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Exhibit R-2/R-2a, RDT & E Budget Item Justification								JULY 2001	
Appropriation/Budget Activity ENGINEERING AND MANUFACTURING DEVELOPMENT DEFENSE WIDE, BUDGET ACTIVITY 5					Item Nomenclature Financial Management Improvement System PE 0605016D8Z				
Cost (\$ in Millions)	FY 2001	FY 2002	FY 2003	FY 2004	FY 2005	FY 2006	FY 2007	Cost to Complete	Total Cost
Total PE Cost	1.0*	100.0						Continuing	Continuing

A. Mission Description and Budget Item Justification

BRIEF DESCRIPTION OF ELEMENT

This program element is to provide funding for the development and design of a Department of Defense (DoD) wide financial management system architecture. This architecture is planned to be used in guiding the modernization of the financial management systems currently in use within the Department, to correct existing deficiencies and to improve financial and related nonfinancial feeder systems. (Nonfinancial feeder systems include, but are not limited to, those in support of acquisition, medical, transportation, property, inventory, supply, personnel and other functions that provide (or feed) financial information to the Department’s financial systems.) The new architecture is a high priority for the Secretary of Defense and is required for the Department to have timely, accurate and reliable financial data for use in making effective management decisions and achieving favorable audit opinions on financial statements.

Program Accomplishments and Plans/New Starts:

FY 2001 Accomplishments:

* Funds to initiate this effort were not included in the FY 2001 budget but have been included in the FY 2001 Omnibus Reprogramming request. These funds will be used only if approved by Congress.

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FY 2002 Plans:			
<ol style="list-style-type: none"> 1. (25,900) Develop a Department-wide architecture to guide financial management modernization and reform efforts. The resulting architecture is planned to be used to manage financial management systems and business operations across the DoD Components, clearly defining organizational business relationships and functions, and defining technical solutions for the Department's integrated financial management network. 2. (28,200) Define standard Department-wide data requirements and develop a plan for implementing such standard data requirements. Currently, DoD Components do not employ standard financial management data elements and definitions within their various systems. By defining and implementing DoD-wide standard data requirements, the Department's financial management systems—as modified and implemented in accordance with the DoD-wide architecture—is expected to increase and provide more efficient interoperability and generate more reliable, consistent and relevant management information. 3. (30,200) Document (i.e., map) the flow of financial management transaction data from origin to financial and other management reports. In order to better ensure the reliability, relevance and consistency of financial data used by DoD managers and decision makers, it is essential that such data be subjected to adequate internal controls and processed in accordance with applicable federal and DoD standards. By defining management data requirements and documenting the flow of financial data and the processes that impact such data, the Department expects to be in a position to greatly enhance the quality and veracity of its management information. 4. (15,700) Develop and implement a process for achieving compliance in the Department's financial and nonfinancial (feeder) systems. Currently, most of the Department's financial management and critical feeder systems do not satisfactorily meet pertinent federal requirements. By bringing its systems into compliance with applicable federal management requirements, the Department expects to be in a position to reduce systems operating costs, generate more reliable data for managers and decision-makers, and achieve more favorable audit opinions on its financial statements. 			
<u>B. Program Change Summary</u>	<u>FY2000</u>	<u>FY2001</u>	<u>FY 2002</u>
Previous President's Budget	0	0	0
Appropriated Value	0	0	100.0
Congressional Directed Transfer	0	0	0
Adjustment to Appropriated Value/Transferred Amount	0	0	0

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a. Congressional realignment	0	0	0
b. Congressionally Directed Undistributed Reductions	0	0	0
c. Other (DoD Program Changes)	0	1.0	0
<p>Current Budget Submit/President's Budget</p> <p>Funding: New Program in FY 2002</p> <p>Schedule: Perform studies and design work in FY 2002.</p> <p>Technical: Not Applicable</p> <p>C. <u>Other Program Funding Summary:</u> N/A</p> <p>D. D. <u>Acquisition Strategy:</u> The strategy will be to contract with the private sector for required effort, to include public accounting firms.</p>			

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Exhibit R-3, RDT & E, DW Project Cost Analysis										Date: July 2001		
APPROPRIATION: RDT&E, BUDGET ACTIVITY: 5					PROGRAM ELEMENT: 0605016D8Z					FINANCIAL MANAGEMENT IMPROVEMENT SYSTEM		
Cost Categories	Contract Method & Type	Performing Activity & Location	Total PYs Cost	FY 00 Cost	FY 00 Award Date	FY 01 Cost	FY 01 Award Date	FY 02 Cost	FY 02 Award Date	Cost to Complete	Total Cost	Target Value of Contract
Develop Architecture	TBD	TBD*		0	N/A	1.0	8/01	25.9	TBD			
Data Standardization	TBD	TBD*		0	N/A	0	N/A	28.2	TBD			
Document Flow	TBD	TBD*		0	N/A	0	N/A	30.2	TBD			
System Compliance	TBD	TBD*		0	N/A	0	N/A	15.7	TBD			

* Office of the Under Secretary of Defense (Comptroller) will be the overseeing agency, however, most of the effort will be accomplished by contract.

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