
B. <input checked="" type="checkbox"/> ALL ITEMS WILL BE PROCURED BY THE DIRECT CITATION OF FUNDS (CATEGORY II)					
C. <input type="checkbox"/> ITEMS WILL BE PROVIDED BY BOTH CATEGORY I AND CATEGORY II AS INDICATED BELOW					
D. <input type="checkbox"/> THIS ACCEPTANCE, FOR CATEGORY I ITEMS IS QUALIFIED BECAUSE OF ANTICIPATED CONTINGENCIES AS TO FINAL PRICE. CHANGES IN THIS ACCEPTANCE FIGURE WILL BE FURNISHED PERIODICALLY UPON DETERMINATION OF DEFINITIZED PRICES, BUT PRIOR TO SUBMISSION OF BILLINGS					
7. <input type="checkbox"/> MIPR ITEM NUMBER(S) IDENTIFIED IN BLOCK 13, "REMARKS" IS NOT ACCEPTED (IS REJECTED) FOR THE REASONS INDICATED.					
8. TO BE PROVIDED THROUGH REIMBURSEMENT CATEGORY I			9. TO BE PROCURED BY DIRECT CITATION OF FUNDS CATEGORY II		
ITEM NO. a.	QUANTITY b.	ESTIMATED PRICE c.	ITEM NO. a.	QUANTITY b. BASIC ACCEPTANCE	ESTIMATED PRICE c. \$706,500.00
1. TOTAL ESTIMATED PRICE		\$0.00	TOTAL ESTIMATED PRICE		\$706,500.00
10. ANTICIPATED DATE OF OBLIGATION FOR CATEGORY II ITEMS			11. GRAND TOTAL ESTIMATED PRICE OF ALL ITEMS		
			\$706,500.00		
12. FUNDS DATA (CHECK IF APPLICABLE)					
a. <input type="checkbox"/> ADDITIONAL FUNDS IN THE AMOUNT OF _____ ARE REQUIRED (See Justification in Block 13)					
b. <input type="checkbox"/> FUNDS IN THE AMOUNT OF _____ ARE NOT REQUIRED AND MAY BE WITHDRAWN					
13. REMARKS					
14. ACCEPTING ACTIVITY (Complete Address) COMMANDING GENERAL 3D FSSG ATTN: CG02 FISCAL OFFICER UNIT:38401 UIC:M29000 FPO, AP 96604-8401 Fax: 775-251-5690			15. TYPED NAME AND TITLE OF AUTHORIZED OFFICIAL _____ FISCAL OIC		
			16. SIGNATURE _____		17. DATE 28-Feb-02
DD FORM 448-2 AUTOMATED					

Figure 3. MIPR Acceptance (DD Form 448-2)

The on the job training really started here and the learning curve was steep. The unit comptrollers wanted to be informed of the obligation rate on a weekly basis. This allowed them to monitor their unit's spending rate and forecast if additional funds were needed or if there were any funds that could have been withdrawn for reallocation to other areas, because the exercise concluded near the start of the fiscal year's fourth quarter. The fiscal officer was responsible for tracking all the contracts along with modifications, invoices, and MIPRs (each MIPR was considered to be a different account). The tedious and time consuming part of the financial process was the payment process. According to the DoD Financial Management Regulations (FMR), "the DoD policy is to make payments and collections that are timely and accurate" (Vol. 10, Chapter 1, pp. 1-4).

Once the fiscal officer had the supporting documents to pay a contract (PO or contract, invoice, and certification of goods received) he began the process of making the contract payment. Figure 4 provides an example of the payment document Standard Form (SF) 1034. This was the most manual part of the entire process. Up to that point everything was electronic.

Contingency contractors were operating in a paperless environment using a computer program called Procurement Defense Desktop (PD²). PD² was a computer system that allowed contracting officers to solicit, bid and release contracts all in one system. The logistics representatives and fiscal personnel all had a profile in the system that allowed them access to view the files and add or delete the data that was needed. It is a very good program, however it did not address any of the financial concerns of actually making a payment, tracking MIPRs or correcting problems with invoices, etc. It was a stand alone or ad hoc system that did not connect to any of accounting systems of the armed forces. All of the adjustments were done after the exercise concluded and the fiscal officer provided a report to each of the units with all of the supporting documents needed to ensure payments were made correctly.

Standard Form 1034 Revised January 1980 Department of the Treasury IFORM 4-2000		PUBLIC VOUCHER FOR PURCHASES AND SERVICES OTHER THAN PERSONAL				VOUCHER NO. 895-210465CC
U.S. DEPARTMENT, BUREAU, OR ESTABLISHMENT AND LOCATION FINANCIAL SERVICE CENTER AMERICAN EMBASSY APO AP 96546			DATE VOUCHER PREPARED 10-Jun-02		SUB VOUCHER NO.	
			CONTRACT NUMBER AND DATE		PAID BY	
			REQUISITION NUMBER AND DATE			
PAYEE'S NAME AND ADDRESS PTT PUBLIC COMPANY LIMITED (PTPLC) 555 VIBHAVADEE RANGSI RD. CHATUCHAK BANGKOK 10900 THAILAND VENDOR ID:1895PTTPUB					DATE INVOICE RECEIVED	
					DISCOUNT TERMS NET 30	
					PAYEE'S ACCOUNT No.	
SHIPPED FROM			TO		WEIGHT	
					GOVERNMENT B/L NO.	
FUND CATEGORY	REQUISITION NO	ARTICLES OR SERVICES (Enter description, item number of contract or Federal supply schedule, and other information deemed necessary)	QUAN- TITY	UNIT PRICE		AMOUNT
				COST	PER	
MC MC	MC617 MC621	JP-8 JP-8				
			FC	Sum Baht	Sum \$	
				0.00	\$0.00	
				0.00	\$0.00	
				0.00	\$0.00	
(Use continuation sheet(s) if necessary)			(Payee must NOT use the space below)		TOTAL	365,356.80
PAYMENT:	APPROVED FOR	365,356.80 = \$8,600.68	EXCHANGE RATE	42.48	- \$ 1.00	DIFFERENCES
	BY					
	TITLE	FISCAL OFFICER		(Signature or Initials)		
Pursuant to authority vested in me, I certify that this voucher is proper and proper for payment.						
11-Jun-02 (DATE)			(Authorized Certifying Officer)		CERTIFYING OFFICER (Authorized Certifying Officer)	
ACCOUNTING CLASSIFICATION						
COMPLETE	MC617	AA 1721106 27A0 000 67438 0 067400 2D M20128BF402MP00050		182,678.40		\$4,300.34
COMPLETE	MC621	AA 1721106 27A0 000 67438 0 067400 2D M20128BF402MP00050		182,678.40		\$4,300.34
PAID BY	CHECK NUMBER	ON ACCOUNT OF U.S. TREASURY		LDA CHECK NUMBER	ON	
	CASH DATE	\$		PAYEE (3)		
1 When stated in foreign currency, insert name of currency. 2 If the ability to certify and authority to approve are combined in one person, one signature only is necessary. Otherwise the approving officer will sign in the space provided, over his official title. 3 When a voucher is receipted in the name of a company or corporation, the name of the person writing the company or corporate name, as well as the capacity in which he signs, must appear. For example: "John Doe Company, Inc John Smith, Secretary", or "Treasurer", as the case may be.				PER		TITLE
Previous edition usable				1034-119		NSN 7540-00-900-2234

Figure 4. Standard Form 1034

The accounting classification or “line of accounting” (LOA) is the paycheck number used to disburse funds. Candreva explains that “the line of accounting eventually links specific costs to the appropriation level, using a standard document number (SDN)” (p. 100). Each branch of service has its own accounting system thus accounting for appropriated funds differently. DFAS provides a matrix for linking together the accounting codes. The Defense Accounting Classification Crosswalk (DACC) (Table 1 through 3) is provided to interrelate each Service’s standard accounting classifications. This crosswalk provides fiscal coding structure to the DFAS network. The line of accounting, Standard Document Number (SDN), and contract number with the invoice number all have to match in order to make an accurate payment. If one of the digits is inaccurate when the data is placed into an accounting system, the number will not match and becomes a problem disbursement that requires correction. It is not efficient to handle a payment more than once. It becomes a duplication of effort and has the potential for other problem disbursements. The LOA is most often the source of data entry error that led to accounting and payment problems. Deployed fiscal officers in a joint environment should become familiar with each service accounting classification data elements.

The overall responsibilities of the Cobra Gold 2002 financial officer were well outside of the normal functions that a comptroller is accustomed to performing. The primary problem was, and still is, the comptroller does not receive extensive training in matters covering contracting. That combined with little to no exchange of information between previous and current exercise financial officers was detrimental once the exercise commenced.

ACCOUNTING CLASSIFICATION DATA ELEMENT CROSS WALK AIR FORCE TO OTHERS			
AIR FORCE LOA DATA ELEMENT	ARMY LOA DATA ELEMENT	DOD LOA DATA ELEMENT	NAVY/MARINE CORPS LOA DATA ELEMENT
Accounting and Disbursing Station Number	Fiscal Station Number	Fiscal Station Number	Authorization Accounting Activity
Accounts Receivable Sales Code	Reimbursement Source Code	Reimbursement Source Code	Reimbursement Source Code
Allotment Serial Number	Allotment Serial Number	Suballotment Numbers	Bureau Control Number
Appropriation Symbol	Basic Symbol	Basic Symbol	Basic Appropriation Symbol
Budget Authority (Major Force Program)			
Budget Authorization			
Account Number			
Budget Program Activity Code	Army Management Structure Code		
1-2 Budget Program			
3-6 Project Number			
Country Code	Country Code		Country Code
Department	Department	Department	Department
Element of Expense	Element of Resource	Object Class Code	Object Class Code
Investment Code			
Emergency and Special Program Code	Special Operations Decision Package		
Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
Fund Code	Fund Code	Fund Code	Fund Code
Major Force Program (Budget Authority)			
Material Program Code			
Material Program Code, Task or EEIC			
Operating Agency Code	Operating Agency	Allotment Number	Bureau Control Number
Operating Budget Account Number	Allotment Serial Number	Suballotment Numbers	Bureau Control Number
Organization Code		Organization Code	
Program Element Code	Army Management Structure Code		
Program Year	Program Year	Program Year	
Project/Subproject	Army Management Structure Code		

ACCOUNTING CLASSIFICATION DATA ELEMENT CROSS WALK AIR FORCE TO OTHERS (continued)			
Responsibility Center/Cost Code	Management Decision Package		Cost Account Code
Sales Code			
Standard Document	Standard Document	Standard Document	Standard Document
Number	Number	Number	Number
Subhead	Limit	Subhead	Subhead

Table 1. AF LOA (Before: Defense Accounting Classification Crosswalk, 1998, p. 12)

ACCOUNTING CLASSIFICATION DATA ELEMENT CROSS WALK ARMY TO OTHERS			
ARMY LOA DATA ELEMENT	AIR FORCE LOA DATA ELEMENT	DOD LOA DATA ELEMENT	NAVY/MARINE CORPS LOA DATA ELEMENT
Accounting Processing Code		Accounting Processing Code	
Allotment Serial Number	Operating Budget Account Number	Suballotment Numbers	Bureau Control Number
Army Management Structure Code	Program Element Code		
Army Management Structure Code	Budget Program Activity Code 1-2 Budget Program 3-6 Project Number		
Basic Symbol	Appropriation Symbol	Basic Symbol	Basic Appropriation Symbol
Country Code	Country Code		Country Code
Department	Department	Department	Department
Element of Resource	Element of Expense Investment Code	Object Class Code	Object Class Code
Fiscal Station Number	Accounting and Disbursing Station Number	Fiscal Station Number	Authorization Accounting Activity
Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
Functional Cost Account			
Fund Code	Fund Code	Fund Code	Fund Code
Limit	Subhead	Subhead	Subhead
Management Decision Package	Responsibility Center/Cost Code		Cost Account Code
Operating Agency	Operating Agency Code	Allotment Number	Bureau Control Number
Program Year	Program Year	Program Year	

