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**Exhibit R-2, RDT&E Budget Item Justification:** PB 2021 Defense Logistics Agency **Date:** February 2020

<b>Appropriation/Budget Activity</b> 0400: Research, Development, Test & Evaluation, Defense-Wide / BA 5: System Development & Demonstration (SDD)	<b>R-1 Program Element (Number/Name)</b> PE 0605080S / Defense Agencies Initiative (DAI) - Financial System
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COST (\$ in Millions)	Prior Years	FY 2019	FY 2020	FY 2021 Base	FY 2021 OCO	FY 2021 Total	FY 2022	FY 2023	FY 2024	FY 2025	Cost To Complete	Total Cost
Total Program Element	161.063	20.384	23.114	20.537	-	20.537	23.390	24.242	24.844	24.919	Continuing	Continuing
01: Defense Agencies Initiative - Financial System	161.063	20.384	23.114	20.537	0.000	20.537	23.390	24.242	24.844	24.919	Continuing	Continuing

**Program MDAP/MAIS Code:**  
**Project MDAP/MAIS Code(s):** 0491

**A. Mission Description and Budget Item Justification**

Defense Agencies Initiative (DAI) provides capability to produce timely, auditable reports. This program supports continued development and fielding of Increment 3, a Category I Defense Business System. Previous funding for DAI Increments 1 and 2 was documented in the Defense Enterprise Business Systems program element 50605070S00. Increment 3 will deliver new capabilities: Defense Working Capital Fund (DWCF) and Re-Sale accounting; and an application upgrade.

**B. Program Change Summary (\$ in Millions)**

	<u>FY 2019</u>	<u>FY 2020</u>	<u>FY 2021 Base</u>	<u>FY 2021 OCO</u>	<u>FY 2021 Total</u>
Previous President's Budget	20.384	27.944	22.102	-	22.102
Current President's Budget	20.384	23.114	20.537	-	20.537
Total Adjustments	0.000	-4.830	-1.565	-	-1.565
• Congressional General Reductions	-	-	-	-	-
• Congressional Directed Reductions	-	-4.000	-	-	-
• Congressional Rescissions	-	-	-	-	-
• Congressional Adds	-	-	-	-	-
• Congressional Directed Transfers	-	-	-	-	-
• Reprogrammings	-	-	-	-	-
• SBIR/STTR Transfer	-	-0.830	-	-	-
• Defense Wide Review Reduction	-	-	-1.171	-	-1.171
• Inflation for Non-Pay/Non-Fuel Purchases	-	-	-0.019	-	-0.019
• Internal Realignment	-	-	-0.375	-	-0.375

**Change Summary Explanation**

FY2020, \$4.000 million reduction due to prior year carryover. The \$4.000 million reduction will delay the planned implementation of DAI to the Defense Finance & Accounting Service (DFAS) and will critically hinder the development maturation of Budget Formulation and access control along with major delay in answering audit findings across the Enterprise.

FY2020, the Small Business Innovation Research and Small Technology Transfer Research tax amounted to \$0.830 million.

FY2021, internal realignment decreased baseline by \$0.375 million for critical Defense Property Accountability System redesign and upgrade requirements.

The FY 2021 funding request was reduced by \$1.171 million during the Defense-Wide Review to free up resources for higher priority Department needs.

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<b>Exhibit R-2A, RDT&amp;E Project Justification:</b> PB 2021 Defense Logistics Agency										<b>Date:</b> February 2020		
<b>Appropriation/Budget Activity</b> 0400 / 5					<b>R-1 Program Element (Number/Name)</b> PE 0605080S / <i>Defense Agencies Initiative (DAI) - Financial System</i>				<b>Project (Number/Name)</b> 01 / <i>Defense Agencies Initiative - Financial System</i>			
<b>COST (\$ in Millions)</b>	<b>Prior Years</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021 Base</b>	<b>FY 2021 OCO</b>	<b>FY 2021 Total</b>	<b>FY 2022</b>	<b>FY 2023</b>	<b>FY 2024</b>	<b>FY 2025</b>	<b>Cost To Complete</b>	<b>Total Cost</b>
01: <i>Defense Agencies Initiative - Financial System</i>	161.063	20.384	23.114	20.537	0.000	20.537	23.390	24.242	24.844	24.919	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		
<b>Project MDAP/MAIS Code:</b> 0491												

