



IMPROVING DOD'S INTER/INTRA- GOVERNMENTAL FINANCIAL REPORTING

Phase 1 – Campaign Plan To Improve
The End-to-end Process For
Reimbursable Activity



Introduction

One of DoD's key material weaknesses is an inability to reconcile inter/intra-governmental (IGT) activity and balances



At the Federal Financial Statement level:

“A major reason for the disclaimer is the government’s inability to adequately account for and reconcile intra-governmental transactions between departments and agencies. This reform activity supports effective financial management through the achievement of a clean audit opinion; the elimination of material weaknesses; and the production of timely, accurate financial information to help guide decision-making.”

Office of Management and Budget, Executive Office of the President



IGT is also known as...

Military Interdepartmental
Purchase Requests (MIPRs)

Reimbursables

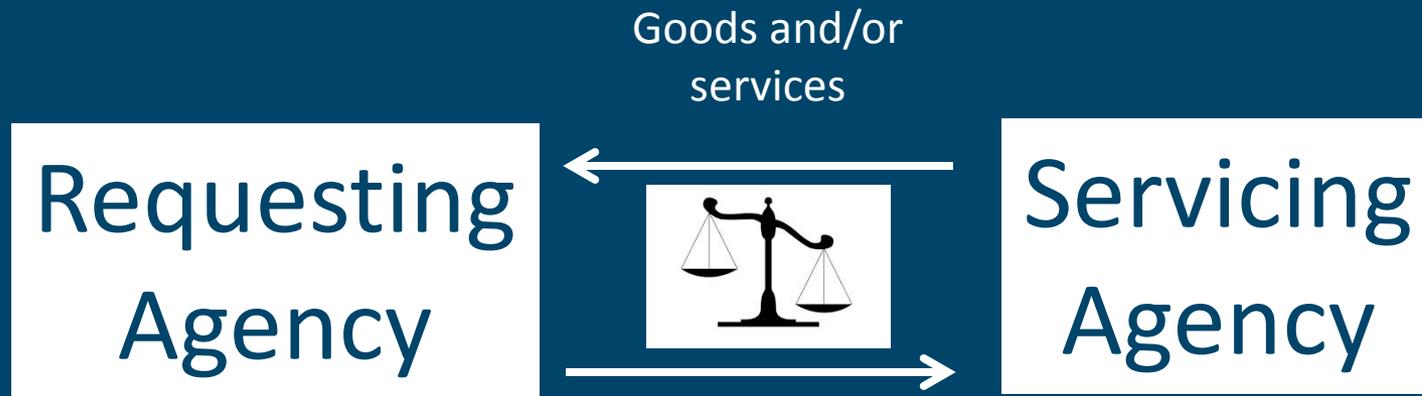
Buy/Sell Transactions

Interagency Agreements

IPAC



Why is IGT a material weakness?



Out of balance



Why is IGT a material weakness?

Decentralized

Incompatible
Systems



Worldwide

Lack of Standards

High Volumes



DoD Challenges and Requirements

Challenge	Requirement
Lack of documentation for audit	Provide for a data warehouse of intra-governmental transactions for audit, research and analysis
Buyer and seller transactions and accounting are out of balance, unable to reconcile (in part, due to lack of common identifier)	Need common identifier to synchronize buyer and seller accounting transactions (including proper general ledger treatment) using clearing house methodology
Proof of receipt and acceptance	Require appropriate users to record receipt and acceptance, preserve for audit
Buyer and seller not in full agreement on terms and detail transactions	Automate handshake and agreement between buyer and seller before settlement (reduces chargebacks)
Prompt response to audit findings	Need affordable and rapidly delivered solution to meet DoD audit readiness campaign plan
Lack of visibility of current status of Interagency Agreement (IAA) including remaining period of performance, available funding, unfilled orders, filled orders and paid orders	Must preserve association and provide a common identifier for all transaction components throughout life cycle of agreement, and provide a consolidated view of the information
DoD transaction volumes and diverse systems	Must handle DoD volume and interface with DoD systems using DoD Global Exchange (GEX) solution and Standard Line of Accounting (SLOA)



Recap - IGT Strategic Goals

- Improve visibility by using a central repository for all transactional information.
- Reduce intra-governmental imbalances by using a “clearing house” or hub to share accounting information with trading partners.
- Reduce reconciliation and elimination efforts by associating all related transactions.
- Reduce chargebacks by establishing a clear agreement at each stage in the life cycle prior to settlement.



