

Fiscal Year (FY) 2005 Budget Estimates Defense Finance and Accounting Service



February 2004

**DEFENSE FINANCE AND ACCOUNTING SERVICE
Operations and Maintenance, Defense-Wide
Fiscal Year (FY) 2005 Budget Estimates
Appropriation Highlights**

<u>Appropriation Summary</u>	FY 2003	Price	Program	FY 2004	Price	Program	FY 2005
Operation and Maintenance, Defense-Wide	<u>Actual</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>	<u>Change</u>	<u>Change</u>	<u>Estimate</u>
<u>Budget Activity 3: Training & Recruiting</u>	7,271	95	-7,366	0	0	0	0
<u>Budget Activity 4: Administration and Servicewide Activities</u>	6,290	82	-1,381	4,991	104	-785	4,310
Inter Governmental Transaction System (memo)	(0)			(3,350)			(3,685)
Total	13,561	177	-8,747	4,991	104	-785	4,310

Narrative Explanation of Changes:

FY 2003 to FY 2004

The DFAS Financial Management Education Training (FMET) Program Change (\$7.4 million) reflects the change in funding for the program, which is funded in the DFAS Working Capital Fund beginning in FY 2004.

FY 2004 to FY 2005

The Intergovernmental Transaction System (IGTS) is a contractual effort with the Department of Treasury to develop a financial system that addresses accounting for intergovernmental transactions.

Other Contracts for DoD Travel and Overseas Banking decrease.

DEFENSE FINANCE AND ACCOUNTING SERVICE
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2005 Budget Estimates
Summary of Increases and Decreases
(Dollars in Thousands)

	<u>BA3</u>	<u>BA4</u>	<u>TOTAL</u>
1. FY 2004 President's Budget Request		1,659	1,659
2. Congressional Adjustments			
a. Distributed	0	0	0
b. Undistributed	0	0	0
c. General Provisions	0	-17	-17
1) Section 9094 Prorate Prof Spt Services		-9	-9
2) Section 8126 Prorate Mgt Efficiencies		-8	-8
d. Congressional Earmark	0	-1	-1
Section 8044 Prorate Indian Lands			
3. Program Changes	0	3,350	3,350
4. FY 2004 Appropriation Enacted	0	4,991	4,991
5. Revised FY 2004 Estimate	0	4,991	4,991
6. Price Growth	0	104	104
7. Program Increases	0	0	0
8. Program Decreases	0	-785	-785
9. FY 2005 Budget Request	0	4,310	4,310

DEFENSE FINANCE AND ACCOUNTING SERVICE
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2005 Budget Estimates
 Personnel Summary

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>	<u>Change</u> <u>FY 2004/FY 2005</u>
<u>Civilian End Strength (Total)</u>	17	32	32	3
U.S. Direct Hire	0	11	11	0
Foreign National Direct Hire	0	0	0	0
Total Direct Pay	0	11	11	0
Foreign National Indirect Hire	0	0	0	0
(Military Technician Included (Memo)	0	0	0	0
(Reimbursable Civilians Included Above (Memo)	17	17	21	3
<u>Civilian FTEs (Total)</u>	17	32	32	3
Foreign National Direct Hire	0	11	11	0
Total Direct Hire	0	0	0	0
Foreign National Indirect Hire	0	11	11	0
(Military Technician Included (Memo)	0	0	0	0
(Reimbursable Civilians Included Above (Memo)	17	17	21	3

DEFENSE FINANCE AND ACCOUNTING SERVICE
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2005 Budget Estimates
 Summary of Price and Program Changes

BA-3: Training and Recruiting:

	<u>FY 2003 Program</u>	<u>Price Growth</u>		<u>Program Growth</u>	<u>FY 2004 Program</u>
		<u>Percent</u>	<u>Amount</u>		
989 Other Contracts	7,271	1.3%	95	-7,366	0
Total	7,271	1.3%	95	-7,366	0

