



# **ASA (FM&C) FY 07 Strategic Priorities**

**5 December 2006**

# FY06 Strategic Priorities for Army Financial Management

## 21<sup>st</sup> Century Financial Management Environment

- Constrained budget
- Increasing accountability, transparency
- Enterprise systems
- Emphasis on controls
- Need for timely resource decision-making
- Emphasis on results-oriented government

FY 06

FY 06

**Intent: Army financial management will be an effective, efficient provider of support to the Joint and expeditionary Army.**

**Mission: Provide the resources to support Army missions. Control the distribution of funds, account for Army assets and ensure the efficient and effective stewardship of the Nation's resources entrusted to Department of the Army.**

## Loyalty – Duty – Respect – Selfless-Service – Honor – Integrity – Personal Courage

### Overarching Strategy:

1. Develop a strategic process that aligns Army requirements with available resources

### Strategic Objectives:

- ① 1.1. Obtain resources
- ① 1.2. Reduce PPBE Unfunded Requirements in near term. Future State is Corporate Resource Management.
- ① 1.3. Control Percent Annual Systems Cost Growth

### Overarching Strategy:

2. Improve the quality of financial management information systems

### Strategic Objective:

- ① 2.1. Deploy GFEBS and Integrate With Other Business Systems

### Overarching Strategy:

3. Improve accountability and management controls for the Army enterprise

### Strategic Objectives:

- ① 3.1. Enhance the Army's Management Control Program
- ① 3.2. Meet Financial Improvement Audit Readiness (FIAR) Plan Objectives

### Overarching Strategy:

4. Execute effective financial management

### Strategic Objectives:

- ① 4.1. Establish and Track Cost Targets across the ARFORGEN Readiness Cycles to Monitor Through Quarterly Cost Management Reviews to the SRG
- ① 4.2. Track Army Business Transformation Savings

## Human and Financial Resources

**Risk: Increasing or constant requirements in the face of limited resources.**

# FY 07 Strategic Priorities for Army Financial Management

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## Loyalty – Duty – Respect – Selfless-Service – Honor – Integrity – Personal Courage

### Overarching Strategy:

1. Align resources to meet highest priority requirements as determined through a strategic management process

### Strategic Objectives:

- ① 1.1. Obtain, distribute and realign resources to achieve efficiently the Army's missions
- ① 1.2. Develop cross functional decision process. Future state is corporate resource management

### Overarching Strategy:

2. Improve accountability, quality of financial management, and information systems

### Strategic Objectives:

- ① 2.1. Deploy GFEBS and integrate with other business systems
- ① 2.2. Meet Financial Improvement Audit Readiness (FIAR) Plan objectives
- ① 2.3. Enhance the Army's Management Control and ADA Program

### Overarching Strategy:

3. Validate strategy and resource relationships

### Strategic Objectives:

- ① 3.1. Perform independent cost estimates of people, equipment, and operations as defined by strategy and doctrine
- ① 3.2. Design and conduct a quarterly review process that integrates cost and performance with strategy and readiness

### Overarching Strategy:

4. Implement Army Business Transformation

### Strategic Objectives:

- ① 4.1. Support Army wide Lean Six Sigma (LSS) and BT
- ① 4.2. Focus on results of financial management LSS projects Army-wide

## Human and Financial Resources

**Risk: Increasing or constant requirements in the face of limited resources.**

# Overarching Strategy

Align resources to meet highest priority requirements as determined through a strategic management process

## Goals FY 07

**1.1. Obtain, distribute and realign resources to achieve efficiently the Army's missions.**

**1.2. Develop cross functional decision process. Future state is corporate resource management.**

- Conduct reviews of 100% of all appropriated funds.
- Tailor reviews to allow for timely program adjustments and the reapplication of funds to meet Army priorities.

## Assessment

**1.1. Obtain, distribute and realign resources to achieve efficiently the Army's missions.**

- New SecDef and new Congress adds uncertainty to the resource process and may delay passage of the FY07 Supplemental.
- MILCON and MILQUAL continuing resolution will extend into the second quarter.
- Anticipated increase in congressional oversight may delay reprogramming actions.

**1.2. Develop cross functional decision process. Future state is corporate resource management.**

- Reprogrammings will receive increased scrutiny.
- The need to cash flow numerous programs will complicate execution analysis.

