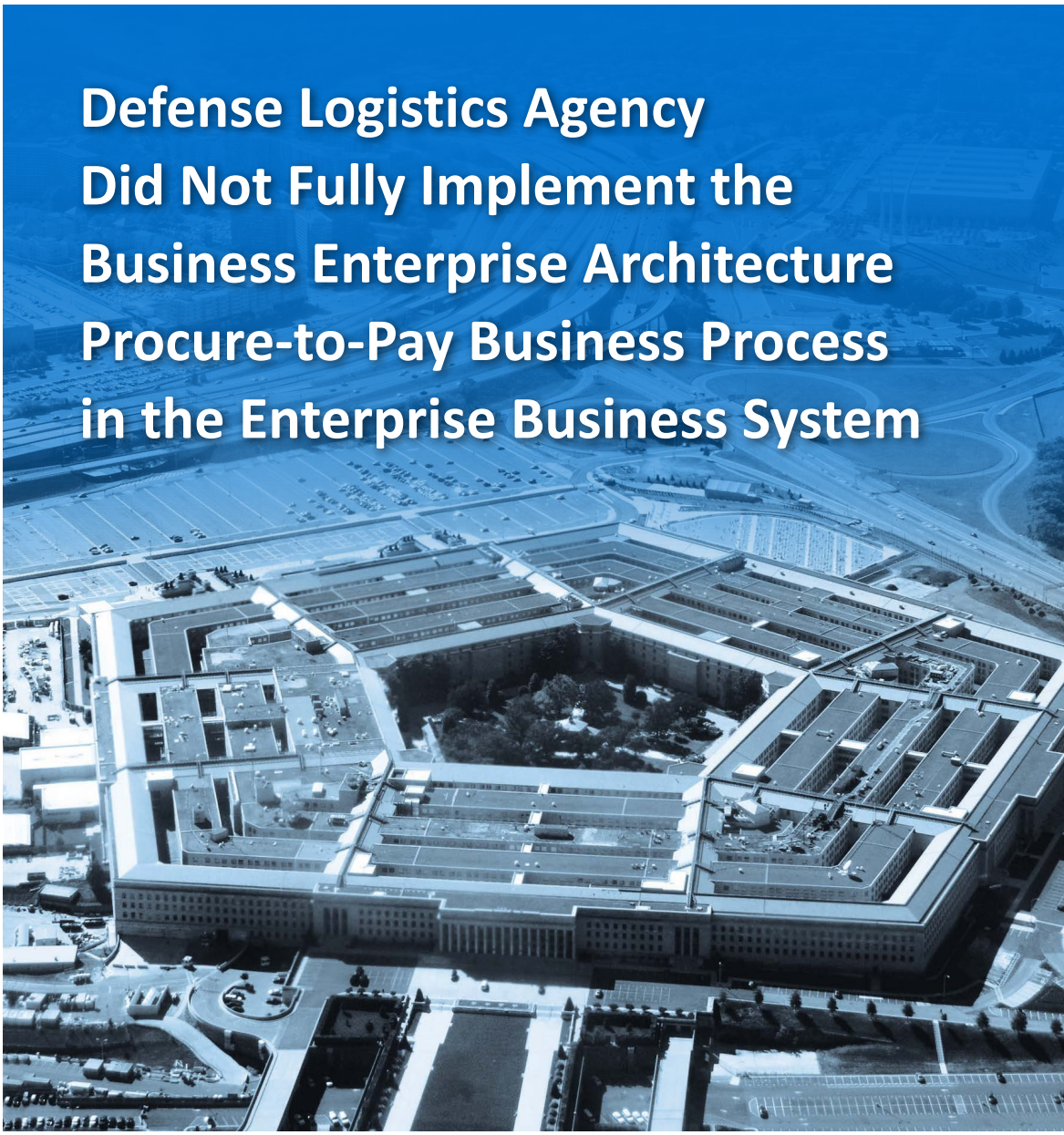
Report No. DODIG-2015-010

Inspector General

U.S. Department of Defense

OCTOBER 28, 2014

Defense Logistics Agency Did Not Fully Implement the Business Enterprise Architecture Procure-to-Pay Business Process in the Enterprise Business System



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Results in Brief

Results in Brief: Defense Logistics Agency Did Not Fully Implement the Business Enterprise Architecture Procure-to-Pay Business Process in the Enterprise Business System

October 28, 2014

Objective

We determined whether the Enterprise Business System (EBS) Program Management Office implemented the DoD Business Enterprise Architecture (BEA) Procure-to-Pay business process to properly support the purchase of Defense Logistics Agency (DLA) goods and services and generate accurate and reliable financial management information.

Finding

The EBS Program Management Office did not fully implement the DoD BEA Procure-to-Pay business process to properly support the purchase of DLA goods and services and generate accurate and reliable financial management information. This occurred because the EBS Program Management Office:

- placed higher priorities on ensuring mission accomplishment rather than configuring EBS to comply with evolving BEA standards, and
- did not complete its re-engineering of the Procure-to-Pay business process.

Additionally, this occurred because Office of the Deputy Chief Management Officer (DCMO) managers did not establish stringent validation and certification procedures for ensuring that program managers implemented and accurately reported BEA requirements. As a result,

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Finding (cont'd)

although DLA has spent $2.5 billion on the EBS, DLA financial managers cannot rely on EBS trial balance data to prepare financial statements. Until DLA financial managers correct the underlying deficiencies that cause abnormal general ledger balances within its unadjusted trial balances and fully implement BEA standards, there is an increased risk of not achieving audit readiness goals in FYs 2014 and 2017.

Recommendations

We recommend the DCMO subject financial management systems, like EBS, to comprehensive assessments of BEA requirements and conduct a more comprehensive business process re-engineering assessment of the Procure-to-Pay phases affected by EBS and EProcurement. We recommend the Director, DLA, re-engineer the Procure-to-Pay business process to eliminate abnormal account balances and align EBS functionality with BEA requirements. We recommend the EBS Program Management Officer prepare an integrated schedule for completing corrective action plans and system change requests impacting the Procure-to-Pay business process and develop a compliance plan for implementing BEA requirements.

Management Comments and Our Response

Comments from the Assistant DCMO, responding for the DCMO, on Recommendations 3 and 4 and the response from the Director, DLA Information Operations, on Recommendation 1.a and 1.b addressed all specifics of the recommendations, and no further comments are required. However, DLA partially addressed Recommendation 2. We request that DLA provide additional comments by November 28, 2014. Please see the Recommendations Table on the next page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Deputy Chief Management Officer		3, 4
Director, Defense Logistics Agency	2	
Enterprise Business System Program Management Officer		1.a, 1.b

Please provide comments by November 28, 2014.

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

October 28, 2014

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE
(COMPTROLLER)/ CHIEF FINANCIAL OFFICER, DOD
DEPUTY CHIEF MANAGEMENT OFFICER
DIRECTOR, DEFENSE LOGISTICS AGENCY

SUBJECT: Defense Logistics Agency Did Not Fully Implement the Business Enterprise Architecture Procure-to-Pay Business Process in the Enterprise Business System (Report No. DODIG-2015-010)

We are providing this report for your review and comment. The Enterprise Business System Program Management Office did not implement the DoD Business Enterprise Architecture Procure-to-Pay business process to properly support the purchase of Defense Logistics Agency goods and services and generate accurate and reliable financial management information. Although the Defense Logistics Agency has spent $2.5 billion on the Enterprise Business System, financial managers cannot rely on the trial balance data to prepare financial statements. Repeated attempts to obtain needed data contributed to delays in completing the audit. The report is still relevant because much work still needs to be done to re-engineer the system and align system functionality with Business Enterprise Architecture requirements.

We considered management comments on a draft of this report when preparing the final report. DoD Directive 7650.3 requires that recommendations be resolved promptly. Comments from the Director, Defense Logistics Agency Information Operations, responding for the Enterprise Business System Program Management Officer, on Recommendations 1.a and 1.b and the Assistant Deputy Chief Management Officer on Recommendations 3 and 4 addressed all specifics of the recommendations, and no further comments are required. However, comments from the Director, Defense Logistics Agency Information Operations, partially addressed Recommendation 2. We request additional comments on Recommendation 2 by November 28, 2014.

Please send a PDF file containing your comments to audfmr@dodig.mil. Copies of your comments must have the actual signature of the authorizing official for your organization. We cannot accept the /Signed/ symbol in place of the actual signature. If you arrange to send classified comments electronically, you must send them over the SECRET Internet Protocol Router Network (SIPRNET).

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 601-5945.

Lorin T. Venable

Lorin T. Venable, CPA
Assistant Inspector General
Financial Management and Reporting

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INSPECTOR GENERAL

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Introduction

Objective

Our objective was to determine whether the Enterprise Business System (EBS) Program Management Office implemented the DoD Business Enterprise Architecture (BEA) Procure-to-Pay business process to properly support the purchase of Defense Logistics Agency (DLA) goods and services and generate accurate and reliable financial management information. See Appendix A for a discussion of the scope and methodology and prior coverage.

Background

The FY 2012 National Defense Authorization Act requires DoD to develop a BEA establishing an information infrastructure to comply with all Federal accounting, financial management, and financial reporting requirements. The BEA infrastructure should:

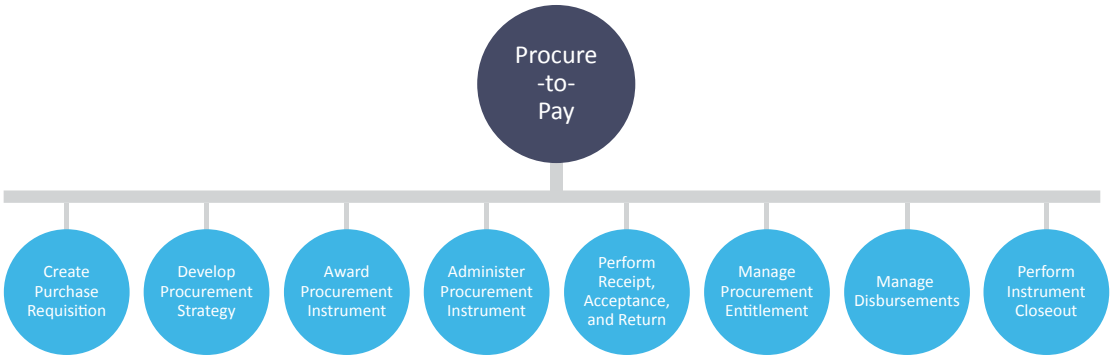
- routinely produce timely, accurate, and reliable financial information;
- integrate budget, accounting, and program information and systems; and
- provide a systematic measurement of performance.

