
The Business of Navy

Improving NWCF Financial Statements – Processes and Content

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Producing the Annual NWCF Financial Statements

Agenda

Process Discussion

- A Look Back To FY 2000: What went well and not so well?
- A Look Forward to FY 2001: How can we improve?

Content Discussion

- Plans for Assessing Issues and Identifying Solutions
- Specific Accounting/Reporting Issues: Teaming Up



DFAS-CL: Compiling the Numbers

FY 2000 - A Look Back

DDRS Process Was An Overwhelming Success

- Draft Through Version 3 in One Box
- Automated General Ledger Mapping Combined With Full Journal Voucher Capability
- FMO and DFAS-Arlington Online Validations
- Programmatic Consolidation for All Military Departments and DoD

Navy Working Capital Fund



FMO: Developing the Narrative

FY 2000 - A Look Back

Use of DDRS

- Development of Electronic Template for Guidance and Note Narrative
- Summarization of Note Narrative for DDRS Reporting

Coordination with DFAS-CL of DDRS Updates and Joint Review Presentation



DFAS-CL: Compiling the Numbers

FY 2001 - A Look Forward

DDRS Enhancements

- Plans for Sub-Entity On-Line Access
- Plans for Sub-Entity Reporting of Note Narrative

Guidance/Schedule Changes

- Report Timeliness
- Cross-Walks

Activity Level Support

- Establish Elimination Requirement to System Manager
 - System Capability to Extract Seller/Buyer Elimination Data

Navy Working Capital Fund



FMO: Developing the Narrative

FY 2001 - A Look Forward

Guidance and Schedule Improvement Goals

- Expand the Use of DDRS
- Integrate/Automate DFAS-CL and FMO Guidance
- Synchronize Schedules - Validation Process, Note Development, Management Representation Letters

Plans for Spring-Summer 2001 Follow-Up

Navy Working Capital Fund



FY 2001 Content Issues and Potential Solutions

FMO Plans for Assessing Financial Reporting Issues

Key Objectives

- Firm up issues for analysis
- Analyze supporting data and work flows
- Coordinate FMO plans with other work groups
- Achieve consensus on issue resolution

Involve DFAS-CL and Management Commands in All Phases

Navy Working Capital Fund



System Integration Strategy

OBJECTIVE

- Develop model for clearer vision of interrelationship of current system/manual sources providing accounting, financial and non-financial information for annual financial statements.

KEY STEPS

- Review existing information and coordinate efforts with related work groups
- Prepare data maps and system diagrams of current environment
- Develop DON vision for integrated systems approach



Audit Liaison

OBJECTIVE

- Continue to promote productive communication and cooperation between management and audit community

KEY STEPS

- Assess current management-auditor working relations
- Analyze audit reports and management responses to identify potential audit effectiveness improvement
- Arrange meeting to review current processes and assess improvement opportunities.



Lease Accounting

OBJECTIVE

- Facilitate process of identifying DON leases and providing information necessary for proper recognition and disclosure in financial statements.

KEY STEPS

- Examine current DoD/DON policy and coordinate with related work groups.
- Establish process to identify Commands with “leasing” arrangements and obtain data required for annual financial reporting (values and classifications)
- Follow-up on Joint Review solutions to finalize reporting and disclosure of MSC ship chartering arrangements



Real Property Segregation

OBJECTIVE

- Assess approach and criteria for classifying and categorizing real property in compliance with federal standards

KEY STEPS

- Review current DoD/DON policies and relevant audit reports
- Assess impediments for ascertaining preponderant use of shared real property and develop decision criteria and processes.
- Establish standard query methodology to ensure year-to-year consistency in classifying and reporting real property values



Personal Property System Implementation

OBJECTIVE

- Facilitate and support efforts to enhance and implement DPAS within the NWCF operating environment

KEY STEPS

- Assist in reconciling DPAS and Command legacy system information
- Develop additional DFAS functional requirements
 1. Capture and report all personal property financial transactions
 2. Maintain a DPAS history file



Judgement Fund Liability

OBJECTIVE

- Help ensure proper reporting and disclosures of judgement fund transactions in NWCF financial statements

KEY STEPS

- Participate in DFAS Arlington work group efforts to address judgement fund issue
- Document current DON processes for recording judgement fund transactions
- Develop streamlined DON solutions in conjunction with DFAS work group



SGL Integration

OBJECTIVE

- Assist in the adoption and integration of a standard general ledger accounts and uniform attributes in conjunction with planned and ongoing DFAS/DON systems development efforts

KEY STEPS

- Work with DFAS and other teams in the development, standardization, and coordination of ledger accounts consistent with USSGL
 1. ERP efforts
 2. Migratory system efforts
- Assist in standardizing DON-specific attributes and sub-accounts



Specific Accounting Issues

OBJECTIVE

- To identify, assess, and assist in resolving specific accounting issues that materially affect NWCF financial statement balances and/or represent material internal control weaknesses

KEY STEPS

- Develop universe of accounting issues and work with stakeholders to identify most significant issues to be addressed in current effort.
- Continue with ongoing process to address issues, including:
 1. Coordinate with DFAS-CL to complete cash rebuild initiative
 2. Coordinate with DFAS-CL in monitoring SF 133 rebuild



Residual Accounting

OBJECTIVE

- Coordinate with other work groups to provide more timely and systematic cessation of accounting and financial reporting for closed activities

KEY STEPS

- Analyze current requirements and practices relating to residual accounting
- Determine approach and status of other work groups addressing residual accounting
- Develop and coordinate proposed DON policy guidance for wind-down of financial reporting for closed NWCF activities



NAVCOMPT Manual Replacement

OBJECTIVE

- To assist in integrating DON-specific financial policy guidance into DoD's financial management policy structure (FMR)

KEY STEPS

- Coordinate with and support team conducting content analysis of NAVCOMPT Manual
- Assist in the validation of need for DON-specific guidance to supplement DoD FMR and the development/review of FMR appendices providing DON guidance