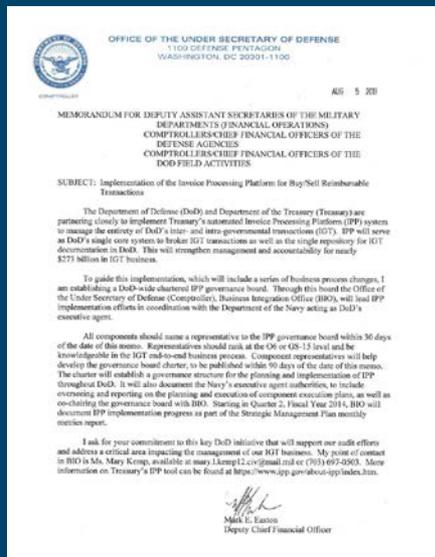
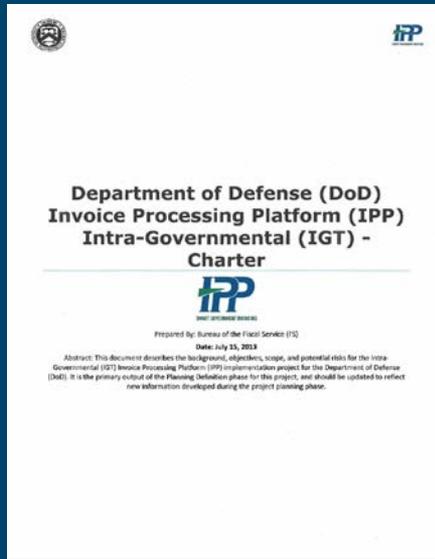
Invoice Processing Platform



To enable the reimbursable IGT process reengineering effort, DoD is adopting the IPP, an automated electronic invoicing shared service that enables federal agencies to manage reimbursables more efficiently with their trading partners.



Project Charter and August 5, 2013 Memo

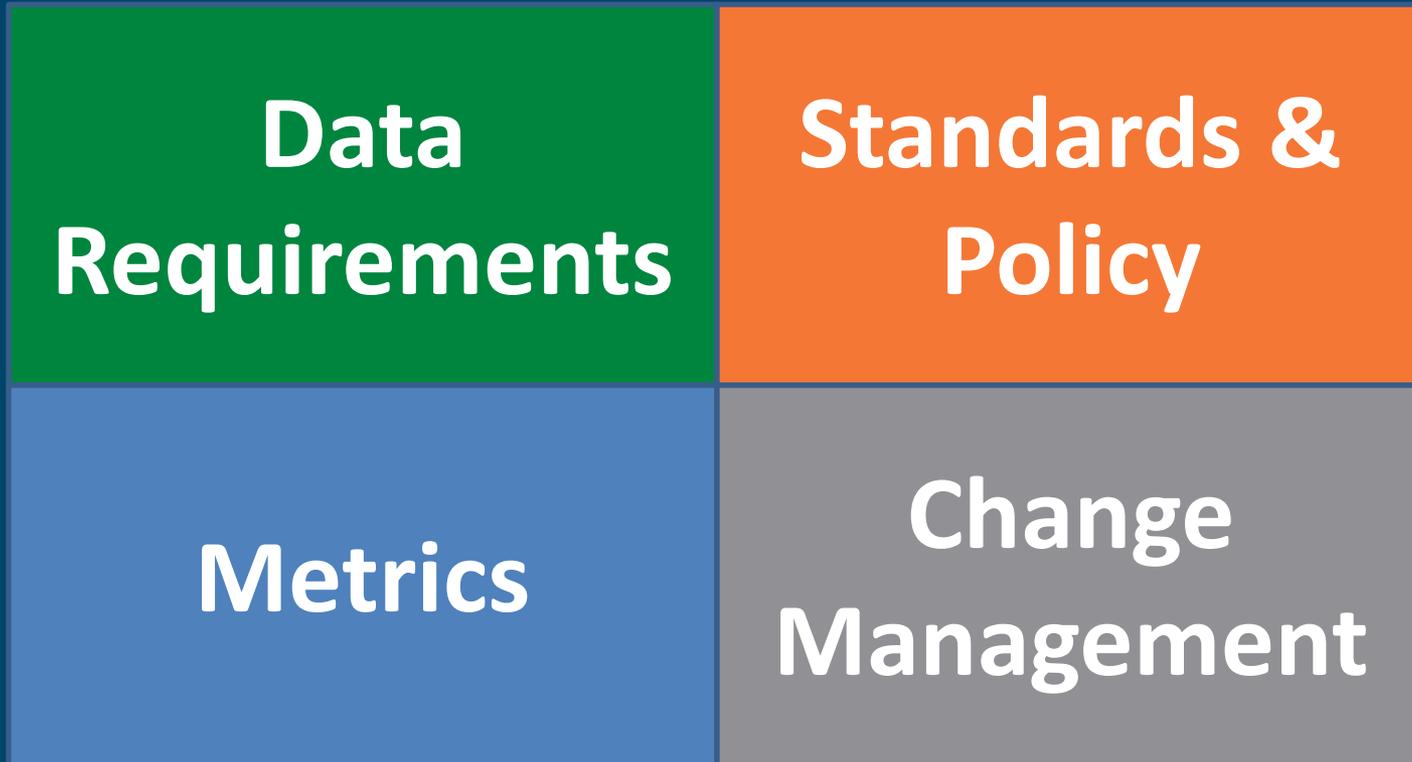


During the spring of 2013, DoD developed a project charter outlining proposed project governance, project management, strategies and controls that team members could use during the IPP IGT implementation.

On August 5, 2013, DoD issued a memorandum announcing its partnership with the Treasury Department to implement IPP as DoD's core system to manage all inter- and intra-governmental reimbursable transactions and documentation.



