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THESIS

**A CASE STUDY ON THE IMPLEMENTATION OF DMRD 910
AND ITS IMPACT ON A MARINE FIELD DISBURSING OFFICE**

by

Lawrence W. Longcoy

March 1993

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by

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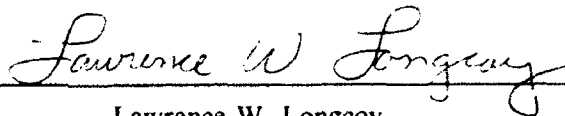
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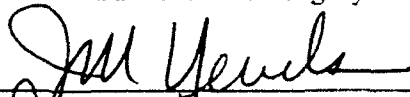
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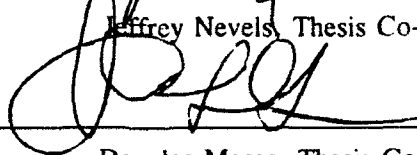


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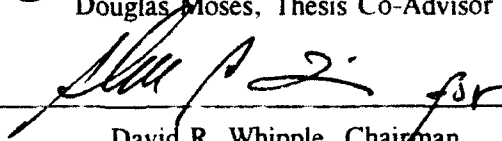
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ABSTRACT

The purpose of this thesis is twofold. First, it is designed to provide a general overview of current DMRD 910 requirements, the current status of DFAS efforts in implementing policy to satisfy those requirements, and what impact the requirements have had on a Marine Field Disbursing Office. The second purpose is to produce a single source document for use by future Marine Corps graduates in Financial Management that encompasses a historical background of DMRD 910 and its objectives, an overview of DFAS's Implementation Plan and concept of operations, an overview of the Marine Corps Implementation and Transition Plans, and a detailed review of the organizational structure and concept of operations of a Marine Field Disbursing Office before and after implementation of DMRD 910. The research for this thesis uncovered several key points concerning DMRD 910 and its impact on a Marine Field Disbursing Office.

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TABLE OF CONTENTS

I.	INTRODUCTION	1
A.	GENERAL	1
B.	OBJECTIVES OF THE RESEARCH	4
C.	SCOPE	5
D.	METHODOLOGY	6
E.	ORGANIZATION OF THE THESIS	7
F.	KEY TERMS	8
G.	ABBREVIATIONS	10
II.	DMRD 910 AND DFAS	11
A.	DFAS ORGANIZATION	11
B.	INITIAL DEVELOPMENTS	14
C.	STANDARD POLICIES AND PROCEDURES	15
D.	DFAS IMPLEMENTATION PLAN	17
	1. Background	17
	2. Organization of the Implementation Plan	19
	3. Data Call Summary	19
	4. Capitalization	21
	5. Consolidation	23
	a. Criteria and Locations	23
	b. Opportunity for Economic Growth	24
	c. Transition Plans	27

6. Concept of Operations	28
a. Command, Control, and Responsive Service	28
b. Disbursing	29
7. Major Actions and Milestones to be Completed	30
E. SUMMARY	31
III. DFAS STANDARD SUPPORT SYSTEMS	32
A. GENERAL	32
B. DEFENSE DEBT MANAGEMENT SYSTEM (DDMS)	33
C. DEFENSE RETIREE AND ANNUITANT PAY SYSTEM (DRAS)	35
D. DEFENSE CIVILIAN PAY SYSTEM (DCPS)	36
E. DEFENSE TRANSPORTATION PAYMENT SYSTEM (DTRS)	38
F. DEFENSE TRAVEL PAYMENT SYSTEM (DTPS)	38
G. DEFENSE JOINT MILITARY PAY SYSTEM (DJMS)	42
H. SUMMARY	44
IV. MARINE CORPS PLANS	45
A. GENERAL	45
B. MARINE CORPS IMPLEMENTATION PLAN	46
1. Operating Environment Prior to Capitalization	46
a. Military Pay Operations	46
b. Civilian Pay Operations	50
c. Travel Operations	51
d. Vendor Pay Operations	52
e. Appropriated Fund Accounting	53

f. Field-Level Accounting	54
g. Bureau-Level Accounting	55
h. Cash Accountability Reporting	55
2. Capitalization of Finance and Accounting Activities	55
3. Consolidation of Finance and Accounting Activities	58
C. TRANSITION PLAN	58
1. Background	58
2. DAO Structure and Functions	61
3. Resource Management Considerations	64
D. SUMMARY	65
V. MCB CAMP PENDLETON DISBURSING OFFICE	67
A. BACKGROUND	67
B. DISBURSING ORGANIZATION PRIOR TO CAPITALIZATION	72
C. DISBURSING FUNCTIONS TRANSFERRED TO DAO	75
1. DAO's Fiscal Section	76
2. DAO's Public Voucher Section	80
D. DISBURSING REORGANIZATION	82
E. CONCEPT OF OPERATIONS SINCE CAPITALIZATION	87
1. Internal Control Section	87
2. Operations Section	90
a. Operations Section	91
b. JUMPS Section	91
c. Systems Section	92

3. Mail and File Section	93
4. Deputy A	94
a. Military Pay Sections	95
b. Travel Section	99
c. Fiscal Section	100
5. Deputy B	101
6. Deputy D	104
7. MEU/Deployed Disbursing	105
F. IMPACT OF CHANGES ON THE DISBURSING OFFICE . .	107
G. SUMMARY	112
VI. SUMMARY AND RECOMMENDATIONS	113
A. GENERAL	113
B. CONCLUSIONS	114
C. RECOMMENDATIONS	120
APPENDIX A	123
LIST OF REFERENCES	126
INITIAL DISTRIBUTION LIST	129

I. INTRODUCTION

A. GENERAL

Our Nation's Defense Department will be facing a severe reduction of resources in the next few years. More than ever before we will be called to do more with less. Recent budget cuts as well as a new philosophy in the way we should do business is changing the accounting and finance functions for all departments and organizations within the Department of Defense (DoD).

The Department of Defense's response to President Bush's challenge to streamline acquisition management stimulated a broad reassessment of all management functions of DoD, particularly the business functions, which include procurement, supply distribution, medical, personnel, accounting, and finance.

