



DEPARTMENT OF THE NAVY  
OFFICE OF THE ASSISTANT SECRETARY  
(FINANCIAL MANAGEMENT AND COMPTROLLER)  
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WASHINGTON, D.C. 20350-1000

7362.2  
FMO

DEC 19 2001

MEMORANDUM FOR DISTRIBUTION

Subj: DEPARTMENT OF THE NAVY SYSTEMS MODERNIZATION APPROVAL  
GUIDANCE

Ref: (a) ASN(FM&C) memo of 30 Nov 01

Encl: (1) ASN(FM&C)/DONCIO Process  
(2) New Initiative Requirements  
(3) ERPs and Systems Under Development Requirements  
(4) Operational System Change Requests

By reference (a), guidance was issued advising of new Under Secretary of Defense (Comptroller) (USD(C)) approval requirements for all financial and non-financial feeder systems. This memo provides detailed instructions for complying with that guidance. In all cases, program managers, in coordination with their financial management command representatives must come through this office to seek approval. Enclosure (1) provides an outline of the approval process. Enclosures (2) through (4) address specific request/briefing requirements for new system initiatives, Enterprise Resource Planning (ERP) pilots and systems under development, and operational system changes, respectively.

Briefings should address each topic contained in the enclosures as appropriate. In the case of operational system changes, if it is believed that the proposed changes fall within priority 1 or 2, then it is not necessary to prepare a brief. Instead, addressees should forward, by memo, a brief explanation of the change(s) and the reason why it should be categorized as priority 1 or 2. Approval of the operational system change will be based on that explanation.

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### **ASN(FM&C)/DONCIO Process**

Below are the process steps that will be used to implement the controls and conditions outlined in the Department of the Navy (DON) Memorandum dated 30 November 2001 in support of USD(C)'s 'Defense Financial Management Modernization Program - System Initiatives', and 'Deployment of Financial Management ERP Systems':

1. System Program Manager/Management Command submits request for approval to the Assistant Secretary of the Navy (Financial Management and Comptroller) (ASN(FM&C)), Office of Financial Operations (FMO)

2. FMO forwards request to DON Chief Information Officer (CIO), and other interested organizations.

3. FMO schedules briefing with ASN(FM&C) and DONCIO.

4. Results of DON level briefing are conveyed as follows:

a. ASN(FM&C)/DONCIO approves System Change Requests (SCRs) identified as Priority 1 and Priority 2.

b. FMO coordinates USD(C) brief in concert with DONCIO (for new initiatives, new development/ERPs, and priority 3 and lower SCR's).

c. ASN(FM&C)/DONCIO denies request.

d. ASN(FM&C)/DONCIO formally relays USD(C) decision(s) based on outcome of briefing.

Note: Priority 1 and 2 SCR's (as determined by ASN(FM&C)) do not require brief with USD(C). The following chart outlines process steps required for initiatives and SCR's:

Process Step	Priority 1 and 2 SCRs	Priority 3 and lower SCRs	New System Initiatives	ERPs and Systems Under Development
1.	X	X	X	X
2.	X	X	X	X
3.		X	X	X
4a.	X			
4b.		X	X	X
4c.	X	X	X	X
5.		X	X	X

## **New Initiative Requirements**

- Project Mission, Scope, and Objective
- High Level Functional and Technical System Description
- Baseline Budget and Schedule (Dollars and FTEs over POM)
- Estimated Cost Savings/Avoidance
- Annual benefits to the Department if the mission need is satisfied (quantify to the degree practical)
- Results of Business Process Review and Improvement
- Mission Need Statement
  - Overview of mission area
  - Need capability in terms of function(s) to be performed
  - Current capability (as-is environment)
  - Current capability deficiency
  - Impact of deficiency on mission
  - Timeframe of when deficiency will seriously affect the Departments' ability to perform
- Trade-off Studies
  - Non-material alternatives evaluated
  - Material alternatives evaluated
- Integration with other Financial/IT Community architecture(s)
- Other Documentation
  - Clinger-Cohen Act (CCA) Certification and/or Confirmation of Compliance as required (Milestone A requirements)
  - Proposed Milestone A exit criteria
  - Copy of any Request for Quotation/Proposal

## ERP and Systems Under Development Requirements

- Project Mission, Scope, and Objectives
- High Level Functional and Technical System Description
- Mission Need Statement
- Baseline and Actual Budget and Schedule
  - Deployment/Production Plans
    - Objective
    - Schedule (baseline plus actual)
    - Budget (baseline plus actual)
  - Operations
    - Support Cost
- Estimated Cost Savings/Avoidance
- CCA Certification and/or Confirmation of Compliance Rational as required
  - Business Process Re-engineering
  - Analysis of Alternatives
  - Performance Measures
  - Information Assurance
- Third Party Assessment
  - Assessment Methodology
  - Critical Operational Issue Findings
  - Mission Performance
  - Interoperability
  - Dependability
  - Usability
  - Vulnerability and Security
  - Federal Financial Management Improvement Act Compliance Status (Blue Book)

## Operational Systems Change Requests

- High Level Functional and Technical System Description
- Change Requirements (Why is change necessary)
- Estimated Cost Savings/Avoidance