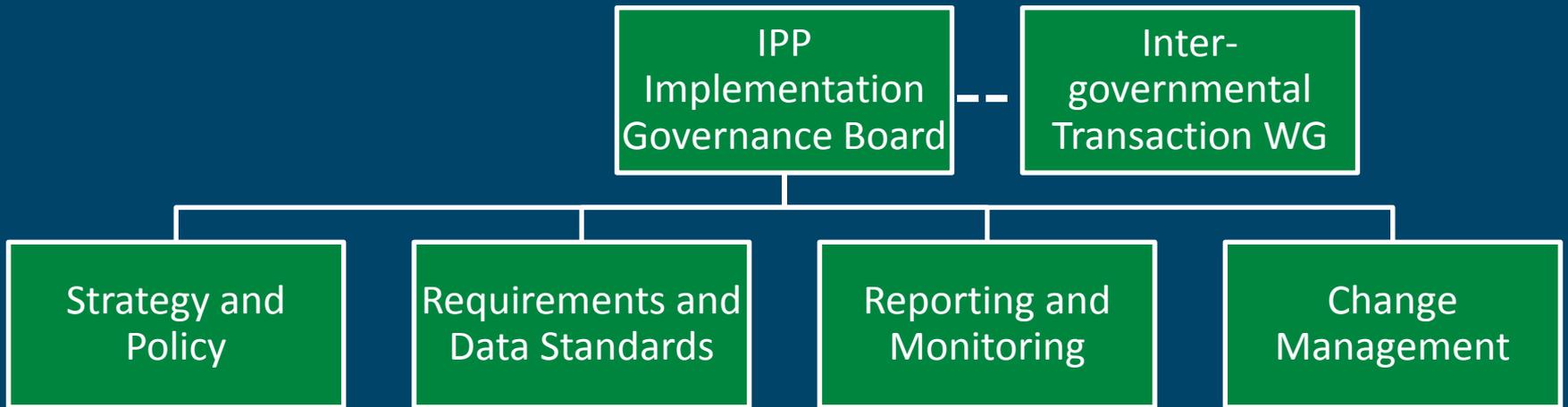
DoD Areas of Focus



To tackle this significant material weakness issue and bring about an enterprise wide change, DoD worked with the Treasury Department and OMB in these four areas.



IPP Governance Board





Key Enablers to Success





Interagency Agreement (IAA)

- The IAA is a standard paper form for conducting buy/sell transactions between Federal trading partners
- The IAA was developed to
 - Define the data structures required to effectively process intragovernmental buy/sell transactions
 - Provide agencies with an interim solution until the process could be automated
 - Lay the foundation for the automation of the standard processes and data



One Form with Two Parts

- **General Terms and Conditions (GT&C) - 7600A**
 - Captures partnership/relationship between parties
 - Identifies trading partners entering into agreement, authorities, agreement action, period, and type
- **Order Requirements and Funding Information (Order) - 7600B**
 - Reduces effort as GT&C information is captured once and used with many orders
 - Contains specific information on products/services being exchanged, funding and accounting information, bona fide need, funding, shipping, authorization, points of contact, etc.