In July 1989, Secretary of Defense, Richard Cheney, submitted the Defense Management Report to President George Bush. The purpose of the report was to produce fundamental, enduring changes in the way the Pentagon does business. An important part of this plan was a proposed restructuring of DoD's financial operations. This proposal was formalized in the Report on Consolidation and Improvement of Financial Operations submitted to Deputy Secretary of Defense, Donald

Atwood, in April 1990. [Ref. 1:p. 1]

Deputy Secretary Atwood directed DoD Comptroller, Sean O'Keefe, in a memorandum of 3 July 1990, to establish a consolidated organization for defense finance and accounting which would establish control and direction of policies, procedures, standards, systems and operations of all finance and accounting organizations within DoD consistent with Corporate Information Management (CIM) principles. In response to this, the DoD Comptroller established an implementation group to accomplish these objectives. Albert Conte, then Deputy Assistant Secretary of Defense (Reserve Affairs) for Manpower and Personnel, was appointed to head the implementation group. [Ref. 1:p. 2]

Approximately forty-five personnel eventually came to comprise the implementation group. They came from the Office of the Secretary of Defense (OSD), Army, Navy, Marine Corps, Air Force, and Defense Logistics Agency. Most of these personnel came from service accounting and finance centers and spent months on temporary duty (TAD) in the Washington, D. C. area.

The implementation group's primary task was to plan for the new organization and produce a report to Deputy Secretary Atwood which would result in official establishment of a new accounting and finance entity in the Department of Defense. This was accomplished six weeks ahead of schedule at the end of November 1990. The group developed the charter for the new

organization and Deputy Secretary Atwood signed it on 26 November 1990, as DoD Directive 5118.5. This Directive established the following:

- The Defense Finance and Accounting Service (DFAS)
- DFAS as a Defense Agency
- Authorized DFAS as joint duty assignments for military personnel
- Assigned the Director of DFAS responsibilities as the principal DoD executive for finance and accounting requirements, systems, and functions
- Assigned DFAS to the Comptroller of the Department of Defense for reporting purposes
- Identified responsibilities and authorities for the new agency [Ref. 1:pp. 1-11]

The establishment of the Defense Finance and Accounting Service (DFAS) was an important first step in the continuing process to improve DoD finance and accounting operations. Moreover, recognizing that additional economies and efficiencies could be achieved, the Deputy Secretary of Defense issued Defense Management Report Decision (DMRD) 910 in December 1991 on the consolidation of DoD accounting and finance operations. This DMRD directed DFAS to:

- Capitalize finance and accounting functions of DoD Components by 1 October 1992
- Assume responsibility for all finance and accounting regionalization/consolidation efforts throughout the Department of Defense

- Establish an implementation group, with senior representatives from DoD Components, to develop an implementation plan for submission to the DoD Comptroller [Ref. 1:p. ES.1]

This thesis, then, will focus on the initiatives of DMRD 910, with specific emphasis on the implementation plan, and how they impact a Marine Field Disbursing Office.

B. OBJECTIVES OF THE RESEARCH

The main objective of this thesis is to answer the primary research question which is "What impact will DMRD 910 have on a Marine Field Disbursing Office?"

Secondarily, the thesis will answer the following subsidiary questions:

- What is DMRD 910 and its background? What are its objectives?
- What are the proposed benefits of DMRD 910 and its concept of operations?
- What steps are being taken to implement DMRD 910 in a Marine Field Disbursing Office?
- What is "capitalization" and "consolidation" and how does it effect a Marine Field Disbursing Office?
- Given the current operating environment of a Marine Field Disbursing Office, how will DMRD 910 change its concept of operation? Can any problem areas be identified?
- What key standard support systems will be utilized by DFAS to implement DMRD 910?
- How will DFAS support tactical forces in the Marine Corps through implementation of DMRD 910?

C. SCOPE

The main thrust of this study will be to examine the implementation of DMRD 910 at the Marine Field Disbursing Office level. Implementation progress will be evaluated at the Disbursing Office located at Marine Corps Base (MCB) Camp Pendleton, California, and significant problems, if any, will be analyzed.

The study will initially provide a narrative background and summary of the directive and implementation plan that initiated capitalization and consolidation of all finance and accounting efforts throughout DoD. This narrative will include discussions of the objectives and benefits of DMRD 910 and DFAS, an overview of DFAS's implementation plan and concept of operations, and a review of DFAS's new standard support systems.

The thesis will then provide an overview of the Marine Corps Implementation Plan and Transition Plan, followed by a detailed review of the organizational structure and concept of operations of the MCB Camp Pendleton Disbursing Office before and after implementation of DMRD 910. Finally, the study will provide an analysis of the implementational aspects of DMRD 910.

The purpose of this thesis is to provide a general background source document in the area of finance and accounting within DoD and the United States Marine Corps with particular attention being given to current developments. The

thesis should be especially helpful to those Marine officers entering occupational field 3404 (financial management) subsequent to graduation from the Naval Postgraduate School and who have had no previous financial background. Other beneficiaries of this study would be students and instructors of Naval Postgraduate School courses such as MN 3154, MN 4145 and MN 4161 who have an interest in the consolidation efforts of DoD's finance and accounting operations. Consolidation will take several years to complete and this thesis will only cover DFAS and DMRD 910 from its conception to January 1993. Therefore, this thesis can be used as background data for future studies.

D. METHODOLOGY

The background research material was collected from a literature review utilizing the Defense Technical Information Center, Defense Logistics Studies Information Exchange, Dudley Knox Library at the Naval Postgraduate School, Air University Library at Maxwell Air Force Base, Alabama, Implementation Group DFAS Washington D.C., and Implementation Team DFAS Kansas City.

Several research techniques were utilized during the study to provide as balanced, objective and comprehensive coverage of the topic as possible. First, field research, which requires the researcher to observe and/or experience things first hand rather than through the mediation of others, was

conducted at the MCB Camp Pendleton Disbursing Office [Ref. 2:p. 24]. This was accomplished by personal visits to this office during 24-30 September 1992 and 15-18 December 1992. Emphasis was placed on observing the organizational structure of the office and its concept of operations before and after the implementation of DMRD 910.