## Action Plan

**1.1. Obtain, distribute and realign resources to achieve efficiently the Army's missions.**

- Engage OSD, OMB and congressional staff to explain and defend the Army's request for resources or the need to realign resources.
- Distribute resources in a timely manner.
- Process reprogramming actions promptly.

**1.2. Develop cross functional decision process. Future state is corporate resource management.**

Using Army Posture Statement & Army Campaign Plan as a framework:

- Prepare a mid-year review hosted by the VCSA and USA.
- Provide financial input and analysis for the RESET Task Force.
- Conduct a quarterly review of OMA execution.
- Provide financial input and analysis to the monthly G1 manpower reviews.
- Collaborate with ASA (ALT) and G8 on an extensive mid-year review of procurement and RDT&E accounts.
- Monitor construction with ASA (I&E), ACSIM and COE.

## Metrics (\$Billions)

**1.1. Obtain, distribute and realign resources to achieve efficiently the Army's missions.**

- Appropriation Committee marks of the FY08 PB should be at least 97% of the Army's overall request – advise leadership of impacts and appeal those of leadership interest.
- Generate at least one-half of one percent of Army base program funding as available for reapplication to higher priority requirements.
- Obtain 98% of resources requested by OMB in the FY07 Emergency Supplemental.
- Process reprogramming actions to meet OSD(C) deadline of submission by the 5<sup>th</sup> of each month.

**1.2. Develop cross functional decision process. Future state is corporate resource management.**

- All appropriations are reviewed.
- Variances of +/- 5% from plan are analyzed for program adjustments.

# Overarching Strategy

## Improve accountability, quality of financial management and information systems

### Goals FY 07

### Assessment

#### 2.1. Deploy GFEBS and integrate with other business systems.

- Achieve GFEBS cost, schedule, and performance metrics to blueprint and build the common design for GFEBS deployment.
- Ensure the integration and interoperability among Single Army Financial Enterprise (SAFE), Single Army Logistics Enterprise (SALE), and Human Resources Enterprise (DIMHRS) business systems development to capture timely, accurate and relevant financial information in GFEBS.

#### 2.1. Current systems do not allow Army to meet standards of Federal Financial Management Integrity Act (FFMIA).

- Critical to keep on track to maintain GFEBS momentum, credibility, and top level support.
- Critical to synchronize key Army business system ERPs to capture ~80% of Army General Funds.
- Critical to provide timely, accurate, relevant, and integrated information to senior leadership for decision making.

### Action Plan

#### 2.1. Deploy GFEBS and integrate with other business systems.

- Successfully complete GFEBS Release 1.2 design and test readiness reviews in FY 07.
- Conduct weekly/as needed SAFE/SALE/HR interoperability GO/SES steering group to synchronize program schedules.
- Capture Installation Fixed Base (IFB) logistics functions and financial management functions in SAFE/SALE ERP integration.
- Continue analysis on last 10 financial legacy systems for categorization and disposition.

### Metrics

#### 2.1.1. Milestone Schedule.

|                                   | <u>Planned</u> | <u>Achieved</u> |
|-----------------------------------|----------------|-----------------|
| - Preliminary Design Review (PDR) | MAR 07         |                 |
| - Critical Design Review (CDR)    | JUL 07         |                 |
| - Test Readiness Review (TRR)     | SEP 07         |                 |
| - IFB embedded in ERP Scope       | SEP 07         |                 |

#### 2.1.2. Legacy System Categorization and Disposition.

##### Systems Categorization:

|              | Goal | Actual |
|--------------|------|--------|
| FY06 Results | 209  | 199    |
| FY07 Results | 10   | 0      |

##### Disposition of Categorized Systems:

|                                   |    |
|-----------------------------------|----|
| Systems Eliminated:               | 11 |
| Systems to be Integrated:         | 76 |
| Systems Eliminated by GFEBS:      | 87 |
| Systems Eliminated by Others:     | 25 |
| Systems Requiring Add'l Analysis: | 10 |

# Overarching Strategy

## Improve accountability, quality of financial management, and information systems

### Goals FY 07

### Assessment

#### 2.2. Meet Financial Improvement Audit Readiness (FIAR) Plan objectives.

- Complete 29 requirements on schedule.