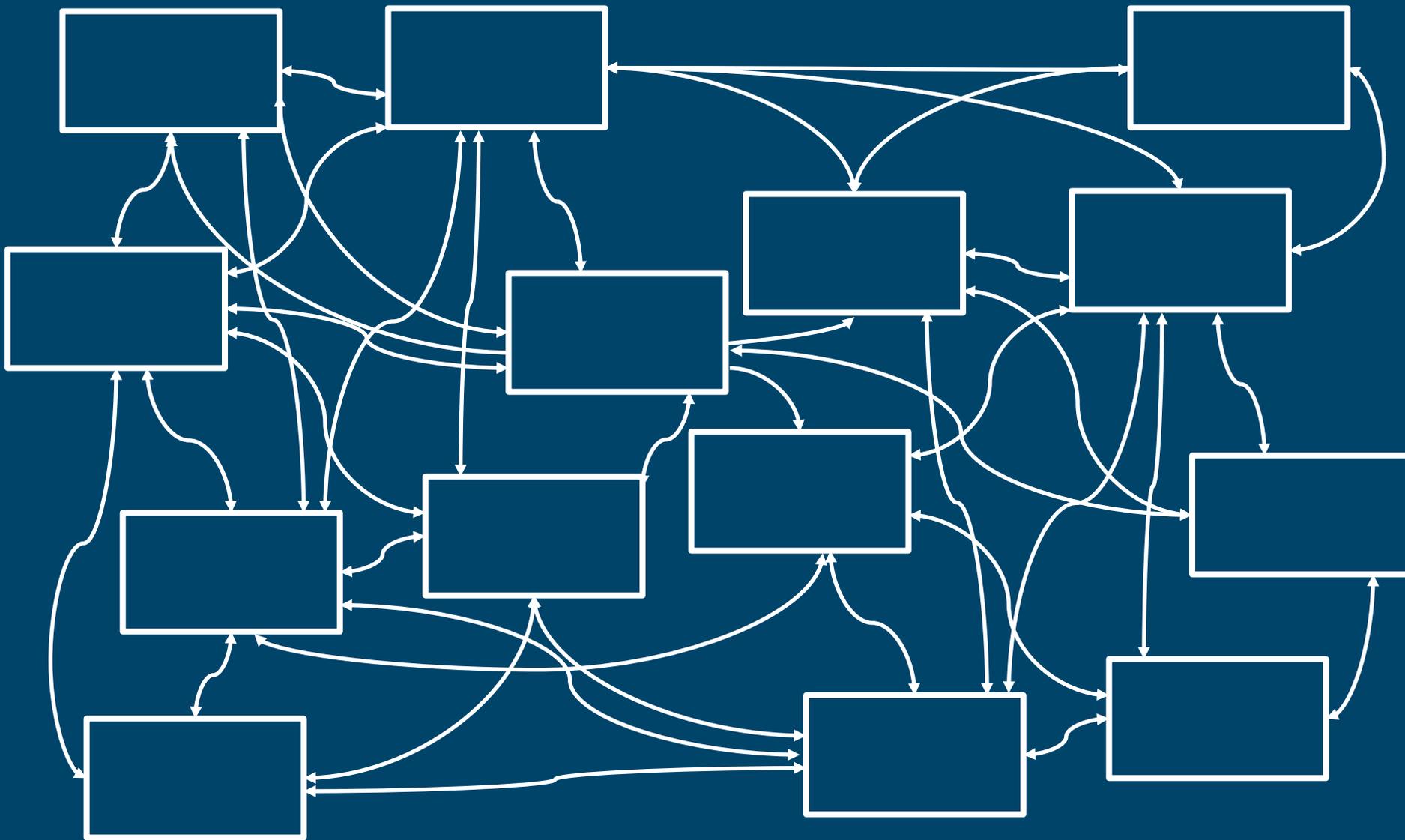


Global Exchange (GEX)

- Provides broker and mediation services between government agencies, commercial industry, and government systems
- DLA Transaction services maintains GEX
- Using the GEX results in interoperability, economies of scale, and standards compliance