ACCOUNTING CLASSIFICATION DATA ELEMENT CROSS WALK ARMY TO OTHERS (continued)			
Reimbursement Source Code	Accounts Receivable Sales Code	Reimbursement Source Code	Reimbursement Source Code
Special Operations Decision Package	Emergency and Special Program Code		
Standard Document Number	Standard Document Number	Standard Document Number	Standard Document Number
Unit Identification Code			Unit Identification Code

Table 2. Army LOA (Before: Defense Accounting Classification Crosswalk, 1998, p. 14)

ACCOUNTING CLASSIFICATION DATA ELEMENT CROSS WALK NAVY AND MARINE CORPS TO OTHERS			
NAVY/MARINE CORPS LOA DATA ELEMENT	AIR FORCE LOA DATA ELEMENT	ARMY LOA DATA ELEMENT	DOD LOA DATA ELEMENT
Authorization Accounting Activity	Accounting and Disbursing Station Number	Fiscal Station Number	Fiscal Station Number
Basic Appropriation Symbol	Appropriation Symbol	Basic Symbol	Basic Symbol
Bureau Control Number	Operating Agency Code	Operating Agency	Allotment Number
Bureau Control Number	Operating Budget Account Number	Allotment Serial Number	Suballotment Numbers
Cost Account Code	Responsibility Center/Cost Code	Management Decision Package	
Country Code	Country Code	Country Code	
Department	Department	Department	Department
Fiscal Year	Fiscal Year	Fiscal Year	Fiscal Year
Fund Code	Fund Code	Fund Code	Fund Code
Object Class Code	Element of Expense Investment Code	Element of Resource	Object Class Code
Reimbursement Source Code	Accounts Receivable Sales Code	Reimbursement Source Code	Reimbursement Source Code
Standard Document Number	Standard Document Number	Standard Document Number	Standard Document Number
Subhead	Subhead	Limit	Subhead
Transaction Type Code	Type Code		
Unit Identification Code		Unit Identification Code	

Table 3. Navy/MC LOA (Before: Defense Accounting Classification Crosswalk, 1998, p. 16)

Figure 5 provides examples of each service's LOA expressed in Operations & Maintenance appropriations.

SERVICE ACCOUNTING CLASSIFICATION COMPARISON

AIR FORCE - OPERATIONS AND MAINTENANCE

5773400 30 7 67 12 111300 AB 592 667400 1X

DEPT	FY	APPR SYM	FC	FY	OAC	OBAN	RC/CC	MFP	EEIC	ADSN	ESP
57	7	3400	30	7	67	12	111300	AB	592	667400	1X

DIRECT - ARMY OPERATIONS AND MAINTENANCE

21 6 2020 57-3106 325796.BD 26FB QSUP CA200 GRE12340109003 AB22 W0RNAA S34030

DEPT	FY	BSN	OA	ASN	AMSCO	EOR	MDEP	FCA	SDN	APC	UIC	FSN
21	6	2020	57	3106	325796.BD	26FB	QSUP	CA200	GRE12340109003	AB22	W0RNAA	S34030

NAVY/MARINE CORPS - GENERAL

1771105 0000 026 63400 3 063340 1D 000151 00056082000

DEPT	FY	APPN	SUBHEAD	OC	BCN	SUBALLOT	AAA	TTC	PAA	CC
17	7	1105	0000	026	63400	3	063340	1D	000151	00560852000

Figure 5. Service Accounting Classification Comparison (From: Defense Accounting Classification Crosswalk, 1998, p. 43)

Table 4 provides an example of a line of accounting broken down by each component:

APPN: AA 1721106 27A0 000 67438 0 067400 2D M20128 BF402MP00050

Department Code	17	2 or 4 digit code identifying the military department or agency receiving the appropriation, e.g., 17 is Navy, 21 is Army. Also called Department/Agency Code.
Fiscal Year	2	1 position code that designates the year the funds are available for obligation.
Appropriation Symbol or Treasury Basic Symbol	1106	4-digit number that identifies the type of funds being used.
Subhead	27AO	Also called a limit. 4-digit suffix to the Basic Symbol that identifies a subdivision of funds that restricts the amount or use of funds. For Navy, 1 st 2 identify major claimant, 3 rd identifies the budget activity and the 4 ^{is} for local use.
Object Class	000	4-position code that classifies transactions according to the nature of the goods or services procured, rather than the purpose. Usually zeros.
Bureau Control Number	67438	An allotment authorization number consisting of a 2-digit budget project number and a 3-digit allotment number. For Navy, the UIC of the operating budget holder.
Suballotment	0	1 position code assigned by the suballotment grantor for regular suballotments.
Authorization Accounting Activity	067400	6-digit number that identifies the activity responsible for performing the official accounting and reporting for the funds. For Navy, a 0 then the UIC.
Transaction Type Code	2D	2 position code that classifies transactions by type (i.e., plant property, travel, etc.)
Property Accounting Activity	M20128	For plant property, is UIC of purchaser; for travel, travel order number; for R&D, the PE and project number; varies by appropriation. Often the last 6 of the SDN for Navy.
Cost Code	BF402MP00050	12 position code of OPTAR number, expense element, program element, functional/subfunctional code and cost code; 11 digit job order number and expense element for Navy.

Table 4. LOA Breakdown (After: Candreva, 2003, p. 101)

The fiscal officer for the exercise executed 68 MIPRs totaling \$4.567 million dollars of total obligation authority of which \$3.583 million dollars were outlaid shown in Figure 6.

FUND CAT	COMPONENT	UNIT	AUTH_AMT	PAID_AMT	AVAILABLE	% OBL
AA	ARMY	USARPAC	\$500,000.00	\$384,870.71	\$115,129.29	76.97%
AB	ARMY	JWFC	\$2,750.00	\$724.64	\$2,025.36	26.35%
AC	ARMY	JICPAC	\$3,000.00	\$1,848.80	\$1,151.20	61.63%
AD	ARMY	JMOT	\$22,300.00	\$7,056.49	\$15,243.51	31.64%
AE	ARMY	I CORPS MS 4A	\$23,000.00	\$6,950.30	\$16,049.70	30.22%
AF	ARMY	CMDR 3RD NCB	\$5,100.00	\$6,196.06	(\$1,096.06)	121.49%
AG	ARMY	USAMC	\$17,000.00	\$8,545.37	\$8,454.63	50.27%
AH	ARMY	USAMC	\$10,000.00	\$8,432.20	\$1,567.80	84.32%
AJ	ARMY	25TH ID	\$2,500.00	\$509.99	\$1,990.01	20.40%
AK	ARMY	USJFCOM	\$8,220.00	\$5,485.30	\$2,734.70	66.73%
FA	AIRFORCE	HQPACAF	\$50,000.00	\$23,736.47	\$26,263.53	47.47%
FB	AIRFORCE	HQPACAF	\$42,000.00	\$33,996.23	\$8,003.77	80.94%
FC	AIRFORCE	HQPACAF	\$23,000.00	\$15,464.87	\$7,535.13	67.24%
FD	AIRFORCE	733 AMS/AMCF	\$28,800.80	\$25,046.28	\$3,754.52	86.96%
FE	AIRFORCE	HQ AFOSI/XOOA	\$14,000.00	\$2,163.28	\$11,836.72	15.45%
GA	USMC	III MEF	\$164,000.00	\$94,105.96	\$69,894.04	57.38%
GB	USMC	CMDR USAPAC	\$100,000.00	\$32,867.78	\$67,132.22	32.87%
MA	USMC	MARFORPAC	\$125,000.00	\$53,225.08	\$71,774.92	42.58%
MB	USMC	III MEF	\$430,000.00	\$362,154.14	\$67,845.86	84.22%
MC	USMC	III MEF	\$706,500.00	\$643,184.63	\$63,315.37	91.04%
MD	USMC	31st MEU	\$36,000.00	\$13,864.93	\$22,135.07	38.51%
MF	USMC	CIC US PACIFIC CMD -	\$25,000.00	\$15,433.24	\$9,566.76	61.73%
MG	USMC	DLA	\$750.00			
MH	USMC	DLA	\$1,250.00	\$1,042.02	\$207.98	83.36%
MI	USMC	MAG 12	\$2,000.00			
MJ	USMC	MAG 12	\$2,000.00	\$1,988.54	\$11.46	99.43%
MK	USMC	MAG 12	\$4,000.00	\$3,795.97	\$204.03	94.90%
ML	USMC	MAG 12	\$25,800.00	\$20,920.44	\$4,879.56	81.09%
MM	USMC	MAG 12	\$2,000.00	\$497.05	\$1,502.95	24.85%
MN	USMC	COMNAVAIR	\$16,000.00	\$14,927.07	\$1,072.93	93.29%
MO	USMC	III MEF	\$42,000.00	\$44,416.54	(\$2,416.54)	105.75%
MP	USMC	MAG 36	\$26,000.00	\$2,226.45	\$23,773.55	8.56%
MQ	USMC	MAG 36	\$16,000.00	\$1,405.38	\$14,594.62	8.78%
NA	NAVY	CTF 76	\$15,000.00	\$5,276.02	\$9,723.98	35.17%
NB	NAVY	CTF 76	\$10,000.00	\$9,997.84	\$2.16	99.98%
NC	NAVY	PHIBCB ONE	\$230,000.00	\$224,578.00	\$224,578.00	97.64%
ND	NAVY	PHIBCB ONE	\$76,000.00	\$49,823.79	\$26,176.21	65.56%
NE	NAVY	PHIBCB ONE	\$47,500.00	\$1,969.22	\$45,530.78	4.15%
NF	NAVY	PHIBCB ONE	\$170,000.00	\$15,907.27	\$154,092.73	9.36%
NG	NAVY	PHIBCB ONE	\$40,000.00	\$19,491.36	\$20,508.64	48.73%
SA	SOF	SOC PAC	\$150,000.00	\$65,087.69	\$84,912.31	43.39%
SB	SOF	353 OSS/OXL (A4)	\$30,000.00	\$20,038.58	\$9,961.42	66.80%
SC	SOF	353 OSS/OXL (A4)	\$45,000.00	\$19,242.22	\$25,757.78	42.76%
SD	SOF	4th POG	\$15,523.96	\$6,298.03	\$9,225.94	40.57%
SE	SOF	2/75th Rangers	\$11,500.00			
SF	SOF	HQSOSCOM	\$25,100.00	\$16,607.82	\$8,492.18	66.17%
SG	SOF	1ST SFG(A)	\$108,000.00	\$80,817.99	\$27,182.01	74.83%
SH	SOF	CMDR 1st SFG(A)	\$6,680.00	\$4,605.07	\$2,074.93	68.94%
SI	SOF	4TH POG CG	\$9,226.23	\$4,817.64	\$4,408.59	52.22%
SJ	SOF	SEALS CG	\$8,022.00	\$4,178.52	\$3,843.49	52.09%
SK	SOF	SEALS BT	\$3,015.00	\$808.33	\$2,206.67	26.81%
SL	SOF	1-1 SFG CG	\$14,551.96	\$1,975.22	\$12,576.74	13.57%
SM	SOF	1-1 SFG BT	\$24,774.64	\$13,326.34	\$11,448.30	53.79%
SN	SOF	2/1 SFG	\$12,000.00	\$5,752.56	\$6,247.44	47.94%
SO	SOF	SBU 22 BT	\$7,100.00	\$8,763.09	(\$1,663.09)	123.42%
SP	SOF	SBU 22 CG	\$7,100.00	\$1,280.58	\$5,819.42	18.04%
SQ	SOF	364TH CA	\$6,000.00	\$658.80	\$5,341.20	10.98%
SR	SOF	426th CA / CG	\$4,918.50	\$3,312.21	\$1,606.29	67.34%
SS	SOF	96TH CAB/CG	\$4,230.00	\$2,447.82	\$1,782.18	57.87%
ST	SOF	426TH CA / BT	\$5,031.25	\$4,214.12	\$817.13	83.76%
PA	PHIT	III MEF	\$242,000.00	\$284,050.67	(\$42,050.67)	117.38%
PB	PHIT	III MEF	\$80,000.00	\$148,560.46	(\$68,560.46)	185.70%
PC	PHIT	599th Transportation Group	\$30,000.00	\$8,872.33	\$21,127.67	29.57%
PD	PHIT	USARPAC	\$300,000.00	\$274,763.53	\$25,236.47	91.59%
PE	PHIT	USARPAC	\$200,000.00	\$161,823.18	\$38,176.82	80.91%
XA	TITLE X	USARPAC	\$150,000.00	\$122,672.36	\$27,327.64	81.78%
ME	DRMO	DRMO	\$2,700.00	\$1,768.27	\$931.73	65.49%
		Total	\$4,566,944.34	\$3,583,305.00	\$983,640.00	78.46%

Figure 6. Cobra Gold 2002 MIPR List

The myriad of contract payments were processed through the State Department Disbursing Officer (SDDO) via electronic funds transfer (EFT). The SDDO made electronic payments through his system and this caused several problems. The Bangkok SDDO accounting system linked half of the State Department and mailbox locations (a unique name given to locations serviced by SDDO) through out that half of the hemisphere. The Bangkok SDDO is one of the two disbursing offices that service the State Department. This could cause for many mistakes caused by key stroke errors. The mailbox location that serviced Cobra Gold was located on the compound of the Joint United States Military Advisory Group Thailand (JUSMAGTHAI) in the Resource Management Office (RMO) (U.S. ARMY). The payment system required manual entries. The RMO also had several other activities that processed payments through their office. The payments were batch processed at the end of the day and electronically sent over to SDDO. The SDDO would receive the payment and determine if the appropriation is valid for payment. Then the payment was sent to Citibank in Singapore the regional headquarters. After Citibank in Singapore receive the payment, it would send the payment back to the Citibank on Bangkok and Citibank Bangkok would send the EFT to the vendor's bank. The EFT process that usually took 24-72 hours, by U.S. standards, took an average 144-168 hours.

