



**SELECTIVE SERVICE SYSTEM
PERFORMANCE AND
ACCOUNTABILITY REPORT
F I S C A L Y E A R 2 0 0 5**



FISCAL YEAR 2005 PERFORMANCE AND ACCOUNTABILITY REPORT



SELECTIVE SERVICE SYSTEM – NOVEMBER 2005

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November 2005

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MESSAGE FROM THE DIRECTOR

The Selective Service System (SSS) recognizes the importance of public disclosure and accountability. This report is a demonstration of our commitment to fulfill our statutory and fiduciary responsibilities to the American taxpayer.

I am pleased to present the SSS Performance and Accountability Report for FY 2005. SSS is in the process of instituting a culture of responsibility within the organization starting with the implementation of its FY 2007 Performance Budget that will be based on an update of its Strategic Plan (FY 2006-2011) and subsequent Performance Budget and Performance Accountability Report documents. As part of this initiative, the Agency will continue its policy of regularly reviewing and assessing program performance and monitoring financial management systems to ensure that they are managed and operating in accordance with the requirements of the Government Performance and Accountability Act, the Government Management and Reform Act, and the Federal Managers' Financial Integrity Act.



The independent accounting firm of Leon Snead & Company, P.C., has issued an unqualified "clean" opinion on the Agency's consolidated financial statements. Neither their opinion nor the FY 2005 Internal Controls and Annual Assurance Memorandum identified any material weaknesses.

The financial statements contained herein fairly present the Agency's financial position and were prepared in accordance with generally accepted accounting principles and in accordance with Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements, Revised August 23, 2005.

William A. Chatfield

William A. Chatfield
Director

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HOW TO USE THIS REPORT

This Performance and Accountability Report contains the Selective Service System's (SSS) performance goals, measures, results, and accounting activities for FY 2005. The SSS' assessment of performance is a comparison of actual performance to the annual goals contained in the Agency's FY 2005 Performance Plan.

The report has four parts.

- Management's Discussion and Analysis

This section contains our Agency's Mission, History, Organizational Structure, Performance Highlights, Financial Highlights, Management Control, and the President's Management Agenda.

- Performance Details

This section contains detailed performance information for FY 2005. By goal it contains our annual performance goal, actual performance, discussion, impacts, planned action/schedule, and verifications and validations.

- Financial Details

This section contains details about our financial performance for FY 2005. It includes our audited financial statements, notes, and reports from our independent auditing firm of Leon Snead & Company, P. C.

- Appendix

This section contains a chart presenting five years of Agency performance results data for FY 2001 thru 2005 and the Performance Targets for FY 2006.

Performance and Accountability Report

Management's Discussion and Analysis

Agency at a Glance

Mission

The Selective Service System missions are to remain prepared to provide trained and untrained personnel to the Department of Defense in the event of a national emergency, and to provide an Alternative Service Program for those from the manpower pool who seek and are granted conscientious objector status.

Although only one part of our mission is publicly visible in peacetime (that of Registration), our peacetime preparedness to perform the other aspects of our mission greatly increases timeliness, fairness, and equity in the event of an actual mobilization. The higher the registration rate, the more fair and equitable any future draft will be for each registered individual. The Agency works through its registration and compliance programs to (1) register all eligible men; (2) identify non-registrants and remind them of their obligation to register; and, (3) inform young men that they need to register to remain eligible for numerous Federal and state benefits which include student financial aid, job training, government employment, and U.S. citizenship for male immigrants.

Many states and U.S. territories are now reinforcing the registration requirement by implementing laws that require or allow men to register with the Selective Service when they apply for a state driver's license or identification card. Increasing the percentage of electronic registrations (through sources such as driver's license legislation, Internet and telephone) reduces the cost per registration, thereby increasing the efficiency of the overall registration process. Although no requirement currently exists to register anyone other than 18- through 25-year-old men, our systems are designed to accommodate potential future registration requirements.

The other aspect of the Selective Service System's mission is to mobilize, if ordered to do so by the President and Congress. In the event of a mobilization, the Selective Service System will hold a National Draft Lottery, contact those registrants selected via the lottery, and arrange for their transportation to a Military Entrance Processing Station (MEPS). This procedure would be followed for a mobilization of trained or untrained personnel.

Once notified of the results of their evaluation at the MEPS, a registrant may choose to file a claim for exemption, postponement, or deferment. If a claimant is re-classified as a conscientious objector, he has a requirement to serve in a non-military capacity for two years. The Selective Service places these workers with non-military employers and tracks their fulfillment of a two-year service requirement.

As the Agency honors its traditional missions, it focuses on the future. The Selective Service leadership understands that events both national and international will require fresh perspectives and a clear recognition of changing realities in this new century. The Agency possesses several unique capabilities which have been refined over the years. For example, it possesses a special database of America's young men ages 18 through 25; it has managed civilian volunteers (Board Members); it has administered programs of alternative community-based service (for men classified as conscientious objectors); and it has experience in conducting a fair and equitable classification

procedure to determine who should serve when not all can serve. If called upon by the President and Congress, these capabilities can be put to wider use, such as processing volunteer participants in national security or service programs. Using the SSS as a time-proven and reliable asset for marshaling human resources, the Nation would not have to “reinvent the wheel.”

History

For more than 60 years, the Selective Service System and the registration requirement for America’s young men have served as a backup system to provide manpower to the U.S. Armed Forces during times of national crisis.

President Franklin Roosevelt signed into law the Selective Training and Service Act of 1940 that created the country’s first peacetime draft and formally established the Selective Service System as an independent Federal agency. From 1948 until 1973, during both peacetime and periods of conflict, men were drafted to fill vacancies in the Armed Forces that could not be filled through voluntary means.

In 1973, the draft ended and the U.S. converted to an All-Volunteer military. The registration requirement was suspended in April 1975; then resumed in 1980 by President Carter in response to both the Soviet Union’s invasion of Afghanistan and the results of various Department of Defense exercises. The exercises indicated that, without a peacetime registration program, it would take too long to provide personnel for an expanded military. Registration has continued uninterrupted since that time.

Our Nation’s All-Volunteer military forces have worldwide commitments. Maintaining the Selective Service System and draft registration provides a hedge against unforeseen threats and a relatively low cost “insurance policy” against underestimating the maximum level of threat we expect our Armed Forces to face. As fewer and fewer members of our society have direct military experience, it is increasingly important to maintain the link between the All-Volunteer Force and our society-at-large. The Armed Forces also must know that the general population stands behind them, committed to serve, should the preservation of our national security so require.

The Selective Service System of today faces the same challenge confronting numerous defense and quasi-defense agencies – that of striking a balance between current budgetary constraints and being adequately prepared for future contingencies. To accommodate the uncertainty of the future, we must build flexibility into our programs, systems, and mobilization scenarios. To satisfy budgetary constraints, the Agency has utilized its resources as efficiently and effectively as possible.

Organization

The Selective Service System is comprised of a diverse composition of career employees, military personnel, and private citizen volunteers dedicated to ensuring the effective accomplishment of its statutory mission-related goals of peacetime registration and mobilization readiness. The SSS is currently authorized to fill 154 full-time equivalent civilian positions. The Agency also is authorized 750 Reserve Force Officers (RFOs) and currently funded for 300 positions comprised of military personnel representing all of the U.S. Armed Services. The SSS’ RFOs are assigned throughout the U.S. and its territories where they perform monthly training, executing a variety of critical peacetime and mobilization missions. They are “grass root” SSS contacts for state and local agencies and the public.

A large component of the Agency's workforce is the 11,028 men and women who serve as volunteer Local, District, and National Appeal Board Members. In the event of a mobilization, these citizen volunteers will decide the classification status of men seeking exception or deferments, based on conscientious objection, hardship to dependents, or their status as ministers or ministerial students, after the men have been cleared for induction into the Armed Forces.

In addition to those private citizens who support our peacetime mobilization programs, currently 85% of the Nation's 20,967 high schools participate in the SSS' high school Registrar Program. These 17,822 Registrars are uncompensated volunteers who are authorized to administer and receive registrations from young men. Their public service is an invaluable asset and is important to the success of the Agency's peacetime registration efforts. They remind America's young men of their registration obligation and help ensure that the men remain eligible to take advantage of the numerous Federal and state benefits that are tied to the registration requirement.

Organizational Structure



Performance Highlights

The Selective Service System's goals are:

- Increase the effectiveness and efficiency of the Manpower Delivery Systems.
- Improve overall registration compliance and service to the public.
- Enhance external and internal customer service.
- Enhance the system which guarantees that each conscientious objector is properly classified, placed, and monitored.

Goals Overview:

Goal 1: Increase the effectiveness and efficiency of the Manpower Delivery Systems.

In the event of a mobilization, the Selective Service System (SSS) will hold a National Draft Lottery, activate Agency components, contact those registrants who have been selected via the lottery, and arrange for their transportation to a Military Entrance Processing Station (MEPS) for physical and mental examination, and send induction notices.

Significant Activity:

The Agency continues its development of a Central Registrant Processing Portal (CRPP) which will integrate all of the Agency's existing mobilization automated systems into one central, Web-based portal. The CRPP will incorporate the functionality of a conventional and Health Care Personnel Delivery System; Induction, Claims and Appeals Systems; and, Alternative Service Program.

Goal 2: Improve overall registration compliance and service to the public.

The higher the registration rate, the more fair and equitable any future draft will be for each registered individual. The Agency works through its registration and compliance programs to (1) register all eligible men; (2) identify non-registrants and remind them of their obligation to register; and, (3) inform young men that they need to register to remain eligible for numerous Federal and state benefits which include student financial aid, job training, government employment, and U. S. citizenship for male immigrants.

Significant Activity:

The roster of jurisdictions that have enacted driver's license legislation linking acquiring a driver's license or a state identification card, which satisfies the Federal Selective Service registration requirement, now totals 34 states, three territories and the District of Columbia.

Goal 3: Enhance external and internal customer service.