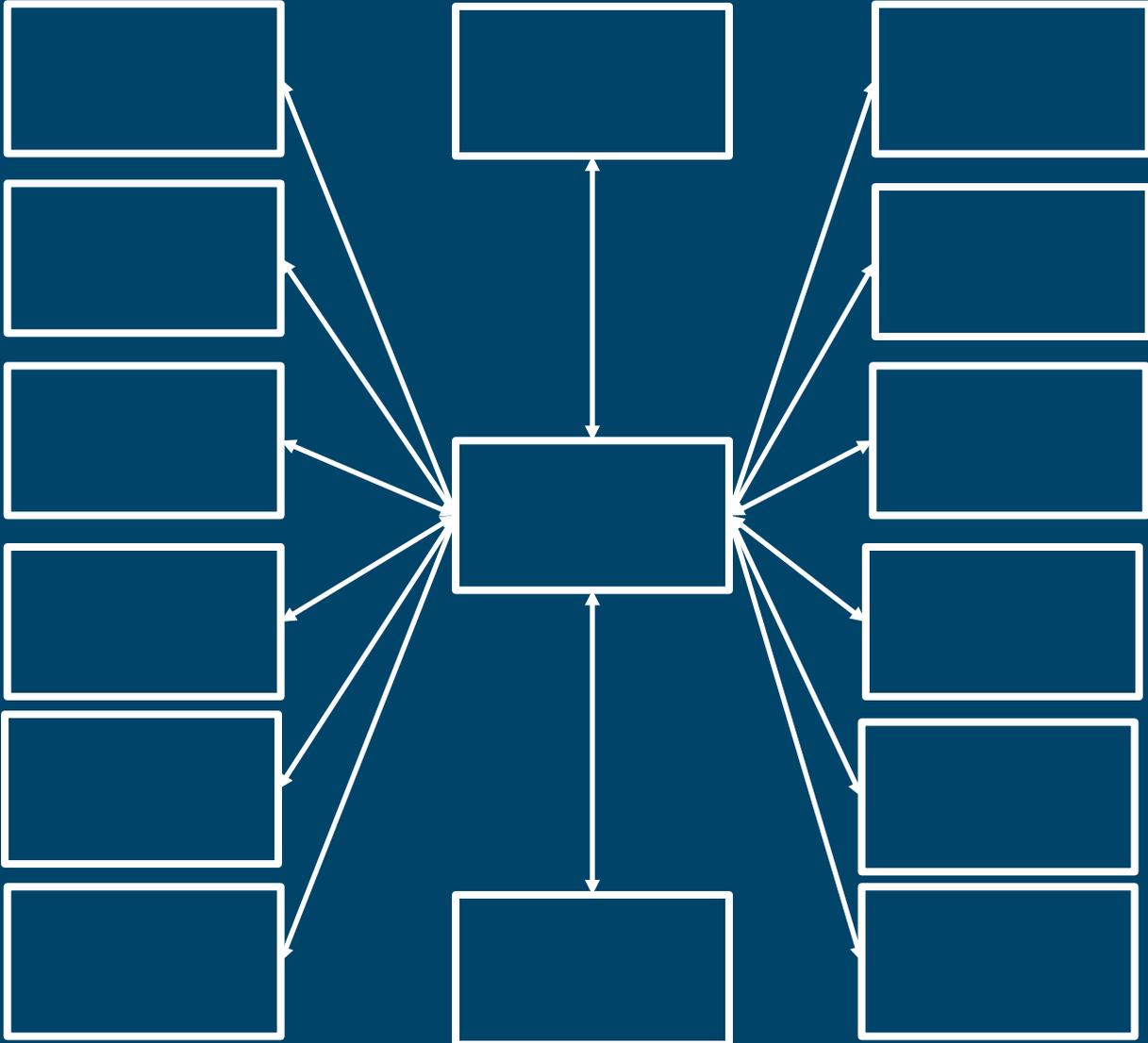


Pre-GEX



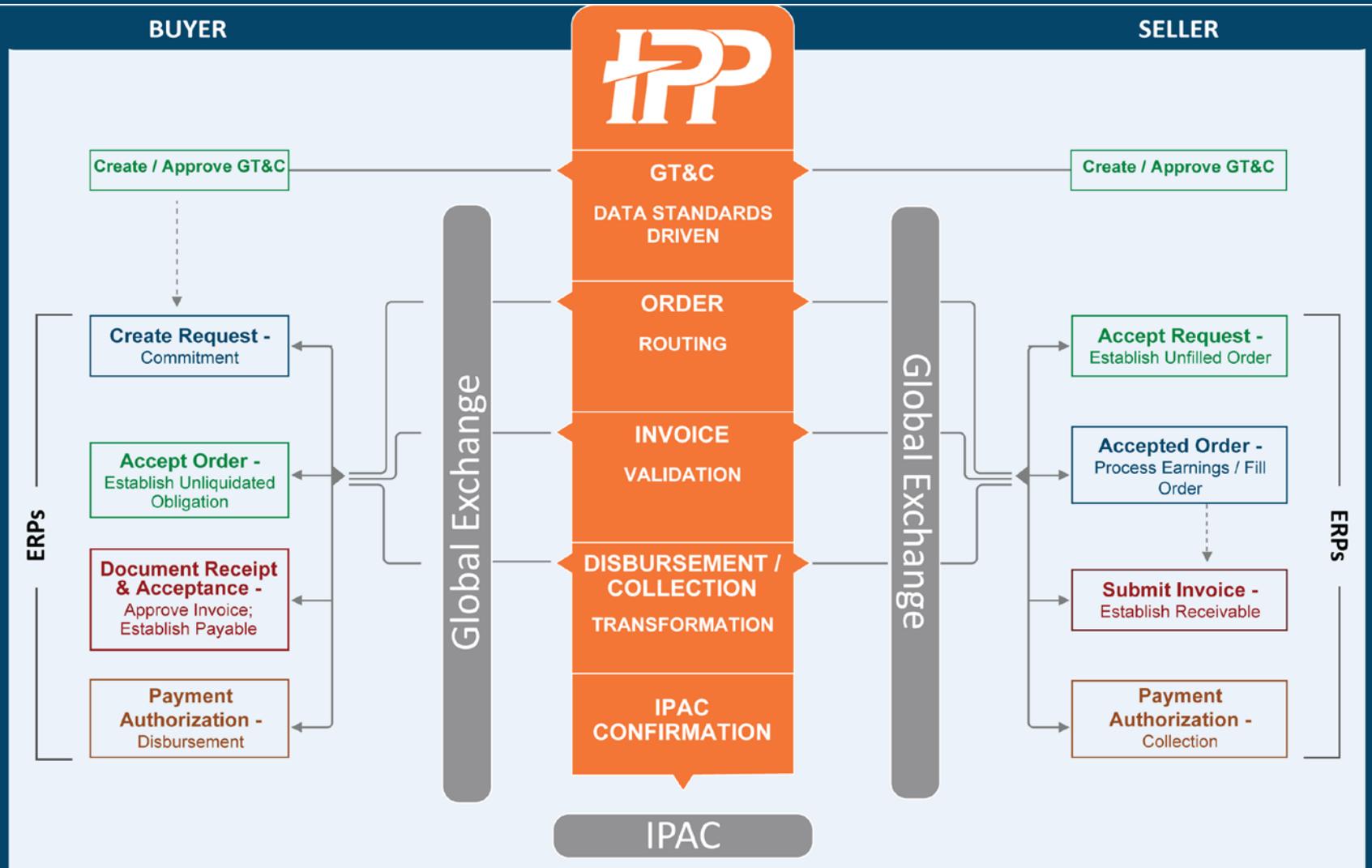


Post-GEX



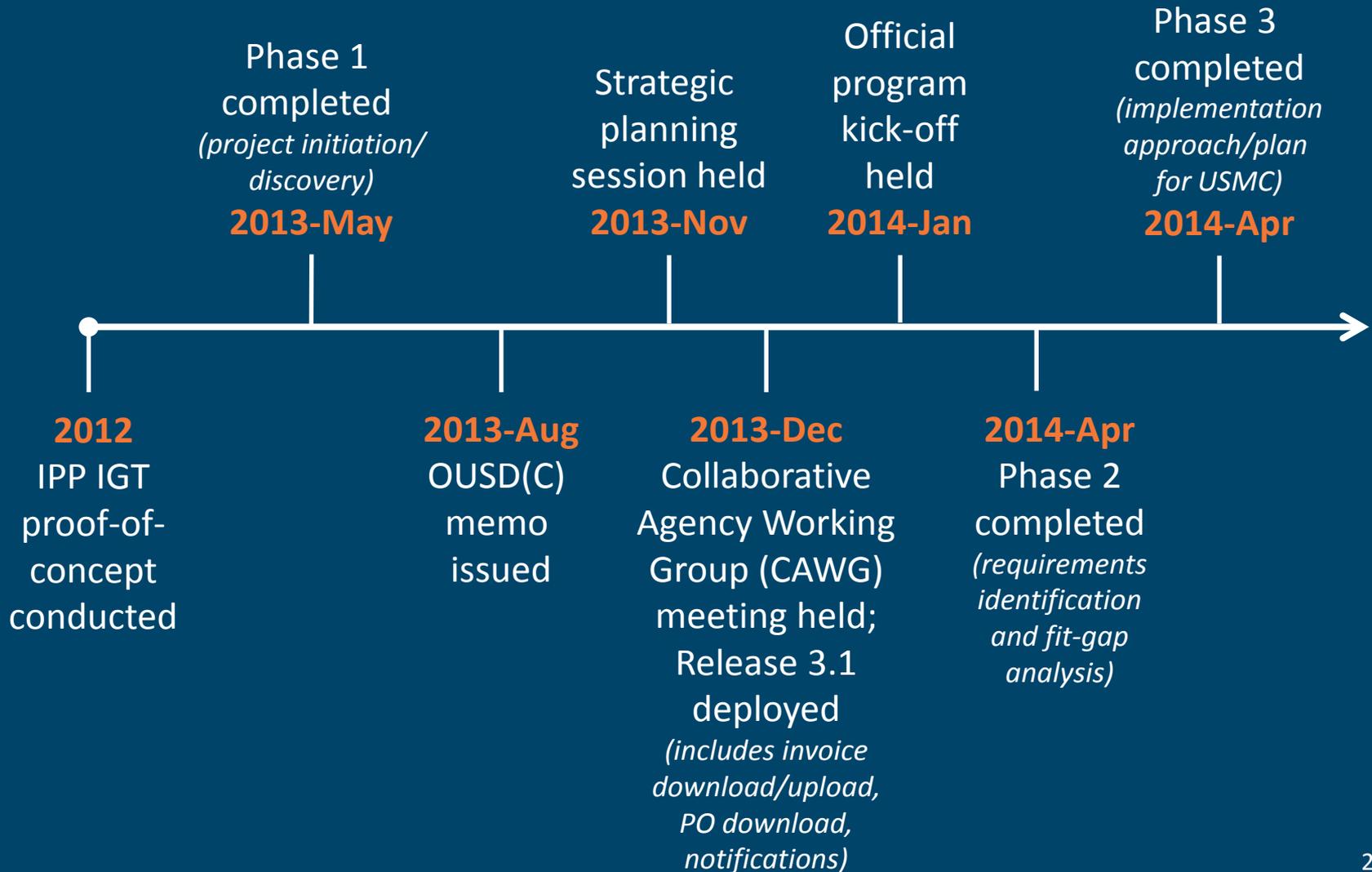