The problem occurred when the transactions worked their way to the servicing DFAS operating location (OPLOC) in Masawa, Japan. Sometimes through the batch processing, a digit may have been keyed in improperly during the manual process or the way the batch process handled the payments caused some payments not to match up properly due to the accounting system dropping digits.

Once the problem was identified, the fiscal officer sent in a correction notice (DD621) to make corrections, e.g., if a contract was a duplicate payment, the appropriation charged would be credited. Payments that were paid under the wrong appropriation were also corrected by crediting the wrong appropriation and debiting the correct appropriations.

B. COBRA GOLD 2002 CONCLUSIONS

It is evident from Cobra Gold 2002 that, the comptroller in the field encounters unique restrictions that inhibit their ability to make proper payments to contractors and account for expenditures of MIPRs. They do not have access to the normal accounting system functions that are available in garrison. Cobra Gold 2002 was one of biggest exercises in the Pacific military theater that year and the III MEF comptroller cell only contained three personnel and a few MS Excel spreadsheets to manage extensive contracting matters. In comparison, the contracting and logistics cell contained 11 personnel to conduct their business. That cell also had a portable computer system (PD²) that contained all of the documents necessary to operate in a field environment. PD² was presented in 2000 to Congress by the Department of the Army as a tool to better equip the contractor for mobile, field activity.

C. DFAS INFORMATION ON INTERDEPARTMENTAL BILLINGS (IDB'S)

The Department of Finance and Accounting Service (DFAS) was established in January 1991 with one of their primary goal of consolidating accounting systems. Since their inception, an outstanding job has been performed in integrate the various accounting systems that were in existence. With technological advances in the computer industry, DFAS continues to manually operate critical function. This critical function could take up to several months to liquidate a payment and become a problem disbursement. Problem disbursements from Interdepartmental Billings (IDBs) are situations that rise from an accounting process with missing financial information. During our interview with Chuck Clevenger, Director for Accounting and Tamato Kolone, Accounting Technician, of the DFAS field site in Seaside, California this process was discussed. Payments processed by accounting activities outside of DoD, like the State Department in our Cobra Gold case, routinely have missing accounting information or supporting documentation.

The process starts when the originating accounting activity submits unliquidated charges that are routed through that branch of service supporting DFAS. For example DFAS-Kansas City (supporting the Marine Corps) would transmit payments to DFAS-

Indianapolis (supporting the Army) for processing payments from the Marine Corps to the Army. Once the charge reaches DFAS-Indianapolis, they route the payments to the servicing Fund Control Officer (FCO). The FCO have the responsibility to ensure the payment was routed correctly and research any discrepancies. If the appropriate information is received and verified, the charge is accepted. If not, then the manual and time consuming process begins.

The FCO downloads the transmittal listing non-disbursed funds from the File Transfer Protocol (FTP). Once the transmittal is received, in accordance with the standard operating procedure (DoD FMR, 2001, p. 11-8), the receiving FCO is to accept the transaction and place the charges into a suspense account until research can be conducted. All supporting documentations must be presented to validate the charge. This research includes telephone calls, emails, and database searches. Albeit, the payment is missing the required supporting documents, the FOC must provide detailed records of the conducted research to collect the supporting documentation. This will allow the charges to be re-routed back to the originating FOC.

This is a significant impact on the force's available funding balance. The unit comptroller may have to provide command current year funds to cover prior year obligations. This may also reduce the funds available that could affect the unit's readiness for the current year. These problems are a result from inadequate accounting systems.

D. CONGRESSIONAL TESTIMONY

Accounting systems concerns have been thoroughly documented. On June 4, 2002 Franklin Spinney, an analyst in the Pentagon's Office of Program Analysis and Evaluation, testified before a House subcommittee on Government Reform. Elaine Grossman's description of Spinney's testimony (as cited in McCaffery & Jones, 2003, p. 62) relates how he began his presentation with an illustration of over 1000 different Pentagon accounting systems. Spinney further elaborated that although the Chief Financial Officers (CFO) Act that required systems integration was passed over a decade ago, many of the systems at the time of his testimony still couldn't communicate with

other databases. McCaffery and Jones (2003) provide an excellent synopsis of DoD financial struggles:

Everyone is clear that this is a serious problem. Rep. Dennis Kucinich (D-OH) (2002)... suggested that DOD leaders could not make informed decisions on current and future defense spending if they could not understand past expenditures (Grossman, 2002). Everyone is also clear that large sums of money are being lost due to these inefficiencies. For example, Secretary of Defense Donald Rumsfeld has stated that the Pentagon could save up to \$18 billion annually once proper financial management is achieved; other estimates are as large as \$30 billion...In this area, a billion dollars misspent might be the critical difference in avoiding disaster (p. 50).

On March 6, 2002, Dr. Dov S. Zakheim, Under Secretary of Defense (Comptroller), updated the Senate Armed Services Committee Subcommittee on Readiness and Management Support on the DoD FM reform. In his statement before the subcommittee Zakheim stated that, “Every dollar wasted on an inefficient process is a dollar that could have been utilized to fight the war on terrorism” (Financial Management Reform, 2002). He further expressed his belief that the root causes of DoD fiscal ailment are “the uncontrolled proliferation of antiquated and standalone financial management systems and the inefficient business processes that they support” (Financial Management Reform, 2002). DFAS initiatives to reign in these FM systems have been ongoing since the 1990’s. Total DoD accounting and finance systems were reduced to 109 in 1998. In 2005, it is estimated that only 22 accounting and nine finance systems will exist (Candrea, p. 96). Dr. Zakheim also mentioned in this statement that the Department’s transformation process would utilize short-term and long-term methods in renovating its financial management processes.

E. INTEREST PENALTY PAYMENTS

The Prompt Payment Act of 1982, required government agencies to make payment to vendors who have issued goods or services and provided an invoice within 30 days of the completed contract. These payments are the responsibility of the government agency and will reduce their available obligation balance. The reduction of current year funds for current year or previous year business is a critical management issue that will limit a

commands ability to operate under normal business conditions. The agencies are not in charge of making these payments. DFAS field sites commit these funds in the accounting system and the available fund balance are immediately reduced until the agency can correct the charges or provide documentation proving the payment was a duplication, the services were cancelled prior to completion. Table 5 displays an example of how several million dollars disbursed in penalty payments can effort the bottom line. This is of concern to the financial manager and unit commander, because it efforts the units available obligation balance and decreases the operating force flexibility.

Calendar 1998 Performance Management Information System (PMIS)		
Region (Primary customer)	Disbursements (billions of 1998 dollars)	Penalty payments (millions of 1998 dollars)
Cleveland (Navy)	13.2	8.1
Denver (Air Force)	10.2	3.4
Indianapolis (Army)	14.0	4.6
Kansas City (Marine Corps)	0.9	0.6

Table 5. Interest Penalty Payments (After: DFAS Finance Services, 1998, p. 20)

F. PROCUREMENT DESKTOP - DEFENSE (PD²)

Procurement Desktop - Defense (PD²) provides automated strategic, streamlined contract management support for the procurement professional within a complete workflow management solution. PD² is an integral part of the DoD Standard Procurement System (SPS) which is integrating acquisition, logistics, and financial management within one end-to-end enterprise business system. As SPS has been deployed throughout DoD contracting communities. It is providing the technology and business process foundation necessary for DoD to achieve its procurement business goals by:

- Eliminating multiple outdated legacy systems and automating manual business processes;
- Facilitating the standardization of efficient business processes to improve management across the enterprise; and

- Expanding the software functionality necessary to effectively award and manage contracts in the rapidly evolving eCommerce environment (American Management Systems, n.d.).

One of PD²'s goal is to provide a fully functional automated information system that has standardized the procurement business practices and data elements by promoting the use of the same automated contracting procedures throughout DoD (American Management Systems, n.d.). As indicated from the above statement, financial management can become integrated with the acquisition and logistics community for a better business management tool.

PD² was a solution to contractual problems as it provided a paperless society and added a technological advanced system for solving identified problems. Training and education is always a beginning point to solving situations. Compliments to education are alternatives that will provide the financial warfighter with an advanced accounting system to resolve these unique field conditions. The following chapters will analyze some alternatives that will assist financial managers in their fiduciary responsibilities.

III. ALTERNATIVE SOLUTIONS

A. TRAINING

As previously mentioned, armed service comptrollers do not receive any formal education with respect to working in a joint field environment. Adequate training and an appropriate information system will reduce the problem disbursements that arise during these exercises and operations. Appendix A contains a compilation of information that was assembled from various DoD publications and personnel in which the reader should that no explicit reference to joint interoperability is listed.

B. TOOLS (STAND-ALONE DATABASE CONNECTIVITY APPLICATION)

Current deployed accounting systems are flat files maintained in a Microsoft Excel file illustrated in Figure 6. A flat file has no structured interrelationship between its data records. The data can not be queried for information. Queried data, in a database, can answer business questions like “How many contracts have not been processed for payment over 31 days?” A relational database can assist managers through their decision making process.

The product that can link these accounting systems together is a Database Management System (DBMS). A DBMS is a collection of programs that enables you to store, modify, and extract information from a database. This product will be advantageous when the financial manager (end user) links directly to DFAS and the service component systemically via the web or satellite communication system. When the web or satellite services are not available, the data will remain on the client PC in a queue, ready for batch processing when connectivity is reestablished. This system will assist a financial manager conducting transactions in a joint field environment. Also, the DBMS will create a standard that can be recognized by other end users and eliminate the previous stovepipe systems. Finally, the DBMS will provide data from the exercise that can be queried for information for future use. This data over time will become historical and prove to be useful to planners for predicting the cost of future exercises.

The database approach provides many potential advantages in comparison with traditional flat files processing systems (Hoffer, McFadden & Prescott, 2002, p. 22).

The empirical advantages of a database are provided in Table 6:

Advantages of the Databases
1. Program-data independence
2. Minimal data redundancy
3. Improved data consistency
4. Improved data sharing
5. Increased productivity of application development
6. Enforcement of standards
7. Improved data quality
8. Improved data accessibility and responsiveness
9. Reduced program maintenance
10. Improved decision support

Table 6. Advantages of a Database (From: Hoffer, McFadden, & Prescott, 2002, p. 23)

When ever there are advantages there are also disadvantages. Table 7 provides these associated disadvantages of a database approach.