Greater customer service and end-user productivity gains are being realized through modern technology and efficiencies of administrative procedures. In adherence to the principles of the President's Management Agenda, the SSS has begun implementation of a new, aggressive technology upgrade of the Agency's hardware, software, and IT systems development processes as it replaces its 1980's technology. An overall plan and strategy to ensure alignment and integration among its human capital management processes and financial, operational, information technology, and logistical processes, is under development. Included in that plan will be an expansion of the Agency's e-government, budget and performance integration and improvements in financial performance activities.

The implementation of an Integrated Financial Management System also will greatly enhance its ability to align its budgetary resource expenditures with the Agency's goal performance. The SSS analyzed its programs and operations to identify candidate functions and activities for competitive sourcing. The results of the analysis indicated that costs associated with Agency compliance with Federal guidance for competing a candidate function or operation would be greater than the cost/benefit to the government. The SSS will continue its efforts in the competitive sourcing area.

Significant Activity:

The Agency's Data Management Center held its call abandonment rate to 4% under its registration mandate, thereby accomplishing a call completion rate of 96% and improving service to the public. The industry standard of excellence is a 5% or lower abandonment rate. The Agency continues to maintain and expand its website, www.sss.gov, to facilitate the immediate flow of information to its customers and to provide an easy, widely available means to complete common actions.

Goal 4: Enhance the system which guarantees that each conscientious objector is properly classified, placed and monitored.

As required by law the SSS, during a mobilization, will administer an Alternative Service Program (ASP) for registrants who are classified as conscientious objectors (COs). The ASP will identify jobs that a CO may perform in civilian occupations that contribute to the maintenance of the health, safety, and/or general welfare of the Nation. An automated system will monitor employer participation and CO performance to ensure that a CO's time of service is comparable to that served by individuals inducted into the U.S. Armed Forces. The SSS continually refines its ASP planning and readiness training documents to guarantee fair and equitable treatment of the CO community.

Significant Activity:

The Agency transformed its Alternative Service readiness-training curricula from traditional "book and paper" training models to electronic-based models that will provide more positive learning exchanges with easy and immediate access for its users, Reserve Force Officers and Board Members.

Strategic Planning and Reporting

This Report is aligned with the SSS' Strategic Plan (FY 2001 - 2006) and is an outgrowth of extensive internal evaluations of Agency statutory responsibilities viewed in light of new challenges, fiscal issues, and the needs of Agency customers. Measurement of the Agency's institutional progress toward improved programmatic activities, service to customers, and the prudent management of fiscal resources is the basis for the development of this plan. Performance measurement provides the path for assessing accountability between the Agency's long-term strategic vision and the day-to-day activities of its employees.

Planning and Funding Challenges

The challenges of integrating budget and performance are somewhat clouded in that all funds for the Selective Service System are allocated in one appropriation. This one appropriation (Salaries and Expenses) is allocated throughout the Agency to support salaries and expenses, as well as programs. Thus, it is somewhat difficult to link the amount of appropriated funds with the level of program results for any particular fiscal year since the salaries and expenses are consolidated with programmatic costs. The introduction of a new, integrated financial management system will help to alleviate some of the complexity associated with this effort in Fiscal Year 2006. In addition, management has taken a new approach toward identifying individual programmatic costs at the directorate level to assist with the effort to integrate budget with performance at the program level.

While the primary focus of the Agency is to register men for the possibility of a draft, it should be noted that all performance results continue to be accumulated toward that goal. As such, this report endeavors to show how the FY 2005 budget allocation was expended in support of the Agency's Strategic Goals and Objectives.

Financial Highlights

Financial Position

FY 2005 is the second full year of operation for which the Selective Service System's audited financial statements are being submitted, in compliance with the Tax and Accountability Act of 2002, to OMB. The financial statements, which appear on pages 31 through 36, reflect the fact that the Agency received an unqualified audit opinion issued by the independent accounting firm of Leon Snead & Company, P.C. The preparation of these statements is a part of the Agency's goal to improve financial management and provide accurate and reliable information that is useful for assessing performance and allocating resources.

The Selective Service System's management team is responsible for the integrity and objectivity of the financial information presented in the financial statements. The financial statements and financial data reflected in this report have been prepared from the accounting records of the Selective Service System in conformity with Generally Accepted Accounting Principles (GAAP) in the United States of America. GAAP for Federal entities are the standards prescribed by the Federal Accounting Standards Advisory Board (FASAB).

The Agency's financial management team intends to optimize utilization of all available resources and thus increase its ability to meet the stated strategic goals and objectives of the Agency.

Balance Sheet

The balance sheet displayed on page 27 reflects total assets of \$13.2M for the Agency. This is a net change of 33% over the previous fiscal year's total. This change also is attributable to management's strict adherence to the guidelines and mandates as outlined in the President's Management Agenda (PMA). Likewise, the Agency has maintained a strict adherence to the Prompt Payment Act.

Statement of Net Cost

The Agency's costs are consistent with its stated Strategic Goals and Objectives, the PMA, and its appropriated budget. The Selective Service System maintained a straight-lined budget from FY 2003 to FY 2005; however, through a comprehensive approach to mission accomplishment and application of innovative ideas and technological advances, the accomplishment of its stated goals and objectives were not degraded.

Statement of Budgetary Resources

This statement provides information about the provision of budgetary resources and their status as of the end of the reporting period. The statement displayed on page 34 shows that the Agency had \$32.1M in budgetary authority of which \$2.9M remained unobligated with \$4.3M not available at year-end. The Agency had \$23.2M in Net Outlays for FY 2005.

Financial Management

There are two challenges that face the Agency in this area: the implementation and integration of the new Oracle integrated financial management system and a transition to the eTravel transportation system. The Agency has committed to the successful transfer to the financial accounting and budgeting system provided by Oracle in order to enhance its financial capabilities and improve its financial management system. The Agency also has embraced the General Services Administration's (GSA) mandate to transfer all travel-related activities to the eTravel initiative in FY 2006.

Management Controls

The SSS recognizes the importance of strong internal controls and financial systems to ensure the accountability, integrity, and reliability of its systems and operations. Therefore, in accordance with the requirements of the Federal Manager's Financial Integrity Act (FMFIA), the Agency conducted a review of its management control system. This review was conducted to ensure that Agency:

- Obligations and costs were in compliance with applicable laws and regulations;
- Assets were safeguarded from fraud, waste, and abuse;
- Revenues and expenditures were properly recorded and accounted for; and,
- Programs and operations were effectively and efficiently managed in accordance with governing laws and management policy guidance.

The Individual Assurance Statements prepared by the heads of each of the Agency's directorates were the basis for the SSS' assurance that its management controls are adequate.

Director's Integrity Act Assurance Statement for Fiscal Year 2005

For the programs and activities controlled by the Federal Manager's Financial Integrity Act (FMFIA), I am pleased to report that the SSS' accounting systems and management controls, taken as a whole, provide reasonable assurance that the objectives of FMFIA have been achieved.

~William A. Chatfield
Director, Selective Service System

President's Management Agenda

The SSS seeks continuous improvements to its operations through an array of programs and policy changes based upon the President's Management Agenda (PMA). Each change demonstrates the Agency's commitment to a more effective and efficient management style, improved operational readiness, and enhanced modernization as outlined in its published Strategic Plan. The Plan prioritizes SSS activities and forms the basis for long- and short-term management and resource decisions.

Under the leadership of its Director, SSS is continuing to reduce overlapping functions and inefficiencies, while meshing its human capital and organizational structure to focus more keenly on the most likely needs of DoD.

The Selective Service System's strategy is to utilize e-commerce initiatives to improve the Agency's procurement and financial processes through the implementation of an integrated financial management system. The SSS also has completed an agreement with the Department of the Interior (National Business Center) to implement and integrate the eTravel program in FY 2006. Likewise, additional automation of its security clearance processes will utilize new technology to enhance programs and services.

The Agency will continue to expand upon workforce development strategies and development of a human capital management plan that will close most mission-critical skills, knowledge, and competency gaps. Additionally, the SSS will utilize the USALearning system to provide its employees and managers with the required performance support tools to assist in meeting the training needs of the Agency's workforce. The Agency will be developing new initiatives aimed at improving the work-life aspects of the job market to heighten morale and enhance job performance, as well as improve recruitment and retention efforts.

The SSS is developing and implementing an aggressive technology upgrade of both hardware and software and its systems development process in an effort to replace 1980's IT technology. This effort is focused on the creation of a forward-looking IT environment capable of handling both the Agency's "steady state," as well as post mobilization operations.

Historically, there had been no effort or emphasis placed on reviewing the relation of budget data to performance. However, for the last three years, the Selective Service System has enhanced its capabilities to develop methodologies that will help to ensure that the Agency is able to integrate its budget and performance data.

During FY 2005, the Agency expended numerous man-hours reviewing and assessing the potential for developing and implementing an approved approach to integrate budgeting plans. Successful implementation is anticipated during FY 2006.

Additional efforts in the areas of Procurement, Human Resources, and Information Technology will be implemented as resources and technical support are identified to enable the Agency to follow the examples set by OMB, OPM, DOE and others.

Performance Details

Program Evaluation

Program evaluation within the SSS has expanded greatly since the Agency implemented GPRA. The scope of evaluations has grown beyond those designed to satisfy regulatory requirements. What has evolved in the Agency is a system where all of its major programs are evaluated on a regular basis with special focus placed on procedures where specific problems or deficiencies are identified. Thus, the Agency is better able to assess the effects of new or continuing initiatives on program performance and customer satisfaction. These evaluations also are used to build baselines for performance goals and validate the results of the data contained in the Performance Report.

The program evaluations for this report were independent systematic studies conducted to assess how well programs were working and if they should be continued/maintained. A variety of program evaluations and methodologies were used including: process evaluation, outcome evaluation, impact evaluation, cost-benefit/cost-effectiveness, and varied combinations of the above.

Evaluations conducted during FY 2005

Risk assessments and management reviews for the Agency computer systems, listed below, were conducted by SSS personnel and validated/certified as mission capable.