To-Be Environment



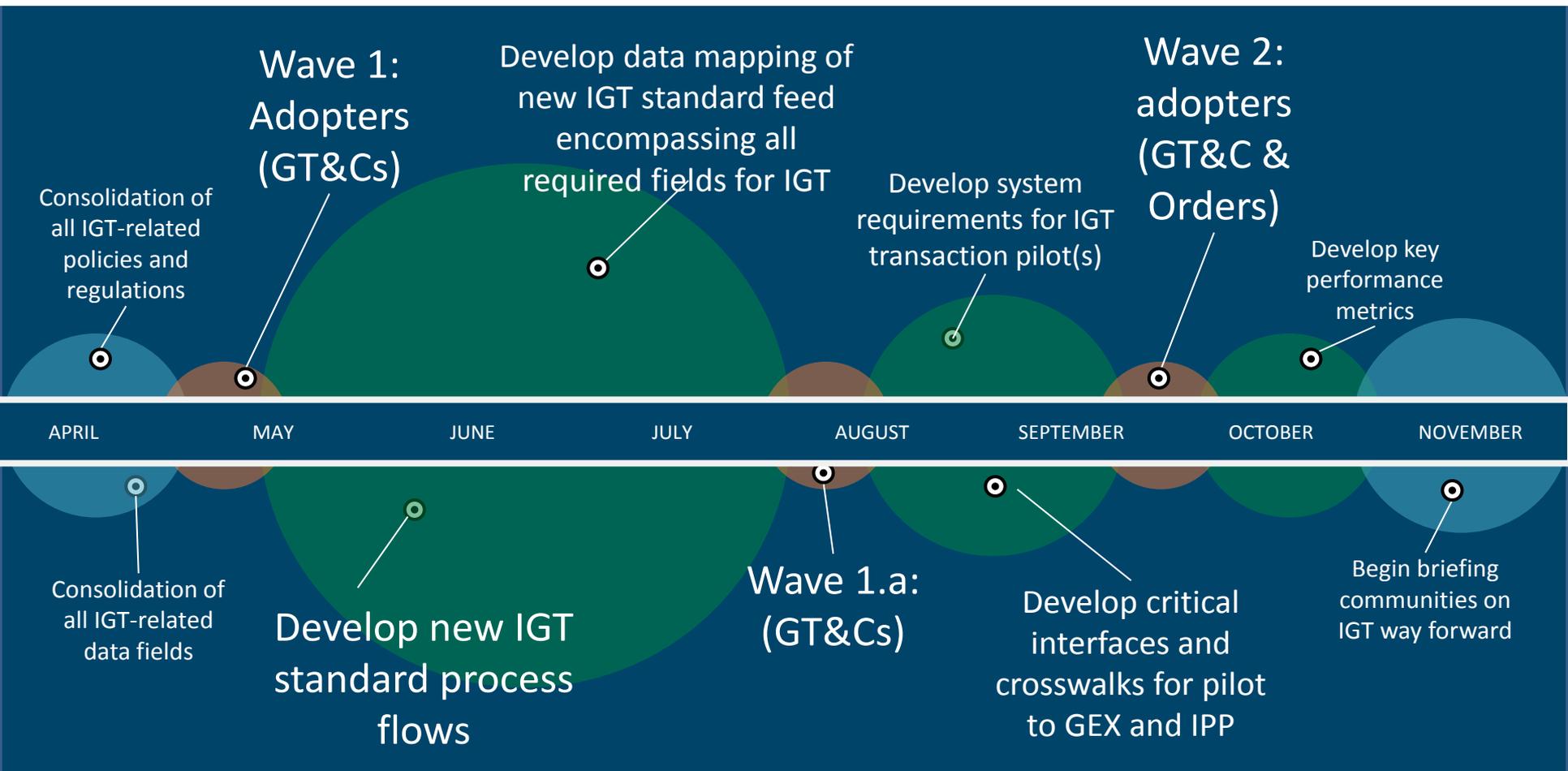


Where We've Been





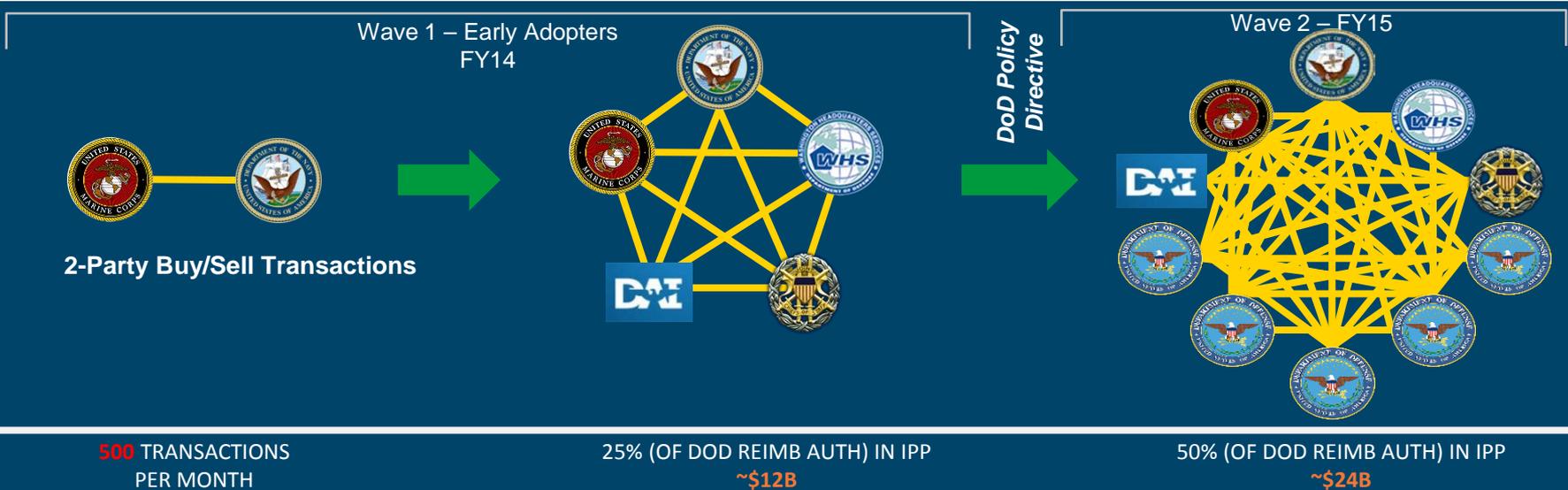
Where We're Headed



MILESTONES	LEVEL OF EFFORT	PRIORITY	PHASE
Milestone Occurrence	Less (smaller circle) / More (larger circle)	Lowest Highest	