The FY 2012 National Defense Authorization Act requires the establishment of an Investment Review Board and an investment management process by the Deputy Chief Management Officer (DCMO). It also requires that all covered Defense Business Systems[1] (DBSs) be assessed for compliance with the BEA before receiving certification to obligate funding of greater than $1 million over the period of the current Future–Years Defense Program from the Investment Review Board, regardless of type of funding or whether any development or modernization is planned. If a DBS is not implemented according to BEA, then it risks not obtaining DBS funding approval from the Defense Business Council. Annually, DoD managers issue an updated DoD BEA version defining the business transformation priorities, the business capabilities required to support those priorities, and the combinations of enterprise systems and initiatives that enable those capabilities. DCMO officially delivered BEA 10.0 on February 14, 2013. BEA 10.0 contained 15 standard, integrated and optimized end-to-end business processes, including the business processes for Procure-to-Pay. DoD Components are to align their business portfolios to the end-to-end business processes to provide a comprehensive and consistent approach to improving business operations.

[1] A DBS is an information system, other than a national security system, operated by, for, or on behalf of DoD. This includes financial systems, mixed systems, and financial data feeder systems used to support business activities, such as acquisition, financial management, logistics, strategic planning and budgeting, installations and environment, and human resource management. DLA established EBS through commercial-off-the-shelf software to manage the acquisition, financial management, logistics, strategic planning, and budgeting of the supply chain.

The BEA 10.0 Procure-to-Pay business process encompasses all business functions necessary to obtain goods and services using procurement processes and procedures. BEA 10.0 identified eight phases in the Procure-to-Pay business process that pre-certification authorities use to assess DBS compliance. The Figure below identifies the eight Procure-to-Pay phases.

Figure. The Eight Procure-to-Pay Phases



Source: BEA Procure-to-Pay Model

BEA 10.0 also identified 140 unique Procure-to-Pay process area segments within the eight phases. See Appendix B for the list of the BEA 10.0 Procure-to-Pay process area segments. General ledger transactions related to the Procure-to-Pay business process are used to populate the financial statements, to include the Statement of Budgetary Resources.

DCMO is responsible for the Department's BEA and other DoD products, services, and publications designed to deliver efficient, effective, and agile business operations that support and enable the warfighter. DCMO's mission is to "lead and enable end-to-end integration and improve business operations in support of national security." DCMO annually delivers the BEA to apply policies, procedures, data standards, and system interfaces uniformly across the Department. The DoD BEA helps DBS owners and program managers make informed decisions, and it guides and constrains DBSs as required by the FY 2012 National Defense Authorization Act.

DCMO established the Defense Business Council as DoD's single Investment Review Board on October 18, 2012. The Defense Business Council conducts portfolio analysis and process integration in support of the review and certification of covered DBS programs' planning, design, acquisition, development, deployment, operation, maintenance, modernization, and project cost benefits and risks. The Defense Business Council reviews the pre-certification authority's assessment of the DBS for compliance with BEA.

Standard Financial Information Structure

The DoD BEA requires all systems processing financial transactions to use the DoD Standard Financial Information Structure (SFIS) for categorizing financial information supporting DoD financial management and reporting functions. On August 4, 2005, Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, personnel issued SFIS implementation policy that systems containing financial information to have the ability to either capture or transmit SFIS data or demonstrate crosswalking capability to the SFIS format. DoD 7000.14-R, "DoD Financial Management Regulation" (DoD FMR), volume 1, chapter 4, "Standard Financial Information Structure," requires DoD activities to maintain their target systems, and legacy systems that will interface with a target system, consistent with SFIS requirements.

Laws, Regulations, and Polices

BEA 10.0 identified 383 laws, regulations, and policies mandated by various offices within the Office of the Secretary of Defense that are required for the 15 end-to-end processes. Those requirements included Office of Management and Budget Circulars, Federal Acquisition Regulations, DoD FMR, DoD Instructions and Directives, Department of Treasury Financial Manuals, public laws, and policies issued in memorandums and other issuances.

ACART Tool

On January 22, 2013, DCMO memorandum titled "Single Business Enterprise Architecture Compliance Process and Tool" stated that all DBSs must use ACART to assess compliance with BEA. ACART[2] is an automated tool for assessing and reporting system compliance against data standards, business rules, laws, regulations, and policies defined in the DoD BEA, which includes SFIS. Annually, the pre-certification authority for the DBS asserts BEA compliance to the Defense Business Council. The memorandum also states that a DBS is not compliant if any applicable BEA requirement is not met. For each system that is not compliant with BEA, a compliance plan must be prepared. The compliance plan will include a planned compliance date, identification of the overarching architecture and system issue(s), and the estimated cost for achieving compliance.

[2] ACART is a trademarked product of Engineering, Management, and Integration, Incorporated, and used by DoD.

Defense Logistics Agency

DLA, DoD's largest logistics combat support agency, provides worldwide logistics support to the military services as well as several civilian agencies. In support of the DLA mission, the DLA Information Operations Directorate provides comprehensive and best practices technological support. DLA Information Operations, which includes the EBS Program Management Office, is responsible for ensuring cost-effective EBS implementation. The DLA pre-certification authority for EBS is the Director, DLA Information Operations.

Corrective Action Plans and System Change Requests

In conjunction with its audit readiness activities, DLA management established groups such as the Stewardship Committee, Business Cycle Teams, and Field Command Teams, to identify weaknesses and to establish corrective action plans necessary for EBS to become compliant with laws, regulations, and policies. If deficiencies prevented DLA from being compliant with regulatory requirements, DLA needed to change its business process, either by using a corrective action plan or by implementing system changes. DLA managers created corrective action plans to update, enhance, or change DLA business procedures. DLA managers stated that a system change request could be associated with a corrective action, but a corrective action did not always require a system change.

Enterprise Business System

In August 2000, DLA began developing its Enterprise Resource Planning (ERP) system by initiating the Business System Modernization. In FY 2007, DLA officials combined Business System Modernization, which included Order Fulfillment, Supply and Demand Planning, Procurement, Technical Quality, and Financial capabilities, with the Customer Service Management and Product Data Management initiatives to develop the EBS core system. EBS became the ERP system solution supporting DLA nonenergy commodity activities. DLA subsequently enhanced its EBS capabilities by adding SAP software that supported DLA Enterprise Operational Accounting, real property, and inventory management functions.

As part of the EBS suite, the EProcurement module provides DLA with an integrated enterprise procurement solution for consumables, services, and depot-level reparables. DLA began fielding the EProcurement module in November 2010 and completed fielding on January 27, 2014. In July 2014, DLA plans to complete EBS deployment by implementing EBS Energy functionality to support new users. Approximately 22,000 personnel use EBS to operate a $44 billion global enterprise in 28 countries, managing nearly 5 million items in nine supply chains and supporting more than 2,250 weapon systems. As of September 30, 2013, DLA has spent $2.5 billion on EBS implementation.

Defense Finance and Accounting Service

The Defense Finance and Accounting Service (DFAS) is responsible for directing, approving, and performing DoD finance and accounting services. DLA used DFAS Columbus, Ohio, to perform its accounting functions, which includes the processing, reporting, and posting of DLA financial data to the Defense Departmental Reporting System (DDRS). DFAS Columbus personnel use EBS financial data to produce DLA financial statements, including the Statement of Budgetary Resources. EBS financial data are also combined with data from other DoD activities to produce the DoD Agency-wide financial statements. On October 13, 2011, the Secretary of Defense directed the Department to advance the audit readiness target date for the Statement of Budgetary Resources for General Fund activities from FY 2017 to FY 2014. Additionally, he stated that the Department must continue to work toward achieving auditability on the full set of financial statements in FY 2017.

Review of Internal Controls

DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013, requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls. We identified internal control weaknesses in DLA's implementation of BEA guidance. Specifically, the EBS Program Management Office did not adhere to SFIS requirements, the DoD Transaction Library, and other requirements associated with properly supporting purchases of goods and services and generating accurate and reliable financial management information. We will provide a copy of the report to the DLA senior official responsible for internal controls.

Finding

Enterprise Business System Did Not Comply With the Business Enterprise Architecture Procure-to-Pay Business Process

The EBS Program Management Office did not fully implement the DoD BEA Procure-to-Pay business process to properly support the purchase of DLA goods and services and generate accurate and reliable financial management information. Specifically, EBS did not follow SFIS data standards, the DoD Transaction Library, and other requirements associated with properly supporting purchases of goods and services. This occurred because the EBS Program Management Office:

- placed higher priorities on ensuring mission accomplishment rather than configuring EBS to comply with evolving BEA standards, and
- did not complete its re-engineering of the DLA Procure-to-Pay business process.

Additionally, this occurred because DCMO managers did not establish stringent validation and certification procedures for ensuring that program managers implemented and accurately reported BEA requirements.

As a result, DLA financial managers could not rely on EBS trial balance data to prepare financial statements. As of September 30, 2013, DLA activities reported approximately $942.2 million in abnormal balances[3] within the unadjusted trial balances in general ledger accounts that support the Procure-to-Pay business process. Additionally, DFAS Columbus personnel prepared 379 journal vouchers related to the Procure-to-Pay business process for DLA to prepare financial statements at fiscal yearend. Until DLA financial managers correct the underlying problems that cause these abnormal balances and fully implement BEA standards, there is an increased risk of not achieving audit readiness goals in FYs 2014 and 2017.

[3] An abnormal balance is a general ledger account code carrying a balance opposite the normal balance (debit or credit) prescribed by the U.S. Standard General Ledger Chart of Accounts.