Federal Payroll Personnel System (FPPS)
Registrar System (REGS)
Administrative Support Systems Applications
Selective Service Local/Wide Area Network and Communications
Integrated Mobilization Information System

Program evaluations were scheduled and conducted for the following areas:

- Registration Program
- Compliance Program
- Workload Study
- Continuity of Operations
- Readiness Assessment
- FISMA
- Financial Management
- Customer Service
- Induction, Claims, and Appeals
- Health Care Delivery System
- Registrant Integrated Management System
- Administrative Support Services

Program evaluation/reviews were conducted for each of the FY 2005 annual performance goals, the results of which are identified and discussed in the next section of this report.

FY 2005 Performance

This FY 2005 PAR identifies the activities and strategies that took place during the fiscal year to achieve Agency goals and objectives. It also identifies relevant performance measurement target goals to be achieved. The performance goals for FY 2005 were:

1. Plan an AO Mobilization Prototype Exercise that will test mobilization personnel delivery systems and support programs.
2. Update and maintain the Agency's Readiness Plans.
3. Ensure that 90% of State Directors (SDs) and Reserve Force Officers (RFOs) are capable of implementing Registration Improvement Program functions and responsibilities.
4. Achieve training assessment results indicating that 90% of SDs and RFOs are trained to predetermined standards.
5. Ensure 90% of assigned SDs and RFOs are trained to predetermine standards.
6. Achieve distribution of 100% of updated training documents to SDs, RFOs, Uncompensated Personnel (Local, District Appeal, and National Appeal Board Members).
7. Attain a 95% or greater registration compliance rate for 18- through 25-year-old men.
8. Attain and appoint Registrars in 87% of the Nation's high schools.
9. Obtain 87% of registrations electronically.
10. Reduce acknowledgement turnaround time to less than 20 days.
11. Maintain an average systems change request implementation time of 39 days or less.
12. Maintain a functional proponent and customer satisfaction level of 87%.
13. Implement / Participate in the e-Quip Security Clearance process.
14. Implement performance appraisals for SES and managers that link strategic objectives and annual performance goals, and provide consequences based on performance.
15. Develop and implement a Human Capital Management Plan.
16. Identify and address gaps in mission critical skills and competencies.
17. Have a telephone call completion rate of 93% or higher.
18. Answer correspondence within 10 days.
19. Train 90% of assigned SDs and RFOs on Alternative Service plans and procedures.

SSS Performance



FY 2005 performance results were: 14 goals were met or exceeded and 5 were unmet.

Strategic Goal 1: Increase the effectiveness and efficiency of the Manpower Delivery Systems.

To provide skilled and unskilled manpower when and as required by its primary customer the Department of Defense (DoD), SSS continuously refines its “on-the-shelf” data systems, planning, and training documents.

For FY 2005 the SSS set six performance goals for Goal 1.

- Plan a Mobilization Area Office Prototype Exercise that will test mobilization personnel delivery systems and support programs.
- Update and maintain the Agency’s Readiness Plans.
- Ensure that 90% of State Directors and Reserve Force Officers are capable of implementing Registration Improvement Program functions and responsibilities.
- Achieve training assessment results indicating that 90% of SDs and RFOs are trained to predetermined standards.
- Ensure 90% of assigned SDs and RFOs are trained.
- Achieve distribution of 100% of updated training documents to SDs, RFOs, Uncompensated Personnel (Local, District Appeal, and National Appeal Board Members).

Performance Measure	Objective	2001	2002	2003	2004	2005	2006
Plan an AO Prototype Exercise that will test mobilization's personnel delivery systems and support programs	1.1	–	–	Develop	Replaced	Postponed	Develop
Update and maintain the Agency Readiness Plans.	1.2	Complete	Complete	Complete	Complete	Complete	Update
Ensure that 90% of State Directors (SDs) and (Reserve Force Officers RFOs) are capable of implementing Registration Improvement Program functions and responsibilities.	1.3	–	–	–	–	96%	90+
Achieve training results indicating that 90% of SDs and RFOs are trained to predetermined standards.	1.3	98.5%	96%	96%	97%	96%	90+
Ensure that 90% of assigned SDs and RFOs are trained.	1.3	–	–	–	–	96%	90+
Achieve distribution of 100% of updated training documents to SDs, RFOs, Uncompensated Personnel (Local, District Appeal, and National Appeal Board Members).	1.4	–	–	–	–	Complete	Update

Performance Goals

1. Plan an AO Mobilization Prototype Exercise for FY 2006.

Was the goal achieved? No. The exercise was postponed until FY 2009.

Results: Planning activities are scheduled to begin in FY 2006.

Discussion: It was noted in last year's report that a reassessment of the Agency's business rules was conducted and the planning was suspended until the results could be assessed. The results have now been finalized and the extent to which the business rules have changed requires a new iteration of many of the Agency's major procedural manuals which includes much of the software dealing with induction processing. As a consequence, it has been decided not to limit the parameters of the next exercise to reestablishing an Area Office, but to build an exercise that will encompass the activities of the entire delivery system.

The plans for the exercise will entail designing a total mobilization exercise that will be tailored to evaluate the SSS' mandates for a mobilization of any type. The sheer size and detail of the exercise will take approximately 18 months to produce. The final product will be played in the field in FY 2009.

Impact: The delay in conducting the exercise until FY 2009 is expected to have minimal impact on the Agency's mobilization readiness as current programs will remain on the shelf until the required changes have been made, tested and refined.

Planned Actions/Schedule: During FY 2007 all actions required to develop the FY 2009 exercise will get underway. These actions include: outlines, plans, schedule evaluations, development of time lines, and determination of IT interface requirements.

Verification and Validation: Testing and evaluation standards will be developed to validate exercise results.

2. Update and maintain the Agency's Readiness Plans.

Was the goal achieved? Yes.

Results: All portions of the Readiness Plans were provided to Agency proponents for their review and update. Decisions on the major changes have been made and are undergoing reformatting and printing.

Discussion: For the first time since their original development, the Readiness Plans have been given to the proponents for review. This was necessary due to the extensive reorganization the Agency has undergone, as well as changes in supporting revised governmental directives and procedures.

Impact: The impact has been very positive since new personnel are seeing the plans for the first time and the information in the plans is now most current and up to date to meet all internal and external mandates.

Planned Actions/Schedule: Readiness Plans are continuously being updated. Unscheduled updates are performed as changes occur.

Verification and Validation: Testing and evaluation standards are constantly being developed and exercises performed to validate the new plans.

3. Ensure that 90% of State Directors (SDs) and Reserve Force Officers (RFOs) are capable of implementing Registration Improvement Program functions and responsibilities.

Was the goal achieved? Yes.

Results: Projected 90%. Achieved SD 97%, RFOs 94%

Discussion:

The criteria for evaluating the Agency's Annual Performance Goal (APG) of training 90% of its SDs on the Registrant Integrated Management System (RIPS) functions and responsibilities is based on SDs receiving annual and semi-annual readiness training using MOB-developed RIPS Training Guidance Outlines (TGP 1 and 2). Also RFO and SD Mini-Exercises and Reserve Officers Readiness Manual and assigned Training Guidance Outlines (TGOs) were included in the training preparation. In FY 2005, the 90th percentile APG for RFOs was based on the total number of assigned RFOs and SDs who met the following criteria: They must have completed (1) New Officer/State Director (NO/SD) Phase I Training (booklet and electronic tutorial); (2) NO/SD Phase II Training, and, (3) achieved a passing score on the RFO Certification Exam within a three-year period. These milestones certified that the RFOs and SDs completed their training programs.

The training strategy was a multi-faceted process for Agency SDs and RFOs. Newly appointed SDs and RFOs initially received RIPS training through self-study electronic tutorials that familiarized them with their mandated SSS duties. Next, SDs and RFOs attended Phase II of the Agency's NO/SD Professional Development Continuation Training at their respective Region Headquarters. Here, they received additional RIPS professional and ancillary training in a group-based format. Also, RFOs finished follow-on training when they completed their TGOs and TGPs during their Unit Training Assemblies or drills. This all-encompassing approach resulted in 97% of our SDs and 94% of our RFOs being trained in RIPS functions and other mobilization responsibilities.

Impact:

By employing this very aggressive training strategy, the SSS has greatly increased SD and RFO knowledge and understanding of the Registrant Integrated Processing System programs for a mobilization event. This increase in knowledge and understanding has enhanced their capability to meet mission requirements in all areas of their responsibilities.

Planned Actions/Schedule:

RIPS Training Guidance Outlines (TGOs) are being replaced to reflect the Agency's new business rules. All materials are sent to the field after they are finalized. A completely revised RFO Certification Exam was also distributed in FY 2005.

Verification and Validation:

Region input verified that 94% of our RFOs and 97% of our SDs completed training using the evaluation criteria set for FY 2005.

4. **Achieve training assessment results indicating that 90% of SDs and RFOs are trained to predetermined standards.**

Was the goal achieved? Yes. Projected 90%. Achieved SD 96%.

Results: All preliminary steps involved in developing plans for conducting an exercise were met successfully. These plans will be utilized when planning for the FY 2009 Readiness Exercise commences in FY 2007.

Discussion: All personnel positions required to conduct a practice exercise were staffed. To ensure RFOs and SDs are prepared to carry out their activation requirements, an exercise training package was developed. This training package is scenario driven and will test the RFOs and SDs ability to perform their activation responsibilities. In addition, the RFOs and SDs were administered a re-certification exam based on activation procedures to validate the training they received.

Impact: The testing verified that should an exercise be conducted, the results would show the SSS capable of performing its mobilization functions thereby validating its mobilization capabilities.

Planned Actions/Schedule: During FY 2007, develop new plans, policies, and improved procedures for the FY 2009 mobilization Readiness Exercise. These actions also include: outlines, schedule of evaluations, development of time lines, and determination of new IT interface requirements. Train for a mobilization Readiness Exercise during FY 2006 and 2007.

Verification and Validation: The completion of the Exercise Training package will provide verification and validation that the RFOs and SDs are capable of implementing all of the Agency's mobilization capabilities. State Directors and Reserve Force Officers will continue to participate in exercises being developed to test their readiness in the event of a national emergency.