Disadvantages of the Databases
a. Trained Specialized Personnel
b. Conversion Cost
c. Organizational Conflict

Table 7. Disadvantages of a Database (From: Hoffer, McFadden, & Prescott, 2002, p. 25)

C. INTERNAL CONTROLS AND INFORMATION MANAGEMENT

DoD initiatives to improve its financial management processes have been ongoing for many years via the Financial Management Modernization Program established in 2001. In May 2003, Dr. Dov S. Zakheim, Under Secretary of Defense (Comptroller), renamed and updated the Financial Management Modernization Program (FMMP) to the Business Management Modernization Program (BMMP) under the guidance of Secretary of Defense Donald Rumsfeld (Department of Defense [DoD], n.d.). The BMMP targets, according to Dr. Zakheim, the root causes of the Department’s financial management problems—“the uncontrolled proliferation of antiquated and standalone financial management systems and the inefficient business processes that they support” (Financial

Management Reform, 2002). The systems to which he refers support the budget and appropriation process, however they do not meet the needs of standard accounting requirements (Financial Management Reform, 2002). BMMP has provided significant efficiencies in some financial management areas (Zakeim's testimony before the Senate Armed Forces subcommittee includes references to obtained efficiencies in 2001 for government travel card delinquencies, commercial payment backlogs, and payment recording errors) however DoD is still procuring accounting systems piecemeal. Ideally, BMMP seeks to breakdown the stovepipe architecture practices that prohibit collaborative information sharing among different services, and even units of the same service. Those practices ultimately reduce optimal combat and business support of frontline forces. Currently, the Army is pressing forward with testing and fielding a mobile, networked field payment system, Financial Management Tactical Platform (FMTP) that may resolve many of the issue that we mention here. However, it appears that this is strictly a unilateral Army initiative. We could not locate a source (personnel nor directive) that references other services becoming a part of this program.

FMTP is the proposed solution to a myriad of financial woes that the Army experienced during Operation Desert Storm in which millions of dollars were mismanaged due to manual accounting processes in the combat area of operations. Over the course of the program the system was redesigned at least once and renamed twice. In the wake of Operation Desert Storm the DFAS developed the Interim Battlefield Financial System to address the expensive lessons learned. Initially, both the Air Force and the Navy expressed interest in the system, but in 1995 they both withdrew their pursuit while the Army stayed the course and ultimately developed operational requirement statements. In 2000 the system was redesigned to meet specific Army needs and renamed to the Future Finance System. In 2002 the program renamed again to its present identity. DFAS – Indianapolis signed a Memorandum of Agreement in 2003 that endorsed FMTP software and recommended releasing the software (J. Freeman, personal communication, April 2003). The current version, Version 1.2, is designed to combine several separate existing software applications and includes the following DFAS applications: Defense MilPay Office (DMO)/Defense Standard Inquiry System (DSIS), Deployable Disbursing System-DOS (DDS-DOS), Disbursing Office Processing System

(DOPS) and Commercial Accounts Processing System-Clipper (CAPS-C) (L. J. Pickering, personal communication, n.d.). Audrey Y. Davis, the DFAS Director of Information and Technology, granted FMTP an Approval to Operate for three years on June 3, 2004 to further the evaluation process (personal communication, n.d.).

The U.S. Armed Forces is an information based organization. Information is essential for a well-managed war fighting machine. Armed Forces leaders who are capable of rapid information processing, can plan for the future, communicate efficiently, and capitalize on emerging concerns effectively. Information can be used as a guide for performance measurement. This information needs to be based on facts. Fact-based management is one of the primary purposes of performance measurements and is based on analysis from hard data and facts instead of commanders' intent or premonitions. This hard data and facts can be derived from feedback (Simons, 2000, p. 59). Feedback is the information or knowledge of specific events or situations that has been gathered or received by communication, intelligence, or news. The Input-Process-Outputs model, Figure 7, depicts how leaders must understand the process by which inputs are converted into outputs.



Figure 7. Inputs-Process-Outputs Model. (From: Simons, 2000, p. 59)

An example of an Input is information needed to create a product or service. A Process is the transformation of the inputs in creating the product or service. Outputs are final form of the product or services (Simons, 2000, p. 58). An output can provide a standard or benchmark that can be evaluated for future use. However a performance standard or benchmark is insufficient alone. The data must be used to compare the resulting variances. Variance information is used to change the inputs process to ensure

that performance standards will be met in the future. In combination with a feedback channel joined with an understanding of how adjustments to inputs and process are likely to influence outputs, the Cybernetic Feedback Model (Figure 8) adjustments are understood to maintain equilibrium within the organization (Simons, 2000, p. 61).

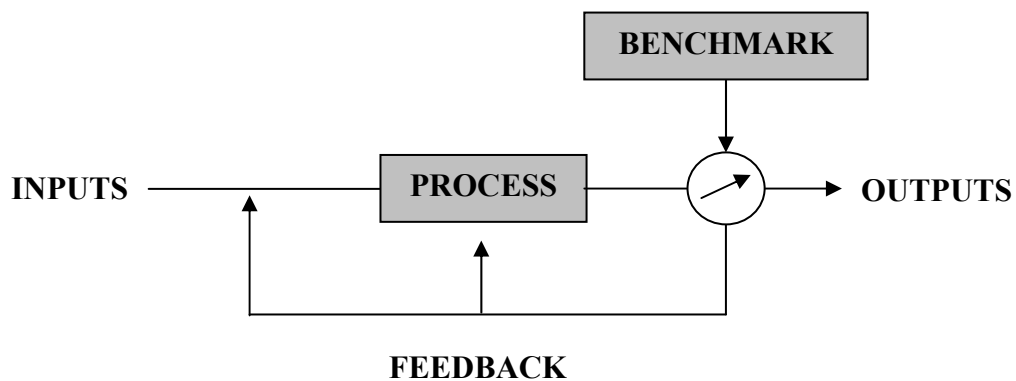


Figure 8. Cybernetic Feedback Model. (From: Simons, 2000, p. 61)

The Cybernetic Feedback Model encompasses two additional mechanisms that give way to further understanding of how information can assist field financial managers with inputs, processes, and outputs. These mechanisms are an established benchmark to compare against current performance and a feedback channel that will communicate variances (Simons, 2000, p. 62). In the case of financial management, the fiscal officer who was provided with an established benchmark with historical data at the beginning of the exercise would be able to make adjustments to improve upon the payment processes. For example, if the cellular phone contracts were to be evenly distributed between the cellular phone providers, historical data would provide the information to ensure this internal control mechanism was enforced.

This payment process is vital to the financial health of the armed forces. If the payments are not made in a timely manner, the government will suffer interest penalties payments that will reduce the available funds during the current fiscal year. These interest payments have gained the attention of military leaders and constituents in

Congress. The data collected during the year or during a military exercise determines if the payments were made properly according to the military regulations that have been established under the Prompt Payment Act legislation that requires the federal government to pay interest on late payments made on contracts. These interest penalty payments are the responsibility of the officer in charge of the funds. The financial manager is the one who holds the fiduciary responsibility to ensure the appropriated funds entrusted are obligated as intended. This principle is a special relationship of trust, confidence, or responsibility to obligate these funds provided from the American public without fraud, waste, or abuse.

The contracting office handles the solicitation and awarding of contracts. Once a contract has been awarded, the requesting agency is the one who controls the acceptance of the goods or services from the contractor. Once the goods or services have been presented to the requesting agency for approval, the requesting agency then sends a copy of the acceptance letter (report of property received [RPR]) along with an invoice to the finance office for payment. Once the finance office receives a copy of the contract, an invoice, and RPR, they can then process the contract for payment. The majority of this activity is conducted over a computer system with some manual and automatic computer feeds. All of this data is used to determine if the contracts are outlaid in an efficient and timely manner. The manager would then use this data to assist in the management of the finance office's day-to-day operations or increase awareness to the external forces feeding the information into the system areas that may need some attention for corrective action.

This exercise has a contracting office, a logistics office, and financial management office. These three offices must work together to ensure the contracts are made in an efficient and timely manner. The financial management office has standard operating procedures that are used to make contractual payments. Since there is no connectivity to the usual financial management system, the finance team has a stand alone computer for every person that is linked via a wireless network. Data has to be stored on these computers on a daily basis and used to submit reports and construct the forms to pay these contracts which are the primary purpose of the finance office.

The financial management officer uses the data to determine which paying agent is proficient with making payments in a suitable manner. The financial manager also has to access the flow of information into the system to ensure the information is correct and ready for payment. If the information is correct, there still may be problems or delays that will affect the vendor payments. These delays may cause the contractor to constantly call to check on the payment of their contract. This is when the finance officer can assess the situation to determine the delay and take corrective action to ensure payments are made on time to avoid interest payments that are required by law.

1. Management Control System Framework

This management control system (MCS) is a diagnostic control system and uses the cybernetic feedback model to monitor the payment of contracts. Ideally, the Combatant Commander (COCOM) should use the data collected from the system to monitor the organization's outcome and correct any deviations from the benchmark or standard. As the head organization of Cobra Gold, the COCOM is responsible for the payments of contracts in the Pacific region. The COCOM assigns a Combined Task Force with a financial manager who is responsible for expenditures made to contracts. The strategic goal during Cobra Gold 2002 was to effectively manage the payment of contracts. As mentioned earlier, the exercise financial manager is generally new to this type of payment system, since every year there is a rotation between the various services to fill this role. Thus the financial manager relies on skilled personnel to maintain the goals set fourth by the COCOM. The exercise's conceptual goal was initially set to pay each contract promptly and efficiently--to have a 100% efficiency rating in the payments of the contracts. This goal was optimistic considering the historical background of the previous exercises' payments of contracts. The next few sections will illuminate some of the shortcomings of this MCS.

a. Inadequate Training

The 100% efficiency goal was unachievable and short-term goals were not identified properly. During the four months of the exercise, there were thousands of

contracts that needed processing. With the sheer volume and velocity of the contracts, given the number of personnel to handle them, the expectation was too high. Efficiency was further reduced because the personnel were new to the process of handling contracts payments in a field environment. This problem occurred because there is a general assumption that when a financial manager is in charge of contract payment, all associated personnel have been properly trained in this particular area of financial management; in fact, this is a special area of financial management that is usually handled by civilians in garrison. The complexity of understanding the associated Federal Acquisition Regulations (FAR) that govern contract payment made it a steep learning curve for non-contracting personnel. Since the exercise is conducted annually, the goals should be set annually and adjusted when reviewing the previous year's reports. The key to overcoming this issue is training exercise financial personnel, as exercise preparation and planning progress, in the mechanics of paying contracts in the field and the associated requirements of the FAR, thus providing an appropriate refresher just prior to deployment.

b. Inadequate Control Activities

There were no internal control measures to manage the ad hoc accounting system, which initially consisted of MS Excel. During the initial set-up of the system, there were no internal control metrics to control the potential errors that may occur during the fast paced payment process. The fiscal clerk was the only one who entered, processed, and verified the data on the payment documents that were placed into the system. The only warning sign that signaled problems during the payment process was when a vendor complained about an incorrect payment or lack of payment. That systemic process was one that a financial manager wanted to control in order to stay aligned with the conceptual goal of 100% contract payment efficiency. As mentioned earlier, the number and velocity of incoming contracts for payment, and tracking of the payments, can overwhelm a manager and their personnel. With the limited amount of personnel devoted to the financial office, the manager had to make the decision to implement some internal controls to decrease the number of errors associated with incorrect payments. That caused other areas to decrease in priority which led to other

problems. The control implemented required another set of eyeballs to match the contract with the invoice, and the RPR in order to cut down on the mistakes made in contractual payments. Even with an additional audit of the contracts, there still maybe some erroneous payments.

c. Inadequate Information and Communication

There was no feedback from the previous performance variances to set or gauge standards. During the exercise, there are reports that are given to provide higher headquarters with the status of the contracts and the payment. The concern was primarily on whether the payments were being made in an efficient manner. There was no concern or very little concern about the process in which these payments were made or the concerns with making these payments. At the end of the exercise, there was a final report that presented the details of the end state of the contracts with regards to the number of contracts paid and the total amount paid on these contracts. This report was never processed and included in any pre-exercise material that was passed on to the next financial manager along with any of the lessons learned. A solution to this matter would be to have a secondary financial manager visit the exercise the year prior to assuming the fiscal responsibilities for the next exercise. This solution tends to work for the contracting office. They have a primary and secondary contracting officer each year during the exercise to ensure the smooth operation of next years operations. Without this feedback, a financial manager can not gauge office performance from the standards that was captured during the previous years exercise. The standards would become a benchmark for the follow-on exercise personnel to help with training and understanding of the mistakes that may be avoided in future exercises. The nature of measures to achieve the goals set during the exercise is illustrated in Figure 9.