Standard Financial Information Structure Requirements Not Yet Achieved

DLA system managers did not implement all corrective actions necessary to configure EBS to report U.S. Standard General Ledger financial data using DoD SFIS data standards. Planned system changes affected the 15 end-to-end BEA business processes, including Procure-to-Pay. The DoD BEA requires all systems processing financial transactions to use SFIS for categorizing financial information supporting DoD financial management and reporting functions. DCMO personnel created the BEA requirements so that DoD activities would apply policies, procedures, data standards, and system interfaces uniformly. Under Secretary of Defense (Comptroller)/Chief Financial Officer, DoD, personnel developed the SFIS implementation policy to provide DoD with a comprehensive data structure supporting its budgeting, financial accounting, cost accounting, performance measurements, and external reporting. Data standardization was essential for achieving auditable financial statements and providing DoD managers with the financial information needed to make effective day-to-day budget and management decisions.

DoD IG Report No. DODIG-2013-057, "Enterprise Business System Was Not Configured to Implement the U.S. Government Standard General Ledger at the Transaction Level," March 20, 2013, states that DLA did not properly implement SFIS data standards and attributes, establish and update the DoD standard chart of accounts, and generate trial balance data correctly for reporting to DDRS. Recognizing that EBS did not record and report financial data in accordance with SFIS data standards, DLA system managers created a corrective action plan that included 12 system change requests. See Appendix C for the 12 system change requests DLA system managers[4] created to correct the SFIS deficiencies identified in Report No. DODIG-2013-057. Although DLA system managers prepared a corrective action plan to implement SFIS data standards within EBS, not all the system changes were completed by June 2013, when DLA system managers, using ACART, stated that all eight phases of EBS Procure-to-Pay business process had implemented the BEA 10.0 requirements. See Appendix D for details on DLA's BEA assertion.

[4] DLA system managers include the EBS Program Management Office, Program Management Office staff, and DLA Information Operations (J6) managers.

Corrective Actions Needed to Meet Standard Financial Information Structure Not Yet Complete

The DLA system managers completed system updates in September 2013, December 2013, and February 2014. The final update, scheduled for May 2014, included system changes BFI-13-032 and BFI-13-037. Both of these system changes addressed the inability of EBS data to interface with DDRS for financial reporting. Procure-to-Pay process transactions populate general ledger account codes that affect DLA financial reporting. For example, DFAS Columbus personnel prepared 102 journal vouchers, valued at $6.8 billion, to enter the DLA financial data into DDRS during September 2013 for the end-of-year financial statement preparation. As of June 30, 2014, DLA personnel stated that they had completed two system change requests, but they remain open pending other actions. Another system change request (BFI-13-032) remains open until October 2014 to support a DLA, DCMO, and DFAS review of the DDRS interface.[5] In addition, they stated that another system change will be created to address SFIS compliancy exceptions for trading partner attributes. Until DLA makes the needed EBS system changes and an independent entity validates implementation of SFIS requirements within EBS, DLA financial transactions, including those related to the Procure-to-Pay process, may not be recorded correctly and would require extensive manual processing.

DoD Transaction Library Posting Logic Not Used Consistently

The EBS Program Management Office did not consistently use the DoD Transaction Library to record transactions within EBS. Specifically, DLA included 67 Procure-to-Pay transactions as part of the EBS posting logic that were not included in the DoD Transaction Library. DoD FMR, volume 1, chapter 7, "United States Standard General Ledger," paragraph 0704, "Applicability and Scope," states that the U.S. Standard General Ledger must be used in all DoD accounting systems for all appropriations and funds. In addition, the regulation requires using the prescribed general ledger accounts in the DoD Standard Chart of Accounts and the prescribed transactions in the DoD Transaction Library. The DoD Transaction Library is a decomposition of U.S. Standard General Ledger accounting transactions for DoD and breaks down the generalized U.S. Standard General Ledger transaction postings, containing multiple debits and credits, into appropriate pairings of debits and credits of budgetary, proprietary, and memorandum accounts. In order to have properly implemented BEA, DBSs were required to follow SFIS, which included

[5] There were three system change requests not technically closed as of June 30, 2014. See Table C in Appendix C for the system change requests to correct SFIS deficiencies.

the DoD Transaction Library. Although EBS had the capability to perform the transaction postings established within the DoD Transaction Library, DLA did not always use the transactions to post Procure-to-Pay transactions.

Enterprise Business System Transactions Not Identified in DoD Transaction Library

EBS posting logic did not consistently perform Procure-to-Pay transaction postings as required in the DoD Transaction Library. In 2007, DLA contracted with Accenture[6] for EBS consulting services. In April 2013, Accenture documented the posting logic within EBS for all financial transactions and indicated that the EBS posting logic had inconsistencies when compared to the DoD Transaction Library that affected Procure-to-Pay general ledger accounts. Specifically, Accenture determined that the EBS posting logic did not comply with the DoD Transaction Library, there were system configuration constraints, and DLA maintained outdated job aids. Job aids are the DLA desk procedures used for understanding and navigating EBS.

The EBS posting logic did not comply with the DoD Transaction Library.

Accenture identified 111 Procure-to-Pay business events within EBS; however, the posting logic provided by DLA for 67 of the 111 business events was not in the DoD Transaction Library. Accenture also identified that the posting logic associated with 58 of the 67 business events was not in the DoD Transaction Library, including the "Payment – Negative Payable" transactions. For example, DLA personnel created the nonstandard transaction, "Payment – Negative Payable,"[7] that allowed them to pay an invoice before obtaining a goods receipt and acceptance document. The "Payment – Negative Payable" transactions caused abnormal account balances. The DoD FMR, volume 4, chapter 9 "Accounts Payable" required an accounts payable be recorded (credit balance) when ordered goods were received and accepted. Payment of the invoice after the goods were accepted resulted in an offset to the account, reducing the credit balance. The DoD Transaction Library only listed transactions that follow the DoD FMR and account for the proper way to match invoices by using a three-way[8] and two-way[9] matching process. The DoD Transaction Library did not have a transaction for the nonstandard transactions, such as "Payment – Negative Payable." To clear the "Payment – Negative Payable"

[6] Accenture is the company that DLA awarded a contract (through March 2017) to provide business systems integration, systems engineering, and application management services in support of EBS.

[7] DLA defined a Negative Payable as any situation where an invoice has been paid but no receipt has been obtained but is expected.

[8] A three-way match occurs between the obligation, invoice, and receipt to create a ready-to-pay transaction.

[9] A two-way match occurs when only an obligation and invoice are available. Two-way matches are acceptable for Fast Pay transactions; however, the paying agency is still required to obtain the receipt within 30 days of paying the invoice.

transaction, DLA created an additional transaction not included in the DoD Transaction Library and used one of the five "Create Goods Receipt After Payment" transactions when the goods receipt and acceptance had been obtained. DLA personnel stated that they primarily performed the "Payment – Negative Payable" transaction when origin acceptance, organic manufacturing, or third party pay offices (payments made outside of EBS) occurred. Although there were limited scenarios when paying invoices before receipt or acceptance of goods may have been acceptable, DLA had significant abnormal balances in general ledger account code 2110.0200 (Accounts Payable). Specifically, as of September 30, 2013, the balance in general ledger account code 2110.0200 was a debit balance of approximately $337.7 million. The "Payment – Negative Payable" transaction was not consistent with the DoD Transaction Library and resulted in abnormal balances on the DLA unadjusted trial balances.

Actions Needed to Correct Enterprise Business System Posting Logic Deficiencies Remain Incomplete

DLA acknowledged the EBS posting logic was inconsistent with the DoD Transaction Library and identified corrective actions. As of May 2014, DLA developed seven corrective action plans and four system changes to correct the EBS posting logic. DLA indicated that corrective action plans would be complete by September 30, 2014. However, some uncertainty remains because according to DLA personnel, the corrective actions included conducting internal research, working with DCMO and Financial Improvement and Audit Readiness personnel to develop a strategy, and requesting a new DoD Transaction Code, if necessary. Until the EBS Program Management Office completes all actions to ensure that EBS implements BEA requirements and follows the DoD Transaction Library, DLA Procure-to-Pay general ledger account codes will continue to contain abnormal balances, which will place DLA's audit readiness goals in jeopardy of not being met.

Enterprise Business System Did Not Follow All Regulatory Requirements

The EBS Program Management Office did not implement all the BEA regulatory requirements for the business functions necessary to obtain goods and services using procurement processes and procedures (including procurement, entitlement, and payment). Of the 383 laws, regulations, and policies mandated by various offices in the Office of the Secretary of Defense that were associated with the 15 end-to-end processes within DoD BEA 10.0, DLA identified 120 laws, regulations, and policies that related to its end-to-end processes, which include

the Procure-to-Pay business process. From August 2013 through April 2014, DLA personnel created 129 corrective action plans and 25 system change requests related to the Procure-to-Pay process to meet the BEA regulatory requirements. As of April 25, 2014, DLA had not completed 51 corrective action plans and 16 system change requests.[10] For example, DLA identified the following key business functions within the Procure-to-Pay process that required corrective actions: Material Receipt and Acceptance, Contract Closeout, and Government Purchase Card Purchases.

Material Receipt and Acceptance

The EBS Program Management Office did not ensure that EBS processed supplier invoices according to DoD FMR, volume 10, chapter 7, "Prompt Payment Act," which required a goods receipt and acceptance prior to issuing a vendor payment for goods or services.[11] In its FY 2013 Annual Statement of Assurance, DLA identified Material Receipt and Acceptance as a material weakness. Specifically, DLA finance personnel processed payments in EBS without first obtaining receipt of material for customer direct purchase orders and delivery orders. To correct the material weakness, DLA created a corrective action plan and three system change requests.

DLA personnel created the corrective action plan because they were not obtaining timely goods receipt and acceptance documents and certification of services provided in accordance with the Prompt Payment Act. If a goods receipt was not posted within EBS, DLA Finance personnel were ultimately left "chasing" the goods receipt after they had created a negative payable or unliquidated obligation. The corrective action established accountable roles for the process to leverage the knowledge of functional subject matter experts needed to record the required information within EBS. EBS Program Management Office personnel stated the corrective action plan was due to be complete by September 30, 2014. Until the EBS Program Management Office implements the BEA requirements and follows the Prompt Payment Act, DLA will continue to make improper payments and DFAS Columbus personnel will need to correct the unadjusted trial balances and reconcile negative payable amounts.