Second, extensive archival research was conducted and primary documents were reviewed and obtained predominately from the MCB Camp Pendleton Disbursing Office, DFAS Washington D.C., and DFAS Kansas City. Other primary documents were obtained through DoD Directives, Marine Corps Orders, Marine Corps Reports, Marine Corps messages, various government publications, and magazine articles.

Third, opinion research through the use of personal and telephonic interviews was conducted with managers at the MCB Camp Pendleton Disbursing Office, DFAS Washington D.C., and DFAS Kansas City.

E. ORGANIZATION OF THE THESIS

The initial chapter of this thesis provides the introduction. The remaining chapters in this thesis will attempt to answer the primary and subsidiary questions presented in Section B above. Chapter II will describe the DFAS organizational structure, initial developments, standard policies and procedures, and a comprehensive overview of the DFAS Implementation Plan. Chapter III presents a background

and overview of DFAS's standard support systems that will be utilized in the consolidation process. Chapter IV outlines the Marine Corps Implementation Plan and Transition Plan. Chapter V describes the organizational structure and concept of operations of the MCB Camp Pendleton Disbursing Office before and after implementation of DMRD 910. This chapter will also discuss any problem areas identified and include an analysis of the implementational aspects of DMRD 910. Finally, Chapter VI contains the summary, conclusions, and recommendations.

F. KEY TERMS

Several key terms were developed by DFAS that are used extensively throughout this thesis and are presented as follows:

- **Capitalization** is the transfer of the ownership and command and control of the people, resources, and assets (supplies, equipment, personal computers, etc.) involved in performing DoD finance and accounting functions, or directly supporting these functions, and a share of support resources from the DoD Components where they currently reside to DFAS. Capitalization includes responsibility for the functional proponentcy for DoD finance and accounting systems and personnel associated with such systems. At the time of capitalization, few, if any, personnel will be transferred from their current locations. Capitalization will, for the most part, be in place and occur on or before 1 October 1992. Capitalization will be completed not later than the end of fiscal year 1993 except for those organizations, activities, and functions specifically exempted or under study. [Ref. 1:pp. ES.1-ES.2]

- **Consolidation** is the actual realignment of capitalized functions into a limited number of DFAS centers. Upon consolidation, many jobs will be transferred to a consolidated site, but some will remain at their current locations to ensure mission failure does not occur, and others temporarily until DFAS puts in place systems and processes that allow for fully centralized finance and accounting service. Generally, major consolidation efforts will not begin until after the decision on the DFAS basing plan (selection of sites for future consolidated centers) has been approved. [Ref. 1:pp. 47-49]
- **Financial Management** is the area of management concerned with planning, controlling and accounting for the use of resources in monetary terms, comprising planning, programming, cost estimating, budget formulation, accounting, budget execution, finance, internal review, program appraisal and reporting. [Ref. 3]
- **Finance** is usually related to the determination of entitlement to collection and/or payment of money. It includes: military pay, civilian pay, disbursing, collection of payment for products and services, cash and debt management banking and financial institution services. [Ref. 3]
- **Accounting** includes all operations, procedures, processes and transactions associated with the authorizing, initiating, recording, classifying and reporting of any action having a financial impact. The science of recording, classifying, summarizing, verifying, analyzing, and interpreting the economic data of a business, governmental, or social-group enterprise or undertaking for the purpose of promoting effective control and administration. [Ref. 3]
- **Customer** is an individual or organization who has a financial relationship with or requires payment, data, information, or other services from the DoD finance and accounting network. Internal customers are those individuals and organizations within the various levels of DoD (local, base/installation, major command/claimant and departmental). External customers are all those outside DoD. [Ref. 3]

- **Customer Service** is the interaction between the provider of finance and accounting services and the internal and external customers (e.g., individuals, vendors, managers, commands, military services, defense agencies, and others). It will anticipate and fulfill the customer's finance and accounting needs, requirements, and expectations in an effective, efficient, and timely manner. Customer service is the responsibility of DFAS components. [Ref. 3]
- **Customer Support** is that portion of customer service which remains with the current customer to provide both direct input of data/inquiries to the DFAS and managerial informational to the customer and his/her staff. [Ref. 3]
- **Tactical Forces** are those elements or units which are deployed or designated deployable as part of military operations. Finance and accounting support must be provided to tactical forces when they are deployed and when they are in a deployable status. In some cases, this support is provided by dedicated tactical finance and accounting activities. [Ref. 1:p. 31]
- **Tiger teams** are DFAS teams comprised of personnel from all finance and accounting functional areas who possess the essential technical expertise to restore operations. DFAS will deploy "tiger teams" upon request, or when performance indicators reveal there is a need to bolster accounting, disbursing, and reporting processes. [Ref. 1:p. 31]

G. ABBREVIATIONS

Several abbreviations are used extensively throughout this thesis. Appendix A contains a list of these abbreviations.

II. DMRD 910 AND DFAS

A. DFAS ORGANIZATION

Through the initiatives of DMRD 910, the implementation group officially activated DFAS on 15 January 1991 with a mission to provide effective and efficient finance and accounting policy, systems, and services during times of peace or conflict. DFAS became responsible for handling all finance and accounting for DoD. This includes nearly \$300 billion in fund obligations, payroll services for over six million military and civilian personnel, payment of millions of invoices and transportation bills, and financial management of the multi-billion dollar foreign military sale program. Several goals were established by the implementation group for DFAS:

- Measure and improve the quality of service provided to customers
- Consolidate all DoD finance and accounting functions at a limited number of centers and retain face-to-face customer support at the local level
- Reduce operating costs by half within five years
- Provide an environment which maximizes the opportunities for growth and development of DFAS personnel
- Provide managers and authorized users with on-line access to managerial accounting information down to the work center level
- Develop and operate standardized systems within five years

