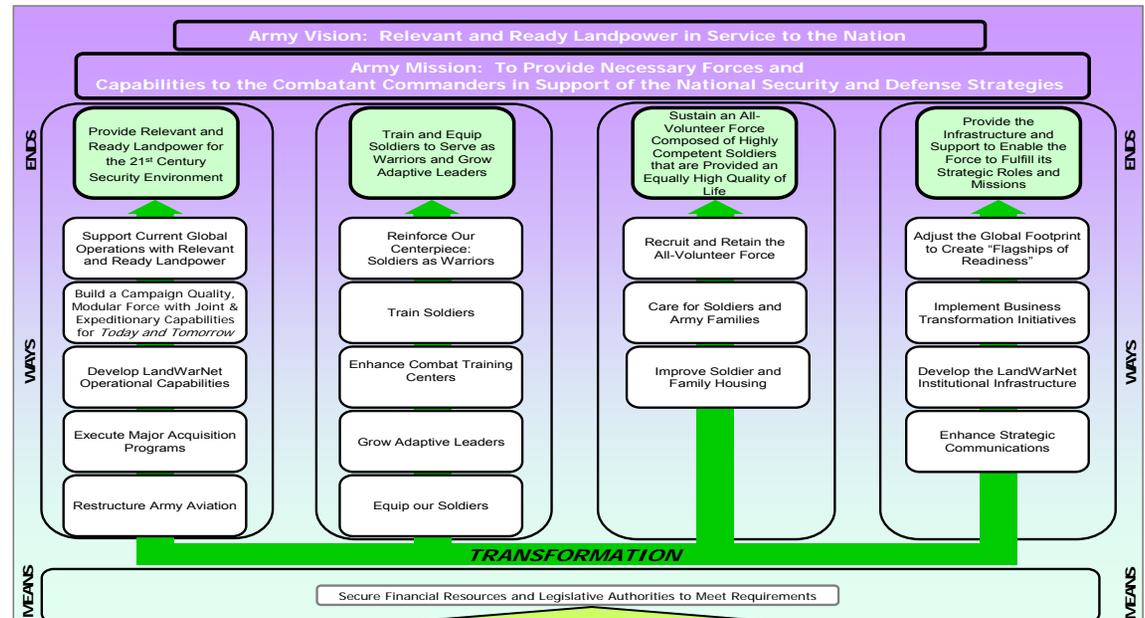


**ASA(FM&C)**  
**FY06 Strategic Priorities**  
**2nd Quarter Update**

29 June 2006

# Alignment of FM Strategic Priorities to the Army Strategy Map

**All FM strategic objectives align to the Army Strategic Initiative titled "Secure Financial Resources and Legislative Authorities to Meet Requirements."**



5 JAN 06

## Alignment to Strategic Objectives

**FY05 Strategic Priorities for Army Financial Management**

**21st 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

**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	Loyalty – Duty – Respect – Selfless-Service – Honor – Integrity – Personal Courage	Loyalty – Duty – Respect – Selfless-Service – Honor – Integrity – Personal Courage	Loyalty – Duty – Respect – Selfless-Service – Honor – Integrity – Personal Courage
<b>Overarching Strategy:</b> 1. Close the gap between Army requirements and funding  <b>Strategic Objectives:</b> 1.1. Obtain resources: - FY05 supplemental - FY06 supplemental - FY07-11 POM 1.2. Reduce requirements  <b>FM Operational Objective:</b> 1.3. Challenge Acquisition Cost and Eliminate the Gap	<b>Overarching Strategy:</b> 2. Improve the quality of financial management and information systems  <b>Strategic Objectives:</b> 2.1. Deploy GFEBs and integrate with other business systems 2.2. Eliminate redundant legacy systems	<b>Overarching Strategy:</b> 3. Improve accountability and management controls for the Army enterprise  <b>Strategic Objectives:</b> 3.1. Monitor Army Budget Performance Integration (BPI) metrics 3.2. Correct material weaknesses  <b>FM Operational Objectives:</b> 3.3. Establish Controller functions 3.4. Improve management controls	<b>Overarching Strategy:</b> 4. Execute effective financial management  <b>Strategic Objective:</b> 4.1. Execute budgeted resources IAW plan  <b>FM Operational Objectives:</b> 4.2. Analyze execution and develop controls on selected programs 4.3. Conduct Internal Lean / Six Sigma and Cost Management / ABC 4.4. Provide training, education, and leadership development to the FM Future Force
<b>Human and Financial Resources</b>			
<b>Risk: Increasing or constant requirements in the face of limited resources.</b>			