5. **Ensure that 90% of assigned SDs and RFOs are trained to predetermined standards.**

Was the goal achieved? Yes. Projected 90%. Achieved SD 96%.

Results: In lieu of an AO Prototype Exercise, described in Goal 1 above, the Agency combined the requirements of Goal 4 above and conducted electronically developed mini-exercises during FY 2005. It proved to be a valuable training tool opportunity for the National Headquarters (NHQ) as well as field personnel in that training had to be quickly developed to keep up with changing events.

Discussion: This was a new opportunity for NHQ personnel to put together meaningful training packages, on short notice, while learning the intricacies of new training software (IT). These factors included: new evaluations, time lines, and determination of IT interface requirements. All members participating in the Exercise successfully carried out their assigned duties and requested that additional training of this nature be made a standard in the future for training.

Planned Actions/Schedule: This unplanned change in training requirements had a very positive effect on National Headquarters and Field Office personnel.

Verification and Validation: The completion of the Exercise Training package provides verification and validation that the RFOs and SDs are capable of implementing all of the Agency's mobilization capabilities. State Directors and Reserve Force Officers will continue to participate in exercises being developed to test their readiness mandates.

6. **Achieve distribution of 100% of updated training documents to SDs, RFOs, Uncompensated Personnel (Local, District Appeal, and National Appeal Board Members).**

Was the goal achieved? Yes. Projected 100%. Achieved 100%.

Results: Training materials developed during the reporting period have been sent to the field.

Discussion: Registrant processing policies and procedures, as well as those for Agency support elements, have undergone numerous changes. As the changes are documented and procedures redefined, new iterations of training materials are developed to reflect embellishments.

Various, individual training packages have been developed during FY 2005. In addition, numerous previously developed materials were updated. The new training documents included Local Board Continuation Training, District Appeal Board Continuation Training, Professional Development Courses, RFO/SD mini-exercises and State Director Continuation Training. Distribution was accomplished, in most cases, directly from the printer to conserve funds.

Impact: Very positive. By employing this aggressive strategy, the SSS has been able to sustain the SD's and RFO's knowledge and understanding of mission programs. Further, by prompt delivery of materials, Regions are spared the resources necessary to replicate documents at their Headquarters in order to match Detachment training schedules.

Planned Actions/Schedule: Continue the current methodology.

Verification and Validation: Region Headquarters personnel periodically visit field units and assess the currency of their training libraries to ensure that up to date materials are in circulation.

Strategic Goal 2: Improve overall registration compliance and service to the public.

Maintaining an ongoing Registration Program of men age 18 through 25 is fundamental to mission success. To implement a “fair and equitable” draft, a 90% compliance rate for 18- through 25-year-old men is required.

For FY 2005, the SSS set four performance goals for Goal 2.

- Attain a 95% or greater registration compliance rate for 18- through 25-year-old men.
- Attain and appoint Registrars in 87% of the Nation’s high schools.
- Obtain 87% of registrations electronically.
- Reduce acknowledgement turnaround time to less than 20 days.

Performance Measure	Objective	2001	2002	2003	2004	2005	2006
Attain a 95% or greater registration compliance rate for men ages 18– through 25-years of age.	2.1	89%	91%	91%	93%	95%	96%
Attain and appoint Registrars in 87% of the Nation’s High Schools.	2.2	82%	82%	84%	85%	87%	87%
Obtain 87% of all registrations electronically.	2.3	28%	70%	75%	79%	82%	82%
Reduce acknowledgement turnaround time to less than 20 days.	3.7	16 days	16 days	16 days	16 days	17 days	16 days

Performance Goals:

1. **Attain a 95 % or greater registration compliance rate for men ages 18- through 25-year-olds.**

Was the goal achieved: Yes.

<i>Results:</i>	Projected: 95 percent (18-25 YOY Groups) Actual (As of June Year of Birth Group months processed July 2005): 95% percent.
<i>Discussion:</i>	Registration is a crucial component of any future induction or draft to furnish personnel to the Department of Defense in the event of a national emergency declared by the Congress or the President. The primary factors that foster registration compliance include: (1) increase in the enactment in states and territories of driver's license legislation requiring registration with the SSS to obtain a motor vehicle driver's license or state identification card; (2) continued use of on-line registration via the SSS Web site (www.sss.gov), (3) increased emphasis on soliciting volunteer SSS High School Registrars; (4) additional mailings to states having the lowest compliance rates, along with 19 year-olds nationwide who had not registered; (5) targeted cost effective registration awareness initiatives, including public service broadcast messages (in English and Spanish); and outreach efforts to the educational and community leaders and influencer groups.
<i>Impact:</i>	Efforts to increase registration compliance will ensure fairness and equity in any future draft.
<i>Planned Actions/Schedule:</i>	With no increase in funding for the Registration Improvement Process, the Agency will continue to capitalize upon existing resources and modified programs as outlined in Agency Directive 600-21 (Registration Improvement Plan, FY 2006). For FY 2006, primary registration improvement emphasis will continue to be to assist states and territories in their efforts to enact legislation requiring SSS registration in order to obtain a driver's license or identification card. Our goal is coverage of 100% of the Nation's potential registrant population. As each state/territory comes on line, it is anticipated that estimated registration compliance rates will be increased, resulting in lower costs expended by the Agency for registration compliance.
<i>Verification and Validation:</i>	Agency Directive 600-14: Registration Statistics Reporting System (REGSTATS), dated June 1, 1999, outlines the methodology employed. The methodology is consistent and adequate based upon generally accepted statistical practices.

2. Attain and appoint Registrars in 87% of the Nation's high schools.

<i>Was the goal achieved?</i>	Yes.
<i>Results:</i>	Projected: 87 percent - Actual: As of 9/14/05, 87 percent.

Discussion:

As of 9/14/05, 87% of the Nation's 20,997 high schools were participating in SSS' High School Registrar Program. Registrars are uncompensated civilian volunteers who are authorized to administer and receive registrations from young men. The High School Registrar Program is a most effective awareness program that informs male students -- face-to-face -- about the requirement to register with Selective Service. Registration is a prerequisite for many Federal job opportunities and student financial assistance programs. The program also provides a convenient location for young men to register -- their high school.

The High School Registrar Program is augmented by additional uncompensated Selective Service Registrars for the Farmworkers Opportunity Program and the Workforce Investment Act Program. The result has increased registration awareness and higher compliance by registration age men participating in those programs. On-line registrant verification resulted in improved customer service by providing High School Registrars, as well as registrants, Student Financial Aid Officers, and Workforce Investment Act officials, the ability to check or verify registrations through the Agency.

Impact:

Increased on-time registration and improved customer service to prospective registrants.

Planned Actions/Schedule:

The Agency continues to: implement registration public awareness initiatives in urban areas with emphasis on those states/territories that have not as of yet enacted legislation requiring registration with Selective Service to obtain a motor vehicle operator license or state ID card; track responses to solicitation letters to high schools; and, enhance materials used to conduct the program. The SSS will monitor the participation of high schools in the programs and conduct visits to high schools to further explain the benefits of the program including the use of the Internet to apply to be a Registrar. Registrars facilitate registration of young men and can verify or check a registration; evaluate feedback from personal contact with high school administrators and Registrars; encourage Agency force multipliers (i.e. uncompensated Board Members and State Resource Volunteers), as well as paid staff to "Adopt-a-High School" to solicit registrars, especially in state/territories without implemented driver's license legislation; and, implement national registration improvement programs such as those outlined in Agency Directive 600-21 (Registration Improvement Plan, FY 2006). Various organizational echelons in the SSS track all responses and programmatic feedback on registration compliance.

Verification and Validation: Agency Headquarters Order 97-16: The Selective Service Registration Improvement Program, and Agency Directive 600-20 (Registration Improvement Plan, FY 2005), provides policy, direction, and resources as an oversight to this mandate.

3. **Obtain 81% of all registrations electronically.**

Was the goal achieved? Yes.

Results: Projected: 81 percent of total - Actual: As of 9/2/05, 82 percent of total.

Discussion: Driver's license legislation implemented in 34 states, 3 territories, and the District of Columbia, linking driver's license and state ID cards to compliance with the Federal registration requirement and Internet registration are the primary components for electronic registrations. Note: The original performance goal to have 86% electronic registrations for CY 2005 was unrealistic when compared to the actual electronic registrations for CY 2004 that was 79%. As a result, it has been determined that a more realistic projected increase would be 81% for 2005. As a result, at this time, practical considerations suggest the following goals for: 2006 (82%), 2007 (83%), 2008 (84%), 2009 (85%), 2010 (86%), 2011 (87%).

Impact: Improved customer service by providing a streamlined and timely method of registering at a reduced cost.

Planned Actions/Schedule: Continue to maintain automated registration programs and push to implement driver's license registration nationally.

Verification and Validation: Statistical report that measure processing time lines and evaluates program results periodically.

4. **Reduce acknowledgement turnaround to less than 20 days.**

Was the goal achieved? Yes.

Results: Projected: 20 days. Actual: As of 9/8/05, 17 days.

Discussion: Driver's license legislation implemented in 34 states, 3 territories, and the District of Columbia, linking drivers licensing and state ID cards with compliance to the Federal registration requirement and Internet registration are primary contributing factors in reducing acknowledgement turn-around time.

<i>Impact:</i>	Improved customer service by providing a more streamlined and timely method of registering at a reduced cost.
<i>Planned Actions/Schedule:</i>	Continue to maintain automated registration programs and implement driver's license registration.
<i>Verification and Validation:</i>	Statistical report measures processing time lines.

Strategic Goal 3: Enhance external and internal customer service.

For FY 2005 the SSS set eight performance goals for Goal 3.

The enhancement of external and internal customer service through the effective implementation of new technologies and update procedures is of paramount importance to the Agency.

- Maintain an average improve systems change request implementation time of 39 days or less.
- Maintain a functional proponent and customer satisfaction level of 87%.
- Implement / Participate in the e-Quip Security Clearance process.
- Implement performance appraisals for SES and managers that link strategic objectives and annual performance goals, and provide consequences based on performance.
- Develop and implement a Human Capital Management Plan.
- Identify and address gaps in mission critical skills and competencies.
- Have a telephone call completion rate 93% or higher.
- Answer correspondence within 10 days.