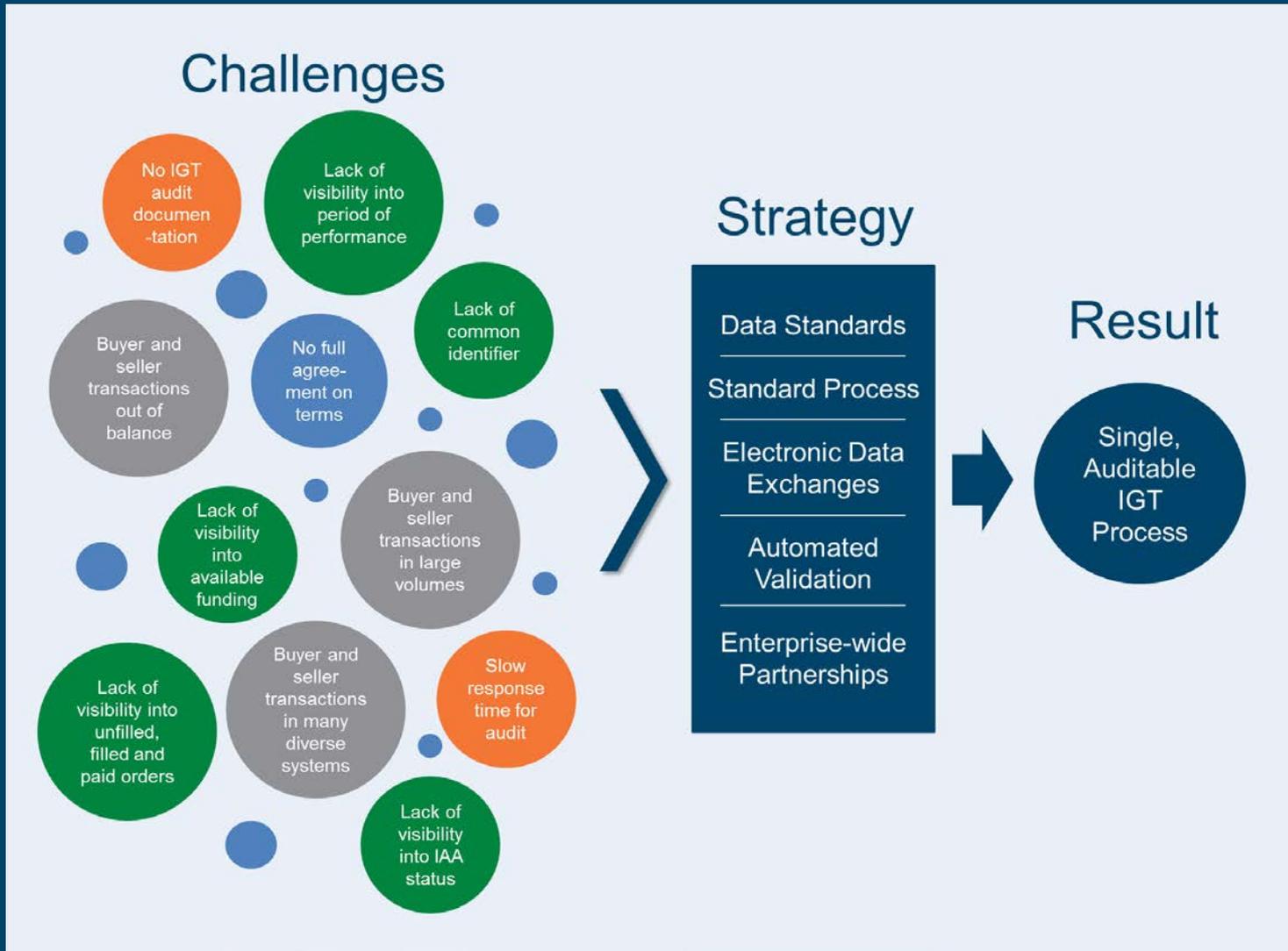
Adoption – IPP becomes more valuable with increased use



- Target for the transaction pilot working group - 500 transactions/month
- Early adopters critical to informing requirement gaps, defining change management activity
 - IPP “value” increases with each new connection/adopter
 - Outcomes from early adopters :
 - Develop implementation guide to direct the process for future “connections”
 - Document unique trading partner requirements
 - Aid OJT desktop guide development



DoD IGT Functional Strategy





Mary L. Kemp



Mary L. Kemp is lead accountant in the Business Integration Office, Office of the Under Secretary of Defense (Comptroller). She has 30+ years of service as an auditor, budget analyst, accountant, and systems analyst with Department of the Army, Defense Finance and Accounting Service and OUSD(C). She is a past president of ASMC's CNY Leatherstocking Chapter, a Lean 6 Sigma Green Belt, Certified Defense Financial Manager, and DoD Financial Management Level 3 certified. She is currently pursuing her Master's Degree at National Defense University.



Michael Bolin



Michael Bolin is a veteran of the United States Army (Active Duty), having served ten years. He worked for JP Morgan Chase for one year and has been with Department of Treasury's Bureau of the Fiscal Service for eight years. Mr. Bolin served as the EagleCash Program Manager, leading the roll out of the system to numerous deployed areas overseas. He currently heads Treasury's IPP Intra-governmental deployment effort as the Program Manager, working closely with DoD. He has a Bachelor's degree in business from Villanova University and is finishing an MBA/MPP from the University of Maryland College Park. Mr. Bolin also holds a PMP certification.