

Slide 1 Introduction

2001 Navy Working Capital Fund Conference Update

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## Slide 2 Overview

- PD Goal Update
- Inflow Integrated Process Team (IPT)
- PwC Study Results
- FMR Volume 3, Chapter 11 Revisions
- MOCAS DRID - 53 Update

Slide 3 PD Goal Update

Congratulations on meeting your FY 2000 PD reduction goal!

NWCF	
Claimant	Absolute
COMSPA WRSYSCOM	100%

## Slide 4 PD Goal Update

### Methodology

- 3 year plan to coincide with FY 2003 CFO Compliance Strategy
- Major Commands will identify their reduction goals and strategies for achieving those goals, assumptions, and plan of action
- Goals will be applied to each system: STARS FL, STARS HCM, NWCF, DWAS-FIS, MFCS
- Correction packages will count toward achievement of goals
- Provide discontinued research assistance

### Reporting

- FMO, DFAS, and Field Sites are working on standardization of NWCF report generation

### Explore possibilities for contract support

- Research and resolve PDs

## Slide 5 Inflow IPT

1. Chaired by SPAWAR
2. Kickoff meeting held 13 Sept 00 San Diego
3. Estimated completion date - June 2001
4. Identified top NWCF/General Fund Inflow Issues
5. Established Action Officer/Team Members
  - Specific milestone dates
  - Analyze statistics, research issue, document, propose resolution
6. Inflow Issues
  - Cross Disbursing
  - Field Contracts
  - OPAC
  - Interfund
  - MOCAS Payments & Adjustments
  - Payroll MD Labor
  - DIFMS
  - Bulk Obligations
  - Transportation

Goal: Fix Inflow Problems Participants: Major Commands, FMO, DFAS

## Slide 6 Inflow IPT— NWCF Inflow Issue Summary

### DIFMS (POC: Elaine Carpenter, DSN 920-5059)

- Functional deficiencies: Cash matching criteria, system conversion issues, and PD correction complexity
- Affected Commands: NAVAIR, NAVSEA, SPAWAR

### Bulk Obligations (POC: Lynn Budach, DSN 524-7118)

- BANKCARD: Document number structure, lack of electronic files, different business processes
- TRANSPORTATION: Lack of detail documentation
- Affected Commands: NAVAIR, NAVSEA, SPAWAR

### Transportation (POC: Cathy Bocanegra, DSN 669-5410)

- Processes and systems being developed appear disconnected from financial processes and do not satisfy requirements
- Issues: NAVTRANS policies, GBL documentation, PowerTrack system functionality, and FACTS
- Affected Commands: NAVSUP, NAVAIR, NAVSEA, SPAWAR

## Slide 7 PwC Study—Approach

Reviewed DFAS CL PD figures to identify three Major Commands with high volume of PDs

- NAVAIR - NAWCAD Patuxent River
- NAVSEA - NSWC Carderock
- NAVSUP - NAVICP Philadelphia

Conducted interviews with three sites

- NAVAIR - NAWCAD Patuxent River - 10/24/00
- NAVSEA - NSWC Carderock - 11/6/00
- NAVSUP - NAVICP Philadelphia - 10/25/00

Documented process and data flows

- DIFMS Process and Data Flow
- MFCS Process and Data Flow

Identified “As Is” issues causing PDs

Identified “To Be” process and system improvements

Slide 8 PwC Study—Issues and Recommendations

Issue: STARS One Pay CLIN Issue

- Inability of STARS One Pay to process batch invoices at CLIN level
- DIFMS does not accept CLIN from STARS One Pay resulting in UMDs

Recommendation: A System Change Request (SCR) (01-00-024 Changes to Invoice) is scheduled for release in April 2001. The SCR calls for:

- STARS One Pay to be reprogrammed to process batch invoices at CLIN level
- All future payments to be made at CLIN level

Follow up with DFAS to ensure SCR objectives are accomplished

Slide 9 PwC Study—Issues and Recommendations

Issue: DIFMS USSGL Training Issue

- Minimal training available for DIFMS (USSGL)
- General/overview training currently offered by: Treasury Department, DIFMS Program Management Office (PMO), and Management Concepts Incorporated (Contractor)
- Activities prefer site specific training

