

UNCLASSIFIED  
OFFICE OF THE SECRETARY OF DEFENSE  
Procurement, Defensewide  
Fiscal Year (FY) 2005 Budget Estimates Submission  
(Dollars in Thousands)

EXHIBIT P-40, BUDGET ITEM JUSTIFICATION					DATE February 2004							
APPROPRIATION (TREASURY) CODE/CC/BA/BSA/ITEM CONTROL NUMBER Procurement, Defensewide OFFICE OF THE SECRETARY OF DEFENSE					P-1 ITEM NOMENCLATURE Domain Systems							
PROGRAM ELEMENT FOR CODE B ITEMS:					OTHER RELATED PROGRAM ELEMENTS							
Procurement Items	ID Code	Prior Years	PY-1 FY 2002	PY FY 2003	CY FY 2004	BY FY 2005	FY 2006	FY 2007	FY 2008	FY 2009	To Comp	Total
Proc Qty												
Gross Cost						30,284	0	0	0	0		30,284
Less PY Adv Proc												
Plus CY Adv Proc												
Net Proc (=P-1)						30,284	0	0	0	0		30,284
Initial Spares												
Total Proc Cost						30,284	0	0	0	0		30,284
Flyaway U/C												
Wpn Sys Proc U/C												
<b>Description</b>												
<p>1. Acquire Department of Defense Budget Systems. The Strategic Planning and Budgeting Domain mission is leading business process transformation through business process reengineering and system integration. The Domain is responsible for reengineering the Department's planning, programming, budgeting and execution processes. During FY 2004 the Domain will specifically complete reengineering of the funds distribution process and budget execution process. Procurement funding will be used to acquire Commercial of the Shelf (COTS) software for a limited pilot environment to ensure the reengineered business processes can be implemented through an automated solution. The results of the pilot will be used to develop the requirements for automated solutions to be deployed throughout the Department.</p> <p>2. Develop Department of Defense Consolidated Financial Statement and Internal Control Engine. In recent Congressional testimony, the Comptroller General stated that the Federal government's current financial statements and annual reports do not give policymakers and the American people an adequate picture of our government's overall performance and true financial condition. The vast majority of financial reporting problems at the DoD are directly linked to inconsistent application of accounting procedures and inadequate financial management systems. One of the most fundamental problems with DoD financial management and reporting is the lack of a standard accounting classification structure used by all financial management systems when recording the results of business events as source transactions that are transmitted to DoD's accounting system and posted to the USSGL. DoD's Business Management Modernization Program (BMMP) is addressing these problems by developing a Standard Accounting Classification Structure (SACS) that standardizes and centrally controls key financial data attributes. These financial data attributes include line of accounting attributes, USSGL attributes, and other transactional data attributes. Implementation of the SACS across DoD will contribute to resolving material weaknesses in DoD financial management.</p> <p>Specifically the Financial Statement and Internal Control Engine and Warehouse will: leverage Extensible Markup Language (XML) tagging for fast and efficient data transformation; leverage Enterprise Application Integration (EAI) technology for fast and efficient interface development and maintenance; post transactions to centrally warehoused USSGL for testing; and allow DoD to reap incremental benefits.</p>												