- Apply new methods and technologies to improve customer service and reduce operating costs
- Integrate financial services throughout all aspects of DoD's operations
- Ensure consistent implementation of finance and accounting policy throughout DoD
- Achieve national recognition for excellence in service and economy of operation [Ref. 4:p. 5]

DFAS is headed by a civilian director who reports to the DoD Comptroller. An organizational chart is found in Figure 1. DFAS comprises a small headquarters in the Washington, D.C.,

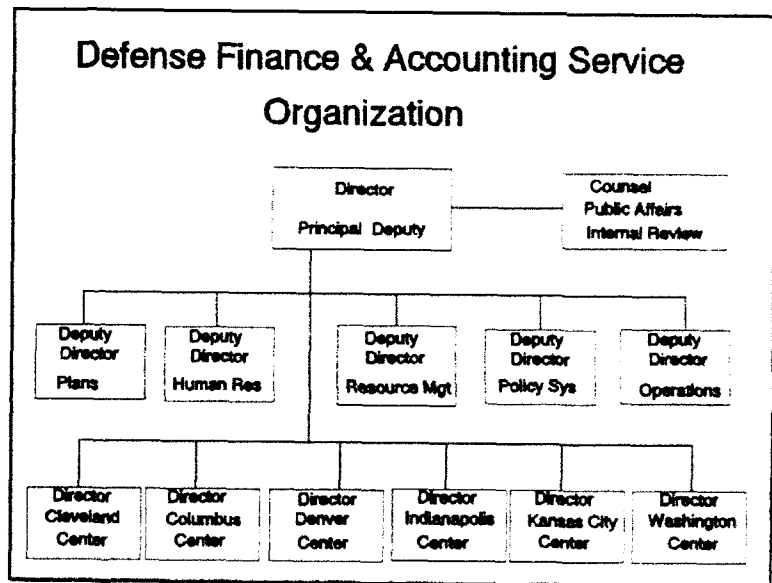


Figure 1

area and six operating centers, wholly aligned with the prior accounting and finance centers. [Ref. 5:p. 16]

The six centers are located in Cleveland, Columbus, Denver, Indianapolis, Kansas City, and Washington D. C. and report directly to the DFAS Director. Figure 2 shows the current location of the DFAS Centers. [Ref. 5:p. 16]

The headquarters has three support staffs: legal, public affairs, and internal review. The major components of the

headquarters consist of a deputy for each of the following functional areas: Plans, Human Resources, Resource Management, Policy Systems, and Operations. The

area receiving the

most detailed attention during the organizational planning for DFAS was its personnel, pay, and accounting support. During the transition, DFAS had to ensure that its own personnel received accurate and timely support from the outset. [Ref. 6:p. 10]

Initially, the Military Services and the Defense Logistics Agency (DLA) were requested to provide presentations on civilian personnel, pay, and accounting support systems which they would like to offer to DFAS. The Army, Navy, Air Force, and DLA made presentations and all the systems had significant positive characteristics which made the choice extremely difficult. In the end, DLA's Automated Payroll, Cost, and Personnel System (APCAPS) was chosen to initially support DFAS. The main reasons for the choice were the ability to transition DFAS personnel to APCAPS by January 1991 and the

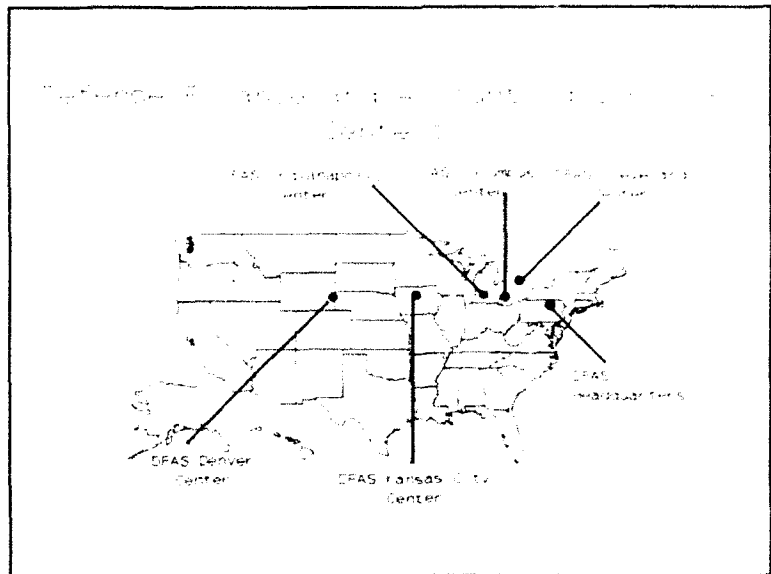


Figure 2

functional integration of the system. Care was taken to emphasize that the decision to use APCAPS did not mean that DFAS was leaning to APCAPS as the Corporate Information Management choice for a standard system. [Ref. 6:p. 10]

B. INITIAL DEVELOPMENTS

After its establishment, DFAS immediately laid out plans to generate a single set of finance and accounting policies and procedures, and at the same time to study and analyze finance and accounting systems and operations in order to determine how best to achieve economies and efficiencies for DoD. While one group of teams started developing the consolidated financial management regulations, numerous other teams initiated study efforts to review finance and accounting systems. Over the course of about nine months, several study teams were established, studies conducted, reports and briefings presented, and recommendations made. An overall study was developed and presented to the DoD Corporate Information Management/Financial Management Steering Committee for approval. [Ref. 7:p. 4] The committee consists of the following personnel:

...DoD Comptroller who is the chairman, and the membership includes each of the Service Assistant Secretaries for Financial Management, the Marine Corps Fiscal Director, Defense Finance and Accounting Service Director, Defense Logistics Agency Comptroller, Washington Headquarters Services Budget and Finance Director, as well as members from the Assistant Secretary of Defense (Force Management and Personnel) and the Assistant Secretary of Defense (Command, Control, Communications and Intelligence)

offices. [Ref. 7:p. 4]

During the months of August through December 1991, the committee approved six migratory system projects, and in March 1992 a seventh system was accepted. These systems approvals were only the beginning. Several other studies are ongoing and will be presented after their completion and proper staffing. The initial seven migratory systems efforts are to:

- Standardize and consolidate civilian payroll
- Standardize active/Reserve/Guard military pay
- Standardize and consolidate travel payments
- Standardize and consolidate transportation payments
- Standardize personnel and contractor debt management
- Standardize and consolidate nonappropriated fund payroll
- Standardize and consolidate military retiree and annuitant pay [Ref. 7:p. 4]

C. STANDARD POLICIES AND PROCEDURES

At the same time the studies on migratory systems were going on, development of a single set of DoD finance and accounting regulations had taken on an expanded scope. It was decided that all comptroller, finance, and disbursing policies and procedures be consolidated into a single regulation. This led to the development of the Financial Management Regulation, which will be a single regulation published in individual volumes by functional areas. It is anticipated that the new regulation will initially encompass 15 volumes as follows:

- General Financial Management Information, Systems, and Requirements
- Budget Formulation
- Budget Execution
- Accounting Policy and Procedures
- Disbursing Policy and Procedures
- Reporting Policy and Procedures
- Military Pay Policy and Procedures
- Civilian Pay Policy and Procedures
- Travel Policy and Procedures
- Contract Pay Policy and Procedures
- Reimbursable Policy and Procedures
- Special Accounts Policy and Procedures
- Nonappropriated Funds Policy and Procedures
- Financial Management Education and Training
- Security Assistance Policy and Procedures [Ref. 7:p. 4]

After the Financial Management Regulation is implemented, it will replace all regulations pertaining to finance and accounting in effect by DoD, Army, Navy, Air Force, Marine Corps, and the Defense Logistics Agency. The new volumes will replace the old regulation volumes as standard DoD systems are implemented. Some of the volumes of the new regulation were published during 1992 and all remaining volumes should be completed by the end of fiscal year 1993. The current accounting and finance regulations used by the various DoD

services and agencies represent approximately 70,000 pages, and after the Financial Management Regulation is completed and published it will consist of approximately 35,000 pages. This will represent an overall reduction of 50%. [Ref. 7:p. 4]

D. DFAS IMPLEMENTATION PLAN

1. Background

The DFAS Implementation Plan for Consolidation of DoD Accounting and Finance Operations was signed on 6 August 1992. The development of this effort had been ongoing since January 1992 when the Implementation Group assigned the project was established in the Washington, D.C. area. The Implementation Group consisted of senior level managers from the Army, Navy, Marine Corps, Air Force, DFAS Centers, and DFAS Headquarters. Additionally, Deputy Program Managers were assigned at each of the DFAS Centers to support the Army, Navy, Air Force, Marine Corps, and Defense Agencies' consolidation efforts. The Kansas City Center supported the Marine Corps consolidation; the Cleveland Center supported the Navy consolidation; the Indianapolis Center supported the Army consolidation; the Denver Center supported the Air Force and selected Defense Agencies; and the Columbus Center supported the other remaining Defense Agencies. Each of the Deputy Program Managers formed their own implementation teams to develop detailed plans for capitalizing and consolidating finance and accounting functions within their respective service and/or

agency. These implementation teams consisted of personnel from each Service/Agency Headquarters and DFAS Center, as well as field representatives from within each service/agency component. [Ref. 1:pp. 10-11]

The Headquarters Implementation Group, the Deputy Program Managers and their respective teams, and other DoD functional experts worked extensively together to develop the DFAS Implementation Plan. Because of the magnitude of DoD finance and accounting operations,

...the Headquarters Group was divided into teams to work on various aspects of the plan, such as tactical finance and accounting support and nonappropriated funds. These teams and other individual project officers used a variety of means to formulate sound recommendations. These included a DoD-wide Finance and Accounting Symposium held in Indianapolis, Indiana during February 1992, workshops, meetings, site visits, surveys, and other forms of written correspondence. Of particular importance is the data call that was used to conduct a census of all DoD finance and accounting activities. The data call provides the baseline information for the implementation plan. [Ref. 1:p. 12]

The Headquarters Implementation Group strived to maintain open communication and coordination throughout development of the Implementation Plan. This was accomplished in the following manner:

Key elements of the plan were staffed and coordinated with the DoD components as they were developed; information was provided to the staffs of the Military Department Assistant Secretaries for Financial Management and some Defense Agency Comptrollers via biweekly issues updates; and meetings were held on numerous occasions to discuss specific issues of concern. Additional coordination and communication took place through the Deputy Program Managers. [Ref. 1:p. 12]

2. Organization of the Implementation Plan

The Implementation Plan starts off with an Executive Summary followed by Chapters I and II which contain the Introduction, Risks, Assumptions, and Constraints of the implementation process. Chapter III discusses the capitalization of assets and Chapter IV briefly covers the consolidation of the capitalized assets. Chapter V outlines the concept of operations of the implementation process with Chapter VI providing the implementation milestones. Several appendices are attached that include the Data Summary Call, Personnel Concepts of Operations, Implementation Plans of DoD Services/Agencies, and the Security Assistance Implementation Plans. The more important aspects of the Implementation Plan are discussed next.

3. Data Call Summary

In order for the Headquarters Implementation Group to determine what accounting and finance assets to capitalize, they utilized the following methodology:

...First, the Group identified the basic criteria as being any DoD Component resource providing finance and /or accounting related functions. Next, the Group identified the information and associated data elements necessary to make the decision of which resources meet the criteria, and to obtain the needed information for capitalization, arriving at a list of more than 375 data elements. Finally, an easy means of collecting, editing, and assembling the data for use by the Group was identified, resulting in the selection of an automated data call process. [Ref. 1:p. 16]

The automated data call was made easier through the

use of the Defense Manpower Data Center (DMDC) Unit Identification Code Listing. All reporting entities listed by DMDC, as well as those activities that were not listed, were provided an opportunity to respond to the data call. The data call was initiated in January 1992 and was completed in June 1992. Overall, 3500 activities were eventually reviewed. The information gathered from the data call represented the baseline data to determine the assets to be capitalized. Actual data call information can be found in the DFAS Implementation Plan. [Ref. 1:p. 16]

The following Marine Corps activities provide examples of the type of activities that were reviewed for capitalization in the data call:

- All Headquarters finance and accounting elements
- All Authorization Accounting Activities (AAA)
- All Disbursing (Finance) Offices
- Reserve activities such as the 4th Marine Division, 4th Marine Aircraft Wing and Marine Corps Reserve Support Center
- All activities with financial management personnel listed in the DMDC database
- All personnel performing non-appropriated funds (NAF)/Morale, Welfare and Recreation (MWR) finance and accounting within the Marine Corps, to include commissaries
- Marine Corps Support Activity (MCSA), Kansas City, Missouri [Ref. 1:p. 16]

Final numbers for the data call were resolved on 15

July 1992 and the Implementation Plan was subsequently signed on 6 August 1992.