**Transition to FY06 Goals**

**2nd Quarter FY06 Strategic Priorities for Army Financial Management**

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<b>Overarching Strategy:</b> 1. Develop a strategic process that aligns Army requirements with available resources  <b>Strategic Objectives:</b> 1.1. Obtain resources 1.2. Reduce PPBE Unfunded Requirements in near term. Future State is Corporate Resource Management. 1.3. Control Percent Annual Systems Cost Growth	<b>Overarching Strategy:</b> 2. Improve the quality of financial management information systems  <b>Strategic Objective:</b> 2.1. Deploy GFEBs and Integrate With Other Business Systems	<b>Overarching Strategy:</b> 3. Improve accountability and management controls for the Army enterprise  <b>Strategic Objectives:</b> 3.1. Enhance the Army's Management Control Program 3.2. Meet Financial Improvement Audit Readiness (FIAR) Plan Objectives	<b>Overarching Strategy:</b> 4. Execute effective financial management  <b>Strategic Objectives:</b> 4.1. Establish and Track Cost Targets across the ARFORGEN Readiness Cycles to Monitor Through Quarterly Cost Management Reviews to the SRG 4.2. Track Army Business Transformation Savings
<b>Human and Financial Resources</b>			
<b>Risk: Increasing or constant requirements in the face of limited resources.</b>			

= FY06 FM objectives that were continued from FY05; all other objectives are new or improved

# 2nd Quarter FY06 Strategic Priorities for Army Financial Management

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

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- Increasing accountability, transparency
- Enterprise systems
- Emphasis on controls
- Need for timely resource decision-making
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## 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. Obtain resources
-  1.2. Reduce PPBE Unfunded Requirements in near term. Future State is Corporate Resource Management.
-  1.3. Control Percent Annual Systems Cost Growth

### Overarching Strategy:

2. Improve the quality of financial management information systems

### Strategic Objective:

-  2.1. Deploy GFEBS and Integrate With Other Business Systems

### Overarching Strategy:

3. Improve accountability and management controls for the Army enterprise

### Strategic Objectives:

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

### Overarching Strategy:

4. Execute effective financial management

### Strategic Objectives:

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

## Human and Financial Resources

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

# Overarching Strategy

## Develop a Strategic Process That Aligns Army Requirements With Available Resources

### Goals FY06

FY07

FY08

-  **1.1. Obtain Resources**      \$110.6 Billion    \$116.1 Billion
-  **1.2. Reduce PPBE Unfunded Requirements in near term. Future State is Corporate Resource Management.**
  - Near Term: - Reduce requirements on the FY08-13 POM/BES
    - Fund 100% of Critical Requirement
  - Long Term: - Cross Functional Corporate Decision Process
    - MDEP by BCTs Linked to ACP
-  **1.3. Control Percent Annual Systems Cost Growth**
  - Achieve the OSD goal of 0% cost growth
  - Shift to semi-annual DoD reporting

### Assessment

- 1.1. Obtain Resources**
  - Pressures to reduce the deficit make funding increases less likely
- 1.2. Reduce Unfunded Requirements and Improve PPBE Process**
  - Current process does not lend itself to distinguish which UFRs are truly critical and which are merely good ideas
  - Greatest gain to be made by reviewing requirements, particularly those on the books for multiple years
- 1.3. Control Systems Cost Growth**
  - Reviewing the annual selected acquisition reports (SAR) that are provided to Congress provides visibility into the various reasons for program funding growth
  - Requirement creep, programmatic changes, and inaccurate cost estimates are the root causes of cost growth in system acquisition

### Action Plan

- 1.1. Obtain Resources**
  - FY07 – Engage OSD & OMB leadership during top line discussions.
  - Justify budget submissions to Congress and minimize reductions to Army TOA.
- 1.2. Reduce Unfunded Requirements and Improve PPBE Process - 06**
  - Insert more rigor into PPBE process, increase analysis
    - Used ACP as benchmark to identify critical requirements
    - Critical requirements have performance metrics by MDEP
    - Iterative TGM to tell PEGs priority resourcing – Feb 06
    - PEG's develop model driven, performance based requirements
- 1.3. Control Systems Cost Growth**
  - Utilize SAR cost growth data to better understand the reasons for program growth
  - Develop better tools and models to improve cost estimates for funding positions that are provided to OSD, OMB, and Congress

### Metrics (\$Billions)

#### 1.1. Obtain Resources

	FY07 Funding	
	Goal	Actual
FY07 President's Budget	\$110.6 Billion	\$111.8 Billion*