The objective measure can be independently measured and verified. These objectives are clear and leave little room for ambiguity to the meaning. For example, the obligation amount on a MIPR is clear objectives. On the other hand, subjective measures are not clear and leave more room for ambiguity.

These measures are according to their extent of completeness and responsiveness. A complete measure depicts all elements of achievement. The measure

of completeness is incomplete because the obligation rate does not take in to account the number of duplicate payments, over payments, or under payments. The main concern for the component comptroller is the obligation rate. While responsiveness measures the direct actions a manager can influence. The financial manager can influence the payment process up to the point when the payment enters the State Departments (SD) disbursing system. The manager has limited control after the accounting data has been entered. The data that comes from the SD disbursing office that is routed through DFAS to the individual service components, maybe missing or contain unreadable data. The financial manger still has control and can measure the number of contracts paid and the obligation rates.

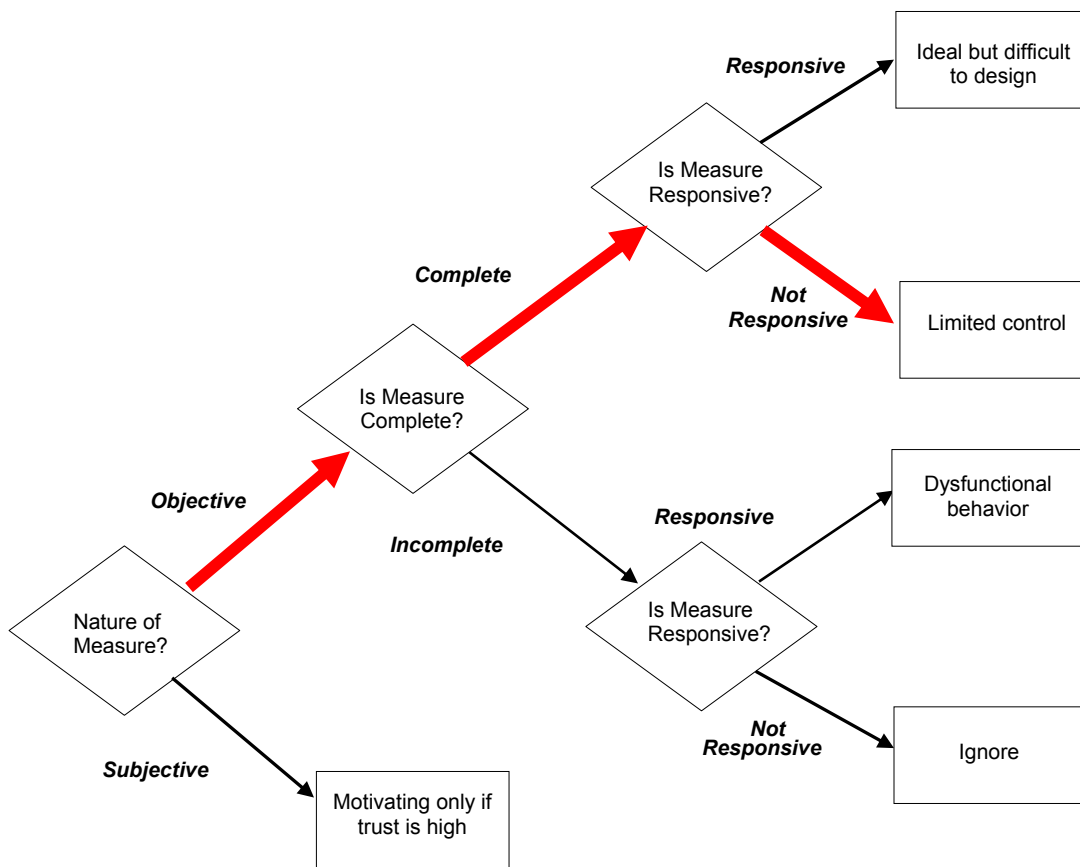


Figure 9. Natures of Measures (After: Simons, 2000, p. 236)

d. Inadequate Incentive Alignment

The incentives are not in-line with the strategic goal. Each member of the organization who participates in this exercise expects to receive some form of recognition. This is viewed as a source of validation for added experience in the field and provides for additional promotion points that will advance the careers of those involved. The commanders of this exercise provide these certificates to each service that successfully completes this exercise. However the certificates do not recognize how well they performed their duties. This does not provide any incentives for the service member to perform to the best their abilities. Management has to adjust this perceived expectation and align them with the goals to reach the end product. There are other extrinsic motivations that will provide dysfunctional behavior. Some of these motivations are to enjoy the culture of the country, see the sights that are available, and the pressures of inexperienced service members in a foreign country that is known for its night life. The incentive to control this behavior was to employ non punitive disciplinary action to correct the behavior to focus the service member on their professional responsibilities.

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IV. ASSESSMENT OF ALTERNATIVE

A. COST EFFECTIVENESS

The cost to implement a financial system to support the request for a more efficient, reliable, effective and compatible accounting system is significant. According to the Army, cost estimates to implement FMTP is \$15 million dollars. An application of this sort should allow the services to be more effective when making payments. This will reduce the amount of prompt payment interest penalties. For example, the interest penalty rate from July 1, 2004 to December 31, 2004 is 4.5%. A \$178,000 contract for billeting in Thailand would yield an interest penalty of \$8,000 if not paid on time.

B. MORE EFFICIENT PAYMENT PROCESS

Electronic Data Interchange (EDI) is a computer to computer exchange of routine business information in a standard format. EDI is part of a number of growing computer fields that are developed to allow for better data integrity, confidentiality, and availability. With the Extensible Markup Language (XML) capability, accounting systems are able to communicate with each other. The XML is a cross-platform, extensible, and text-based standard for representing data. Once inoperable systems can now converse with one another with the combination of the EDI/XML platform. The EDI/EML provides a standard framework to exchange different types of data for example, an invoice or payment voucher, so that the information be it in a transaction for correct and consistent display of data.

Working with the contracting community, DFAS has implemented EDI transactions to support commercial pay and accounting processes. These EDI transaction sets eliminate the need to re-enter critical data into accounting systems. Implementing EDI invoicing capability, coupled with increased use of Electronic Funds Transfer (EFT), have been a major factor in decreasing errors and improving payment processing. This will allow for more efficient and effective payments.

The EDI/XML platform is a powerful tool that can link to accounting systems to share information and update files to ensure dependability, reliability, and accurate

information. Along with a LAN connection, these programs will link up with web-enabled programs to allow the interoperability between field operations and garrison operations. DFAS would be included in the up-link to ensure adequate interdepartmental billings are routed appropriately and accurately.

C. COBRA GOLD 2002 STATISTICS

Cobra Gold 2002 was a fairly large scale exercise. The operations yielded many outcomes that should have been captured as lessons learned for future business decisions. An after action report provided some statistical analysis of an exercise. Historical data would have provided more information about the previous exercises costs, types of costs, vendors, etc. and could answer questions pertaining to business rules established for the exercise. Figure 10 through 17 provides a graphical depiction of the statistics from the contractual requirements and payments for Cobra Gold 2002. These graphs state the total budget authority for the exercise and for each participating agency. Figure 16 is Port handling & Inland Transportation (PHIT). These funds provide funds for all Port Handling (PH) operations of transferring gear onto and off the floating vessel to the service component representative. Inland Transportation (IT) is also provided from these funds. This was the transportation to and from the exercise site. Buses are the usually mode of transportation.

Figure 17 exhibits the Cobra Gold 2002 Title X funding. Title X funding is the appropriated funds allotted to encapsulate humanitarian relief efforts. Humanitarian relief covers an array of events that covers medical, dental, and rebuilding of roads, bridges, schools, etc. efforts.