**A. Mission Description and Budget Item Justification**

The DAI mission is to deliver auditable Chief Financial Officer (CFO) Act compliant business environments for Defense Agencies providing accurate, timely, authoritative financial data supporting the DoD goal of standardizing financial management practices improving financial decision support, and supporting audit readiness. DAI has replaced several different non-compliant financial management systems supporting diverse operational functions and the warfighter in decision-making and financial reporting. DAI currently provides the capability to produce timely, auditable reports as noted in three consecutive annual unmodified Statement on Standards for Attestation Engagements No. 18 (SSAE 18) engagements.

The DAI program modernizes the Defense Agencies' financial management processes by streamlining financial management capabilities, addressing financial reporting material weaknesses, and supporting financial statement auditability for the majority of agencies, field activities and non-Service organizations across the DoD. DAI supports a transformation of budget, finance, and accounting processes across participating defense agencies to help improve the quality of financial information, supporting financial auditability and decision-making. The DAI business solution, once fully implemented, will provide a near real-time, web-based system from a ".mil" environment of integrated business processes that will enable in excess of 84,000 Defense Agency financial managers, program managers, auditors, and Defense Finance and Accounting Service (DFAS) representatives to make sound financial business decisions.

The DAI implementation approach deploys a standardized system solution that is consistent with requirements in the Federal Financial Management Improvement Act (FFMIA) and the DoD Business Enterprise Architecture (BEA), while leveraging the out-of-the-box capabilities of the selected Commercial-Off-the-Shelf (COTS) product, Oracle e-Business Suite (EBS), Release 12.2.6 (R12). DAI implemented an Oracle Office of Management and Budget Financial Systems Integration Office (FSIO) qualified COTS financial management business solution with common business processes and data standards. The Program Management Office (PMO) will not develop any objects that are included in core COTS software or services (i.e. vendor data from Federal authoritative sources).

DAI supports the 2018 National Defense Strategy (NDS) Strategic Goal 3, "Reform the Department's Business Practices for Greater Performance and Affordability as well as Strategic Objectives (SO) 3.1 "Improve and Strengthen business operations through a move to DoD-Enterprise or shared services; reduce administrative and regulatory burden" as well as SO 3.3 Undergo an audit, and improve the quality of budgetary and financial information that is most valuable in managing the DoD.

The primary goal is to deploy a standardized system solution to improve overall financial management and comply with BEA, Standard Financial Information Structure (SFIS)/Standard Line of Accounting (SLOA), and Office of Federal Financial Management (OFFM) requirements. Common business functions within budget execution include the Department's BEA End to End (E2E) business processes: Cost Management; Budget to Report (B2R); Procure to Pay (P2P) with enhancements facilitating