\* Includes \$1.4 Billion in DOD CHEM DEMIL funds

#### 1.2. Reduce Unfunded Requirements

	Goals	Actual
FY 08-13 Funded Critical Requirements (%)	100%	82.4%
FY 08 Funded Critical Requirements (%)	100%	81.0%
FY 08 Critical Requirements		\$141.0
FY 08 Current Funding (as of June)		\$114.2

#### 1.3. Control Systems Cost Growth

% Annual Major Systems Cost Growth

- The 2.3% growth for Army systems, excludes FCS program due to program restructure

	FY05	
	Goal	Actual
Army	0%	2.3%
DoD	0%	6.1%

# Overarching Strategy

## Improve the Quality of the Financial Management Information Systems

### Goals FY06



#### 2.1. Deploy GFEBs

- Perform Business Process Reengineering on Real Property Inventory (RPI) and associated Financial and Budget requirements
- Successfully demonstrate capabilities to meet BPR using commercial off the shelf product SAP
- Successfully participate as an initial test case in the OSD Enterprise Risk Assessment Model (ERAM) pilot program
- Continue preparation of documentation to achieve Milestone B approval following ERAM pilot

#### Eliminate Legacy Systems

- Identify and categorize 209 financial systems and recommend disposition

### Assessment

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

- Unable to provide financial information for clean audit
- Costly legacy systems and processes
- Real Property Inventory data outdated and incorrect
- Commercial Off the Shelf (COTS) solution indicated

### Action Plan

#### 2.1. Deploy GFEBs

- Conduct and assess training capabilities
- Conduct Technology Demonstration of Real Property Inventory
- Participate in ERAM pilot April through September 2006

#### Eliminate Legacy Systems

- Use business process reengineering / mapping blue print to determine which systems will be subsumed by GFEBs
- Capture results of systems analysis within the Single Army Financial Enterprise (SAFE) Architecture
- Categorize 209 financial systems and develop retirement strategy

### Metrics

#### Dates

#### 2.1. Milestone Schedule

	<u>Planned</u>	<u>Achieved</u>
- Perform BPR for RPI	JAN 06	FEB 06
- Demo Capabilities IPR	JUL 06	
- MS B Approval	FEB 07	

#### Legacy System Disposition

	FY06		Disposition of Categorized Systems:	
	Goal	Actual		
Systems to be Categorized	209	147	Systems to be Integrated:	51
			Systems Eliminated by GFEBs:	77
			Systems Eliminated by Others:	19
			Systems Requiring Additional Analysis:	62

# Overarching Strategy

## Improve Accountability and Management Controls for the Army Enterprise

### Goals FY06

-  **3.1. Correct 4 of 6 Material Weaknesses in Fiscal Year 2006**  
**Weaknesses due to close in FY 2006**
  - Reserve Component Mobilization Accountability (DCS, G-3)
  - Line-of-Duty/Incapacitation Pay (NGB) **(Closed)**
  - Manpower Requirements Determination System (DCS, G-1) **(Closed)**
  - Financial Reporting of General Equipment (ASA (FM&C))
-  **3.2. Complete Financial Improvement and Audit Readiness (FIAR) Milestones on Schedule**

### Assessment

- 3.1. Correct Material Weaknesses**
  - Corrected and closed two weaknesses ahead of schedule
    - Line-of-Duty/Incapacitation Pay (NGB)
    - Manpower Requirements Determination System (DCS, G-1)
  - Status two weaknesses scheduled for closure FY-06
    - Reserve Component Mobilization Accountability (DCS, G-3)
    - Financial Reporting of General Equipment (ASA (FM&C))
    - Proponents indicate on track to close FY06
- 3.2. Complete FIAR Milestones on Schedule**
  - Met all 1<sup>st</sup> Qtr milestones
  - Met two of five 2<sup>nd</sup> Qtr milestones; 3 milestone dates revised based on new requirements

### Action Plan

- 3.1. Correct Material Weaknesses**
  - AAA validated Reserve Component Mobilization Accountability(G3) and Financial Reporting of General Equipment (ASA-FM&C)
  - Reopen new weakness to address additional requirements not identified initially.
  - DASA (FO) oversees Material Weaknesses reporting process through quarterly status meetings, semi-annual Senior Level Steering Group meeting, and the Army's Annual Statement of Assurance to the Secretary of the Army
- 3.2. FIAR Plan**
  - Audit requirements not fully defined
  - As new requirements identified, assessment made, milestones adjusted
  - Working schedule, volatility expected until requirements are defined

