



**DEFENSE LOGISTICS AGENCY
HEADQUARTERS
8725 JOHN J. KINGMAN ROAD
FORT BELVOIR, VIRGINIA 22060-6221**

IN REPLY
REFER TO

November 14, 2012

MEMORANDUM FOR JOINT SUPPLY AND FINANCE PROCESS REVIEW COMMITTEE
(PRC)

SUBJECT: Defense Logistics Management Systems (DLMS) Joint Supply and Finance PRC
Meeting of November 7, 2012

The attached minutes of the DLMS Joint Supply and Finance PRC meeting are forwarded for information and appropriate action. Separate minutes will be provided for the Supply PRC meeting on November 8, 2012. Future meetings will be scheduled as needed.

The DLA Logistics Management Standards Office point of contacts Ms. Ellen Hilert, Co-Chair, Supply PRC, email: ellen.hilert@dla.mil or Mr. Robert Hammond, Chair, Finance PRC, email finance@hq.dla.mil.

DONALD C. PIPP
Director,
DLA Logistics Management
Standards Office

Attachment:
As stated

cc:
ODASD(SCI)
ODCMO
OUSD(C)(BIO)
Meeting attendees



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November 14, 2012

MEMORANDUM FOR RECORD

SUBJECT: Defense Logistics Management System (DLMS) Joint Supply and Finance PRC Meeting of November 7, 2012.

Purpose: DLA Logistics Management Standards Office hosted a Joint Supply and Finance PRC meeting at a conference facility located at 2000 Corporate Ridge, McLean, Virginia. Defense Connect On Line (DCO) provided real-time viewing of presentations for those participants calling into the meeting. The focus of the meeting was Standard Line of Accounting (SLOA), with an additional update on Government-Wide Accounting (G W A) initiatives impacting Interfund billing. A listing of attendees, including over 90 participants, and all meeting related materials and briefings are available on the Finance and Supply PRC Web pages linked to the meeting agenda at www.dla.mil/j-6/dlms/Archives/archives_fin.asp or www.dla.mil/j-6/dlms/Archives/archives_sprc.asp

Brief Summary of Discussion: Bob Hammond (Finance PRC Chair) and Ellen Hilert, (Supply PRC Co-Chair) facilitated meeting discussions. Bob and Ellen extend their **sincere appreciation** to all who participated, including representatives from the Office of the Deputy Chief Management Officer (ODCMO) and Office of the Under Secretary of Defense (Comptroller), Business Integration Office (OUSD(C)(BIO)).

1. **SLOA:**

a. **Background.** Joint Deputy Chief Management Officer and Under Secretary of Defense (Comptroller) Chief Financial Officer SLOA memorandum was issued on September 14, 2012. SLOA consists of 26 current and new data elements within the Standard Financial Information Structure (SFIS). SFIS is part of the DOD Business Enterprise Architecture (BEA) managed by ODCMO and is an Investment Review Board compliance requirement for target systems (e.g. Enterprise Resource Planning Systems and feeder systems with financial implications). Goals are to: improve financial information, improve interoperability between business systems, provide better end-to-end funds traceability, improve linkage between budget and expenditures, comply with new Treasury requirements, and help achieve audit readiness through business process reengineering. Initial Component Implementation Plans are due by January 14, 2013. The target implementation date is September 30, 2014 to support financial audit readiness.

b. **DLMS Change Process.** DLMS will need to be modified by the Proposed DLMS Change (PDC)/Approved DLMS Change (ADC) process to support the "Target Environment" exchange of SLOA data elements as discrete data. Draft PDC 1043, which is the first of a series

Attachment
Page 1

of PDCs to enable data exchange via DLMS transactions, was discussed in detail. It is envisioned that separate DLMS Changes will be provided as processes requiring business process reengineering (BPR) are evaluated and the process owner determines the appropriate course of action. This change is applicable to DLMS-compliant systems and, therefore, does not address legacy systems/transactions, with the exception of use of the Fund Code to Fund Account Conversion Table for Interfund bill processing. SIFS business rules and metadata will need to be approved by the SFIS Governance Board for SLOA to be fully implemented in logistics processes.

c. Business Process Reengineering (BPR). Major process and systems changes will be required in both the logistics and financial domains for logistics process/support services where the requirement is initiated outside the Service-sponsored system. Cost effective solutions, including potential new system development, will be needed. It is imperative that the lack of SLOA data not impact source of supply cash flow or warfighter support. Some voids that should be part of Initial Component Implementation Plans as requiring BPR include:

(1) Post-Post Operations. A “post-post” issue involves accepting and updating records after the event (or issue) has occurred. DLA and the Services use post-post processing if various contexts. For DLA, a Directed Material Release Order (MRO) may be entered by authorized personnel to direct release of materiel from a Distribution Standard System (DSS) storage site without prior ICP processing of the requisition. The customer initiating the requirement has no systemic interface with the system preparing the transaction to provide SLOA data content. When this post-post process is used, the first transaction available is the DLMS 511R for the DLA Directed MRO (Requisition) (equivalent to DLA legacy C0A/C01 or DLA Directed MRO (Referral Order) (equivalent to DLA legacy CQA/CQ1). In other scenarios, the issue transaction is the first available DLMS transaction.