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<p>SFIS/SLOA and DoD procurement data standards and direct Treasury disbursing; Acquire to Retire (A2R) (real property lifecycle accounting only); Hire to Retire (H2R) (Time and Labor reporting and absence management only); Order to Cash (O2C); Proposal to Reward (P2R) (Grants financial management and accounting only; and a phased implementation of Governance, Risk, and Compliance (GCR) capabilities supporting audit readiness. Future Defense Working Capital Fund accounting, and Re-Sale Accounting (for Defense Commissary Agency (DeCA)).</p> <p>DAI is currently implemented at 23 Defense Agencies and the Office of the Under Secretary of Defense, Comptroller (OUSD(C)). DAI supports over 62,000 personnel including, 45,600 users. The program office is also responsible for operational sustainment of the system. Funds are required for additional government and contractor support, licenses, maintenance, and hardware to accomplish the remaining capability developments and organizational deployments, and initiate the annual SSAE 18 assertion packages. In 2017, 2018, and 2019, the system received an unmodified SAE 18 report with no comments.</p> <p>The benefits of DAI are:</p> <ul style="list-style-type: none"> <li>• Labor efficiencies (entering data once) and shared across all business processes (modules), workflows and lifecycle in a modern system;</li> <li>• Reduction in contractor support;</li> <li>• Financial visibility (Access to real-time financial data transactions);</li> <li>• Enabling agility and resilience in execution (No silos – anyone/anywhere can backfill and work continues);</li> <li>• Retiring legacy systems;</li> <li>• Shared common business processes and employment of Federal/DoD Enterprise data standards (i.e., SFIS, SLOA, Procurement Data Standard (PDS) and Procurement Request Data Standard (PRDS)); and United States Standard General Ledger (USSGL) Chart of Accounts to resolve DoD material weaknesses and deficiencies.</li> <li>• Reducing reliance on custom Reports, Interfaces, Conversions, Extensions, Forms and Workflows by leveraging application upgrades</li> <li>• Enhanced Internal controls to ensure accurate data, regulatory compliance and ensuring segregation of duties</li> <li>• Significantly reduced data reconciliation requirements; and</li> <li>• Enhanced analysis and decision support capabilities.</li> </ul> <p>The DAI PMO also provides system integration services that include: acquisition/financial management, project management; blueprinting; design, build, and unit test; developing required Reports, Interfaces, Conversions, Extensions, Forms and Workflows (RICE-FW) objects; testing (cyber security/information assurance, integration, functional, performance, conversion, user acceptance, operational); end-user training (train the trainer/change management preparing the users for the cross functional skills and awareness needed to perform well with an integrated enterprise resource planning system); system deployment; conversion; information assurance; sustainment; data service; help desk support; as well as studies and analysis support.</p> <p>DLA provides the Milestone Decision Authority (DLA Acquisition), and DLA Information Operations provides the Program Executive Officer, program manager, and PMO staff. The DAI PMO relies on DLA Acquisition for most contracting. Defense Information Systems Agency (DISA) data centers provide application, development and test as well as Continuity of Operations (COOP) hosting, Technical Contracting Office for development task orders, and the Joint Interoperability Test Command for Interoperability testing. The DAI PMO serves as systems integrator. Contracted subject matter experts configure COTS to provide compliant business processes.</p>		

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<b>Exhibit R-2A, RDT&amp;E Project Justification:</b> PB 2021 Defense Logistics Agency		<b>Date:</b> February 2020
<b>Appropriation/Budget Activity</b> 0400 / 5	<b>R-1 Program Element (Number/Name)</b> PE 0605080S / <i>Defense Agencies Initiative (DAI) - Financial System</i>	<b>Project (Number/Name)</b> 01 / <i>Defense Agencies Initiative - Financial System</i>