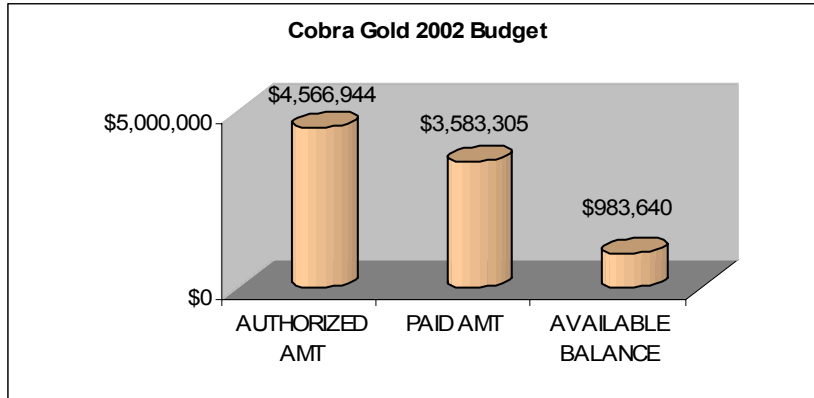


Figure 10. Cobra Gold 2002 Budget

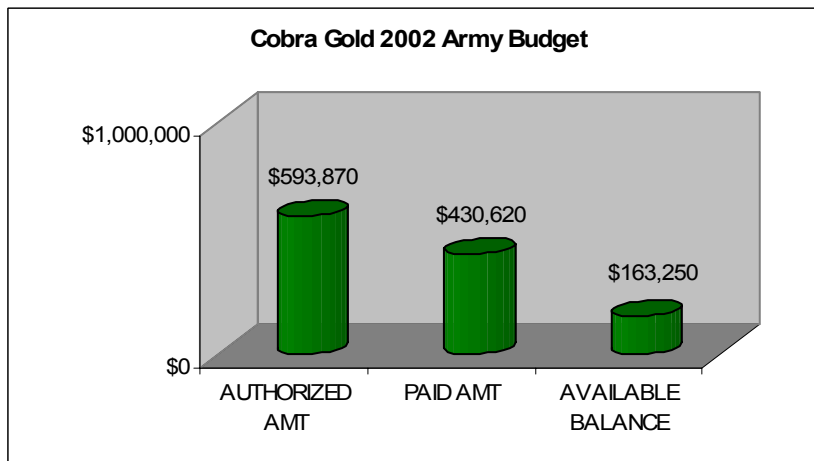


Figure 11. Cobra Gold 2002 Army Budget

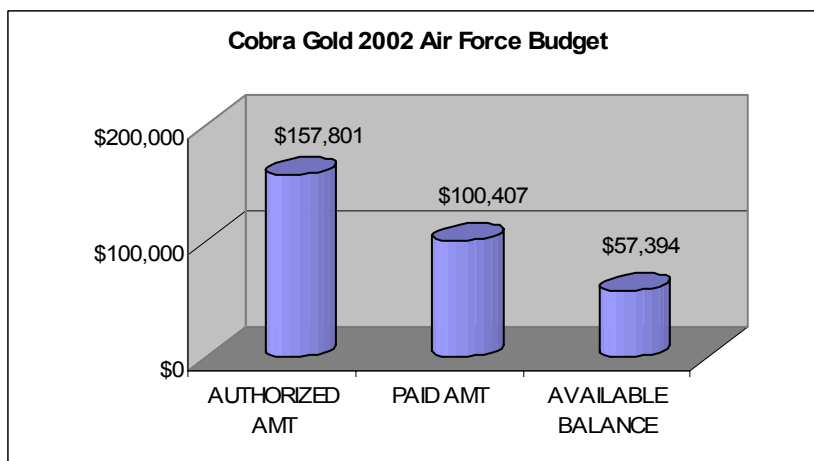


Figure 12. Cobra Gold 2002 Air Force Budget

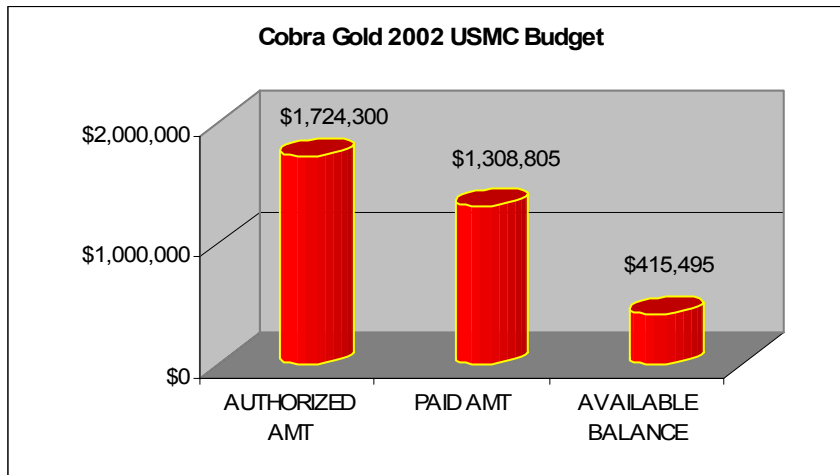


Figure 13. Cobra Gold 2002 USMC Budget

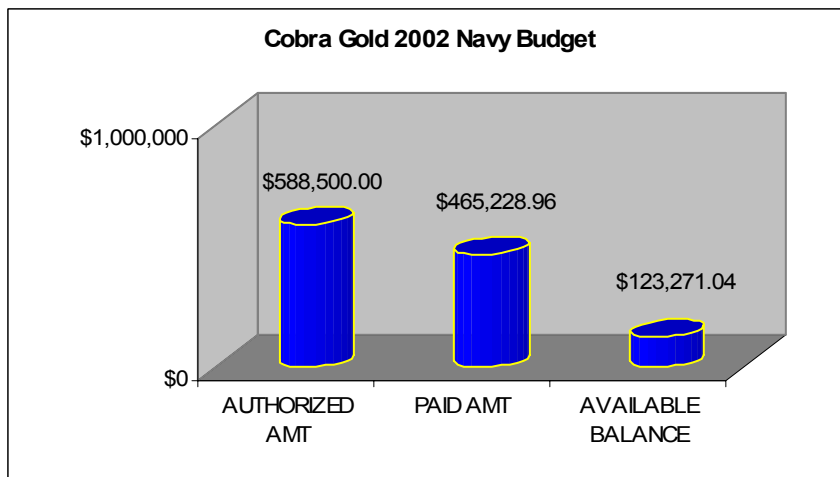


Figure 14. Cobra Gold 2002 Navy Budget

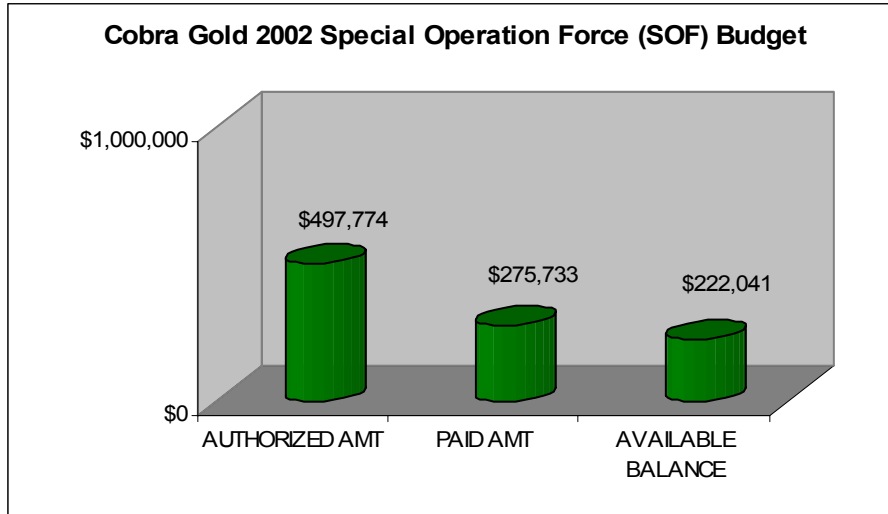


Figure 15. Cobra Gold 2002 Army Special Operations Force Budget

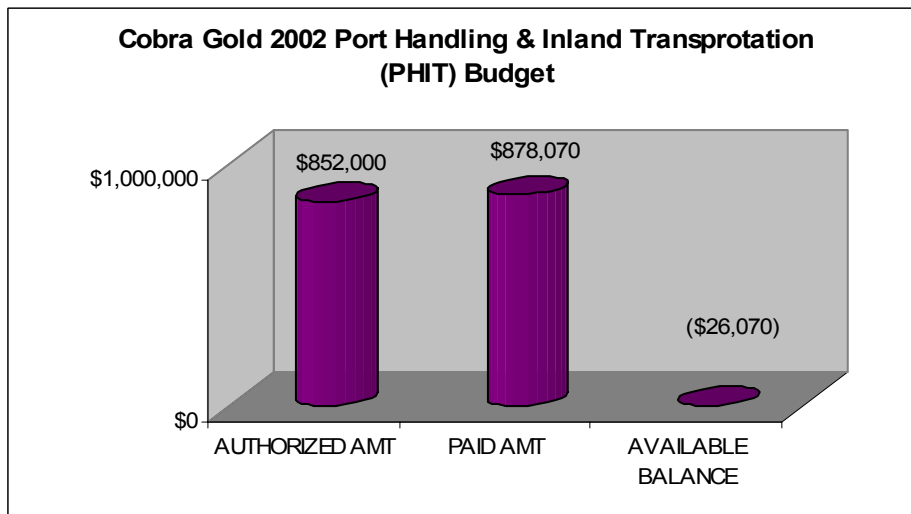


Figure 16. Cobra Gold 2002 Port Handling & Inland Transportation (PHIT) Budget

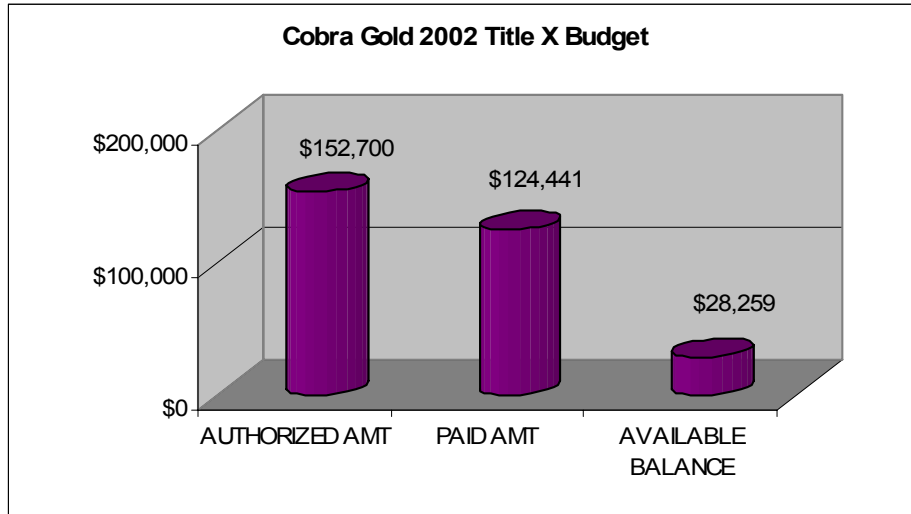


Figure 17. Cobra Gold 2002 Title X Budget

V. CONCLUSIONS AND RECOMMENDATIONS

A. CONCLUSIONS

Problem disbursements have been an ongoing issue with DFAS and each service component for many years. In garrison, there are many issues that can be corrected because the root causes can be identified and corrected, especially if the cause is internal to the agency. The field environment brings about challenges the root causes are not identified. When this occurs, the comptroller must liaison with the fiscal officer in charge of the exercise or operation to ensure the proper documentation is provided to properly annotate the correct payment source. The concern with joint exercises is trying to locate the major players (especially the fiscal officer) once the exercise has ended and 60, 90, 120 days later a bill arrives for payment or an unmatched disbursement occurs. In either case, the correct documentation is required if the proper payment is to be disbursed. Often the documentation is not available and the bill and interest penalty are paid.

If there is an unmatched disbursement that cannot be identified, the service component in charge of the exercise has to take ownership until proper identification occurs. Frequently, DFAS does not initially know who is the responsible fiscal officer and thus places the charges in a FCO suspense account until the correct documentation is located.

DFAS was the leader in taking corrective action trying to solve the problem disbursements issue. DFAS conceptualized a field accounting system that will transfer the proper documentation and data to decrease the number of problem disbursements that were occurring. From this concept the Army developed FMTP, which began deployed in June 2004. This accounting system would be an extension of an existing accounting system to maintain the established 22 projected accounting systems limitation. A simple depiction of this accounting system is illustrated in Figure 18.

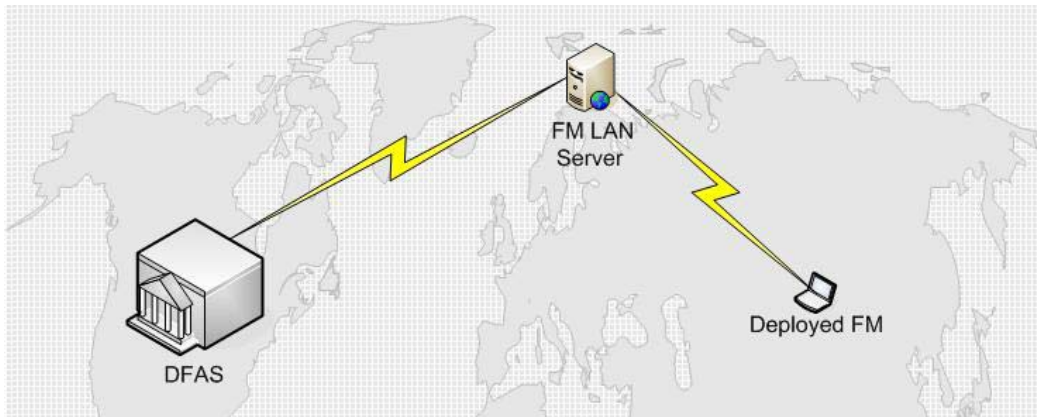


Figure 18. Financial Management Information System

B. RECOMMENDATIONS

It appears that the Army is on a path to leading towards correcting its financial management deficiencies in the deployed environment. We recommend that the other services that deploy in a financial capacity follow the Army FMTP progression with vigor. The United States Marine Corps can benefit from this system through its interoperability. FMTP interoperability would have provided the financial manager in Exercise Cobra Gold 2002 with the ability to communicate with another accounting system. This could allow for a more efficient and effective financial management payment system. If FMTP is the answer for the Army, then it should be re-considered as a possible DoD military-wide application in accordance with the BMMP and JFMIP.

Similarly, the Department of the Navy needs to procure and equip the comptroller with a mobile, field utility to minimize the friction caused by problem disbursements. At a minimum the system should meet the same durability and survivability performance criteria of existing deployable finance systems such as PD² or FMTP. The program must also consider the different DoD accounting systems.

In the interim, there are several other solutions that include additional training for financial personnel on these existing problems and the utilization of Microsoft (MS) Access. MS Access can be used to identify and correct some erroneous data entry. MS Access is a tool all military personnel can become trained to use. This would reduce the amount of manual errors that occur because the features would validate format errors

during the data entry process. As an example, consider when a contract requisition number (AJ9043) for the Army is initially entered into the system. When a fiscal clerk tries to enter AJ_9043 or A9J043, the computer program will reject the data until the correct requisition is entered. With MS Excel, the space between AJ and 9043 will not trigger an error and will result in a duplicate payment. MS Access is also a powerful tool that can interchange data between established accounting system databases (e.g., SABRS and STARS). MS Access is recommended as a great provisional solution to the accounting problems noted in this case study. It is a quick solution while the FMTP accounting system is field tested and proven.