(2) Tailored Vendor Relationship (TVRs), Industrial Prime Vendor (IPV), and Integrated Logistics Partnership (ILP) Programs. These are programs where there is a direct relationship between the customer and the vendor. Customers communicate materiel requirement directly with the vendor, outside normal supply system requisitioning channels and may have no mechanism to provide SLOA data, even if it were readily available.

(3) DLA Disposition Services. When customers use DLA Disposition Services for e-tools (e.g. Electronic Turn-in Document (ETID, Reutilization Transfer Donation (RTD)) or process their turn-in using DD-1348-1A Issue Release/Receipt Document (IRRD), DLMS transaction exchange is bypassed and SLOA data elements are not available. This is only significant when the turn-in is eligible for credit from the proceeds of the sale or charges associated with reimbursable actions for hazardous waste/materiel disposal.

(4) Web-Based Requisitioning. DLA and GSA sponsored web ordering applications, such as DOD EMALL and GSA Advantage will need to be modified to capture SLOA data. Several approaches will need to be evaluated and a combination may be the best solution. More static data may be appropriate for inclusion in the customer’s profile information from which it could be pre-populated on the requisition. Some may be provided directly by the

customer during the order and other information may require an on-line real-time interface with the customer's supply/financial system to obtain the necessary information.

(5) **Credit Card Purchases.** With the exception of DOD EMALL requisitioning, these are outside the realm of DLMS transactions, but they were also noted as a process void.

d. Actions:

(1) Finance/Supply PRC leads coordinate with business process owners and Component leads for Initial Component Plan development to identify/include process voids requiring BPR.

(2) DLA Logistics Management Standards Office will update and finalize PDC 1043. A determination is still pending regarding the inclusion of SLOA data content in the supply status transaction, particularly when associated with requisition cancellation. As discussed during the meeting, data element mapping will be re-considered to consolidate SLOA-required content in the financial segment of the DLMS transaction where feasible. Where suitable X12 qualifiers are not available for the required data elements, DLA Logistics Management Standards Office will take action with the American National Standards Institute, Accredited Standard Committee X12 to update the standard.

(3) Brent Pearlstein of the Defense Security Cooperation Agency (DSCA) will review DLMS enhancement requirements for the Security Cooperation Case Designator to determine if two occurrences are going to be needed for Foreign Military Services Order (FMSO) I and FMSO II case numbers. This is important because SLOA introduces a line item number which must be linked to the appropriate case number.

(4) Upon formal staffing of PDC 1043, Finance/Supply PRC leads provide coordinated Component responses to DLA Logistics Management Standards Office.

2. Government Wide Accounting (GWA):

a. OUSD(C)(BIO) provided a brief overview of the current status of GWA as it relates to Interfund Billing. OUSD(C)(BIO) and Defense Finance and Accounting Service (DFAS) Enterprise Solutions, GWA/GTAS Project Office are leading DOD coordination for new Treasury GWA requirements.

b. The Treasury Commissioner issued guidance in a memo dated January 14, 2011 requiring all Federal Agencies to transition from monthly reporting to daily reporting of funds balance with Treasury and to report standard data elements. The target implementation date is October 1, 2014.


c. Interfund billing accounts for approximately \$58 billion in logistics transactions per year, including approximately \$2 billion in transactions with authorized DoD Interfund trading partners. A bulk file upload process was identified as the Interfund reporting vehicle to Treasury. This process is under consideration for all Federal Agencies. Given a systems freeze

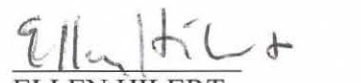
for General Services Administration (GSA) (who currently accomplishes Interfund billing for Federal Agencies) and new system development underway by Federal Aviation Administration (FAA), OUSD(C)(BIO) proposed a near term meeting with GSA and FAA.


d. OUSD(C)(BIO) established a DOD workgroup to assess and determine impacts of reporting requirements for compliance. Under consideration is a proposal to consolidate the three DOD Interfund report submissions into one via Defense Cash Accountability System. This includes process mapping and cost benefit analysis to confirm the concept. Once completed, the DOD Interfund Workgroup lead at OUSD(C) will document DOD purpose for reporting change and coordinate concurrence/approval to Defense Finance Accounting Service leadership. The estimated completion date (ECD) is December, 2012. Upon approval, the target ECD for Interfund process change is expected to be the second quarter of fiscal year 2013.

e. PDC 1035 was discussed briefly. PDC 1035 would allow optional increased frequency of Interfund billing throughout the month to improve working capital cash flow accompanied by increased frequency of Treasury reporting to move toward Treasury's goal of daily reporting. Near-term changes in Treasury reporting (which is currently done at the end of the month) was identified as a concern that is being addressed by OUSD(C)(BIO). Other challenges include the potential for increasing un-reconciled differences and systems modifications.

f. **Action:** OUSD(C)(BIO) plans to have a near term meeting with FAA and GSA.


ROBERT HAMMOND
Chair, DOD Finance PRC


ELLEN HILERT
Co-Chair DOD Supply PRC

Approved: 
DONALD C. PIPP
Director,
DLA Logistics Management
Standards Office