	<u>FY 2004 Program</u>	<u>Price Growth</u>		<u>Program Growth</u>	<u>FY 2005 Program</u>
		<u>Percent</u>	<u>Amount</u>		
989 Other Contracts	0	0%	0	0	0
Total	0	0%	0	0	0

DEFENSE FINANCE AND ACCOUNTING SERVICE
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2005 Budget Estimates
 Summary of Price and Program Changes

BA-4: Administration and Servicewide Activities:

	<u>FY 2003</u> <u>Program</u>	<u>Price Growth</u>		<u>Program</u> <u>Growth</u>	<u>FY 2004</u> <u>Program</u>
		<u>Percent</u>	<u>Amount</u>		
101 Personnel Compensation	0	0.0%	0	1,395	1,395
989 Other Contracts	6,290	1.3%	82	-2,776	3,596
Total	6,290		82	-1,381	4,991

	<u>FY 2004</u> <u>Program</u>	<u>Price Growth</u>		<u>Program</u> <u>Growth</u>	<u>FY 2005</u> <u>Program</u>
		<u>Percent</u>	<u>Amount</u>		
101 Personnel Compensation	1,395	4.1%	57	-22	1,430
989 Other Contracts	3,596	1.3%	47	-763	2,880
Total	4,991		104	-785	4,310

DEFENSE FINANCE AND ACCOUNTING SERVICE
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2005 Budget Estimates

I. Description of Operations Financed:

The Defense Finance and Accounting Service (DFAS) serves as the Executive Agent, responsible for finance and accounting activities within the DoD. It is the single organization responsible for finance and accounting operations, procedures, and systems. DFAS provides finance and accounting management and operational support for appropriated, non-appropriated, revolving and trust funds. DFAS operations touch a large population of customers through the payment of civilian and military personnel, military retirees, and annuitants; and through the collection and disbursement of a wide variety of DoD funds for contracts, debt management, security assistance, transportation and travel. While the Defense Working Capital Fund (DWCF) finances most DFAS functions, beginning in FY 2004, two programs are financed in the Operation and Maintenance, Defense-Wide appropriation:

1. **Program Management** provides for the management oversight of the DoD Overseas Military Banking Program and Travel Card Program.
2. **Intergovernmental Transaction System (IGTS)** encompasses the design, development and implementation of a transaction-processing infrastructure to manage DoD buyer and seller exchange transactions for DoD entities that acquire goods or services from each other, or that have buyer/seller exchange transactions with other federal agencies. For the Finance and Accounting Domain, IGTS will perform billing, establish receivables, manage cash, and manage payables. For the Acquisition and Procurement Domain, IGTS will provide the standard Reimbursable Order Writing System.

The IGTS program will develop and execute a strategy to implement a DoD-wide solution for processing intra-governmental buyer and seller transactions. The IGTS Program will:

**DEFENSE FINANCE AND ACCOUNTING SERVICE
Operation and Maintenance, Defense-Wide
Fiscal Year (FY) 2005 Budget Estimates**

I. Description of Operations Financed: (continued)

- Provide the means to accomplish inter-DoD elimination entry postings while facilitating DoD's migration to the OMB IGTP.
- Incorporate the optimum system architecture including compliance with the DoD Business Enterprise Architecture (BEA) while re-utilizing technology where possible to achieve standardization and cost savings.
- Ensure compliance with the OMB Business Rules for intra-governmental transactions (OMB memo M-03-02, dated, October 4, 2002) and with the DoD Concept of the Operations for Intra-governmental Transactions dated October 23, 2003.
- Interface/integrate IGTS with other pertinent DoD systems to ensure completeness of accounting information.
- Improve services and information available to users and customers.

3. **Financial Management Education Training (FMET)** Program, which was financed with appropriated funds in FY 2003, converted to DWCF financing in FY 2004.