<b>B. Accomplishments/Planned Programs (\$ in Millions)</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<p><b>Title:</b> Defense Agencies Initiative (DAI) - Financial System</p> <p><b>FY 2020 Plans:</b>                      In FY 2020, the DAI PMO will:</p> <ul style="list-style-type: none"> <li>• Field DAI Increment 3 Rel 2 DWCF accounting to users at a large agency and two smaller ones (over 19,000 users).</li> <li>• Development/Testing for DWCF and agency unique requirements and complete the study of 4th Estate common/core capabilities.</li> <li>• Work instructions and training materials.</li> <li>• Mature the Financial Management (FM) &amp; time/labor operations for over 45,000 users at over 23 Agencies, Field Activities and organizations.</li> <li>• Support the DoD Risk Management Framework (RMF) process to support actions included in the Designated Authorizing Authority required Plan of Actions and Milestones including an independent FISCAM Test of Design/Test of Effectiveness to result in a Designated Approving Authority (DAA) decision to award an Authority to Operate.</li> <li>• Continue to implement the GRC capabilities by expanding Enterprise controls: Configuration, Access, Prevention &amp; Transactions supporting audit findings, recommendations &amp; CAPs.</li> <li>• Mature the technical operation including: application of DISA Security Technical Implementation Guides, hardware &amp; software currency for servers operating systems, middleware &amp; applications including patches; overseeing internal processes within the Defense Enterprise Computing Center (DECC) enclaves; &amp; the daily operation of several interfaces with external systems leveraging DLA Defense Automated Addressing System (DAAS), as well as established Federal Enterprise system web services.</li> <li>• Conduct regular adversarial assessments, RMF continuous monitoring including code scans, an independent Cyber Economic Vulnerability Assessment and a Cooperative Vulnerability and Penetration Assessment.</li> <li>• Obtain or maintain an interim Interoperability Certification or an Authority to Connect to the DoD Global Information Grid.</li> <li>• The Program will also perform developmental, operational and Cyber security testing with independent third parties under Office of the Secretary of Defense oversight. The Defense Logistics Agency will contract for an independent public accounting firm to conduct the annual FFMIA and SSAE 18 assessments and conduct Cyber security assessments on the system.</li> </ul> <p><b>FY 2021 Plans:</b>                      In FY2021, the DAI PMO will:</p> <ul style="list-style-type: none"> <li>• Field DAI Increment 3 Rel 3 DWCF accounting maturation to users at existing agencies DCSA, DISA and Defense Finance Accounting Service (DFAS) (over 19k users).</li> <li>• Development/Testing for DWCF and agency unique requirements and complete the study of 4th Estate common/core capabilities.</li> <li>• Work instructions and training materials.</li> <li>• Mature the Financial Management (FM) &amp; time/labor operations for over 65k users at over 26 Agencies, Field Activities and organizations.</li> </ul>	20.384	23.114	20.537

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<b>Exhibit R-2A, RDT&amp;E Project Justification:</b> PB 2021 Defense Logistics Agency		<b>Date:</b> February 2020
<b>Appropriation/Budget Activity</b> 0400 / 5	<b>R-1 Program Element (Number/Name)</b> PE 0605080S / <i>Defense Agencies Initiative (DAI) - Financial System</i>	<b>Project (Number/Name)</b> 01 / <i>Defense Agencies Initiative - Financial System</i>

<b>B. Accomplishments/Planned Programs (\$ in Millions)</b>	<b>FY 2019</b>	<b>FY 2020</b>	<b>FY 2021</b>
<p>Work instructions and training materials.</p> <ul style="list-style-type: none"> <li>• Support the DoD RMF process to support actions included in the Designated Authorizing Authority required Plan of Actions and Milestones including an independent FISCAM Test of Design/Test of Effectiveness to result in a DAA decision to award an Authority to Operate.</li> <li>• Continue to implement the GRC capabilities by expanding Enterprise controls: Configuration, Access, Prevention as well as Transactions supporting audit findings, recommendations &amp; CAPs.</li> <li>• Mature the technical operation including: application of DISA Security Technical Implementation Guides, hardware &amp; software currency for servers operating systems, middleware &amp; applications including patches; overseeing internal processes within the DECC enclaves; &amp; the daily operation of several interfaces with external systems leveraging DLA Defense Automated Addressing System (DAAS), as well as established Federal Enterprise system web services.</li> </ul> <p><b>FY 2020 to FY 2021 Increase/Decrease Statement:</b>                      FY 2021 development will complete developing DWCF accounting requirements, necessary to serve as core and meet DeCA requirements, Joint Chiefs of Staff (JCS) and National Defense University (NDU) integrations or objects. In FY 2020, DAI will also deploy to DeCA, JCS and NDU.</p>			
<b>Accomplishments/Planned Programs Subtotals</b>	20.384	23.114	20.537

**C. Other Program Funding Summary (\$ in Millions)**

N/A

**Remarks**

**D. Acquisition Strategy**

DAI is developed and implemented using an evolutionary/incremental strategy including major annual software releases to accommodate upgrades as required by changes to the Department's BEA including new laws, regulations and policies as governed by its Functional Sponsor.