[10] On numerous occasions, we attempted to obtain data necessary to update dated information in the report. During our last inquiry in June 2014, we requested status information on the corrective action plans and system change requests related to the Procure-to-Pay business process, as well as other information related to events scheduled to occur in June 2014. DLA personnel did not provide us with the updated information we requested.

[11] According to the Federal Acquisition Regulation, Subpart 13.4, there are limited situations when a payment can be made before goods receipt and acceptance. The most common situation is Fast Pay. A Fast Pay can occur when individual purchase agreements do not exceed $30,000, title passes to the Government, the supplier agrees to replace, repair, or correct supplies not received at destination, damaged in-transit, or not conforming to purchase requirements. However, a system must be in place to ensure: (1) documentation of evidence of contractor performance under fast pay purchases; (2) timely feedback to the contracting officer in case of contractor deficiencies; and (3) identification of suppliers that have a current history of abusing Fast Pay.

Contract Closeout

The EBS Program Management Office did not ensure that EBS met the Federal Acquisition Regulation, Subpart 4.8 "Government Contract Files," section 4.804 "Closeout of Contract Files" requirements. The regulation required that contract files be closed out in a timely manner, which DLA identified was not happening. To meet the requirement, the EBS Program Management Office created eight corrective action plans and two system change requests. One of the eight corrective action plans required a system change to ensure that all links established during the award lifecycle, from purchase requisition origination to contract file disposal, remain intact regardless of subsequent actions. According to DLA, linking the business objects would provide traceable evidential matter from the originating requirement throughout contract closeout and fund liquidation, even in the case of termination or cancellation. DLA documentation showed that EBS contained more than 1 million open contract actions associated with numerous aged and unliquidated obligations that remained open more than 7 years. Excessive undelivered orders indicate that an agency may not be effectively using allocated funds. DLA must validate the unliquidated obligations associated with undelivered orders before asserting on its financial statement line item balance in its Statement of Budgetary Resources. DLA personnel stated the corrective action plan and associated system changes would not be completed until September 30, 2014.

Numerous aged and unliquidated obligations remained open more than 7 years.

Government Purchase Card Purchases

The EBS Program Management Office did not ensure that EBS implemented the requirements of DoD FMR, volume 3, chapter 8, "Standards for Recording and Reviewing Commitments and Obligations." The DoD FMR states:

> An obligation is a legally binding agreement or action that will result in outlays, immediately or in the future. Obligations shall be recorded in the official accounting records at the time a legal obligation has incurred, or as close to the incurrence as is feasible. In no instance shall obligations be recorded later than 10 calendar days following the day that an obligation is incurred.[12] The office responsible for recording the obligation shall record the obligation in the official accounting record within 3 calendar days of receipt of such documentation, information, or data.

DLA identified deficiencies related to purchases made with a Government Purchase Card, and DLA personnel created seven corrective action plans. For example, one

[12] DoD FMR, volume 3, chapter 8, provides procedures for recording obligations not previously recorded.

corrective action established a DLA-wide standardized process for tracking and recording government purchase cards purchases through the official accounting record. This included updating EBS with purchase requests and purchase orders within a specified timeframe and performing a managerial review to ensure accurate implementation.

DLA personnel certified the request for funds, attested to the availability of funds, and validated the line of accounting by signing the document. However, they did not update EBS, the official accounting record, until the system interfaced with US Bank's Access Online,[13] after the close of the monthly billing cycle and certification of government purchase cardholder's monthly statement. As a result, the certification and reservation of funds were not being properly recorded in EBS as required by DoD FMR, volume 3, chapter 8. The timely and accurate recording of obligations facilitates the disbursing officer's ability to verify fund availability before authorizing a payment and promptly paying the associated invoice.

The certification and reservation of funds were not being properly recorded in EBS.

The implementation dates of the corrective action plan and associated system changes extended over a 1-year period ending on June 30, 2014. We requested documentation related to the system changes in June 2014, but to date have not received the data from DLA. Until the EBS Program Management Office implements the BEA requirements and complies with DoD FMR, volume 3, chapter 8, DLA personnel will continue to create obligations without recording an obligation in the official accounting record at least 10 calendar days following the day that an obligation incurred.

System Changes and Additional Re-Engineering Needed

DLA system managers did not implement the DoD BEA Procure-to-Pay business process in EBS because DLA functional managers placed higher priorities on ensuring mission accomplishment rather than configuring EBS to comply with evolving BEA standards. In addition, the DLA functional managers followed existing business practices rather than re-engineer their Procure-to-Pay business process. Although they recognized the need to make changes to EBS and DLA business processes, DLA functional managers did not ensure the

[13] In accordance with the Federal Acquisition Regulation, Subpart 13.301, the government-wide commercial purchase charge card is authorized for use in making and/or paying for purchases of supplies, services, or construction. Under the General Services Administration SmartPay 2 master contract, banks provide commercial charge card and innovative payment solutions to General Services Administration SmartPay customers. US Bank is the financial institution used by DLA for the General Services Administration SmartPay 2 program. Under General Services Administration SmartPay 2, contractor banks provide charge cards to agency employees to make purchases on behalf of the agency.

timely implementation of the numerous corrective action plans and system change requests. Additionally, DCMO did not establish a stringent validation and certification procedure to ensure that program managers implemented BEA requirements.

Mission Given Higher Priority Than BEA Implementation

DLA functional managers placed higher priorities on ensuring mission accomplishment rather than configuring the ERP system to comply with evolving BEA requirements. In times of budget cuts and dwindling resources, DLA functional managers had to prioritize which requirements would receive additional resources. They believed giving priority to changes and enhancements that supported the mission was the best way to use resources and meet their requirements. With such a critical mission to maintain, DLA personnel stated that DLA could not afford the time to shut down EBS to promptly address the evolving BEA requirements, including those associated with the Procure-to-Pay business process.

The EBS Program Management Office has made numerous system changes and completed corrective action plans. However, they did not review outstanding corrective action plans and system change requests to determine their impact on each of the Procure-to-Pay business process phases or have an integrated schedule that identified when each corrective action plan or system change request would be accomplished. In addition, the EBS Program Management Office did not prepare a compliance plan for DCMO. By not implementing BEA requirements into EBS, DLA risks not meeting audit readiness goals, and DFAS Columbus personnel must continue to manually correct the unadjusted trial balances. The DCMO requires a compliance plan for each system that is not compliant with BEA.

Opportunities Exist for Additional Business Process Re-Engineering

The EBS Program Management Office has not completed the re-engineering of the DLA Procure-to-Pay business process. DCMO defined business process re-engineering as a logical methodology for assessing process weaknesses, identifying gaps, and implementing opportunities to streamline and improve processes to create a solid foundation for success in changes to the full spectrum of operations. According to the DCMO, business process re-engineering seeks to ensure that the business processes supported by a DBS are as streamlined and efficient as practicable. Additionally, business process re-engineering seeks to eliminate or reduce the need to tailor commercial-off-the-shelf systems to meet unique requirements or incorporate unique interfaces.

DLA re-engineered some aspects of the Procure-to-Pay business process. For example, DLA acquired the EProcurement module within EBS. EProcurement provided an automated contract writing and administration tool in a single, integrated, enterprise-wide, procurement solution that will replace three different legacy systems by February 2015.[14]

DLA created 129 corrective action plans to improve the Procure-to-Pay business process. However, additional opportunities existed for business process re-engineering. Although the DLA FY 2013 Annual Statement of Assurance identified Material Receipt and Acceptance as a material weakness area, DLA has not yet changed its business process. DLA finance personnel did not have the material receipts necessary to perform the required three-way match within EBS before making payments on invoices. By processing payments prior to obtaining the goods receipt and acceptance, DLA personnel used transactions not listed in the DoD Transaction Library that led to the creation of abnormal balances in certain Procure-to-Pay general ledger accounts. For example, DLA created 8,629 negative payable transactions totaling $216.3 million during March 2014.

DLA created 129 corrective action plans to improve the Procure-to-Pay business process.

If DLA performed additional business process re-engineering on the material receipt and acceptance area, then DLA could reduce the existence of abnormal account balances in the DLA Procure-to-Pay general ledger accounts and the number of journal vouchers required to correct the abnormal account balances. Additionally, DLA would ensure that EBS meets the BEA requirement of compliance with the Prompt Payment Act.

Deputy Chief Management Officer Validation and Certification Procedures

DCMO managers did not establish stringent validation and certification procedures for ensuring that program managers implemented and accurately reported BEA requirements. In previously issued reports,[15] the DoD Office of Inspector General reported the need to establish more stringent validation and certification procedures for ensuring implementation of BEA requirements, including SFIS and the DoD Transaction Library.

[14] The three legacy systems that are being replaced by EProcurement are Procurement Automated Contract Evaluation, Defense Pre-Award Contract System, and Electronic Contract Folder. Additionally, EProcurement will replace the procurement function within the Base Operations Support System.

[15] Report No. DODIG-2013-057, "Enterprise Business System Was Not Configured to Implement the U.S. Government Standard General Ledger at the Transaction Level," March 20, 2013 and Report No. DODIG-2013-070, "Defense Agencies Initiative Did Not Contain Source Required Data Needed to Produce Reliable Financial Statements," April 19, 2013.

In FY 2013, the DCMO required the pre-certification authority to provide information for assessing BEA implementation. Based on the pre-certification authority's identification of pertinent BEA content, DCMO personnel reviewed the portfolio information for completeness. They also reviewed any other pertinent information provided by the DoD Component to understand any concerns that may have surfaced through the Organizational Execution Plan analysis.[16] However, DCMO managers did not perform a detailed assessment of the data unless it was one of the DBSs selected for review. The Defense Business Systems Investment Management Process Guidance, April 8, 2013, states that the Defense Business Council will select no more than three DBSs from a component's portfolio to review. DCMO managers did not select EBS for a detailed assessment of BEA compliance. In addition, DCMO managers relied on the component to provide an unbiased assessment. Therefore, the DCMO validation and certification procedures provide limited assurance that the information provided by the pre-certification authority portrays a true assessment.