II. Force Structure Summary: N/A

DEFENSE FINANCE AND ACCOUNTING SERVICE
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2005 Budget Estimates

III. Financial Summary (O&M: Dollars in Thousands):

	FY 2003 <u>Actuals</u>	FY 2004		<u>Current Estimate</u>	<u>FY 2005 Estimate</u>
		<u>Budget Request</u>	<u>Appropriation</u>		
A. <u>Subactivity Group</u>					
1. Budget Activity 3: Training & Recruiting	7,271	0		0	0
2. Budget Activity 4: Administration and Servicewide Activities	6,290	1,659	3,332	4,991	4,310
Total	13,561	1,659	3,332	4,991	4,310

B. Reconciliation Summary:

	<u>BA 3</u>	<u>BA 4</u>	<u>Total</u>
FY 2004 Baseline Funding	-	1,659	1,659
Congressional Adjustments (Distributed):	-	-	-
Congressional Adjustments (Undistributed):	-	-	-
Adjustments to Meet Congressional Intent	-	-	-
Congressional Adjustments (General Provisions):	-	-17	-17
Congressional Earmarks	-	-1	-1
FY 2004 Appropriated Amount	-	1,641	1,641
Fact-of-Life Changes	-	-	-
Intergovernmental Transaction System	-	3,350	3,350
FY 2004 Revised Estimate	-	4,991	4,991
Anticipated Supplemental	-	-	-
Reprogrammings	-	-	-
Price Change	-	104	104
Functional Transfers	-	-	-
Program Changes	-	-785	-785
FY 2005 Estimate	-	4,310	4,310

DEFENSE FINANCE AND ACCOUNTING SERVICE
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2005 Budget Estimates

C. Reconciliation of Increases and Decreases:

(\$ in Thousands)

	<u>Amount</u>	<u>Totals</u>
FY 2004 President's Budget Request		1,659
1. Congressional Adjustments		
a. Distributed Adjustments		-
b. Undistributed Adjustments		-
c. Adjustments to meet Congressional intent		-
d. General Provisions		-17
1) Section 8094 Prorate Prof Spt Services	-9	
2) Section 8126 Prorate Mgt Efficiencies	-8	
e. Congressional Earmarks		-1
Section 8044 Prorate Indian Lands	-1	
FY 2004 Appropriated Amount		1,641
2. Emergency Supplemental		
a. Emergency Supplemental Carryover		-
b. FY 2004 Emergency Supplemental Appropriations Act (P.L. 108-106)		-
3. Fact-of-Life Changes		
a. Functional Transfers		-
b. Technical Adjustments		-
c. Emergent Requirements		-
1) Program Increases: Intergovernmental Transaction System	3,350	3,350
2) Program Decreases		-
Baseline Funding		4,991
4. Reprogrammings (requiring 1415 action)		-

DEFENSE FINANCE AND ACCOUNTING SERVICE
 Operation and Maintenance, Defense-Wide
 Fiscal Year (FY) 2005 Budget Estimates

C. Reconciliation of Increases and Decreases:

(\$ in Thousands)
Amount Totals

Revised FY 2004 Estimate		4,991
5. Less: Emergency Supplemental funding		-
Normalized Current Estimate for FY 2004		4,991
6. Price Change		104
7. Functional Transfers		-
8. Program Increases		
9. Program Decreases		-785
Decrease in program funding for DoD Travel and Overseas Banking		
FY 2005 Budget Request		4,310

IV. Performance Criteria and Evaluation Summary:

The Defense Financial Institution Services Office manages the DoD Overseas Military Banking Program. This office oversees the day-to-day operations of a world-wide contract that provides banking products and services to authorized customers in overseas locations. This office also oversees the maintenance of regulations as they pertain to military banking and credit union located on DoD installations. The Office measures its performance through periodic customer satisfaction surveys.

Travel Card Program Management Office provides fully qualified personnel to act as program managers for the Services and Defense Agencies, and serve as the Department of Defense's program manager and liaison with the General Services Administration and the Bank of America.