4. Capitalization

Capitalization of Service/Agency assets began on 4 October 1992, based on the guidelines established in the Implementation Plan. Capitalization should be completed not later than the end of fiscal year 1993 except for those organizations, activities, and functions specifically exempted such as finance and accounting organizations and personnel located outside the Continental United States. Employees of the Army, Navy, Air Force, Marine Corps, and the various Defense agencies that have been capitalized are now employees of DFAS. This was done so DFAS could effectively begin the necessary standardization and consolidation initiatives to accomplish needed efficiencies and cost savings. The actual number of personnel transferred to DFAS during October 1992, is illustrated in Table 1 [Ref. 8]. It should be noted that the DFAS numbers found in the second to the last row of the table represent the personnel numbers already capitalized during January 1992.

TABLE 1

	CIVILIAN	MILITARY	TOTAL
Army	4,257	1,105	5,272
Navy	7,161	0	7,161
Marine Corps	305	84	389
Air Force	1,839	1,730	3,569

Def Agencies	229	6	235
SubTotal	13,791	2,835	16,626
DFAS (transferred 1/92)	11,875	450	12,325
Total	25,666	3,285	28,951

Capitalization established DFAS as the "accounting firm" for DoD. As such, DFAS has assumed ownership and responsibility for the following accounting systems and processes:

...all general funds, Defense Business Operations Funds (DBOF), revolving funds, trust funds and other accounts, accounts payable, accounts receivable, billings, debt management, cash accounting, nonappropriated funds finance and accounting, funds authentication, some managerial accounting, and disbursing. Although the goal is to consolidate these functions over a period of years, DFAS has capitalized them in place. [Ref. 1:p. 21]

At this time, the Army, Navy, Air Force, and Marine Corps have retained the functions of military pay, civilian pay, and travel until standardized systems can be developed. In this capacity, DFAS will provide:

...overall management of DoD disbursing policies, procedures, systems and operations. All disbursing officers will be accountable to DFAS. The Military departments will retain disbursing operations within Navy Personnel Support Activities/Personnel Support Detachments (PSAs/PSDs), tactical finance and accounting units, and non-capitalized overseas operations. In all other cases where DFAS does not do the disbursing, the Military Departments will do so as agents of DFAS. [Ref. 1:p. 22]

Additionally, DFAS will not capitalize the finance and accounting assets supporting tactical forces of each service

department. Local commanders of each service will be responsible for providing the finance and accounting support necessary for their deployable forces. For instance, the Marine Corps Force Service Support Groups and Combat Service Support Detachments (FSSGs/CSSDs) which supports Marine Corps deployable forces will not be capitalized.

Several other DoD activities are listed in the Capitalization Section of the Implementation Plan that will or will not be capitalized by DFAS. Since they are not pertinent to this thesis they will not be discussed further, but can be found in the Implementation Plan.

5. Consolidation

a. Criteria and Locations

Consolidation is critical to the success of DFAS in order to improve customer service and support while dramatically cutting costs by introducing modern, standard systems, and operating a limited number of activities. Prior to the DFAS concept, finance and accounting in DoD were done through a large variety of systems in hundreds of locations, mostly in small activities employing less than 100 people, and mostly on military installations. "Generally speaking, the combining of finance and accounting personnel into a consolidated location provides greater expertise, management advisory services, and operational support than would normally be possible from a smaller single site or activity" [Ref. 1:p.

48]. Although DFAS was directed to consolidate into a limited number of locations, no decision was made as to where those locations should be established. In determining these locations or consolidation sites, the principal criteria will be the overall operating costs to DoD. "Recognizing that the process of determining consolidation sites could take some time to complete and that consolidation plans need to be developed immediately, DFAS developed the concept of notional sites for planning purposes only" [Ref. 1: p. 48].

Initial plans for consolidation will occur as follows:

...primarily along DoD Component lines; that is, Army activities will be consolidated into the DFAS Indianapolis notional site, Navy activities into the DFAS Cleveland notional site, Air Force activities into the DFAS Denver notional site, and Marine Corps activities into the DFAS Kansas City notional site. The Defense Agencies that already have the bulk of their finance and accounting support provided by the DFAS Columbus Center will be consolidated into the Columbus notional site. Those Defense Agencies that have their systems support provided predominantly by the Air Force will be consolidated into the Denver notional site. [Ref. 1:pp. 48-49]

b. Opportunity for Economic Growth

DFAS released an Opportunity for Economic Growth (OEG) announcement in March 1992, as the first step in determining the future permanent locations of the consolidated sites. The OEG directly solicited bids from cities interested in competing as a DFAS site. Some of the criteria used in the OEG were:

- DFAS will choose from two options: five 4,000-employee

sites or three 7,000-employee sites.

- Facilities must be modern, or newly renovated, with 150 square feet per employee, or 600,000 square feet for the smaller center and 1.05 million square feet for the larger one.
- There must be room for a ground-floor computer center, a warehouse, and an extensive high security vault.
- Anything that communities can provide to DFAS for free will put them a little closer to making the final cut.
- Quality of life, affordable housing, low crime rates, good schools, and available transportation will be of secondary concern.
- An available labor pool of high school graduates is essential. Estimates indicate that only 30 percent of current DFAS employees will move to the new locations. That means for a 4,000-employee facility the area would have to supply at least 2,400 semi-skilled candidates.
- Accessibility to child care and recreation facilities is encouraged. [Ref. 9:p. 10]

The OEG is essentially a study of potential geographic consolidations; it is not a procurement action. The law requires that substantial closures or realignments be announced only as part of the Secretary of Defense's recommendations to the Defense Base Closure and Realignment Commission, scheduled in March 1993.