#### 2.2. Meet Financial Improvement Audit Readiness (FIAR) Plan objectives.

- Expect adjustment to FIAR plan milestones as audit requirements are defined.
- 7 of 9 first quarter requirements on schedule, expect 2 requirements related to real property to be revised.

#### 2.3. Enhance the Army's Management Control and Antideficiency Act (ADA) Programs.

- 2.3.1.** Correct one material weakness in Fiscal Year 2007.
- Reserve Component Mobilization Accountability (DCS,G-3).
- 2.3.2.** Reduce FY 06 open ADA formal cases by 100% and preliminary cases by 80%.

#### 2.3. Enhance the Army's Management Control and Antideficiency Act (ADA) Programs.

- 2.3.1.** Expect to close one material weakness on schedule.
- 2.3.2.** Expect to significantly reduce open ADA cases (preliminary and formal).

### Action Plan

### Metrics

#### 2.2. FIAR Plan.

- Engage OSD, GAO, and DOD-IG to stabilize audit requirements.
- Assess progress quarterly.

#### 2.2 FY 2007 Key Milestone Schedule.

|                               | <u>Planned</u> | <u>Completed</u> | <u>Behind Schedule</u> | <u>Revised</u> |
|-------------------------------|----------------|------------------|------------------------|----------------|
| <b>1<sup>st</sup> Quarter</b> | 9              | 0                | 0                      | 0              |
| <b>2<sup>nd</sup> Quarter</b> | 4              | 0                | 0                      | 0              |
| <b>3<sup>rd</sup> Quarter</b> | 5              | 0                | 0                      | 0              |
| <b>4<sup>th</sup> Quarter</b> | 11             | 0                | 0                      | 0              |

#### 2.3.1. Correct Material Weaknesses.

- AAA validate Reserve Component Mobilization Accountability (G-3).
- Oversee Material Weakness reporting process through quarterly status meetings, semi-annual Senior Level Steering Group meetings, and the Army's Annual Statement of Assurance to the Secretary of the Army.

#### 2.3.1. Correct Material Weaknesses.

| FY 07       |               |
|-------------|---------------|
| <u>Goal</u> | <u>Actual</u> |
| 1           | 0             |

#### 2.3.2. Resolve ADAs.

- Senior RMs (ACOM/ASCC/DRU) brief ASA (FM&C) on quarterly basis.
- No extensions granted.
- Streamline the investigation process.

#### 2.3.2. Status of Open ADA Investigations.

|                    | <u>Baseline</u><br><u>1 OCT 06</u> | <u>Goal</u> | <u>Actual</u> |
|--------------------|------------------------------------|-------------|---------------|
| <b>Formal</b>      | 23                                 | 0           | 22            |
| <b>Preliminary</b> | 16                                 | 3           | 15            |

# Overarching Strategy

## Validate strategy and resource relationships

### Goals FY 07

- 3.1. Perform independent cost estimates of people, equipment and operations as defined by strategy and doctrine.
  - All Army major equipment decisions are supported by independent cost estimates.
  - Provide independent cost estimate of the QDR strategy.
  - Provide comparison of independent cost estimates for personnel, equipment, and operations and funded PEG requirements.
- 3.2. Design and conduct a quarterly review process that integrates cost and performance with strategy and readiness.
  - Design an Army Cost Management Enterprise Alignment that:
    - Integrates with SMS (strategy) and SRU (readiness).
    - Provides an enterprise view – full cost by brigade.
    - Operates through the ARFORGEN cycle.

*Measure readiness at the right cost*

### Assessment

- 3.1. Perform independent cost estimates of people, equipment and operations as defined by strategy and doctrine.
  - There is no cost estimate of the gap between strategy and resources.
  - There is no assessment of the gap between an independent cost estimate for personnel, equipment, and operations and PEG-funded requirements.
- 3.2. Design and conduct a quarterly review process that integrates cost and performance with strategy and readiness.
  - There is no enterprise cost management approach to integrate efforts to ensure cost-wise & responsive delivery of warfighting capabilities.

