

Fiscal Year (FY) 2007 Budget Estimates

Defense Finance and Accounting Service



February 2006

DEFENSE FINANCE AND ACCOUNTING SERVICE
Operation and Maintenance, Defense-Wide
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Operation and Maintenance, Defense-Wide Summary (\$ in thousands)

Budget Activity (BA) 4: Administration and Servicewide Activities

	FY 2005 <u>Actuals</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2006 <u>Estimate</u>	Price <u>Change</u>	Program <u>Change</u>	FY 2007 <u>Estimate</u>
DFAS	4,734	120	-563	4,291	97	-3,936	452

* The FY 2005 actual column and the FY 2006 estimate column contain no supplemental funding.

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. In FY 2006, the Travel Card Program transfers from DFAS to the Defense Human Resources Activity as a part of the Defense Travel Management Office to consolidate, streamline and centrally manage commercial travel policy for the Department of Defense.

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2. **Intergovernmental Transaction System (IGTS)** encompasses the design, development and implementation of a transaction repository 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 Financial Management Domain, IGTS provides a consolidated, standardized repository of transactions to facilitate the preparation of DoD-wide financial statements. For the Acquisition and Procurement Domain, IGTS provides the standard Reimbursable Order Writing System.

The IGTS program develops and executes a strategy to implement a DoD-wide solution for tracking intra-governmental buyer and seller transactions. The IGTS Program:

- Provides the means to accomplish inter-DoD elimination entry postings while facilitating DoD's migration to the OMB Intragovernmental Transaction Exchange.
- Incorporates 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.
- Ensures 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.
- Interfaces/integrates IGTS with other pertinent DoD systems to ensure completeness of accounting information.

In FY 2007, the IGTS program transfers from DFAS to the new Business Transformation Agency.

II. Force Structure Summary: N/A

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III. Financial Summary (\$ in Thousands)

A. Budget Activity (BA)Subactivities	FY 2005 Actuals	Budget Request	FY 2006			Current Estimate	FY 2007 Estimate
			Amount	Percent	<u>Congressional Action</u> Appropriated		
Program Management/IGTS	4,734	5,481	-90	1.6%	5,391	4,291	452
Total	4,734	5,481	-90	1.6%	5,391	4,291	452

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B. <u>Reconciliation Summary</u>	<u>Change</u> FY 2006/FY 2006	<u>Change</u> FY 2006/FY 2007
Baseline Funding	5,481	4,291
Congressional Adjustments (Distributed)		
Congressional Adjustments (Undistributed)	-10	
Adjustments to Meet Congressional Intent		
Congressional Adjustments (General Provisions)	-77	
Congressional Earmarks	-3	
Subtotal Appropriated Amount	5,391	
Fact-of-Life Changes (CY to CY Only)		
Subtotal Baseline Funding	5,391	
Anticipated Supplemental		
Reprogrammings		
Price Changes		
Functional Transfers	-1,100	
Program Changes		-3,936
Current Estimate	4,291	452
Less: Wartime Supplemental		
Normalized Current Estimate	4,291	452

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C. <u>Reconciliation of Increases and Decreases</u>	<u>Amount</u>	<u>Totals</u>
FY 2006 President's Budget Request (Amended, if applicable)		5,481
1. Congressional Adjustments		-90
a. Distributed Adjustments		
b. Undistributed Adjustments - Unobligated Balances	-10	
c. Adjustments to meet Congressional Intent - 1% Rescission	-54	
d. General Provisions		
1) Sec 8087 - Advisory and Assistance Services	-10	
2) Sec 8125 - Economic Assumptions	-9	
3) Sec 8109 - Excessive Growth in Travel and Transportation	-4	
e. Congressional Earmarks - Indian Lands Environmental Impact	-3	
FY 2006 Appropriated Amount		5,391
2. War-Related and Disaster Supplemental Appropriations		
3. Fact of Life Changes		
a. Functional Transfers Out - Travel Card Program transfer to DHRA		-1,100
FY 2006 Baseline Funding		4,291
4. Reprogrammings (requiring 1415 Actions)		
Revised FY 2006 Estimate		
5. Less: Item 2, War-Related and Disaster Supplemental Appropriations and Item		
FY 2006 Normalized Current Estimate		4,291
6. Price Change		97
7. Functional Transfers - IGTS Transfer to Business Transformation Agency (BTA)		-3,500
8. Program Increases		
9. Program Decreases in FY 2007 - Decrease to Banking Program		-436
FY 2007 Budget Request	452	452

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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 (PMO) 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. In FY 2006, the Travel Card PMO transfers out of DFAS.

In FY 2006, IGTS will complete requirements gathering, implement an initial operating capability, and achieve Milestones A, B, and C. IGTS transitions out of DFAS in FY 2007.

<u>V. Personnel Summary</u>	<u>FY 2005</u>	<u>FY 2006</u>	<u>FY 2007</u>	Change FY 2005 <u>to FY 2006</u>	Change FY 2006 <u>to FY 2007</u>
<u>Civilian End Strength (Total)</u>	32	13	2	-19	-11
U.S. Direct Hire	11	11			-11
Total Direct Hire	11	11			
<i>Memo: Reimbursable Civilians Included</i>	21	2	2	-19	
<u>Civilian FTEs (Total)</u>					
U.S. Direct Hire	25	90	2	65	-88
Foreign National Direct Hire	7	11			-11
Foreign National Indirect Hire	7	11		4	-11
<i>Memo: Reimbursable Civilians Included</i>	18	79	2	61	-77
Average Annual Civilian Salary					

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

<u>OP 32 Line</u>	<u>Change from FY 2005 to FY 2006</u>			<u>FY 2006 Estimate</u>	<u>Change from FY 2006 to FY 2007</u>		<u>FY 2007 Estimate</u>
	<u>FY 2005 Actuals</u>	<u>Price Growth</u>	<u>Program Growth</u>		<u>Price Growth</u>	<u>Program Growth</u>	
Civilian Personnel Compensation							
101 Executive, General and Special Schedules	672	23	121	816	20	-584	252
989 Other Contracts	4,062	97	-684	3,475	77	-3,352	200
Total	4,734	120	-563	4,291	97	-3,936	452

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