The response to the OEG exceeded all expectations. Nationwide, 112 communities from 33 states submitted 216 proposals by the 1 June 1992 deadline established by the DFAS Future Structure Task Force. This task force team consists of mainly DFAS personnel who are skilled accountants and cost analysts and have several years of experience in operating

large finance and accounting centers. [Ref. 9:p. 10]

Since June, the DFAS Future Structure Task Force has been evaluating the proposals and comparing them against the original qualification guidance. After several months of review, the task force recently announced on 1 December 1992 a narrowed list of 20 viable candidates which are listed below in alphabetical order [Ref. 10]:

Bangor, ME	Macon, GA
Cleveland, OH	New Orleans, LA
Columbus, OH	Oklahoma City, OK
Denver, CO	Pensacola, FL
Evansville, IN	Saginaw, MI
Huntsville, AL	San Bernardino, CA
Indianapolis, IN	Shreveport, LA
Jackson, MS	Southbridge, MA
Lawton, OK	Tulsa, OK
Lubbock, TX	Youngstown, OH

In the near future, the task force will begin visiting each of the finalists to further discuss their individual proposals and to inspect the proposed sites. Communities have been informed of specific dates as well as the requirements and formats to provide their best and final offers. After the task force has evaluated the final proposals, DFAS will submit its final recommendations to the Secretary of Defense for:

...inclusion in the March, 1993, report to the Defense Base Closure and Realignment Commission. The Commission will review all the proposed Defense realignments and closures, hold public hearings around the country so that other views can be considered, and report their recommendations to the President by 1 July 1993. If the President accepts the Commission's recommendations, he will send them to Congress by 15 July. Unless both the

House and Senate vote against the Commission's complete recommendations within 45 legislative days, the recommendations are approved. Approved actions must begin within two years and be finished within six years. [Ref. 10]

c. Transition Plans

To ensure that a smooth transition from capitalization to consolidation occurs, DFAS, in coordination with the Military Services and Defense Agencies, has developed detailed strategic transitions plans (STPs) to track capitalization and consolidation efforts. Currently, 27 strategic transition plans have been developed with the most significant being the standardization/consolidation of the following: Civilian Pay STP 3-1, Travel Payments STP 8-1, Contract Payments STP 11-2, Transportation Payments STP 9-1, Retiree/Annuitant Pay STP 4-1, General Accounting System STP 5-3, Debt Management STP 11-1, and Military Pay STP 4-2. These plans are managed by DFAS Headquarters. [Ref. 1:p. 49]

The strategic transition plans have been developed in a standard format and contain detailed concepts of operations and taskings by major functional areas (e.g., human resources, logistics, administration, etc.), and explains the level of detail necessary to effect capitalization and consolidation. In addition, "the strategic transition plans will be used in conjunction with the DFAS Program Management Support System to track the consolidation of DoD finance and accounting operations" [Ref. 1:p. 49]. The Marine Corps

strategic transition plan will be used as an example and will be discussed further in Chapter IV.

6. Concept of Operations

a. Command, Control, and Responsive Service

DFAS will ensure command and control is maintained at all times from initial capitalization to consolidation through oversight functions, on-site inspections, staff assistance visits, and audit resolution/responses from applicable activities. DFAS's commitment is to maintain open lines of communication with field activities until consolidation is complete. Activities that are having difficulty maintaining continuity of operations will receive the support of "tiger teams" from an appropriate DFAS center to shore up failing operations. [Ref. 1:p. 51]

To ensure commanders and managers that DFAS will provide responsive and quality service, they have implemented five specific actions:

- Commitment to provide responsive service will be emphasized with the Military Departments by joint development of responsive service standards for each of the accounting and disbursing business categories transferred to DFAS.
- Military Departments will designate a senior representative at all appropriate levels to coordinate and resolve issues associated with accounting and disbursing service.
- Formal lines of communication and essential participation by people and organizations served by accounting and disbursing operations will be insured by having the senior Military Department representative conduct periodic customer service meetings to resolve mutual

problems/issues at the lowest practical management level.

- Informal lines of communication will be encouraged and supported in evaluating performance of day-to-day operations.
- Commanders will have the opportunity to provide letter input to the appraisal process for the chiefs of the DFAS field-level activities. [Ref. 1:p. 52]

Moreover, the above processes will be augmented through the use of examination visits by DFAS, periodic customer surveys, and conferences with appropriate senior management officials from the Military Services, Defense Agencies, and DFAS Headquarters and Centers. As needed, "tiger teams" will be deployed to shore up and augment any activities needing accounting, finance, and disbursing support to ensure responsive customer service and support. [Ref. 1:p. 52]

b. Disbursing

As mentioned previously, DFAS has assumed control of accounting and disbursing operations but did not capitalize those disbursing activities that support tactical forces. This has required DFAS to develop an agent relationship between the Military Services and DFAS. DFAS disbursing officers and Military Services' disbursing officers, agents, and agent cashiers will be designated under the following guidelines:

- DFAS will provide overall management of DoD disbursing policies, procedures, systems, and operations. DFAS

responsibilities will include: approving the establishment and deactivation of disbursing offices and Disbursing Station Symbol Numbers (DSSNs); establishing and approving DFAS disbursing officers, deputies, and agents; approving DFAS agents from Military Service personnel; and accounting for the contents of the Statement of Accountability.