Deputy Chief Management Officer Business Process Re-Engineering Assessment

DCMO did not perform a complete business process re-engineering assessment of the DLA Procure-to-Pay business process. On September 28, 2012, DCMO prepared the "DoD Business Process Re-engineering Assessment Guidance," that stated, "effective in FY 2013 and then on an annual basis," it would conduct:

> a visual assessment of the objective evidence validating that appropriate business process re-engineering efforts have been sufficiently undertaken based on the Business Process Re-engineering standard to ensure that:
>
> - the business process supported by the DBS is (or will be) as streamlined and efficient as practicable, and
> - the need to tailor commercial-off-the-shelf systems to meet unique requirements or incorporate unique interfaces has been eliminated or reduced to the maximum extent practicable.

In June 2013, DCMO conducted business process re-engineering assessments of several DBS systems, including DLA's EBS and EProcurement systems.[17] At the time DLA personnel completed ACART assessment for BEA in June 2013, they identified that both EBS and EProcurement supported the Procure-to-Pay business process. (See Appendix D for our concerns with DLA's BEA assertion.) However, for the DCMO's business process re-engineering assessment, DLA identified EProcurement

[16] An Organizational Execution Plan represents a component's effort for the identification, selection, control, and evaluation of its portfolios of covered DBS investments used to support business operations.

[17] Although EProcurement is a module of EBS, DCMO assessed each system separately due to their size.

as the only system that performed Procure-to-Pay business process functions. Therefore, when DCMO personnel conducted their business process re-engineering review, they only reviewed the phases that EProcurement supported, which meant DCMO only reviewed a portion of DLA's Procure-to-Pay business process for business process re-engineering. Table 1 identifies the Procure-to-Pay phases reviewed by DCMO for business process re-engineering.

Table 1. Procure-to-Pay Phases Included in Business Process Re-Engineering Assessment

Procure-to-Pay Phase	Supporting System	Included in Business Process Re-Engineering Assessment
Create Purchase Requisition	EBS	No
Develop Procurement Strategy	EProcurement	Yes
Award Procurement Instrument	EProcurement	Yes
Administer Procurement Instrument	EProcurement	Yes
Perform Receipt, Acceptance, and Return	EBS	No
Manage Procurement Entitlement	EBS	No
Manage Disbursements	EBS	No
Perform Instrument Closeout	EProcurement	Yes

Although DCMO validated that both EProcurement and EBS performed sufficient modernization and business process re-engineering in accordance with BEA, DLA's normal business process routinely led to abnormal account balances.

Incorrect Posting Logic and Lack of Re-Engineering Create Abnormal Balances and Jeopardize Audit Readiness

DLA financial managers could not rely on EBS trial balance data to prepare its financial statements. As of September 30, 2013, DLA activities reported approximately $942.2 million in abnormal balances within the general ledger accounts[18] associated with the Procure-to-Pay business process. In order to prepare financial statements at fiscal yearend, DFAS Columbus personnel prepared 277 journal vouchers to correct a variety of errors with the Procure-to-Pay business process, totaling approximately $95.6 billion.[19]

[18] We did not review all abnormal balances. We only reviewed abnormal balances in the general ledger accounts associated with the Procure-to-Pay business process.

[19] The debits on the journal vouchers totaled $95.6 billion, while the credits totaled $68.6 billion. When we reviewed the journal vouchers prepared by DFAS Columbus, we extracted only the Procure-to-Pay general ledger account amounts from the journal vouchers; therefore, the debit and credit amounts were sometimes not the same dollar value.

Unless DLA financial managers follow BEA requirements and re-engineer the Procure-to-Pay business processes, DLA will continue to pay DFAS to correct abnormal balances and correct posting logic problems. In addition, DLA risks not achieving the audit readiness goals for FYs 2014 and 2017 if it does not implement BEA requirements that will allow it to rely on EBS to produce accurate and reliable financial information.

Defense Finance and Accounting Service Columbus Journal Vouchers Needed to Correct Defense Logistics Agency Financial Statements

DFAS Columbus personnel prepared 379 journal vouchers[20] for the preparation of the FY 2013 financial statements. Of the 379 journal vouchers, 277 journal vouchers were needed to correct abnormal or incorrect balances caused by business process errors, posting logic inconsistencies, system errors, and other errors in the DLA financial data. Table 2 identifies the number and dollar value of journal vouchers created by DFAS Columbus personnel in preparing the DLA General Fund and Working Capital Fund financial statements that affected one or more of the Procure-to-Pay general ledger accounts as of September 30, 2013.

Table 2. Journal Vouchers Prepared by DFAS Columbus for DLA (Dollar Values in Billions)

Category	Number of Correcting Journal Vouchers	Journal Voucher Value	Procure-to-Pay General Ledger Account Value	
			Debit Amount	Credit Amount
Business Process Errors	85	$16.3	$0.9	$15.9
Posting Logic Errors	40	0.9	0.7	0.4
System Errors	126	92.5	91.1	51.0
Other Errors	26	4.2	2.9	1.3
Total	277	$113.8	$95.6	$68.6

If DLA personnel perform business process re-engineering, correct the posting logic errors and system errors within EBS, and implement BEA requirements, then DLA could reduce the need for DFAS Columbus personnel to prepare correcting journal vouchers. See Appendix E for a detailed discussion of the journal vouchers.

[20] The 379 journal vouchers includes the 102 journal vouchers, valued at $6.8 billion, needed to enter the DLA financial data into DDRS (discussed on page 6) that should no longer be needed once DLA system managers complete planned actions to internally crosswalk EBS trial balance data to DoD Standard Chart of Accounts.

Defense Logistics Agency Could Reduce Cost of Accounting Services from Defense Finance and Accounting Service

DLA could reduce the amount it pays to DFAS for accounting services. DFAS Columbus charges DLA for a variety of services, including accounts payable, accounts receivable, accounts maintenance and control (general ledger functions), and departmental reporting. DFAS charged DLA an hourly rate of $75.30 in FY 2013 for accounting services. Although DFAS Columbus personnel would likely need to prepare some journal vouchers after DLA system managers implement BEA requirements and re-engineer how they would implement the Procure-to-Pay business process, the number of journal vouchers required could have been reduced, thereby reducing the $46.3 million DLA paid DFAS in FY 2013 for accounting services.[21]

Defense Logistics Agency Audit Readiness Goals Are At Risk

DoD and DLA audit readiness goals depend on accurate and reliable DLA financial data. While DLA managers have taken steps toward implementing SFIS requirements and state that they have made audit readiness a priority with regard to system corrections, DLA risks not achieving audit readiness goals unless it fully implements BEA requirements. The business events within the Procure-to-Pay business process affect many of the general ledger accounts that are used to populate the Statement of Budgetary Resources.

DLA personnel must implement BEA requirements so that they can rely on EBS to produce accurate and reliable financial information. If DLA does not meet its audit readiness goals, it will affect the Department's ability achieve an auditable Statement of Budgetary Resources for General Fund operations in FY 2014 and a complete set of DoD financial statements in FY 2017.

Conclusion

From August 2013 through April 2014, DLA personnel made an effort to improve DLA audit readiness and created 129 corrective action plans and 25 system change requests to address SFIS, EBS posting logic, and other Procure-to-Pay related deficiencies. While DLA has not completed many of the corrective actions, they plan to complete the remaining corrective actions by September 30, 2014. Until DLA corrects the deficiencies and DCMO validates EBS compliance with BEA requirements and business process re-engineering, DLA cannot rely on EBS to produce accurate and reliable financial information, which increases the risk that DLA will not meet DoD audit readiness goals.

[21] DFAS Columbus personnel could not identify how much time they charged DLA for journal voucher preparation.

Recommendations, Management Comments, and Our Response

Recommendation 1

We recommend that the Enterprise Business System Program Management Officer:

a. **Prepare an integrated schedule that identifies and prioritizes when each corrective action plan and system change request impacting the Procure-to-Pay business process will be completed.**

Enterprise Business System Program Management Officer Comments

The Director, DLA Information Operations, responding for the EBS Program Management Officer, agreed, stating that the Posting Logic Team was established to assist the DLA Finance Process Owner with analysis and review of each corrective action plan that impacts posting logic. The Posting Logic Team will provide recommendations for posting logic changes to the appropriate Business Cycle Team. Additionally, DLA implemented a new process for reviewing all system changes to identify the potential impact to the posting logic. System changes that affect posting logic will require review and approval by the Posting Logic Team. This will ensure that sufficient testing is performed and documented with timely incorporation into the posting logic documentation. The Director also stated that DLA Executive Business Cycle Owners, EBS Program Management Officer, and the Integrated Process Owner would jointly define the overall schedule working prioritization with the overall enterprise, after considering the financial and audit impact of these decisions.

Our Response

Comments from the Director, DLA, met the intent of the recommendation, and no further comments are required.

b. **Develop a compliance plan for implementing DoD Business Enterprise Architecture requirements.**

Enterprise Business System Program Management Officer Comments

The Director, DLA Information Operations, responding for the EBS Program Management Officer, agreed, stating that DLA completed the compliance plan in ACART. The Director stated that the June 28, 2014, DoD BEA 10.0 assessment asserted compliance for the four Procure-to-Pay phases reported as “planned compliance.” Each assertion was marked “as-is” with “EProcurement capability of EBS” in the remarks field.

Our Response

Comments from the Director addressed all specifics of the recommendation, and no further comments are required. The compliance plan should reflect the results of the independent assessment of BEA requirements referenced in Recommendation 3.

Recommendation 2

We recommend that the Director, Defense Logistics Agency, direct system and functional managers to re-engineer the Procure-to-Pay business process to eliminate abnormal account balances and better align the Enterprise Business System functionality with DoD Business Enterprise Architecture requirements.