DAI Increments 1 and 2 are in sustainment. When Increment 3, Rel 1 went live in October 2018, it subsumed Increment 2; therefore, only one DAI production baseline exists at any point in time.

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**Exhibit R-3, RDT&E Project Cost Analysis: PB 2021 Defense Logistics Agency** **Date:** February 2020

<b>Appropriation/Budget Activity</b> 0400 / 5	<b>R-1 Program Element (Number/Name)</b> PE 0605080S / <i>Defense Agencies Initiative (DAI) - Financial System</i>	<b>Project (Number/Name)</b> 01 / <i>Defense Agencies Initiative - Financial System</i>
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<b>Product Development (\$ in Millions)</b>				FY 2019		FY 2020		FY 2021 Base		FY 2021 OCO		FY 2021 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
DAI Compliance Support	Option/CPFF	CACI Inc Federal : Chantilly, VA	31.280	0.000		5.854	Jun 2020	5.000	Jun 2021	0.000		5.000	Continuing	Continuing	0.000
DAI Compliance Support Follow-on	C/TBD	TBD : TBD	0.000	5.911	Jun 2019	0.000		0.000		0.000		0.000	Continuing	Continuing	Continuing
DAI Implementation Support	Option/CPAF	CACI Inc Federal : Chantilly, VA	28.402	0.000		5.496	Mar 2020	4.970	Mar 2021	0.000		4.970	Continuing	Continuing	0.000
DAI Implementation Support Follow-on	C/TBD	TBD : TBD	0.000	6.336	Mar 2019	0.000		0.000		0.000		0.000	Continuing	Continuing	Continuing
DAI Infrastructure Support	Option/FFP	CACI ISS Inc : Fairfax, VA	14.476	0.000		4.000	May 2020	2.118	May 2021	0.000		2.118	Continuing	Continuing	0.000
DAI Infrastructure Support Follow-on	C/TBD	TBD : TBD	0.000	1.985	May 2019	0.000		0.000		0.000		0.000	Continuing	Continuing	Continuing
Global Model P2P Follow-on	C/TBD	TBD : TBD	3.418	0.000		2.408	Aug 2020	2.542	Aug 2021	0.000		2.542	Continuing	Continuing	Continuing
Global Model A2R Follow-on	C/TBD	TBD : TBD	2.333	2.403	Apr 2019	1.342	Apr 2020	2.336	Apr 2021	0.000		2.336	Continuing	Continuing	Continuing
Requirements Management (RM) Support	MIPR	DISA : Fort Meade, MD	1.113	0.159	Oct 2019	0.262	Oct 2020	0.256	Oct 2021	0.000		0.256	Continuing	Continuing	Continuing
DCPDS/DAI Interface File Changes	MIPR	DLA Finance : Fort Belvoir, VA	0.027	0.010	Feb 2019	0.008	Feb 2020	0.008	Feb 2021	0.000		0.008	Continuing	Continuing	Continuing
Prior Year Contracts	Option/Various	MULTI : MULTI	54.057	-		-		-		-		-	0.000	54.057	54.057
<b>Subtotal</b>			135.106	16.804		19.370		17.230		0.000		17.230	Continuing	Continuing	N/A