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APPENDIX A. FM/COMPTROLLER OFFICER FORMAL EDUCATION

General FM/Comptroller Officer Formal Education	
Professional Military Comptroller School (PMCC)	
<p>Purpose: To develop students' (USAF - 26; USA - 16; USN/USMC - 9; and DFAS and other DoD agencies - 9) ability to adapt to changing economic, political, and technical environments, promote an understanding of issues affecting financial management and military organizations, expand awareness of diverse financial management disciplines within DoD, encourage personal interaction and growth in areas of wellness, communication, and leadership, and continuous focus on primary mission of supporting the commander and warfighter.</p>	
<p>Subject Areas:</p> <ul style="list-style-type: none"> ● Nine general areas: ● Resource Allocation ● Budgeting and Execution ● Finance ● Accounting ● Audit ● Economics for Resource Managers ● Information Management 	<ul style="list-style-type: none"> ● Analysis for Resource Management ● Executive Communication ● Leadership and Management ● Total Personal Wellness <p>Learning is accomplished through guest speakers, lectures, and individual oral presentations and written assignments.</p>

USAF Specific FM/Comptroller Officer Formal Education	
1. Basic Financial Management Officer Course (BFMOC)	
<p>Purpose: To provide training for finance officers in AFSC 65F1 in the knowledge and skills needed to perform the duties of a Financial Management Officer. The scope of training includes officer skills and personnel management, Air Force Financial management comptroller organization, use of legislative guidance, expeditionary operations, Financial Management systems, fiscal structure, Financial Management analysis, cost and economic analysis, acquisition operations, duties of the nonappropriated funds financial analyst, operational risk management, case studies, functions, and responsibilities of the Financial Services Officer.</p>	
<p>Subject Areas:</p> <ul style="list-style-type: none"> ● AF/FM Organization ● Financial Management Officer ● Functions and Responsibilities ● NAFFA and MWR Organization ● DoD and AF Initiatives/Transformation ● Career Progression ● Enlisted Matters ● Professional Development Programs 	<ul style="list-style-type: none"> ● Regulations, Instructions, and Policies ● Funds of the U.S. Treasury ● Elements of Accounting Classification ● Fiscal Law, Ethics and Accountability ● Planning, Programming, Budgeting and Execution (PPBE) System ● Financial Plan ● Funds Distribution ● Budget Execution Review

1. Basic Financial Management Officer Course (BFMOC) (continued)

<ul style="list-style-type: none"> ● Awards and Recognition Programs ● Communication and Customer Service Skills ● Daily Operations and Analysis ● Government Travel Card ● Accounting Liaison ● A-76 Commercial Activities Program ● Productivity Improvement Program ● Lease versus Buy Analysis ● Activity Base Costing/Management ● Working Capital Funds ● Cost and Scheduling ● Quality Assurance, Self-Inspection, Management Control ● FM Functional and Ancillary Training 	<ul style="list-style-type: none"> ● Closeout ● Customer Service and Support ● Entitlements ● Disbursing ● Concepts of Cost and Economic Analysis ● Support Agreement Analysis ● Economic Analysis ● Economic Impact Analysis ● Acquisition Structure and Process ● Budget Execution of an Acquisition Appropriation ● Fraud Prevention ● Total Force and AEF Concepts ● Home Station Support, Deployed Site, and Reconstitution
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2. Financial Management Staff Officer (FMSOC)

Purpose:

To train career officers, senior NCOs, and key civilian employees for positions of greater responsibility in financial management. Input specialties include financial analysis, accounting and finance, acquisition cost analysis, and audit. Instruction includes planning, programming, and budgeting systems; quantitative analysis techniques; automated accounting and interface systems; financial management and comptroller plans and systems; and operations in contingency situations. This course concentrates on the broad functions and responsibilities of Comptrollership and Financial management. Functional interrelationships are stressed.

Subject Areas:

<ul style="list-style-type: none"> ● Financial Management and Comptroller Relations with DOD ● NAFA and the Advisor Role ● Comptroller Role in Acquisition ● Management Oversight Program ● Financial Law ● Quality Assurance Program ● Appropriation and Financial Law ● Financial Services Officer Responsibilities ● Financial Management Finance (FMF) Functional Areas ● Customer Service Project ● Deputy Disbursing Officer Responsibilities ● Accounting and Finance Systems 	<ul style="list-style-type: none"> ● Time Management ● FM Annual Awards Programs ● Writing Career Impact Statements ● Financial Analysis Officer Responsibilities ● Budget System ● Budget Process ● Resource Management System ● Cost, Economic, and Financial Analysis ● Support Agreement ● Financial Plans ● Budget Execution ● Close Out Procedures ● Defense Working Capital Funds ● Wartime/Contingency ● Air Expeditionary Forces (AEF) ● Operational Planning
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2. Financial Management Staff Officer (FMSOC) (continued)	
<ul style="list-style-type: none"> ● Financial Services Project ● Government Travel Card Program ● Government Purchase Card Program ● Certifying Officer Legislation ● FM Education and Training ● Manpower Documents ● Professional Development 	<ul style="list-style-type: none"> ● Contingency Deployment ● Deployment Lessons Learned <p>Personnel who have previously attended the Professional Military Comptroller School are not eligible to attend this course.</p>

USA Specific FM/Comptroller Officer Formal Education	
1. Planning, Programming, Budgeting, and Execution System (PPBE)	
<p>Purpose: To provide students with knowledge of PPBE at the Intermediate Level. Initial Leader Development Course for Functional Area (FA) 45 Officers and Civilian Personnel in the Comptroller Career Field (CP11).</p>	
<p>Subject Areas:</p> <ul style="list-style-type: none"> ● Key Financial Roles and Missions of Department of Defense (DoD) and The Department of the Army (DA) ● Dod/DA Resource Allocation System PPBE ● Working Capital Funds ● Single Stock Fund ● Reserve Components Appropriation ● Military Construction 	<ul style="list-style-type: none"> ● Total Army Quality ● Fiscal Code ● Research Development and Acquisition ● Activity Based Costing ● Cost Analysis, Economic Analysis ● Commercial Activities ● Army Management Controls ● Manpower Management Process ● The Army Suggestion Program

2. Resource Management Budgeting Course (RMBC)	
<p>Purpose: To provide students with knowledge of budgeting procedures used in the Department of the Army. Initial Leader development course for Functional Area (FA) 45 Officers and Civilian Personnel in the Comptroller Career Field.</p>	
<p>Subject Areas:</p> <ul style="list-style-type: none"> ● Army Programming ● The Federal Budget Process ● Reimbursement Concepts ● Funding Absent Activities ● Funded and Unfunded Expenses ● Installation Budget ● Unfinanced Requirement 	<ul style="list-style-type: none"> ● Division Budget Formulation ● Budget Adjustments ● Joint Chief of Staff Exercise Budgeting ● Fund Control Exercise ● Execution Management ● Budget Review & Analysis ● Program Budget Advisory Committee ● Year-End Closing

3. Resource Management Tactical Course (RMTC)

<p>Purpose: To provide students with an introductory course to familiarize FA45s, CP-11s, and 73D/44Cs with the day-to-day Resource Management tasks, policies, and procedures in a tactical unit or environment. Battalion and brigade S4s working with budgets will also benefit from this course.</p>	
<p>Subject Areas:</p> <ul style="list-style-type: none"> ● Comptroller ● Intro to P2 Funding Mission ● Tactical Unit Budget Development ● Exercise Budgeting ● Tactical Unit Budget Administration ● Single Stock Fund ● Supply Financial Interface 	<ul style="list-style-type: none"> ● Obligating Documentation ● STANFINS Reports ● Year End Procedures Introduction to P11/SOF Funds ● RM in Joint Operations ● Contract Law for Deploying Forces ● Resource Management OPORD Planning.

4. Army Comptroller Course

<p>Purpose: To provide a basic multi- disciplined financial and resource management overview to officers newly assigned to the Comptroller Career field and to other personnel without a multi-disciplined background. The course will blend current DoD/Army management and the latest in academic management techniques. It will provide graduates the ability to operate within the current environment and give them the skills necessary to be more effective and efficient.</p>	
<p>Subject Areas:</p> <ul style="list-style-type: none"> ● Role of the Resource Manager ● Federal Budget Process ● CFO ● Army Management ● Ethics ● Accounting ● PPBES ● Fiscal Law ● Competitive Sourcing ● Cost & Economic Analysis ● Internal/Management Controls 	<ul style="list-style-type: none"> ● Requirements Determination & Justification ● Normalization ● Revolving Funds/Single Stock Fund ● Manpower ● Career Management ● Financial Operations ● Auditing, Resource Management at MACOM & Installation Level ● Finance & Accounting Interface with DFAS ● Future Financial/Resource Management Challenges

5. Professional Resource Management Course (PRMC)	
<p>Purpose: To provide mid-level military and civilian resource/financial managers a broad perspective of the core competencies of Defense Financial Management and the application of those competencies in the US Army. The course emphasizes the management of resource/financial management.</p>	
<p>Subject Areas (three general areas):</p> <ul style="list-style-type: none"> ● Resource Management Environment ● Budget And Cost Analysis ● Accounting And Finance <p>These areas are integrated through the use of lectures, discussion groups, group projects, case studies, simulations, and guest speakers.</p>	<p>The core competencies of the American Society of Military Comptrollers Enhanced Defense Management Training are addressed and applied to Army resource/financial management.</p>

USMC Specific FM/Comptroller Officer Formal Education
Marine Corps Practical Comptrollership Course (MCPCC)
<p>Purpose: To provide civilian personnel and USMC officers demonstrating the capability to assume senior comptrollership responsibilities with unique hands-on comptroller skills.</p>
<p>Subject Areas: Lectures and cases studies related to USMC financial and resource management, including SABRS, Program Objectives Memorandum, Budget submissions, procedures, formulation, documentation, defense, intra-command fund allocation strategies, Fleet Marine Force financial management in deployed/garrison scenarios and introductions to Marine Corps Headquarters and USMC organizations.</p>

USN Specific FM/Comptroller Officer Formal Education	
1. Introduction to Navy Financial and Managerial Accounting	
<p>Purpose: To introduce a broad view of financial management, and understand the type of funding data required to advance organizational goals.</p>	
<p>Subject Areas:</p> <ul style="list-style-type: none"> ● Organizational Characteristics and Processes ● Managerial and Allotment Accounting Policies 	<ul style="list-style-type: none"> ● Issues, Policies, and Reporting of Appropriation Accounting ● Fleet Accounting ● Managing Appropriated Funds

2. Principles of Navy Budgeting

Purpose:

To provide general and detailed information on Navy budget procedures.

Subject Areas:

An overview of the policies and procedures used to develop budgets in the DoN as it relates to the PPBE cycle.

Textbook provides several exercises to allow practice of procedures.

3. Introduction to the Navy Working Capital Fund (NWCF)

Purpose:

To provide participants with a basic understanding of the NWCF, its criteria, processes and role in the budgeting process, and policies that influence the NWCF.

Subject Areas:

Discusses the major concepts and processes involved in the NWCF.

Introduces the financial operations of the Navy and Marine Corps activities.

4. Navy Practical Comptrollership Course (PCC)

Purpose:

To train career officers, senior NCOs, and key civilian employees for positions of greater responsibility in financial management.

Subject Areas:

- Accounting
- Budgeting
- Planning
- Auditing
- Management Evaluation and Performance

Emphasis is placed on the real-world Navy setting and on acquisition of skills and knowledge that will be directly applicable to the student's job.

5. Navy Working Capital Fund Professional Managers Course (ProCAP)

Purpose:

To provide managers from NWCF activities with problem solving skills in the management of NWCF operations.

Subject Areas:

- Cost Accounting
- Cost Center
- Overhead Rates
- Acceleration Rates

- Billing
- A-11 Budget
- Material Management
- Procurement
- Financial and Cost Control

APPENDIX B. GLOSSARY OF FM AND RELATED TERMS AND ACRONYMS

Accounting and Disbursing Station Number (ADSN) A six-digit number that identifies the Activity which is responsible for performing the official accounting and reporting for the funds. See also Fiscal Accounting Station Number (FASN), Authorization Accounting Activity (AAA) and Fiscal Station Number (FSN).

Accounting Classification Code see Line of Accounting.

Accounting Processing Code (APC) A six-position alphanumeric code used to identify specific elements of the accounting classification and may use as a shortcut of entering numerous elements into the accounting system for each transaction. May also be referred to as the Activity Code, Fund Code (AC/FC or Act Cd, Fd Cd).

Accounts Receivable Sales Code (ARSC) A two- or three-position alphanumeric code that identifies the customer, activity or fund from which reimbursement is made. It applies to appropriation reimbursement transactions within Air Force appropriations and fund codes.

Allotment Serial Number (ASN) A three- to five-position code that identifies a particular distribution of funds.