Director, Defense Logistics Agency, Comments

The Director, DLA Information Operations, responding for the Director, DLA, agreed, stating that DLA understands why the Material Receipt and Acceptance and the Negative Payables problem is occurring and its financial impact. However, the solution options are not simple and will require both re-engineering of processes and changes to the associated system. The Director also stated that a system change or posting logic change would not resolve the underlying problem of missing receipts. The DLA Posting Logic Team continues to work with both DCMO and DFAS to resolve discrepancies with the posting logic documentation. Additionally, the Director stated that SFIS documentation is being updated upon finalization of the SFIS business rules and it will be incorporated into a new standard operating procedure on the maintenance of financial master data and structures within EBS.

Our Response

Comments from the Director partially addressed the specifics of the recommendation. We agree that the existing Material Receipt and Acceptance process is a major cause of Negative Payables and requires re-engineering of processes and associated system changes. However, DLA did not state how it plans to better align EBS functionality with DoD BEA requirements or address abnormal account balances not associated with the Material Receipt and Acceptance process. Therefore, we request additional comments on how DLA plans to align EBS functionality with DoD BEA requirements and address abnormal account balances not associated with the Material Receipt and Acceptance process.

Recommendation 3

We recommend that the Deputy Chief Management Officer subject financial management Defense Business Systems to regular and comprehensive assessments of DoD Business Enterprise Architecture requirements and business process re-engineering.

Deputy Chief Management Officer Comments

The Assistant DCMO, responding for the DCMO, agreed, stating that the DCMO, in conjunction with the Deputy Chief Financial Officer, will implement a process subjecting financial management DBSs to assessments of BEA requirements, such as SFIS and the U.S. Standard General Ledger.

Our Response

Comments from the Assistant Deputy addressed all specifics of the recommendation, and no further comments are required. We encourage the DCMO to ensure that assessments cover BEA requirements beyond SFIS and the U.S. Standard General Ledger.

Recommendation 4

We recommend that the Deputy Chief Management Officer conduct a comprehensive business process re-engineering assessment of the Defense Logistics Agency's Procure-to-Pay phases affected by the Enterprise Business System and EProcurement.

Deputy Chief Management Officer Comments

The Assistant DCMO, responding for the DCMO, agreed, stating that the DCMO will ensure that a comprehensive business process re-engineering assessment of EBS and EProcurement is conducted.

Our Response

Comments from the Assistant Deputy addressed all specifics of the recommendation, and no further comments are required.

Appendix A

Scope and Methodology

We conducted this performance audit from May 2013 through August 2014 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our finding and conclusion based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our finding and conclusions based on our audit objective. However, repeated attempts to obtain needed data contributed to delays in completing the audit.

We focused our review on how DLA system personnel implemented the requirements of BEA 10.0 within EBS to perform the Procure-to-Pay Business process and generate accurate and reliable financial information. We interviewed personnel from the offices of the DCFO and DCMO and visited DLA Headquarters in Fort Belvoir, Virginia, and DLA Land and Maritime, DLA Program Management Office, and DFAS in Columbus, Ohio. We reviewed information submitted by the DLA pre-certification authority in ACART as of June 30, 2013. Additionally, we performed an analysis between the DoD Transaction Library and the EBS posting logic to determine whether EBS had the ability to post transactions correctly. We also reviewed the processes followed by DCMO personnel to ensure EBS complied with BEA 10.0, including business process re-engineering assessments and related actions and decisions.

We obtained the DLA FY 2013 EBS chart of accounts from DLA personnel and the EBS unadjusted trial balance data from DFAS Columbus personnel for DLA General Fund and Working Capital Fund business activity for FY 2013. We compared the EBS chart of accounts to the DoD standard chart of accounts Procure-to-Pay general ledger accounts to determine whether:

- the EBS chart of accounts contained all the general ledger account codes required by the DoD standard chart of accounts to support DLA General Fund and Working Capital Fund business activity, and
- EBS general ledger account codes were crosswalked to the correct DoD standard chart of accounts general ledger account codes for financial reporting.

We reviewed 239 unadjusted trial balances for September 2013 to identify the Procure-to-Pay general ledger accounts that had an abnormal balance. We also reviewed the FY 2013 journal vouchers prepared by DFAS Columbus Accounts

Maintenance and Control and DFAS Columbus Departmental Accounting to prepare DLA's financial statements. We also obtained and reviewed the FY 2013 billing rates for Accounting Services performed by DFAS and charged to DLA.

We reviewed some of the significant laws, regulations, and policies related to the Procure-to-Pay business process listed in the BEA 10.0 requirements. Specifically, we focused on the DoD FMR, volumes 1, 3, and 10 and the Federal Acquisition Regulation, Subparts 4.8, 13.301, and 13.4. We also obtained corrective action plans and system change requests designed to address previously identified audit findings, material weaknesses, and other audit readiness challenges from DLA functional personnel. In addition, we followed up on actions taken by DLA in response to Report No. DODIG-2013-057. Specifically, we determined the status of DLA actions taken to comply with SFIS requirements.

Use of Computer-Processed Data

To perform the audit, we used unadjusted EBS trial balance data compiled by DFAS Columbus as of September 2013. To assess the reliability of the unadjusted EBS trial balance data, we reviewed the unadjusted trial balances from EBS and analyzed them for abnormal account balances in general ledger account codes affected by the Procure-to-Pay business process. We compared the trial balances against the FY 2013 DLA financial statements to determine whether the financial information provided by EBS was suitable for use in preparing the DLA financial statements. We also reviewed the monthly journal vouchers prepared by DFAS Columbus personnel to identify the types of journal vouchers prepared and their purpose. We used this information to identify which general ledger account codes the journal vouchers affected and determine what caused the need for the journal vouchers. Further, we used EBS posting logic data provided by DLA to determine whether EBS implemented BEA 10.0 requirements and to determine whether the posting logic was a cause of the abnormal account balances. We also reviewed the support for the information entered into ACART related to the Procure-to-Pay business process. The data reliability issues we identified are discussed in the finding. We believe the computer-processed data we used were sufficiently reliable for reaching the audit conclusions and supporting the finding in this report.

Use of Technical Assistance

We did not use technical assistance during the audit.

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO) and the Department of Defense Inspector General (DoD IG) have issued nine reports discussing topics related to ERP systems and the Procure-to-Pay business process. GAO reports can be accessed at http://www.gao.gov. Unrestricted DoD IG reports can be accessed at http://www.dodig.mil/audit/reports.

GAO

Report No. GAO-13-557, "DoD Business Systems Modernization: Further Actions Needed to Address Challenges and Improve Accountability," May 17, 2013

Report No. GAO-10-808, "Financial Management Systems: Experience with Prior Migration and Modernization Efforts Provides Lessons Learned for New Approach," September 8, 2010

DoD IG

Report No. DODIG-2013-111, "Status of Enterprise Resource Planning Systems' Cost, Schedule, and Management Actions Taken to Address Prior Recommendations," August 1, 2013

Report No. DODIG-2013-105, "Navy Did Not Develop Processes in the Navy Enterprise Resource Planning System to Account for Military Equipment Assets," July 18, 2013

Report No. DODIG-2013-070, "Defense Agencies Initiative Did Not Contain Some Required Data Needed to Produce Reliable Financial Statements," April 19, 2013

Report No. DODIG-2013-057, "Enterprise Business System Was Not Configured to Implement the U.S. Government Standard General Ledger at the Transaction Level," March 20, 2013

Report No. DODIG-2012-087, "Logistics Modernization Program System Procure-to-Pay Process Did Not Correct Material Weaknesses," May 29, 2012

Report No. DODIG-2012-066, "General Fund Enterprise Business System Did Not Provide Required Financial Information," March 26, 2012

Report No. DODIG-2012-051, "Navy Enterprise Resource Planning System Does Not Comply With the Standard Financial Information Structure and U.S. Government Standard General Ledger," February 13, 2012

Appendix B

Business Enterprise Architecture Assertion Process Area Segments for Procure-to-Pay

BEA 10.0 identified 140 unique process area segments within the eight Procure-to-Pay phases. Table B identifies the process area segments in each phase of the Procure-to-Pay business process.

Table B. Procure-to-Pay Process Area Segments

BEA Phase	Process Area Segments
Create Purchase Requisition (5 Process Area Segments)	Collect and Analyze Requirement
	Create Logistics Order
	Process Approved Requirement
	Accept Purchase Request
	Receive and Review Purchase Request
Develop Procurement Strategy (6 Process Area Segments)	Collect and Analyze Spend Information
	Conduct Market Research
	Develop or Refine Sourcing Plan
	Evaluate Accepted Purchase Request
	Forecast Demand
	Search Agreements
Award Procurement Instrument (28 Process Area Segments)	Accept Agreement with Government Requester
	Accept Signed Agreement
	Acknowledge Order or Modification
	Approve and Sign Intragovernmental Agreement
	Award Procurement Instrument or Supplemental Procurement Instrument
	Collaboratively Develop or Modify Agreement with Government Supplier
	Conduct Solicitation and Source Selection for Government Source
	Conduct Source Check
	Conduct Source Selection
	Create Draft Request for Proposal
	Determine Micropurchase Authority
	Determine Micropurchase Sourcing

BEA Phase	Process Area Segments
Award Procurement Instrument (28 Process Area Segments)	Determine Procurement Type
	Develop and Issue Request for Proposal
	Develop Intragovernmental Order
	Develop Procurement Instrument or Supplemental Procurement Instrument
	Evaluate Sourcing Plan
	Execute Micropurchase
	Finalize Request for Proposal
	Negotiate Intragovernmental Order
	Negotiate with Single Source
	Prepare Pre-Solicitation Notice
	Receive and Review Proposals
	Receive Public Comments on Draft Request for Proposal
	Release Request for Proposal
	Review and Approve Request for Proposal
	Review Approved Intragovernmental Order
	Review Logistics Order
Administer Procurement Instrument (9 Process Area Segments)	Accumulate Cost Performance
	Administer Government Furnished Property
	Administer Payments
	Evaluate Awarded Procurement Instrument or Supplemental Procurement Instrument
	Initiate Procurement Change Request
	Perform Contract Surveillance
	Perform Order Administration
	Process Evidence
	Review and Evaluate Contractor Business System
Perform Receipt, Acceptance, and Return (30 Process Area Segments)	Accept Other Goods and Services
	Acknowledge Goods Tendered or Services Rendered
	Acknowledge Other Service Rendered
	Certify Discrepancies
	Conduct Inspection Walkthrough Examination and Verification of System Operation
	Confirm Proof of Training

