

Fiscal Year 2012 Budget Estimates Defense Finance and Accounting Service



February 2011

DEFENSE FINANCE AND ACCOUNTING SERVICE
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2012 Budget Estimates
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Operation and Maintenance, Defense-Wide Summary (\$ in thousands)

Budget Activity (BA) 4: Administration and Service-Wide Activities

	<u>FY 2010</u> <u>Actuals</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2011</u> <u>Estimate</u>	<u>Price</u> <u>Change</u>	<u>Program</u> <u>Change</u>	<u>FY 2012</u> <u>Estimate</u>
DFAS	0	0	1,593	1,593	23	10,384	12,000

* The FY 2011 Estimate column reflects the FY 2011 President's Budget Request.

I. Description of Operations Financed: The Defense Finance and Accounting Service (DFAS), (<http://www.dfas.mil>) serves as the Executive Agent, responsible for finance and accounting activities within the Department of Defense (DoD). The DFAS provides finance and accounting management and operational support for appropriated, non-appropriated, revolving and trust funds.

The DFAS supports the Deputy Secretary of Defense's Overseas Contingency Operations (OCO) Senior Steering Group in executing the requirements to improve the credibility, transparency, timeliness, and accuracy of the Department's OCO cost reports. DFAS coordinated the collection, consolidation, and processing of data into the OCO cost report process for 22 Components. This data is analyzed for accuracy and reconciled monthly. The OCO cost report is then reviewed and briefed to the Senior Steering Group.

The DFAS analyzes the data for accuracy and continually improves the process through reconciliations, with the goal to provide an auditable and standard DoD OCO report. The OCO cost report is reviewed and briefed to the Senior Steering Group and then sent to Congress. In fiscal year (FY) 2011, DFAS realigned the Overseas Contingency Operations (OCO) cost reporting effort, estimated at \$1.593 million, to its working capital fund where it previously resided.

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In FY 2012, DFAS plans to contract with an independent public accounting (IPA) firm to: (1) assess DoD information technology (IT) systems for compliance with audit readiness requirements, rules and regulations; and (2) assist with preparation of a single-audit under Statement on Standards for Attestation Engagement (SSAE 16). This effort will benefit DoD customers by preparing the finance and accounting systems to support clean audits. The DFAS does not have staff with the expertise to assess the audit readiness of the DoD systems. Therefore, a temporary cost effective plan to fill a critical gap and obtain an objective independent assessment of the IT systems is to obtain Intergovernmental Personnel Act (IPA) support.

II. Force Structure Summary: N/A

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III. Financial Summary (\$ in thousands)

			FY 2011 Congressional Action				
<u>A. BA Subactivities</u>	<u>FY 2010 Actuals</u>	<u>Budget Request</u>	<u>Amount</u>	<u>Percent</u>	<u>Appropriated</u>	<u>Current Estimate</u>	<u>FY 2012 Estimate</u>
OCO Cost Reporting	0	1,593				1,593	12,000
Total	0	1,593				1,593	12,000

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III. Financial Summary (\$ in thousands)

<u>B. Reconciliation Summary</u>	<u>Change</u> <u>FY 2010/FY 2011</u>	<u>Change</u> <u>FY 2011/FY 2012</u>
Baseline Funding	1,593	1,593
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)		
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)		
Subtotal Appropriated Amount		
Fact-of-Life Changes (CY to CY Only)		
Subtotal Baseline Funding		1,593
Anticipated Supplemental		
Reprogrammings		
Price Changes		23
Functional Transfers		
Program Changes		10,384
Current Estimate	1,593	12,000
Less: Wartime Supplemental		
Normalized Current Estimate	1,593	12,000

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III. Financial Summary (\$ in thousands)

	Amount	Totals
C. Reconciliation of Increases and Decreases		
FY 2011 President's Budget Request (Amended, if applicable)		1,593
1. Congressional Adjustments		
FY 2011 Appropriated Amount		1,593
2. War-Related and Disaster Supplemental Appropriations		
3. Fact of Life Changes		
FY 2011 Baseline Funding		1,593
4. Reprogrammings (requiring 1415 Actions)		
Revised FY 2011 Estimate		
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item 4, Reprogrammings, Iraq Freedom Fund Transfers		
FY 2011 Normalized Current Estimate		1,593
6. Price Change		23
7. Functional Transfers		
8. Program Increases		
a. Annualization of New FY 2011 Program		
b. One-Time FY 2012 Costs		
c. Program Growth in FY 2012		12,000
1) Increase fund costs to support an independent public accounting firm to assess the DoD finance and accounting systems for audit readiness requirements (FY 2011 Baseline: \$0).	12,000	
9. Program Decreases		-1,616
a. Annualization of FY 2011 Program Decreases		
b. One-Time FY 2011 Increases		

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III. Financial Summary (\$ in thousands)

C. Reconciliation of Increases and Decreases	Amount	Totals
c. Program Decreases in FY 2012		
1) In FY 2011 the Overseas Contingency Operations (OCO) cost reporting effort was transferred back to the DFAS working capital fund.	-1,616	
FY 2012 Budget Request		12,000

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IV. Performance Criteria and Evaluation Summary

The DFAS plans to solicit an independent public accounting firm to assess the DoD finance and accounting systems for audit readiness requirements. The DFAS will hold monthly status sessions with the contractor to ensure compliance with SSAE 16 requirements and to track applicable system changes.

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<u>V. Personnel Summary</u>	<u>FY 2010</u>	<u>FY 2011</u>	<u>FY 2012</u>	<u>Change</u> <u>FY 2010/</u> <u>FY 2011</u>	<u>Change</u> <u>FY 2011/</u> <u>FY 2012</u>
<u>Civilian End Strength (Total)</u>		1	0	1	-1
U.S. Direct Hire		1	0	1	-1
Total Direct Hire		1	0	1	-1
<u>Civilian FTEs (Total)</u>		1	0	1	-1
U.S. Direct Hire		1	0	1	-1
Total Direct Hire		1	0	1	-1
Average Civilian Workyear/FTE Costs		88	0	88	-88
Contractor FTEs (Total) FY 2012 To Be Determined		0		0	0

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VI. OP 32 Line Items as Applicable (Dollars in thousands):

<u>OP 32 Line</u>	FY 2010 <u>Actuals</u>	Change FY 2010/FY 2011		FY 2011 <u>Estimate</u>	Change FY 2011/FY 2012		FY 2012 <u>Estimate</u>
		<u>Price</u>	<u>Program</u>		<u>Price</u>	<u>Program</u>	
101 Exec, Gen'l & Spec Scheds			84	84		-84	0
102 Overtime			3	3		-3	0
108 Awards			1	1		-1	0
199 Total Civ Compensation			88	88		-88	0
308 Travel of Persons			1	1		-1	0
399 Total Travel			1	1		-1	0
417 Local Purch Supplies & Mat			1	1		-1	0
499 Total Supplies & Materials			1	1		-1	0
989 Other Contracts			1,503	1,503	23	10,474	12,000
999 Total Other Purchases			1,503	1,503	23	10,474	12,000
Total			1,593	1,593	23	10,384	12,000

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