**Remarks**  
 Prior Year Contracts include: Global Model P2P C/FFP IBM: Bethesda, MD \$21.927 million; Global Model A2R C/CPFF CACI Inc Federal: Chantilly, VA \$10.146 million; DAI Data Conversion Support Option/FFP Terathink: Reston, VA \$2.857 million; Oracle Time & Labor Software License and Maintenance C/FP Mythics, Inc: Virginia Beach, VA \$1.020 million; Global Model CAD C/CPFF CSC: Falls Church, VA \$3.205 million; Jaws Professional Licenses C/FFP Immix: McLean, VA \$0.017 million; Oracle Advanced Compression Licenses \$1.622 million; Oracle Contract Lifecycle Management Licenses C/FFP Mythics Inc: Virginia Beach, VA \$7.408 million; Oracle Licenses MIPR DISA: Pensacola, FL \$5.446 million; Kurzweil 5000 508 Assistive Tech Licenses C/FFP Envision Technology Inc: Bethesda, MD \$0.008 million; Dragon Naturally Speaking 508 C/FFP Red River Computer Co: Claremont, NH \$0.007 million; DISA/DITCO Delinquent Balance MIPR DISA DITCO: Scott AFB, IL \$0.017 million; and DBTA Section 1553 MIPR DFAS:Columbus, OH \$0.377 million.

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Exhibit R-3, RDT&E Project Cost Analysis: PB 2021 Defense Logistics Agency												Date: February 2020			
Appropriation/Budget Activity				R-1 Program Element (Number/Name)				Project (Number/Name)							
0400 / 5				PE 0605080S / Defense Agencies Initiative (DAI) - Financial System				01 / Defense Agencies Initiative - Financial System							
<b>Support (\$ in Millions)</b>				FY 2019		FY 2020		FY 2021 Base		FY 2021 OCO		FY 2021 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
Estimated SBIR/STTR:	TBD	TBD : TBD	2.004	0.785	Jun 2019	0.864	Jun 2020	0.807	Jun 2021	0.000		0.807	Continuing	Continuing	Continuing
<b>Subtotal</b>			2.004	0.785		0.864		0.807		0.000		0.807	Continuing	Continuing	N/A
<b>Test and Evaluation (\$ in Millions)</b>				FY 2019		FY 2020		FY 2021 Base		FY 2021 OCO		FY 2021 Total			
Cost Category Item	Contract Method & Type	Performing Activity & Location	Prior Years	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Award Date	Cost	Cost To Complete	Total Cost	Target Value of Contract
DISA Hosting: Test and Development	MIPR	DISA : Pensacola, FL	12.938	0.894	Oct 2018	2.245	Oct 2019	2.000	Oct 2021	0.000		2.000	Continuing	Continuing	Continuing
Interoperability	MIPR	JITC : Fort Meade, MD	3.688	0.290	May 2019	0.222	May 2020	0.200	May 2021	0.000		0.200	Continuing	Continuing	Continuing
Performance and Regression Testing	MIPR	JITC : Fort Huachuca, AZ	3.367	0.600	Oct 2018	0.313	Oct 2019	0.300	Oct 2021	0.000		0.300	Continuing	Continuing	Continuing
Operational Test and Evaluation	MIPR	JITC : Fort Huachuca, AZ	3.731	1.011	Dec 2018	0.000	Dec 2019	0.000	Dec 2021	0.000		0.000	Continuing	Continuing	Continuing
DCPS Testing	MIPR	DFAS : Indianapolis, IN	0.229	0.000	Oct 2018	0.100	Oct 2019	0.000		0.000		0.000	Continuing	Continuing	Continuing
<b>Subtotal</b>			23.953	2.795		2.880		2.500		0.000		2.500	Continuing	Continuing	N/A
<b>Project Cost Totals</b>			161.063	20.384		23.114		20.537		0.000		20.537	Continuing	Continuing	N/A
<b>Remarks</b>															



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<b>Exhibit R-4A, RDT&amp;E Schedule Details:</b> PB 2021 Defense Logistics Agency		<b>Date:</b> February 2020
<b>Appropriation/Budget Activity</b> 0400 / 5	<b>R-1 Program Element (Number/Name)</b> PE 0605080S / <i>Defense Agencies Initiative (DAI) - Financial System</i>	<b>Project (Number/Name)</b> 01 / <i>Defense Agencies Initiative - Financial System</i>

Schedule Details

Events by Sub Project	Start		End	
	Quarter	Year	Quarter	Year
<b><i>Defense Agencies Initiative (DAI)</i></b>				
DAI - - See schedule exhibit for more details	1	2018	4	2025