Performance Measure	Objective	2001	2002	2003	2004	2005	2006
Maintain an average systems change request implementation time of 39 days.	3.1	+2.8%	+13%	–	39 days	39 days	39 days
Maintain a functional proponent and customer satisfaction level of 87%.	3.1	86%	88%	88%	89.3%	89%	89%
Implement/Participate in the eQuip Security Clearance process.	3.5	–	–	–	–	100%	–

Implement performance appraisals for SES and managers that link strategic objectives and annual performance goals, and provide consequences based on performance.	3.5	-	-	-	-	90%	100%
Develop and implement a Human Capital Management Plan.	3.5	-	-	-	-	10%	50%
Identify and address gaps in mission critical skills and competencies.	3.5	-	-	-	-	10%	100%
Have a telephone completion rate of 93% or higher.	3.6	-	65%	94%	97%	96%	97%
Answer correspondence within 10 days.	3.6	16 days	16 days	16 days	10 days	10 days	20 days

Performance Goals:

The enhancement of external and internal customer service through the effective implementation of new technologies and updated procedures is of paramount importance to the Agency.

1. **Maintain an average systems change request implementation time of 39 days or less.**

Was the goal achieved? Yes.

Results: Projected: 38.96 days (42.46 days baseline) - Actual: 25.40 days

Discussion: For FY 2005 and beyond IT will maintain the following average work order and major system modification or implementation completion times:

	ASAP	HIGH	MEDIUM	LOW
Work Order	2 Hrs	6 Hrs	12 Hrs	18 Hrs
Major Modification	7 Days	14 Days	21 Days	30 Days

Impact: IT achievement of its goal means that the staff is focused on improving and working more effectively and efficiently.

Planned Actions/Schedule: Continue efforts to increase efficiency of system change processing. Track-It software will be utilized to gather the statistics for average work order completion time. In addition, IT is in the process of evaluating a Web-Based solution for Help Desk, Asset Management, and Change Management.

Verification and Validation: Track-It software will be utilized to capture data for work orders and major systems modifications in FY 2006.

2. Maintain a functional proponent and customer satisfaction level of 87%.

Was the goal achieved? Yes.

Results: Projected: 87-percent - Actual: 91-percent

Discussion: IT conducted a customer survey in FY 2005 to assess the quality of information services (hardware, software, applications systems, telecommunications, and support) for its internal and external customers to establish a baseline for performance measurements and goals.

The survey was divided into a series of questions aligned with each support area: administrative systems, readiness systems, desktop computer support, network support, and telephone.

Each question had the following possible responses, relative point values, and percentage ratings:

- Very Dissatisfied 1 20 percent
- Dissatisfied 2 40 percent
- Satisfied 3 60 percent
- Very Satisfied 4 80 percent
- Extremely Satisfied 5 100 percent

Impact: The FY 2005 goal to maintain at least an 87% customer satisfaction level was surpassed.

Planned Actions/Schedule: The consensus is that the technical support staff should be given more training in areas of technical advancement so that they can better support Agency users as technology within the Agency is upgraded.

Verification and Validation: Statistics from the Track-It help desk software.

3. Implement/Participate in the e-Quip Security Clearance process.

Was the goal achieved? Yes.

Results: Projected: 100 percent - Actual: 100 percent

Discussion: The Agency's Human Resources Division coordinated with OPM to completely implement the new e-Quip security clearance process. Approximately 10% of Agency personnel have national security clearances.

Impact: Improved speed and accuracy of initiating national security clearance background checks. Reduces the amount of paperwork created, utilizes online processing and exchange of data. Receive input much quicker enabling faster submission of requests.

Planned Actions/Schedule: Evaluate the new e-Quip process for actual speed and ease.

Verification and Validation: Statistical reports that measure processing time lines and evaluate programs.

4. **Implement performance appraisals for SES and managers that link strategic objectives and annual performance goals, and provide consequences based on performance.**

Was the goal achieved? Yes.

Results: Projected: 100 percent - Actual: 90 percent

Discussion: In accordance with OPM guidelines, the Agency drafted new policy and procedures for SES appraisals that link performance evaluations to strategic objectives and annual performance goals. The new policy was submitted to OPM and OMB for approval. Approval is still pending. In addition, the Agency adjusted managerial appraisals to create links between performance evaluations and strategic objectives and annual performance goals.

Impact: Improved accountability of senior management that is aligned with the Agency's strategic mission.

Planned Actions/Schedule: Continue to follow-up with OPM and OMB to attain approval of the revised SES appraisal system and modify the Agency's existing appraisal system to better align all personnel appraisals with the strategic objectives and annual performance goals.

Verification and Validation: Evaluation of the results of actual appraisals to ensure alignment with strategic objectives and annual performance goals.

5. **Develop and implement a Human Capital Management Plan.**

Was the goal achieved? No.

Results: Projected: 50% - Actual: 10 %

Discussion: Developed rough shell of the Human Capital Management Plan (HCMP) and conducted research for numerous issues. Created draft of generic

guideline portions of the plan, conducted two human capital surveys. Did not receive necessary funding to conduct the workload analysis that will provide baseline data on skill gaps and the alignment of talent to jobs.

Impact: The Agency has existing policy and procedures in place that address many of the issues being developed in the HCMP. However, the need to provide an integrated approach to human capital management has not been realized. Several primary areas of concern included succession planning, managing talent, aligning skills with job requirements for the most efficient/effective organization remain incomplete.

Planned Actions/Schedule: Maintain or better the performance goal.

Verification and Validation: Statistical reports that measure completion of the plan against the desired content and evaluate programs based upon comparison with other small agencies plans and programs.

6. Identify and address gaps in mission critical skills and competencies.

Was the goal achieved? No.

Results: Projected: 100% - Actual: 10%

Discussion: This effort is tied directly in with the HCMP, which is still under development. Identifying gaps in mission critical skills and competencies requires an initial assessment of employee skills and competencies. This requires a workload analysis – an item that was requested in FY 2005 but not funded. We have taken the first steps towards this goal, but are unable to handle the evaluation and analysis with in-house talent. Additional negative impact was caused by the lack of training funds needed to begin addressing even the basic training needs of employees. Utilizing in-house staff to develop “novice” level training needs that can be addressed via online learning program; includes “required” training for all federal employees and a basic curriculum based upon specialty, such as IT specialists.

Impact: The inability to get a workload analysis done has impacted the ability to identify “required” skills and competencies for each position, determine where gaps exist for each employee and Directorate, and develop a strategy to fill the gaps. Agency continues with status quo.

Planned Actions/Schedule: Submit budget request for this workload analysis, as well as increase level of training funding provided.

Verification and Validation: Statistical reports that measure ability of personnel to meet the “basic requirements” via completion of the online learning courses; measure time to complete; evaluate supervisor’s input regarding effectiveness.

7. Have a telephone completion rate of 93% or greater.

Was the goal achieved? Yes.

Results: Projected: 7 percent Actual: 4 percent of total

Discussion: The Agency’s Data Management Center attained a call abandonment rate of 4%, thereby accomplishing a call completion rate of 96%.

Impact: Improved customer service by handling telephone calls faster with fewer disconnects.

Planned Actions/Schedule: Continue seeking service level improvements while maintaining adequate staffing levels.

Verification and Validation: Statistical reports that measure processing time lines and evaluates program results.

8. Answer correspondence within 10 days.

Was the goal achieved? Yes.

Results: Projected: 10 days Actual: 7 days.

Discussion: With innovative scheduling, this goal was achieved for registrant inquiry service levels, notwithstanding staffing moves to handle expanding workloads.

Impact: Initial customer service levels improved.

Planned Actions/Schedule: Maintain or better the performance goal.

Verification and Validation: Statistical reports that measure processing time lines and evaluates program.

Strategic Goal 4: Enhance the system which guarantees that each conscientious objector is properly classified, placed, and monitored.

For FY 2005 the SSS set one performance goal for Goal 4.

As required by law, the SSS will implement an Alternative Service Program for registrants who are classified conscientious objectors (CO). The Alternative Service Program identifies jobs that a CO may perform in civilian occupations which contribute to the maintenance of the health, safety, and/or interest of the Nation.

- Train 90% of SDs and RFOs on Alternative Service Plans and Procedures.

Performance Measure	Objective	2001	2002	2003	2004	2005	2006
Train 90% of SDs and RFOs on Alternative Service Plans and Procedures.	4.1	-	-	-	85%	90%	90+%

Performance Goals:

1. **Train 90% of assigned State Directors and Reserve Force Officers on Alternative Service plans and procedures.**

Was the goal achieved? Yes.

Although the final results of two assessment tools were unavailable at the time this publication was prepared, preliminary results indicate that SSS Readiness Training continued to strengthen RFO and SD understanding of their respective roles and responsibilities to the Alternative Service Program during a mobilization.

Results: Projected: 90 percent Actual (Preliminary): 96 percent SDs and 94 percent RFOs.

Discussion: Selected FY 2005 SSS SD and RFO Readiness Training Program packages and instruments focused on the skills and knowledge required to implement the Alternative Service Program during a mobilization. For example, new RFOs and SDs were introduced to Alternative Service plans and procedures through the New Officer/ State Director (NO/SD) Phase I Program (self-study booklet with electronic tutorial.) This Phase I product provides an overview of the Alternative Service in America and of the Alternative Service Program

requirements as implemented nationwide during a mobilization. Then, seasoned RFOs and SDs were then joined by new SDs and RFOs in the delivery of Alternative Service-based mini-exercises designed to supplement training provided by Alternative Service Office (ASO) RTGOs. In addition, State Director training developed for distribution in FY 2005 featured extensive training on the Alternative Service Program. As a consequence, both SD and RFO knowledge of ASP internal and external plans and procedures was greatly enhanced, thereby improving the Agency's readiness posture.

Impact:

SDs, RFOs, and Agency management have increased confidence in the ability of SDs and RFOs to implement the Agency's ASP effectively and with efficiency. SDs and RFOs have maintained mission essential readiness and can readily implement the ASP in the event of a mobilization.