### Metrics

#### 3.1. Correct Material Weaknesses

FY06	
Goal	Actual
4	2

**Material Weaknesses due to close beyond FY 2006**

#### 3.2. FY 2006 Key Milestone Schedule

	<u>Planned</u>	<u>Completed</u>	<u>Behind Schedule</u>	<u>Revised</u>
<b>1st Quarter</b>	2	2	0	0
<b>2nd Quarter</b>	5	2	3	3
<b>3rd Quarter</b>	9	0	0	5
<b>4th Quarter</b>	10	0	0	2

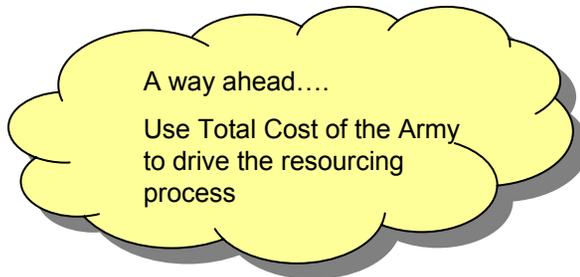
# Overarching Strategy

## Execute Effective Financial Management

### Goals FY06

#### 4.1. Establish and Track Cost Targets across the FY08 Readiness Cycle to monitor through Quarterly Reviews

- Ensure Resources are being directed towards Transformation Goals



### Assessment

#### 4.1. Establish and Track Cost Baselines

- Developed cost elements (equip, O&S) for Army Brigades and other units:

Combat Brigade	Higher HQ Brigades	Key Multi-Functional Brigades
70	24	30

- Developed Full Cost to Army based on FY 13 Doctrinal Structure
- Revised Financial Accounting Structure to begin Capturing OPTEMPO Execution by Brigade
- Aligning Total Army Cost Elements by MACOM/OA to track cost and performance execution

### Action Plan

#### 4.1. Establish and Track Cost Baselines

- ✓ Support the ARFORGEN model as defined in the ACP
- ✓ Define Major Cost Elements that Fully Cost Brigades
- ✓ Develop Baseline Unit Cost and Set Cost Targets
- ✓ Collect Actual Cost Execution Data at Brigade Level
- ✚ Measure Actual Cost Execution Against Cost Targets
- ✚ Use Cost Elements to Measure our Outputs and in Cost Performance Reviews
  - Use Cost Elements as Core Requirements in GFEBs
  - Use Cost Elements to Inform the PPBE Process
- ✓ - Completed
- ✚ - Projected for completion in 4<sup>th</sup> quarter 2006

### Metrics

#### 4.1. Tracking the Cost of the Modular Force

	Personnel	Equipment	Train	Base Support
<b>Brigade Combat Teams</b>	Direct	Direct	Direct	Indirect
<b>Multi-Functional Bdes</b>	Direct	Direct	Direct	Indirect
<b>Higher Headquarters</b>	Direct	Direct	Direct	Indirect

#### Direct:

**Personnel** - Cost of Personnel On Hand from Unit Status Reports

**Equipment** - Cost of Equipment On Hand from Property Books

**Train** - Track OPTEMPO Execution from Accounting System

#### Indirect:

**Base Support** - Allocate Installation Execution Costs from Accounting System to Units

# Overarching Strategy

## Execute Effective Financial Management

### Goals FY06

### Assessment

#### 4.2. Track Army Business Transformation Data in the Cost & Performance Portal (CPP)<sup>1</sup>

- Create Cost & Performance Portal (CPP) to provide access to the Performance Metrics Warehouse and Business Transformation Metrics.
- Provide executive reports showing BT cost savings, project status, and efficiency improvements.
- Collect and maintain BT project data from PowerSteering and other sources.

#### 4.2. Track Army Business Transformation Data in the Cost & Performance Portal (CPP)

- Developing staff FM guidance on tracking cost reductions by BT initiatives.
- Developing data interface with PowerSteering for capturing BT project data.
- Developing standard template for capturing non-PowerSteering BT project data.

### Action Plan

#### 4.2. Track Army Business Transformation Data in the Cost & Performance Portal (CPP)

- CPP to provide data interface with PowerSteering to capture BT project data.
- CPP to provide standard template for capturing BT data for non-PowerSteering projects.
- CPP to provide tools for strategic communications for all BT efforts.

### Metrics

#### 4.2. Track Army Business Transformation Data in the Cost & Performance Portal (CPP)

- Number of completed projects.
- Project status.
- Baseline, cost reduction, and productivity by organization.

<sup>1</sup> The Cost & Performance Portal (CPP) contains the Performance Metrics Warehouse and Business Transformation Metrics.