Anti-deficiency Act (ADA) 31 U.S.C. § 1341 prohibits: (1) making or authorizing an expenditure from, or creating or authorizing an obligation under, any appropriation or fund in excess of the amount available in the appropriation or fund unless authorized by law; (2) involving the government in any contractor other obligation for the payment of money for any purpose in advance of appropriations made for such purpose, unless the

contract or obligation is authorized by law; (3) Accepting voluntary services for the United States, or employing personal services in excess of that authorized by law, except in cases of emergency involving the safety of human life or the protection of property; and (4) making obligations or expenditures in excess of an apportionment or reappropriation, or in excess of the amount permitted by agency regulations.

Appropriation Symbol (APPR SYM) A four-digit number that identifies the type of funds being used.

Appropriation Symbol (APPR SYM) A four-digit number that identifies the type of funds being used.

Army Management Structure Code (AMSCO) The AMSCO is a data element not to exceed 11 digits. It is the common language for interrelating programming, budgeting, accounting and manpower control through a standard classification of Army activities and functions. For some appropriations the AMSCO is also referred to as the Project Code. For FMS transactions, the FMS case number is the first three positions; the line number is in positions four through six.

Authorization Accounting Activity (AAA) A six-digit number that identifies the Activity which is responsible for performing the official accounting and reporting for the funds.

Available Obligation Period The period during which obligations may be incurred as specified by the appropriations. At the end of the period, the appropriation expires and no new obligations may be incurred.

Basic Appropriation Symbol (BAS) A four-digit number that identifies the type of funds being used.

Benchmark A technique used to calibrate an organization's efforts against a "best of class" yardstick.

Budget Authority An aggregate of mission oriented and support programs, resources and cost data included in the DoD Six Year Defense Program. It is a two-position alphanumeric code.

Budget Authorization Account Number (BAAN) A three-position code to identify individual approved construction projects. It pertains to Air Force military construction and military family housing appropriations.

Budget Program Activity Code (BPAC) A six-position alphanumeric code established for a classification below appropriation level to identify major budget programs and activities. It is applicable to Air Force procurement and RDT&E appropriations.

Business Management Modernization Program (BMMP) DoD initiative to integrate financial management and business operations into a joint Defense Department business enterprise through business transformation.

Combatant Commander (COCOM) A commander of one of the unified or specified combatant commands established by the President.

Cost Account Code (CAC) Codes established to classify transactions according to their purpose. It is normally the last four characters of the cost code of the Navy/Marine Corps

accounting classification code or, in a job order system, the third through the sixth digit of the job order number.

Cost Code (CC) The last element of Navy/Marine Corps accounting classification code. It is the source of information needed for the preparation of local reports and consists of 12 alphanumeric characters constructed as follows: Operating Target Number (1-3); Expense Element (4); Program Element (5-6); Functional/Subfunctional (7-8); Cost Account (9-12).

Cybernetics The study of information and its use in feedback processes.

Defense Finance and Accounting Service (DFAS) The financial and accounting branch of the U.S. Department of Defense (DoD). In addition to managing all DoD financial and accounting resources, the DFAS mission is to reduce costs and improve the quality of DoD financial management through the consolidation, standardization, and integration of procedures, operations, and systems.

Department Code The department code is a two- or four-digit code which identifies the military department or government entity receiving the appropriation.

Disbursement For purposes of matching a disbursement to its proper

Disbursement in Suspense Account A disbursement transaction that (1) has been reported to the Treasury Department (2) has not been identified to a specific fund holder or (3) is placed in a suspense account while research efforts are underway.

DoD Activity Address Code (DODAAC) The DODAAC is a six-position code assigned to identify specific units, activities or organizations authorized to direct, ship or receive material, documentation or billing.

Economy Act Order The Economy Act provides authority for federal agencies to order goods and services from other federal agencies (including other Military Departments and Defense Agencies) and to pay the actual costs of those goods and services. The Congress passed the Act in 1932 to obtain economies of scale and eliminate overlapping activities of the federal government. Within the Department, an activity within a DoD Component may place an Economy Act order with another activity within the same DoD Component, another DoD Component or with another federal agency for goods or services by issuance of a DD Form 448 (MIPR).

Electronic Data Interchange (EDI) The exchange of standardized document forms between computer systems for business use.

Electronic Funds Transfer (EFT) Transfer of money initiated through electronic terminal, automated teller machine, computer, telephone, or magnetic tape.

Extensible Markup Language (XML) A scripting language based on SGML that allows the creation of customized tags, which enable easier transmission and sharing of data across organizations.

Federal Acquisition Regulations (FAR) Established to codify uniform policies for acquisition of supplies and services by executive agencies. It is issued and maintained jointly, pursuant to the OFPP Reauthorization Act, under the statutory authorities granted to the Secretary of Defense, Administrator of General Services and the Administrator, National Aeronautics and Space Administration.

Financial Management Regulations (FMR) Provides all DoD components with the policy, regulation, and procedures within the area of responsibility of the Comptroller, Department of Defense. The Regulation consists of 15 volumes.

Fiscal Accounting Station Number (FASN) A six-digit number that identifies the Activity which is responsible for performing the official accounting and reporting for the funds.

Fiscal Year (FY) A one-position alphanumeric code that designates the year funds are available for obligation.

Fund Code (FC) A two-position code established for each Air Force appropriation, DoD funds allotted to Air Force and military assistance appropriations transferred to Air Force. These codes facilitate computer processing and are an element of the allotment code.

Information The communication or reception of intelligence or knowledge. It is the critical vehicle for performance, measurement, and management control.

Interdepartmental Bill (IDB) Transactions involving credits to the operating fund/appropriation of a military department, the defense supply agency or the general services administration with contra-charges to the appropriation or fund of another military department, the defense supply agency or the general services administration.

Internal Controls All the measures taken by the organization for the purpose of; (1) protecting its resources against waste, fraud, and inefficiency; (2) ensuring accuracy and reliability in accounting and operating data; (3) securing compliance with the policies of

the organization; and (4) evaluating the level of performance in all organizational units of the organization.

Job Order Number (JON) Defense. A six-digit alphanumeric code used to identify and track costs related to a specific project or job. The first position of the JON must be a 1 (Reimbursable Job Order Number) or 0 (zero, non-Reimbursable Job Order Number). The remaining five positions are assigned locally. Air Force. An eight-character alphanumeric code used to identify the job order number or work order number. The JON identifies the individual MIPR, NASA order, job order, etc., which will be billed for charges incurred. The work order number is a six-position number assigned by Base Civil Engineering Office.

Joint United States Military Advisory Group Thailand (JUSMAGTHAI) Is the U.S. Security Assistance Organization (SAO) in Thailand as well as the in-country office of primary responsibility for all US bilateral and multilateral military exercises and operations conducted in Thailand. The Chief of JUSMAGTHAI is the senior DoD representative, and USPACOM representative in Thailand. In addition to its military chain of command, JUSMAGTHAI is also responsible to the U.S. Ambassador to Thailand. Unlike most SAO's, JUSMAGTHAI has primary responsibility, or otherwise directly supports, a variety of missions. These include a robust Joint Combined bilateral Exercise Program (over 40 exercises per year), the largest International Military Education & Training (IMET) program in the world, the War Reserve Stockpile Thailand (WRS-T) program, Humanitarian Demining, and Counter drug missions.

Line of Accounting (LOA) Accounting classification elements on a document used to provide a uniform system of accumulating and reporting accounting information related to public voucher disbursements/refunds (collections). It eventually links specific costs to the appropriation level, using a standard document number (SDN).

Major Category Code (MCC) A sub-category of the Cost Code (positions 6-8) used in FMS transactions.

Major Force Programs (MFP) An aggregate of mission oriented and support programs, resources and cost data included in the DoD Six Year Defense Program. It is a two-position alphanumeric code.

Middleware Software that allows an application to interoperate with other software without requiring the user to understand and code the low-level operations necessary to achieve interoperability.

Military Interdepartmental Purchase Requests (MIPR), DD Form 448 One of the primary vehicles for funding customer requirements.

Mutual Logistics Support Agreement (MLSR) Agreements for certain mutual logistics support between the U.S. and governments of other NATO countries, NATO subsidiary bodies, other eligible foreign countries, the United Nations Organization, and any regional international organization of which the United States is a member. Authority includes the procurement of logistics support, supplies, and services; cross-servicing agreements for the reciprocal provision of logistics support, supplies, and services; and the acquisition or transfer of logistics support, supplies, and services on a reimbursable basis or by replacement in kind, or by exchange of equal value and establishes pricing principles for such transactions. DoD may not use this authority to procure from any foreign government or international organization any goods or services reasonably available from U.S. commercial sources.

Negative Unliquidated obligation (NULO) A disbursement transaction that has been matched to the obligation but the total disbursement(s) exceeds the amount of the obligation.

Object Class (OC) A four-position code that classifies transactions according to the nature of the goods procured or services performed rather than their purpose.

Operating Budget Authority (OBA) An official funding document issued to operating agencies which includes authorization for actual obligations for certain Air Force Industrial Fund activities and actual expenses financed from O&M and military personnel appropriations, including the reimbursable program. The OBA document is used at all levels to which operating budgets are issued.

Operating Budget Year (OBY) The period during which material is consumed or labor performed. Current, first prior and second prior years are reported. The current OBY may be associated with the same or any prior fiscal year. Prior OBY are associated only with the same prior fiscal year.

Operating Location (OPLOC) A Navy term for an activity designated by DFAS to perform accounting for another activity.

Performance Measurement and Control System The formal information based routines and procedures managers use to maintain or alter patterns in organizational activities.

Planning Conference One of usually several meetings in which designated unit personnel responsible for the conduct of an exercise meet to synchronize schedules, coordinate events, and liaison with support entities.

Problem Disbursement (PD) When obligations can't be matched or may be only partially matched with expenditures.

Procurement Defense Desktop (PD²) The standardized automated procurement system mandated for use by the DoD procurement community for generation and electronic transmission of contractual documents.

Property Accounting Activity (PAA) For Stores Account: the PAA is the Unit Identification Code (UIC) assigned to the activity designated to take up the property in the stores account. For Plant Property Account: the PAA is the UIC of the activity for which the plant property is purchased. For travel order identification: The travel order number will be shown on the accounting classification line following the transaction type code and preceding the cost code. For Fleet and Security Assistance Program Requisitions: the UIC of the requisitioner for procurement transactions relating to the operating forces; for Security Assistance Program requisitions citing FMS or Grant Aid appropriations, the UICs from the MILSTRIP requisition number will be cited. For RDT&E: the program element and project number. For Navy Working Capital Fund (NWCF) Budget Project: when the NWCF is reimbursed for an issue, the financing NWCF two-digit budget project number will be cited in the fifth and sixth positions of the element preceded by four zeros under the line of accounting data representing the appropriation charged; when the NWCF is reimbursed for a cash sale, this element will contain a four-digit customer code followed by the NWCF budget project number. For Military Personnel, Navy Subsistence-in-Kind Program: report the Julian date of the requisition preceded by two zeros.

Special Operations Decision Package (SODP) A four-digit code used to identify special visibility programs for the United States Special Operations Command.

Standard Document Number (SDN) A locally developed alphanumeric code that is utilized by accounting to track each obligation record through all accounting phases.

Standard Generalized Markup Language (SGML) An information-management standard adopted in 1986 by the International Organization for Standardization to script documents so that formatting, indexing, and linked information is defined across platform and applications.

Suballotment Number (SAN) A one-digit numeric or alphabetic character assigned by the suballotment grantor for regular suballotments. SANs are used as a separate element within an accounting classification

Subhead The limitation or subhead is a four digit suffix to the US. Treasury account number (basic symbol). The limitation is used to identify a subdivision of funds that restricts the amount or use of funds for a certain purpose or identifies sub-elements within the account for management purposes. On accounting documents, the limitation is preceded by a decimal point. If there is no limitation, leave these positions blank.

Transaction Type Code (TTC) A two-position code that classifies transactions by type (i.e., plant property, travel advances, progress payments).

Type Code (TC) A two-position alphanumeric identifier used to classify transactions for specific uses by either register reporting activities or by transaction recipients.

Unit Identification Code (UIC) A six-character code used to identify the organizational unit to which an employee is officially assigned by personnel action.

Unmatched Disbursement (UMD) Disbursement that cannot be matched to a existing obligation(s).

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