Planned Actions/Schedule:

In FY 2006, the SSS will continue to enhance ASP training by developing more mini-exercises to supplement training provided by ASO TGOs.

Verification and Validation:

A preliminary quantitative evaluation by the SSS Region Headquarters showed that 96% of our assigned State Directors (SDs) and 94% of assigned RFOs completed training in FY 2005 using the ASP-based instructional materials.

Financial Details

Financial Summary

Message From the Comptroller

SSS recognizes the importance of strong financial systems and internal controls to ensure accountability, integrity, and reliability. The Agency complies with and is committed to fulfilling the requirements of the Integrity Act. SSS' internal controls are designed to provide reasonable assurance that obligations and costs are in compliance with governing laws and regulations, that its funds, property, and other assets are protected against loss from unauthorized use or disposition. Through continuous assessment of and review of its control program, SSS is able to identify and take corrective actions if or when deficiencies are identified. The reviews conducted by SSS employees, which formed the basis for the Agency's Annual Integrity Report, indicated that appropriate controls are in place and did not identify any material weaknesses. This assessment finding of "no material weaknesses" was confirmed by an independent auditor.



A handwritten signature in black ink, appearing to read "William W. Reese". The signature is stylized and fluid.

William W. Reese
Comptroller

November 12, 2004

Overview of Financial Statements

Purpose of the financial statements:

- The balance sheet shows asset vs. liabilities
- Statement of Net Cost shows the cost of operations
- Statement of Change in Net Position identifies the accounting actions which caused the change in Net Position
- Statement of Budgetary Resources shows how resources were made available during the budget year and the year end status of those resources
- Statement of Financing which reconciles budgetary resources with the net costs of operations

Financial Statements

Balance Sheet

Selective Service System Balance Sheet As of September 30, 2005 and 2004 (In Dollars)

	<u>2005</u>	<u>2004</u>
Assets:		
Intragovernmental:		
Fund balance with Treasury (Note 2)	\$11,818,622	\$9,437,734
Accounts receivable (Note 4)	<u>82,233</u>	<u>187,620</u>
Total Intragovernmental	11,900,855	9,625,354
General property and equipment, net (Note 3)	431,059	325,312
Assets under capital lease	136,260	0
Internal use software in development	<u>751,333</u>	<u>0</u>
Total assets	<u>\$13,219,507</u>	<u>\$9,950,666</u>
Liabilities:		
Intragovernmental:		
Accounts payable (Note 7)	783,050	1,143,633
Unfunded FECA liability (Notes 6, 7, and 10)	<u>476,216</u>	<u>526,076</u>
Total Intragovernmental	1,259,266	1,669,709
Accounts payable (Note 7)	137,339	226,864
Salaries and benefits (Note 7)	485,138	414,074
Accrued annual leave (Notes 7 and 10)	730,535	620,552
Actuarial FECA liability (Notes 6, 7, and 10)	3,001,070	3,183,380
Capital lease liability (Notes 7 and 9)	<u>100,637</u>	<u>0</u>
Total liabilities	<u>5,713,985</u>	<u>6,114,579</u>
Net position:		
Unexpended appropriations	9,064,569	6,669,676
Cumulative results of operations	<u>(1,559,047)</u>	<u>(2,833,589)</u>
Total net position	<u>\$7,505,522</u>	<u>\$3,836,087</u>
Total liabilities & net position	<u>\$13,219,507</u>	<u>\$9,950,666</u>

The accompanying notes are an integral part of these statements.

Statement of Net Cost

Selective Service System Statement of Net Cost For the Years Ended September 30, 2005 and 2004 (In Dollars)

	<u>2005</u>	<u>2004</u>
PROGRAM COSTS		
Intragovernmental Gross Costs	\$8,977,777	\$9,618,535
Less: Intragovernmental Earned Revenue	(334,153)	(336,568)
Intragovernmental Net Costs	8,643,624	9,281,967
Gross Costs With the Public	14,325,520	16,446,459
Less: Earned Revenues From the Public	<u>-</u>	<u>-</u>
Net Costs With the Public	<u>14,325,520</u>	<u>16,446,459</u>
Total Net Cost	22,969,144	25,728,426
Costs Not Assigned To Programs	-	-
Less Earned Revenues Not Attributable To Programs		
Net Cost of Operations	<u>\$22,969,144</u>	<u>\$25,728,426</u>

The accompanying notes are an integral part of these statements.

Statement of Changes in Net Position

Selective Service System Statement of Changes in Net Position For the Years Ended September 30, 2005 and 2004 (In Dollars)

	2005 Cumulative Results Of Operations	2005 Unexpended Appropriations	2004 Cumulative Results of Operations	2004 Unexpended Appropriations
Beginning Balances	(\$2,833,589)	\$6,669,676	(\$10,313,915)	\$12,001,322
Prior Period Adjustments (Note 8)			4,854,006	
Prior Year Audit Adjustments			<u>2,381,805</u>	<u>(201,122)</u>
Beginning Balances, as adjusted	(\$2,833,589)	\$6,669,676	(\$3,078,104)	\$11,800,200
 Budgetary Financing Sources:				
Appropriations received		26,300,000		26,308,000
Authority Unavailable Pursuant to Public Law	(74,501)	(654,434)		(6,153,814)
Appropriations used	23,250,673	(23,250,673)	25,284,710	(25,284,710)
 Other Financing Sources:				
Imputed Financing From Costs Absorbed by Others	<u>1,067,514</u>		<u>688,231</u>	
Total Financing Costs	24,243,686	2,394,893	25,972,941	(5,130,524)
 Net Cost of Operations	(22,969,144)		(25,728,426)	
 Ending Balances	<u>(\$1,559,047)</u>	<u>\$9,064,569</u>	<u>(\$2,833,589)</u>	<u>\$6,669,676</u>

The accompanying notes are an integral part of these statements.

Statement of Budgetary Resources

Selective Service System Statement of Budgetary Resources For the Years Ended September 30, 2005 and 2004 (In Dollars)

	<u>2005</u>	<u>2004</u>
Budgetary Resources:		
Budget authority:		
Appropriations received	\$26,300,000	\$26,308,000
Unobligated balance:		
Beginning of period	2,237,589	618,547
Spending authority from offsetting collections:		
Earned		
Collected	439,540	345,729
Receivable from Federal sources	(105,387)	(9,161)
Change in unfilled customer orders		
Without advance from Federal sources	0	0
Recoveries of prior year obligations	3,927,521	802,634
Permanently not available:		
Rescissions - Current Year	(210,400)	(155,217)
Canceled Authority	(518,211)	(359,455)
Total Budgetary Resources	<u>\$32,070,652</u>	<u>\$27,551,077</u>
Status of Budgetary Resources		
Obligations incurred:		
Direct	24,904,356	25,313,488
Unobligated balance:		
Apportioned currently available	2,868,266	1,598,216
Unobligated balance not available	<u>4,298,030</u>	<u>639,373</u>
Total Status of Budgetary Resources	<u>\$32,070,652</u>	<u>\$27,551,077</u>
Relationship of Obligations to Outlays:		
Obligated balance, net, beginning of period	7,200,145	6,517,783
Obligated balance, net, end of period		
Accounts receivable	82,233	187,620
Undelivered orders	3,228,396	5,603,193
Accounts payable	1,506,164	1,784,572
Outlays:		
Disbursements	23,630,040	23,837,653
Collections	(439,540)	(345,729)
Subtotal	23,190,500	23,491,924
Less: Offsetting receipts	<u>0</u>	<u>0</u>
Net Outlays	<u>\$23,190,500</u>	<u>\$23,491,924</u>

The accompanying notes are an integral part of these statements.

Statement of Financing

Selective Service System Statement of Financing For the Years Ended September 30, 2005 and 2004 (In Dollars)

	<u>2005</u>	<u>2004</u>
Resources Used to Finance Activities:		
Budgetary Resources Obligated		
Obligations Incurred	\$24,904,356	\$25,313,488
Less: Spending Authority from offsetting collections and recoveries	(4,261,674)	(1,139,202)
Obligations net of offsetting collections and recoveries	20,642,682	24,174,286
Less: Offsetting receipts	<u>0</u>	<u>0</u>
Net Obligations	20,642,682	24,174,286
Other Resources		
Imputed financing from costs absorbed by others	<u>1,067,514</u>	<u>688,230</u>
Total Resources Used to Finance Activities	21,710,196	24,862,516
 Resources Used to Finance Items not Part of the Net Cost of Operations:		
 Change in Budgetary Resources Obligated for Goods and Services and Benefits Ordered but not received	 2,374,799	 767,641
 Resources that fund expenses recognized in prior periods	 (182,310)	 (210,798)
 Resources that finance the acquisition of assets	 (1,210,424)	 (187,550)
 Other Resources or adjustments to net obligated resources that do not affect net cost of operations	 (280,244)	 6,215
 Total Resources used to finance items not part of the Net Cost of Operations	 <u>701,821</u>	 <u>375,508</u>
 Total Resources Used to finance the Net Cost of Operations	 22,412,017	 25,238,024

continues on next page

The accompanying notes are an integral part of these statements.

Selective Service System
Statement of Financing
For the Years Ended September 30, 2005 and 2004
(In Dollars)

Components of the Net Cost of Operations that will not Require or Generate Resources in the Current Period:

	<u>2005</u>	<u>2004</u>
Components Requiring or Generating Resources in Future Periods:		
Not requiring current year authority	109,983	246,157
Change in unfunded FECA	230,060	16,621
Total components of Net Cost of Operations that will require or generate resources in future periods	340,043	262,778
Components not Requiring or Generating Resources:		
Depreciation and Amortization	217,084	227,624
Total components of Net Cost of Operations that will not require or generate resources	217,084	227,624
Total components of net cost of operations that will not require or generate resources in the current period	557,127	490,402
Net Cost of Operations	\$22,969,144	\$25,728,426

The accompanying notes are an integral part of these statements.