### Action Plan

- 3.1. Perform independent cost estimates of people, equipment and operations as defined by strategy and doctrine.
  - Conduct independent capability cost estimates for AROC and JCID.
  - Develop ICE & prepare ACP using Cost Review Board for major acquisition decisions.
  - Complete cost estimate of the QDR strategy, personnel, equipment and operations cost estimates in support of PPBES.
- 3.2. Design and conduct a quarterly review process that integrates cost and performance with strategy and readiness.
  - Coordinate enterprise cost management alignment approach with ARSTAFF; Obtain CSA/VCSA approval.
  - Align / integrate Program & Budget execution with Strategy Map initiatives.
  - Align / integrate cost management enterprise owners to SRU (readiness).

### Metrics

- 3.1. Perform independent cost estimates of people, equipment and operations as defined by strategy and doctrine.
  - Percentage of acquisition independent cost estimates completed prior to 90 day standard.
  - Strategy/resource gap estimate completed by MAR 07.
  - Gap between independent cost estimates for personnel, equipment, and operations and PEG-funded requirements beginning MAR 07 and for subsequent POM file positions.
- 3.2. Design and conduct a quarterly review process that integrates cost and performance with strategy and readiness.
  - Design of Army Cost Management Enterprise Alignment and review process by FEB 07.
  - SRU quarterly update beginning 2Q FY 07.
  - SMS quarterly update 30 days after close of each quarter.

# Overarching Strategy

## Implement Army Business Transformation

### Goals FY 07



#### 4.1. Support Army wide Lean Six Sigma (LSS) and BT.

- Provide financial management guidance and cost estimating tools to LSS users.
- Provide Army-wide roll up of LSS & BT financial results.



#### 4.2. Focus on results of financial management LSS projects Army-wide.

- 4.2.1. Deploy LSS in FM&C.
- 4.2.2. Improve internal ASA (FM&C) processes.
- 4.2.3. Improve Army-wide financial and cost management processes.

### Action Plan

#### 4.1. Support Army wide Lean Six Sigma (LSS) and BT.

- Deploy BT Financial Workbook & place on LSS portals.
- With PowerSteering, collaboratively develop Army-wide rollup of LSS & BT financial results.
- Provide senior leader reports to communicate financial benefits (savings and cost avoidance) outside Army: nominate projects for audits.

#### 4.2. Focus on results of financial management LSS projects Army-wide.

- 4.2.1. Deploy LSS in FM&C.
  - Complete training of executives, staff, green belts.
- 4.2.2. Identify internal FM&C projects which support strategic objectives.
  - Initiate projects/rapid improvement events (RIEs).
- 4.2.3. Identify and initiate LSS projects on Army-wide processes starting with these: Army cost estimation for major weapons acquisition & Army process to procure and pay vendors for purchases.

### Assessment

#### 4.1. Support Army wide Lean Six Sigma (LSS) and BT.

- LSS needs financial management guidance and tools to report LSS and BT financial results in a consistent and auditable manner.
- FM&C developed a BT Financial Workbook to assist LSS projects.
- Next Step: complete collaborative effort to rollup project financial results.

#### 4.2. Focus on results of financial management LSS projects Army-wide.

- 4.2.1. FM&C is deploying LSS and needs to complete training.
- 4.2.2. FM&C processes hold potential for improvement in cycle time and cost.
- 4.2.3. Army-wide financial processes hold potential for significant improvement in cycle time and cost.

### Metrics

#### 4.1. Support Army wide Lean Six Sigma (LSS) and BT.

- Army-wide rollup of LSS & BT financial results by MAR 07.
- Financial benefit reports for SA to share outside Army by APR 07.

#### 4.2. Focus on results of financial management LSS projects Army-wide.

##### 4.2.1. FM&C LSS deployment metrics.

| Metric                                  | Goal | Actual |
|---|------|--------|
| Percent of auditable FY 07 LSS projects | 30%  |        |
| Executives trained                      | 100% |        |
| Situation awareness for staff           | 90%  |        |
| Green Belts trained                     | 23   |        |

- 4.2.2. Number of projects initiated (vs. goal of 23); cycle time reduced (vs. goal of 30%); and cost reduction within FM&C (vs. goal of \$1M).
- 4.2.3. Cycle time reduced for Army-wide processes (vs. goal of 30%); and cost reduction (vs. goal of \$10M).