Recommendation: DFAS provides on-site training for \$1,500. If above training does not meet requirements, activities should submit request for additional training to FMO

## Slide 10 PwC Study

### Issue: DIFMS PD Reporting Issue

- Paper intensive; reaching 10,000 pages in length
- Not user friendly
- Considerable time and effort required to research PDs

### Recommendation: FMO will assist activities with identifying and designing:

- Requirements to improve reports for effective PD research
- Reports to meet activity needs and requirements

## Slide 11 PwC Study

Issue: Volume 3, Chapter 11 of the DOD Financial Management Regulation (FMR) requires the research and correction of UMDs and NULOs “within 180 days of the date of disbursement”

- DFAS Field Site has the first 120 days to research and resolve the PD
- Major Command has the next 60 days to research and resolve the PD

According to many NWCF Major Commands:

- DFAS doesn't provide timely research within 120 days which limits activity research and correction
- Hand-off of supporting documentation from DFAS is ineffective
- Charges for DFAS research are expensive

Major Commands would like to waive 120 day research requirement for NWCF pilot sites and shift responsibility to the activities

## Slide 12 120-DAY PD Research Rule

### Recommendation

- Each Major Command should work with their servicing DFAS Field Site to develop operating agreements for PD research
- Agreements negotiated by: Document type, Unidentifiable vs. identifiable transactions, Transactions with or without supporting documentation, and Dollar threshold

Activity + Major Command + DFAS = Local Operating Agreement

Slide 13 FMR Vol. 3 Chap. 11 Revision

New guidelines for 180 day Obligation Rule: Process gives Accounting Office authority to obligate 'on behalf of' if the activities have not done so

- Based on obligating or disbursement documentation
- Accounting Office informs fund holder of all obligating actions taken 'on behalf of'

UMD/NULO Policy: Accounting Office immediately informs fund holder of UMD/NULO; Accounting Office researches—determines that an obligation is not recorded; If Accounting Office has obligating document:

- \$2500 and less, Accounting Office 'obligates on behalf of' fund holder
- Over \$2500, Accounting Office provides notice to fund holder and requests that obligation be recorded within 10 days. If the fund holder does not record, Accounting Office 'obligates on behalf of' within 10 days.

Slide 14 FMR Vol. 3 Chap 11 Revision

UMD/NULO Policy (continued) If Accounting Office does not have obligating document:

- Accounting Office researches all UMDs/NULOs (60 days for collocated and 120 days for non-collocated)
- Fund Holder then researches all UMDs/NULOs (60 days for collocated and non-collocated)

Research must be thorough (per Section 1107)

After research timeframe, obligation shall be recorded for a UMD/NULO

- Based on an obligating or disbursement document
- Accounting Office informs fund holder of all obligating actions taken on its behalf

Slide 15 FMR Vol. 3 Chap. 11 Revision

Impact on NWCF

- Obligations may be double because an obligation may already exist (Data integrity issues and Differences between accounting and payment management systems)
- Increased workload for correcting discrepancies (Research problems, Identify corrective actions, Create correction package, and Correct data in accounting system)
- Creates possible anti-deficiency violation (Results from over obligation of funds)
- Requested further guidance from OSD(C) on how 180 day rule applies for NWCF
- Request NWCF Major Command and activity participation in working group to develop implementing guidance

## Slide 16 MOCAS DRID 53

### Assist in Resolving Problem Disbursements

- Developed joint Navy RD&A - ASN (FM&C) plan for achieving MOCAS DRID—53 objectives
- Focus on resolving contracts with accounting problems (Active and FDD after 09/30/02 - all to be reconciled for conversion; Physically complete)
- Use discontinued research for problem disbursements where appropriate (Proposed test case with OSD)
- Major Commands will focus on resolving problems for active/expired appropriations
- Provide quarterly update/status and facilitate priority issues within DFAS

### Next Steps

- Work with NWCF Major Commands to develop reporting process for MOCAS contracts with accounting problems in NWCF system
- Request NWCF Major Command and Activity commitment to help develop reporting process and resolve accounting problems for MOCAS contracts