Notes to Financial Statements

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The accompanying financial statements present the financial position, net cost of operations, changes in net position, budgetary resources, and financing of the Selective Service System (SSS). The SSS is an independent Federal agency, operating with permanent authorization under the Military Selective Service Act (50 U.S.C. App.451 et seq.). It is not part of the Defense Department; however, it exists to serve the emergency manpower needs of the Defense Department, if a draft is necessary. The Agency remains ready to implement a draft of untrained manpower, or personnel with professional health care or special skills, if directed by the Congress and the President to do so in a national crisis. The financial activity presented relates primarily to the execution of SSS' Congressionally approved budget. The SSS budget consists of an annual appropriation covering salaries and expenses and revenue from reimbursable work. This revenue is included on the Statement of Budgetary Resources as "reimbursable services." The financial statements, except for Federal employee benefit costs paid by the Office of Personnel Management (OPM) and imputed to SSS, do not include the effects of centrally administered assets and liabilities related to the Federal government as a whole.

B. Basis of Presentation

The accompanied financial statements are provided to meet the requirements of the Accountability of Tax Dollars Act of 2002. The statements consist of the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources and Statement of Financing.

These financial statements have been prepared to report the financial position and results of operations of SSS. These statements were prepared from the books and records of SSS in conformity with accounting principles generally accepted in the United States, and the Office of Management and Budget (OMB) Circular A-136, Financial Reporting Requirements. Certain line items were reclassified in the financial statements in order for them to more closely conform to OMB Circular A-136.

These statements conform to U.S. Generally Accepted Accounting Principles (GAAP) as promulgated by the Federal Accounting Standards Advisory Board (FASAB). The American Institute of Certified Public Accountants (AICPA) recognizes FASAB Standards as GAAP for federal reporting entities. These principles differ from budgetary reporting principles. The differences relate primarily to the capitalization and depreciation of property and equipment, as well as the recognition of other long-term assets and liabilities.

C. Basis of Accounting

Transactions are recorded on an accrual accounting basis and a budgetary basis. Under the accrual method, revenues are recognized when earned and expenses are recognized when liabilities are incurred, without regard to receipt or payment of cash. Budgetary accounting measures the appropriations and consumption of budget authority and other budgetary resources and facilitates compliance with legal constraints and controls over use of Federal funds.

To assist OMB in recommending and publishing comprehensive accounting standards and principles for agencies of the Federal Government, the Secretary of the Treasury, the Comptroller of the United States, the Director of OMB, and the Joint Financial Management Improvement Program established the Federal Accounting Standards Advisory Board (FASAB) in 1990. The American Institute of Certified Public Accountants Council designated FASAB as the accounting standards authority for Federal government entities.

D. Revenues and Other Financing Sources

SSS receives most funding through Congressional appropriation from the budget of the United States. Annual appropriations are used, within statutory limits, for operating and capital expenditures for essential personal property. Appropriations are recognized as revenues at the time the related program or administrative expenses are incurred. Appropriations expended for capitalized property and equipment are recognized as expenses when an asset is consumed in operations.

A small amount of funding is received by performing reimbursable services for other Federal agencies. The funds received are used to pay the cost of performing these services.

E. Fund Balance with Treasury

Funds with the Department of the Treasury primarily represent appropriated funds that are available to pay current liabilities and finance authorized purchase commitments. See Note 2 for additional information.

F. Advances and Prepayments

SSS records payments for goods and services not yet received as advances and reduces the advances by charges to expense as the goods and services are received.

G. General Property, Plant, and Equipment, Net

SSS' property, plant and equipment is recorded at cost and is depreciated using the straight-line method over the estimated useful life of the asset. Major alterations and renovations are capitalized, while maintenance and repair costs are charged to expense as incurred. SSS' capitalization threshold is \$10,000 for individual purchases and \$50,000 for bulk purchases. Service lives are shown below. See Note 3 for additional information.

<u>Description</u>	<u>Life</u>
Furniture/Fixture	7
ADP Equipment	3
ADP Software	3
Telecommunication Equipment	3
Office Equipment	5
Other Equipment	7

H. Liabilities

Liabilities represent the amount of monies or other resources likely to be paid by SSS as a result of transactions or events that have already occurred. No liability can be paid, however, absent an appropriation. Liabilities for which an appropriation has not been enacted are, therefore, classified as not covered by budgetary resources, and there is no certainty that the appropriation will be enacted. Also, liabilities can be abrogated by the Government, acting in its sovereign capacity.

I. Accounts Payable

Accounts payable consists of amounts owed to other Federal agencies, and commercial vendors for goods, services, and other expenses received but not yet paid.

J. Annual, Sick, and Other Leave

Annual leave is accrued as it is earned, and the accrual is reduced as leave is taken. Each year, the balance in the accrued leave account is adjusted to reflect current pay rates. To the extent current or prior year appropriations are not available to fund annual leave earned but not taken, funding will be obtained from future financing sources. Sick leave and other types of nonvested leave are expensed as taken.

K. Retirement Plans

SSS employees participate in the Civil Service Retirement System (CSRS) or the Federal Employees' Retirement System (FERS). FERS was established by the enactment of Public Law 99-335. Pursuant to this law, FERS and Social Security automatically cover most employees hired after December 31, 1983. Employees hired before January 1, 1984, elected to join either FERS and Social Security or remain in CSRS.

All employees are eligible to contribute to the Thrift Savings Plan (TSP). For those employees participating in the FERS, a TSP account is automatically established and SSS makes a mandatory one-percent contribution to this account. In addition, SSS makes matching contributions, ranging from one to four percent, for FERS eligible employees who contribute to their TSP accounts. Matching contributions are not made to the TSP accounts established by CSRS employees.

FERS employees and certain CSRS reinstatement employees are eligible to participate in the Social Security program after retirement. In these instances, SSS remits the employer's share of the required contribution.

SSS does not report on its financial statements information pertaining to the retirement plans covering its employees. Reporting amounts such as plan assets, accumulated plan benefits, and related unfunded liabilities, if any, is the responsibility of the Office of Personnel Management.

L. Imputed Costs / Financing Sources

Federal Government entities often receive goods and services from other Federal Government entities without reimbursing the providing entity for all the related costs. In addition, Federal Government entities also incur costs

that are paid in total or in part by other entities. An imputed financing source is recognized by the receiving entity for costs that are paid by other entities. SSS recognized imputed costs and financing sources in Fiscal Year 2005 to the extent directed by OMB.

M. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Such estimates and assumptions could change in the future as more information becomes known, which could impact the amounts reported and disclosed herein.

N. Expired Accounts and Canceled Authority

Unless otherwise specified by law, annual authority expires for incurring new obligations at the beginning of the subsequent fiscal year. The account into which the annual authority is placed is called the expired account. For five fiscal years, the expired account is available for expenditure to liquidate valid obligations incurred during the unexpired period. Adjustments are allowed to increase or decrease valid obligations incurred during the unexpired period but not previously reported. At the end of the fifth expired year, the expired account is canceled.

O. Reclassification

Certain fiscal year 2004 balances have been reclassified, retitled, or combined with other financial statement line items for consistency with current year presentation.

NOTE 2. FUND BALANCE WITH THE U.S. TREASURY AND CASH

SSS' funds with the U.S. Treasury consist of only appropriated funds. The status of these funds as of September 30, 2005 is as follows:

	FY 2005 (In Dollars)	FY 2004 (In Dollars)
Fund Balances		
Appropriated Funds	<u>\$11,818,622</u>	<u>\$9,437,734</u>
Status of Fund Balance with Treasury		
Unobligated Balance		
Available	\$2,868,266	\$1,598,216
Unavailable	4,298,030	639,373
Obligated Balance not yet Disbursed	<u>4,652,326</u>	<u>7,200,145</u>
Total	<u>\$11,818,622</u>	<u>\$9,437,734</u>

The Discrepancy between the funds on deposit with Treasury and the funds reported by SSS in Fiscal Year 2005 is due to \$518,212 in unused funds remaining in the 2000 canceled year that are to be returned to Treasury. The

discrepancy between the funds on deposit with Treasury and the funds reported by SSS in Fiscal Year 2004 is due to \$359,455 in unused funds remaining in the 1999 canceled year that were to be returned to Treasury.

NOTE 3. GENERAL PROPERTY, PLANT, AND EQUIPMENT

The composition of property and equipment as of September 30, 2005 is as follows:

<u>Description</u>	<u>Acquisition Cost (In Dollars)</u>	<u>Accumulated Depreciation (In Dollars)</u>	<u>Net Book Value (In Dollars)</u>
ADP Software	\$252,750	(\$92,826)	\$159,924
ADP Equipment	197,859	(121,025)	76,834
Office Equipment	102,631	(75,886)	26,745
Telecomm Equipment	146,447	(63,021)	83,426
Other Equipment	<u>228,162</u>	<u>(144,032)</u>	<u>84,130</u>
TOTALS	<u>\$927,849</u>	<u>(\$496,790)</u>	<u>\$431,059</u>

The composition of property and equipment as of September 30, 2004 is as follows:

<u>Description</u>	<u>Acquisition Cost (In Dollars)</u>	<u>Accumulated Depreciation (In Dollars)</u>	<u>Net Book Value (In Dollars)</u>
ADP Software	\$82,626	(\$22,952)	\$59,674
ADP Equipment	693,714	(641,789)	51,925
Office Equipment	102,631	(66,520)	36,111
Telecomm Equipment	87,370	(26,493)	60,877
Other Equipment	<u>228,162</u>	<u>(111,437)</u>	<u>116,725</u>
TOTALS	<u>\$1,194,503</u>	<u>(\$869,191)</u>	<u>\$325,312</u>

NOTE 4. OTHER ASSETS

On September 30, 2005, SSS had one uncollected bill recorded in accounts receivable due from the Department of Defense totaling \$82,233. The bill to DoD was for reimbursable services provided under the Memorandum of Agreement between SSS and DoD in support of military recruiting.

NOTE 5. OPERATING LEASE

Four long-term leases are in place for space rental for the Selective Service System. The four leases are as follows: (1) The National Headquarters, (2) Warehouse space (in the Washington, D.C., metropolitan area), (3) the Region II Headquarters (in Smyrna, Georgia), and (4) the Region III Headquarters (in Denver, Colorado).