BEA Phase	Process Area Segments
Perform Receipt, Acceptance, and Return (30 Process Area Segments)	Confirm Receipt of Acquisition Information
	Confirm Receipt of Graphic Information
	Confirm Receipt of Operation and Maintenance Information
	Confirm Receipt of Regulatory Compliance Information
	Confirm Receipt of Uniform Relocations Act Information
	Consolidate Discrepancies
	Define and Record Discrepancies
	Estimate Time and Cost of Corrective Actions
	Evaluate Evidence of Goods Tendered and Services Rendered
	Execute Acceptance Transactions
	Identify Accepting Officials
	Identify Inspection and Verification Participants
	Inspect Intragovernmental Goods
	Inspect Other Goods and Services
	Notify Accepting Officials
	Perform Quality Assurance on Aggregated Information
	Perform Receipt
	Process Discrepancies for Other Goods and Services
	Reject Goods or Services
	Schedule Closing or Signing with Provider
	Schedule Inspections and Verifications
	Update Shipping Information
	Verify Commissioning Requirements
	Verify Title Search
Manage Procurement Entitlement (26 Process Area Segments)	Apply Accounts Payable Offset
	Apply Payment Instructions
	Calculate Payment Adjustments
	Certify Monthly Managing Account Statement
	Certify Purchase Card Transactions
	Determine Procurement Type Entitlement
	Generate Cancel Payment Request

BEA Phase	Process Area Segments
Manage Procurement Entitlement (26 Process Area Segments)	Manage Scheduled Payments
	Match Acceptance and Obligating Document
	Match Billing Document and Intragovernmental Order
	Match Billing Document, Intragovernmental Order, and Evidence of Goods or Services Rendered
	Match Obligating Document, Acceptance and Payment Request
	Match Payment Request and Obligating Document
	Prepare Certified Business Partner Payment
	Process Additional Accounts Payable Information
	Process Advice of Payment Request
	Process Cancel Payment
	Process Cancel Payment Request Returned
	Process Contract Clauses
	Process Pre Payment Information
	Process Refund
	Process Rejected Ready to Pay File
	Process Returned Payment Notice
	Process Stop Payment Notification
	Schedule Payment
	Summarize Transaction Detail
Manage Disbursements (22 Process Area Segments)	Cancel Payment
	Convert United States Dollar Equivalent to Foreign Equivalent
	Create Check Print File
	Create Electronic Fund Transfer File
	Create Wire Transfer File
	Disburse Cash
	Distribute Payment
	Generate Disbursement In-Transit Pro Forma Entries
	Generate Disbursement Pro Forma Entries
	Generate Pre-Payment Pro Forma Entries
	Generate Pro Forma Entries for Adjustments to Paid Delivered Orders

BEA Phase	Process Area Segments
Manage Disbursements (22 Process Area Segments)	Issue Cancel Payment Notice
	Match Check Number to the Voucher
	Obtain Payee's Signature
	Prepare Paid Disbursement Voucher
	Prepare Schedule of Cancelled Checks
	Process Cash Payment
	Process Intragovernmental Payment and Collection
	Reject Ready to Pay File Information
	Return Cancel Payment Request
	Validate Cancel Payment Request Information
	Validate Ready to Pay File Information
Perform Instrument Closeout (14 Process Area Segments)	Archive Order
	Archive Procurement Instrument
	Closeout Intragovernmental Order
	Complete Administrative Closeout of Procurement Instrument
	Confirm Intragovernmental Order Physically Complete
	Confirm Procurement Instrument Physically Complete
	Determine Final Costs
	Determine Final Intragovernmental Costs
	Perform Administrative Closeout for FFP Other Than Simplified Acquisition
	Perform Administrative Closeout for Other Procurement Instrument
	Perform Administrative Closeout for Procurement Instrument With Indirect Costs
	Perform Administrative Closeout for Supplemental Procurement Instruments
	Process Intragovernmental Order Closure Notice
	Stage Contract or Order

Appendix C

System Change Requests to Correct Standard Financial Information Structure Deficiencies

DLA system managers created 12 system change requests to record and report financial data in accordance with SFIS data standards. Table C identifies pertinent information about the 12 system change requests identified by DLA system managers.

Table C. System Change Requests Created to Correct SFIS Deficiencies

System Change Request	Reason Why System Change Request Was Created	System Change Request Status
BFI-13-025	Implement SAP changes made to meet Treasury's Government-wide Treasury Account Symbol Adjusted Trial Balance System requirements.	Closed–September 2013
BFI-13-026	Modify the EBS set-up on the use of Fund Classification requirements.	Closed–December 2013
BFI-13-027	Correct errors with SFIS elements linked to budget execution transactions.	Closed–September 2013
BFI-13-028	Remove errors with SFIS elements linked to the commitment item classification.	Closed–December 2013
BFI-13-029	Correct errors with SFIS elements linked to functional area classification.	Closed–September 2013
BFI-13-030	Eliminate errors with SFIS elements linked to the application of funds.	Closed–September 2013
BFI-13-031	Correct errors with SFIS elements that are linked to Government-wide Treasury Account Symbol requirements.	Open–Awaiting Completion of BFI-13-032
BFI-13-032	Correct errors with getting SFIS compliant data to DDRS for proper preparation of DLA's financial statements.	Open–Completion Date October 2014*
BFI-13-033	Eliminate errors with SFIS element table.	Closed–September 2013
BFI-13-034	Remove errors with SFIS trading partner information, within both on the Vendor Master and Customer Master tables.	Closed–December 2013
BFI-13-035	Correct errors with the EBS General Ledger and implementation of the DoD standard chart of accounts.	Closed–September 2013
BFI-13-037	Correct data reporting to support DLA's Financial Statements per DDRS.	Delivered-May 2014. Not yet closed.

*Completed June 27, 2014, but remains open to support a review of the DDRS interface.

Appendix D

Defense Logistics Agency Business Enterprise Architecture Assertion to the Deputy Chief Management Officer

On June 20, 2013, DLA system managers stated that four of the eight phases of the EBS Procure-to-Pay business process complied with BEA 10.0. DLA system managers asserted they did not fully implement the other four phases of the Procure-to-Pay business process. Technically, they reported "planned compliance" in those four phases. Table D indicates, by Procure-to-Pay phase, the DLA assertions on implementing BEA 10.0 on June 20, 2013, and the planned corrective actions.

Table D. BEA Status Reported to DCMO

Procure-to-Pay Phase	DLA Assertion	Corrective Action Needed
Create Purchase Requisition	Compliant	None
Develop Procurement Strategy	Planned Compliance	Full Deployment of EProcurement
Award Procurement Instrument	Planned Compliance	Full Deployment of EProcurement
Administer Procurement Instrument	Planned Compliance	Full Deployment of EProcurement
Perform Receipt, Acceptance, and Return	Compliant	None
Manage Procurement Entitlement	Compliant	None
Manage Disbursements	Compliant	None
Perform Instrument Closeout	Planned Compliance	Full Deployment of EProcurement and system change requests

Although DLA asserted to DCMO that EBS implemented the BEA requirements, none of the eight Procure-to-Pay phases fully implemented the BEA requirements as of June 20, 2013. We discuss in the finding the BEA requirements that DLA system managers did not implement in EBS. Specifically, EBS did not comply with the SFIS data structure, DoD Transaction Library, and other requirements associated with properly supporting purchases of goods and services and generating accurate and reliable financial management information. Therefore, DLA system managers did not accurately report BEA 10.0 compliance in four phases.

DLA system managers misinterpreted DCMO guidance when reporting compliance for the other Procure-to-Pay phases. Using the Architecture Compliance and Reporting Tool, DLA system managers reported that these four phases required the full deployment of EProcurement and a set of system changes before they could be considered compliant with BEA 10.0. Therefore, DLA system managers claimed that the four phases were "planned compliance." However, according to the BEA guidance, "planned compliance" was only allowed for DBSs that have not reached initial operating capability. EBS reached initial operating capability in January 2005 and EProcurement reached initial operating capability in August 2012. Therefore, DLA should have stated that the four phases were not compliant rather than "planned compliance."

Appendix E

Journal Vouchers Prepared by Defense Finance and Accounting Service Columbus Personnel

DFAS Columbus personnel prepared 379 journal vouchers for the September 2013 accounting period necessary to enter EBS trial balance data into DDRS to prepare the financial statements (102) and to correct business process errors (85), posting logic inconsistencies (40), system errors (126), and other errors in the EBS data (26).

Correcting Crosswalk Errors

DFAS Columbus personnel prepared 102 journal vouchers to enter the DLA financial data into DDRS for the end-of-year financial statement preparation. DFAS Columbus personnel prepared the journal vouchers because DLA did not implement BEA requirements, specifically SFIS, within EBS. Specifically, EBS could not crosswalk trial balance data into DDRS using the DoD Standard Chart of Accounts. Therefore, DFAS Columbus personnel prepared journal vouchers to input EBS trial balance data into DDRS and prepare accurate and reliable financial statements for DLA. As previously stated, BEA requires all systems processing financial transactions to use SFIS for categorizing financial information supporting DoD financial management and reporting functions. Furthermore, properly implementing SFIS would allow DoD activities to reduce ERP customization, eliminate the need for external crosswalking of account balances, and improve comparability of DoD financial data.

Correcting Business Process Errors

DFAS Columbus personnel prepared 85 journal vouchers affecting the Procure-to-Pay general ledger accounts to correct business processes that created abnormal balances and undistributed collections and disbursements. To correct the abnormal account balances in Procure-to-Pay general ledger accounts, DFAS Columbus personnel prepared 44 journal vouchers. The DLA General Fund and Working Capital Fund activities reported approximately $942.2 million, in abnormal balances on the September 2013 Unadjusted Trial Balances for general ledger accounts associated with the Procure-to-Pay business process. DFAS Columbus personnel identified regular and reoccurring abnormal Procure-to-Pay general ledger account balances caused by DLA normal business practices in month-end

EBS unadjusted trial balances. Additionally, DFAS Columbus prepared 41 journal vouchers to correct financial data related to undistributed disbursements and collections during September 2013 accounting period. DFAS Columbus personnel stated the reasons for the journal vouchers were:

> to account for current year undistributed disbursements manually posted to the DLA General Fund financial statements. The adjustments are developed from the differences between disbursements and collections as stated on the activity's trial balance and those stated on the cash management report. These entries are never processed to the actual trial balance and therefore the prior month's JV requires no reversal. Each JV is an entity unto itself.

Correcting Enterprise Business System Posting Logic Errors

DFAS Columbus personnel prepared 40 journal vouchers to correct posting logic errors. The posting logic errors occurred when the EBS posting logic contained an incorrect general ledger account code or an incorrect or unspecified attribute associated with that code. The two main reasons provided on the journal vouchers prepared by DFAS Columbus personnel stated the vouchers were to reclassify:

- U.S. Standard General Ledger account code 4350 to 4650 on the September FY 2013 EBS trial balance due to system erroneously reclassifying on closing year appropriations, and

- U.S. Standard General Ledger account code 1010 to the correct attributes for canceling year accounts.

Correcting Enterprise Business System Errors

DFAS prepared 126 other journal vouchers because the EBS did not possess the functionality needed to either interface with other systems or calculate the accruals necessary to produce accurate trial balance information. For example, DFAS prepared 39 of the 126 journal vouchers due to system deficiencies, which existed within EBS that supported DLA General Fund entities. DFAS Columbus personnel adjusted the general ledger account balances to quarterly budget execution reports where there was relationship between budgetary data and proprietary general ledger accounts. DFAS Columbus personnel performed this adjustment to bring the proprietary general ledger accounts (current year transactions) into agreement with the status data from the Report on Budget Execution (SF 133). DFAS based this adjustment on DLA's determination that the proprietary data were more reliable.

Other Journal Vouchers Prepared by Defense Finance and Accounting Service

DFAS Columbus personnel prepared 26 additional journal vouchers that we could not attribute to either the business process, posting logic, DDRS, or system error problem. After DLA implements BEA requirements properly, DFAS Columbus personnel will continue to prepare some journal vouchers. Listed below are two examples of the journal vouchers that will still need to be prepared by DFAS Columbus personnel.

- Journal vouchers that adjust agency level reports to reflect cash entries for the reporting month that became available subsequent to the closing of the Business System Modernization (Fuels Automated System) Tria Balance.
- Journal vouchers that remove anticipated authority for fiscal yearend reporting, as required by Office of Management and Budget Circular No. A-11 and outlined in the U.S. Standard General Ledger, Treasury Financial Manual.

Management Comments

Deputy Chief Management Officer

OFFICE OF THE DEPUTY CHIEF MANAGEMENT OFFICER
9010 DEFENSE PENTAGON
WASHINGTON, DC 20301-9010

October 9, 2014

MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR DOD FINANCIAL MANAGEMENT AND REPORTING (DEPARTMENT OF DEFENSE INSPECTOR GENERAL)

SUBJECT: Comments to Draft Report, "Defense Logistics Agency Did Not Fully Implement the Business Enterprise Architecture Procure-to-Pay Business Process in the Enterprise Business System" (Project No. D2013-D000FI-0172.000)

This memorandum responds to your request for comments on recommendations 3 and 4, contained in the subject draft audit report issued August 22, 2014. The Department concurs with recommendations 3 and 4. Our response to the recommendations is provided in the attachment.

We appreciate the opportunity to review and comment on the draft report. If you have any questions, [redacted] is my point of contact for this response. [redacted] may be reached by telephone at [redacted] or by email at [redacted].

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Date: 2014.10.09 18:03:41 -04'00'

David Tillotson,
Assistant Deputy Chief Management Officer

Attachment:
As stated

Deputy Chief Management Officer (cont'd)

DEPARTMENT OF DEFENSE OFFICE OF THE INSPECTOR GENERAL DRAFT REPORT DATED AUGUST 22, 2014, PROJECT NO. D2013-D000FI-0172.000 "DEFENSE LOGISTICS AGENCY DID NOT FULLY IMPLEMENT THE BUSINESS ENTERPRISE ARCHITECTURE PROCURE-TO-PAY BUSINESS PROCESS IN THE ENTERPRISE BUSINESS SYSTEM"

OFFICE OF THE DEPUTY CHIEF MANAGEMENT OFFICER (DCMO) COMMENTS TO DoD IG RECOMMENDATIONS

RECOMMENDATION 3: The Deputy Chief Management Officer subject financial management Defense Business Systems to regular and comprehensive assessments of DoD Business Enterprise Architecture (BEA) requirements and business process re-engineering.

DCMO RESPONSE: Concur. The DCMO, in partnership with the Deputy Chief Financial Officer, will implement a process to subject financial management Defense Business Systems to assessments of BEA requirements such as the Standard Financial Information Structure (SFIS) and U.S. Standard General Ledger (USSGL).

RECOMMENDATION 4: The Deputy Chief Management Officer conduct a comprehensive business process re-engineering assessment of the Defense Logistics Agency's Procure-to-Pay phases affected by the Enterprise Business System (EBS) and EProcurement.

DCMO RESPONSE: Concur. Based on the findings in this report, DCMO will ensure a comprehensive business process re-engineering assessment of EBS and EProcurement is conducted.

Defense Logistics Agency

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

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Response to DoD IG Draft Report, "Defense Logistics Agency Did Not Fully Implement the Business Enterprise Architecture Procure-to-Pay Business Process in the Enterprise Business System" (Project No. D2013-D000FI-0172.000)

Attached is the Defense Logistics Agency's (DLA) response to the subject Draft Report. We appreciate the opportunity to review and comment on the finding and recommendations.

The point of contact for this engagement is [redacted], DLA Office of the Inspector General, [redacted], or email: [redacted]

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DN: c=US, o=U.S. Government, ou=DoD, ou=PKI, ou=DLA, cn=CUTLER.KATHY.D.1229501662
Date: 2014.09.22 15:36:53 -04'00'

KATHY CUTLER
Director, DLA Information Operations

Attachment:
As stated

Defense Logistics Agency (cont'd)

Recommendation 1.a: We recommend that the Enterprise Business System Program Management Officer prepare an integrated schedule that identifies and prioritizes when each corrective action plan and system change request impacting the Procure-to-Pay business process will be completed.

Response: Concur.

- Corrective Action Plans: As part of DLA's Audit Readiness efforts, the Posting Logic Team was established to assist the Finance Process Owner with analysis and review of each corrective action plan impacting posting logic. The team is responsible for providing the necessary posting logic change recommendations for incorporation into the corrective action plan by the applicable Business Cycle Team.
- System Changes: Implemented a new process for review of all system changes to identify the potential impact to Posting Logic. This internal DLA coordinated review is to be completed during change request analysis and/or change development and test. Those system changes identified as having an impact to posting logic will require review/approval by the Posting Logic Team. This new step will help to ensure that sufficient posting logic testing is performed and documented with the implemented change(s) incorporated into the Posting Logic Documentation (with link to the Treasury & DoD Transaction Libraries) in a timely manner.
- Change Prioritization and Integrated Schedule: The DLA Executive Business Cycle Owners along with EBS Program Management Officer and the Integrated Process Owner define the overall schedule working prioritization with the overall enterprise, with input from all DLA Process Owners, taking into consideration the financial and audit impact of these decisions.

Recommendation 1.b: We recommend that the Enterprise Business System Program Management Officer develop a compliance plan for implementing DoD Business Enterprise Architecture requirements.

Response: Concur.

- Completed Compliance Plan: DLA completed the compliance plan to implement DoD Business Enterprise Architecture Requirements in DCMO's web based tool, Architecture Compliance and Requirements Traceability (ACART). Compliance plans are now reported in ACART rather than as standalone compliance plan submissions.
- 2014 BEA Compliance Plan Details: As reported in the DoD Business Enterprise Architecture v10.0 assessment dated June 28, 2014, the DLA Enterprise Business System Program Management Officer asserted compliance for the four procure-to-pay phases (operational activities) reported as "planned compliance". The specific assertion for each of these four operational activities was "as-is" for the assertion dropdown, and "eProcurement capability of EBS" for the remarks field.

Recommendation 2: We recommend that the Director, Defense Logistics Agency, direct system and functional managers to re-engineer the Procure-to-Pay business process to eliminate abnormal account balances and better align the Enterprise Business System functionality with DoD Business Enterprise Architecture requirements.

Defense Logistics Agency (cont'd)

Response: Concur.

- Material Receipt & Acceptance and Negative Payables: This issue is per the processing of a payment/disbursement transaction without prior posting of receipt and, thus, having an associated 3-way match. This process results in an understatement of proprietary expense, an abnormal proprietary payable, an overstated budgetary advance payment, and an imbalance between propriety and budgetary (requiring a journal voucher correction). The solution options are not simple and will require re-engineering of processes as well as associated system changes. A system change or posting logic change does not resolve the process issue: missing receipts.
- Posting Logic and DoD Transaction Library: The Posting Logic Documentation is being reviewed as part of the new process set-up requiring a DLA coordinated review of all system changes to determine impact to posting logic. The Posting Logic Team is continuing to work with DCMO and DFAS on the resolution of discrepancies with our existing Posting Logic Documentation.
- EBS and SFIS: The SFIS Documentation is being updated per finalization of review of the SFIS business rules with DFAS, DDRS PMO, and DCMO. This SFIS Documentation is being incorporated into the new Standard Operating Procedure created for the maintenance of financial master data/structures within EBS.

Acronyms and Abbreviations

BEA	Business Enterprise Architecture
DBS	Defense Business System
DCMO	Deputy Chief Management Officer
DDRS	Defense Departmental Reporting System
DFAS	Defense Finance and Accounting Service
DLA	Defense Logistics Agency
DoD FMR	DoD Financial Management Regulation
EBS	Enterprise Business System
ERP	Enterprise Resource Planning
SFIS	Standard Financial Information Structure

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