For National Headquarters a ten-year lease was negotiated to extend the terms as agreed upon between the two parties through October 2013. The base yearly charge for this lease is \$750,017 whereby the General Services Administration (GSA) can escalate the charges each year within a 5% to 10% range to cover the anticipated increases in their operating costs.

The lease for the warehouse space to support the National Headquarters is a five-year lease that is effective from May 2002 through May 2007. The base yearly charge for this lease is \$57,350 whereby the rent charges can escalate each year within a 5% to 10% increase based on the cost of living index to cover the anticipated increases in the annual operating costs.

The lease for the Region III Headquarters space is a five-year lease that was signed in January 2001 and expires in December 2006. The base yearly charge is \$100,089 including an annual escalation charge of 6.5% to cover the anticipated increases in their operating costs.

The lease for the Region II Headquarters space is a ten-year lease that was initiated in January 2004 and expires in January 2014. The base yearly charge is \$69,654 with an annual escalation charge of 5% to 6% to cover the anticipated increases in their operating costs. The annual escalation charge increases the rent annually to \$105,820.50 in 2014.

Schedule of Future Operating Lease Payments

	FY 2005 (In Dollars)	Net (In Dollars)
FY 2005	-	\$1,063,382
FY 2006	1,017,411	1,079,920
FY 2007	973,136	1,097,068
FY 2008	937,342	1,040,978
FY 2009	950,802	1,054,438
FY 2010	964,546	-
After Five Years	<u>3,085,238</u>	<u>4,645,935</u>
TOTAL FUTURE PAYMENTS	<u>\$7,928,475</u>	<u>\$9,981,721</u>

NOTE 6. FEDERAL EMPLOYEES' COMPENSATION ACT (FECA)

The Federal Employees' Compensation Act (FECA) provides income and medical cost protection to covered Federal civilian employees injured on the job, employees who have incurred a work-related occupational disease, and beneficiaries of employees whose death is attributable to a job-related injury or occupational disease. Claims incurred for benefits for SSS employees under FECA are administered by the Department of Labor (DOL) and are paid, ultimately, by SSS.

For 2005, SSS used estimates provided by DOL to report the FECA liability. This practice is consistent with the practices of other federal agencies.

SSS recorded an estimated liability for claims incurred but not reported as of September 30, 2005, which is expected to be paid in future periods. This estimated liability of \$3,001,070 as of September 30, 2005, is reported on SSS' Balance Sheet. SSS also recorded a liability for amounts paid to claimants by DOL as of September 30, 2005, of \$476,216, but not yet reimbursed to DOL by SSS. The amount owed to DOL is reported on SSS' Balance Sheet as an intragovernmental liability.

NOTE 7. LIABILITIES

The accrued liabilities for SSS are comprised of program expense accruals, payroll accruals, unfunded annual leave earned by employees, and the liability for a capital lease agreement. Program expense accruals represent expenses that were incurred prior to year-end but were not paid. Similarly, payroll accruals represent payroll expenses that were incurred prior to year-end but were not paid. The capital lease liability represents the amount owed under the lease agreement in future years.

Schedule of Liabilities

	<u>FY 2005</u> <u>(In Dollars)</u>	<u>FY 2004</u> <u>(In Dollars)</u>
Accounts Payable	\$920,389	\$1,370,497
Payroll Accrual	485,138	414,074
Unfunded Leave	730,535	620,552
Capital Lease Liability	100,637	-
FECA Liability	<u>3,477,286</u>	<u>3,709,456</u>
TOTAL LIABILITIES	<u>\$5,713,985</u>	<u>\$6,114,579</u>

NOTE 8: PRIOR PERIOD ADJUSTMENT

A Prior Period Adjustment of \$311,104 was recorded in Fiscal Year 2004 to adjust FECA expenses incurred in Fiscal Year 2002 that were paid in Fiscal Year 2004.

A Prior Period Adjustment of \$4,542,902 was recorded in Fiscal Year 2004 to adjust Cumulative Results of Operations for amounts canceled in Budget Fiscal Years 1998 and 1999.

NOTE 9: LIABILITIES NOT COVERED BY BUDGETARY RESOURCES

The liabilities on Selective Service System's Balance Sheet as of September 30, 2005, and 2004, include liabilities not covered by budgetary resources, which are liabilities for which Congressional action is needed before budgetary resources can be provided. Although future appropriations to fund these liabilities are likely and anticipated, it is not certain that appropriations will be enacted to fund these liabilities. The composition of liabilities not covered by budgetary resources as of September 30, 2005, and 2004 is as follows:

	<u>FY 2005</u>	<u>FY 2004</u>
Intragovernmental liabilities		
Unfunded FECA	<u>\$476,216</u>	<u>\$526,076</u>
Total Intragovernmental liabilities	\$476,216	\$526,076
Accrued Annual Leave	730,535	620,522
Actuarial FECA	<u>3,001,070</u>	<u>3,183,380</u>
Total Liabilities not covered by budgetary resources	<u>\$4,207,821</u>	<u>\$4,329,978</u>

Analysis of Financial Statements

SSS' financial statements have been prepared to report the financial position and results of operations of SSS pursuant to the requirements of the Accountability of Tax Dollars Act of 2002. The principle financial statements include the Balance Sheet, Statement of Net Cost, Statement of Changes in Net Position, Statement of Budgetary Resources, and Statement of Financing. The following chart summarizes the SSS' budget and outlays for the last 6 years.

SSS' Budget and Outlays (Dollars in Thousands)

Fiscal Year	Budget	Outlays
2005	26,090	23,191
2004	26,153	23,492
2003	26,308	29,235
2002	25,003	24,904
2001	24,414	23,418
2000	23,898	22,693

Limitations of the Financial Statements

While the statements have been prepared from SSS' books and records in accordance with generally accepted accounting principles for Federal entities and formats prescribed by the Office of Management and Budget, the statements are different from the financial reports used to monitor and control budgetary resources which are prepared from the same books and records.

These statements should be read with the understanding that SSS is a component of the United States Government, a sovereign entity, that liabilities not covered by budgetary resources cannot be liquidated without the enactment of an appropriation, and that the Federal Government can abrogate the payment of all liabilities other than contracts.

Systems, Controls, and Legal Compliance

SSS is cognizant of the importance of establishing and maintaining adequate controls for the programs and administrative functions for which it is responsible. Our management is developing, implementing, evaluating, and modifying our controls to provide reasonable assurance that we have adequate accountability of our resources. In addition, payroll services and the operation of our accounting system are provided by an outside source which gives us another level of control.

Based on internal and external evaluations, and knowledge gained from daily operations, our controls provide reasonable assurance that our resources are safeguarded and properly managed. The SSS Director and managers will continue to emphasize the importance of internal controls, and evaluate and enhance them as necessary.

Appendix

FY 2005 Performance Chart Agencywide Annual Performance Results and Targets

Performance Measure	Objective	ACTUAL	ACTUAL	ACTUAL	ACTUAL	ACTUAL	TARGET
		2001	2002	2003	2004	2005	2006
Plan an AO Prototype Exercise that will test mobilization's personnel delivery systems and support programs	1.1	-	-	Develop	Replaced	Postponed	Develop
Update and maintain the Agency Readiness Plans.	1.2	Complete	Complete	Complete	Complete	Complete	Update
Ensure that 90% of State Directors (SDs) and (Reserve Force Officers RFOs) are capable of implementing Registration Improvement Program functions and responsibilities.	1.3	-	-	-	-	96%	90+
Achieve training results indicating that 90% of SDs and RFOs are trained to predetermined standards.	1.3	98.5%	96%	96%	97%	96%	90+
Ensure that 90% of assigned SDs and RFOs are trained.	1.3	-	-	-	-	96%	90+
Achieve distribution of 100% of updated training documents to SDs, RFOs, Uncompensated Personnel (Local, District Appeal, and National Appeal Board Members).	1.4	-	-	-	-	Complete	Update
Attain a 95% or greater registration compliance rate for men ages 18- through 25-years of age.	2.1	89%	91%	91%	93%	95%	96%
Attain and appoint Registrars in 87% of the Nation's High Schools.	2.2	82%	82%	84%	85%	87%	87%
Obtain 87% of all registrations electronically.	2.3	28%	70%	75%	79%	82%	82%
Reduce acknowledgement turnaround time to less than 20 days.	3.7	16 days	16 days	16 days	16 days	17 days	16 days
Maintain an average systems change request implementation time of 39 days or less.	3.1	+2.8%	+13%	-	39 days	39 days	39 days
Maintain a functional proponent and customer satisfaction level of 87%.	3.1	86%	88%	88%	89.3%	89%	89%
Implement/Participate in the eEquip Security Clearance process.	3.5	-	-	-	-	100%	-
Implement performance appraisals for SES and managers that link strategic objectives and annual performance goals, and provide consequences based on performance.	3.5	-	-	-	-	90%	100%
Develop and implement a Human Capital Management Plan.	3.5	-	-	-	-	10%	50%
Identify and address gaps in mission critical skills and competencies.	3.5	-	-	-	-	10%	100%
Have a telephone completion rate of 93% or higher.	3.6	-	65%	94%	97%	96%	97%
Answer correspondence within 10 days.	3.6	16 days	16 days	16 days	10 days	10 days	20 days
Train 90% of SDs and RFOs on Alternative Service Plans and Procedures.	4.1	-	-	-	85%	90%	90+%

Glossary of Abbreviations and Acronyms

Terminology

Alternative Service Offices
Alternative Service Program
Annual Performance Plan
Conscientious Objectors
Department of Defense
Government Performance and Results Act
Interactive Voice Response System
Local Board
Local Board Member
Military Entrance Processing Station
Performance and Accountability Report
President's Management Agenda
Reserve Force Officers
Selective Service System
State Directors
Strategic Plan

Acronym

ASOs
ASP
APP
COs
DoD
GPRA
IVR
LB
LBM
MEPS
PAR
PMA
RFOs
SSS
SDs
SP



Selective Service System
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