- The Military Services will request approval for establishment of disbursing offices and provide management oversight. Military Service responsibilities will include: requesting approval, appointment, and relief of agents in accordance with DoD Financial Management Regulations (FMR), Volume 5; developing and promulgating a funds security program; and preparing and submitting financial reports as required by DoD FMR, Volume 5.
- All disbursing officers are accountable to DFAS. All agents are accountable to the appointing disbursing officer as outlined in DoD FMR, Volume 5.
- Exceptions to the above general guidance will be negotiated between DFAS and the Military Services to accommodate any unique requirements. DFAS and the Military Services will use the rules and responsibilities outlined above to develop operating procedures and processes. [Ref. 1:pp. 52-53]

7. Major Actions and Milestones to be Completed

Major actions and milestones can be found in Chapter Six of the DFAS Implementation Plan. Table 2 below depicts the implementation milestones yet to be completed [Ref. 1:p. 62]:

TABLE 2

MILESTONE	ACTIVITY	COMPLETION DATE
Complete Capitalization	DFAS	September 1993
Complete Detailed Capitalization Plans for Europe & the Pacific	DFAS/DoD Components	September 1993
Begin Conus Consolidation	DFAS	October 1993

Complete Capitalization in Europe & Pacific	DFAS	September 1994
Complete Consolidation	DFAS	September 1997

E. SUMMARY

This chapter has provided background information on DMRD 910 including its objectives, proposed benefits, and concept of operations. Moreover, the chapter has furnished the details on the establishment of DFAS and how the framework for capitalization and consolidation is being implemented throughout DoD. Further key points to also emphasize from this chapter are:

- Capitalization established DFAS as the "accounting firm" for DoD.
- Finance functions and limited accounting that needs to be performed by tactical finance units are retained by the individual Services.
- Strategic transitions plans have been developed to coordinate and complete capitalization and consolidation.
- The Services retain the functions of military pay, civilian pay, and travel until such time that standardized automated systems are developed and consolidation is initiated and completed by DFAS.

The next chapter addresses the last two points indicated above and provides an overview of the standardized automated finance systems DFAS is, currently, developing to finalize consolidation.

III. DFAS STANDARD SUPPORT SYSTEMS

A. GENERAL

DFAS is committed to providing quality finance and accounting services at a lower cost. Major system improvements and operational enhancements through standardization of policy, procedures, and systems provide the greatest opportunity to achieve economic effectiveness and efficiencies.

In 1991, DFAS assessed a myriad of DoD finance and accounting systems and processes. The result of this assessment was that several functional areas were identified as targets for improvement, with each functional area defined as a Strategic Transition Plan (STP) initiative as mentioned in Chapter II. For example, the standardization of military pay was designated as STP 4-2.

All STPs approved by the Financial Management Steering Committee lead to the establishment of Project Management Offices (PMOs) at DFAS Headquarters with the mission to develop and deploy their respective standard systems. An example of the organizational structure of PMOs is found in Figure 2 and depicts PMOs for some of the standard systems currently being developed. These standard support systems will be expanded upon in the remainder of this chapter.

B. DEFENSE DEBT MANAGEMENT SYSTEM (DDMS)

Debt management involves the processes and regulated procedures required to pursue collection of debts owed the United States Government. Basically, debt management applies to any claim by the Federal government on personnel who owe it money. The term "claim" includes amounts owed on the account of loans insured or guaranteed by the United States and all other amounts due the United States from fees, duties, leases, property, overpayments, fines, penalties, damages, interest, taxes, forfeitures, and other sources. Collection of debts can involve military personnel (active, reserve, retired, or separated) and federal civilian employees (active, retired, or separated) who owe the Federal Government money.

Under the current environment, debt management takes place at all levels of the finance and accounting communities. When DFAS was formed, it took over all of DoD's debt management

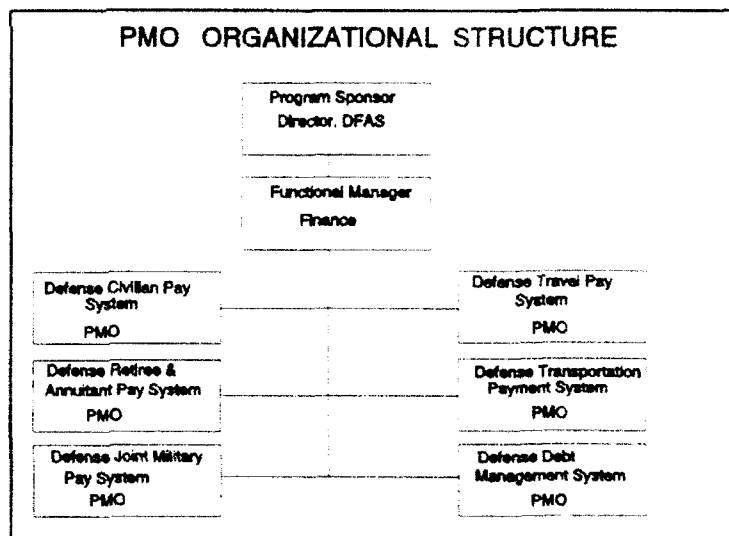


Figure 2

functions. Lessons learned from Desert Shield/Storm concluded that the five debt management systems in operation, one at each DFAS Center, were not compatible and did not perform

similar functions in the same manner. [Ref. 7:p. 7]

As a result, in early 1991, a task group composed of debt collection representatives from each of the DFAS centers began working on the standardization of debt management through Strategic Transition Plan 11-1. A PMO was established at DFAS Headquarters and the task group identified system requirements and attributes and evaluated each of the existing systems used by the DFAS Centers. Once the evaluations were completed, the DFAS Denver Center Departmental Accounts Receivable System (DARS) was determined to be the most functional of all the debt management systems. Therefore, DFAS made the decision to use DARS as the standard debt management system for all DFAS centers. DARS will be revised to incorporate the necessary modifications needed to encompass each debt situation. DDMS will be implemented in phases at each center and is projected to be completed in December 1993. [Ref. 7:p. 7]

The Program Management Office of STP 11-1 is also reviewing debt collection policies and procedures to determine the appropriate standards that should be used with DDMS. Standardization of the policies and procedures will allow for equitable treatment for all debt situations to be used by a single system. Furthermore, these standardized policies and procedures will be incorporated in Volume 5 of the DoD Financial Management Regulation. [Ref. 7:p. 7]

C. DEFENSE RETIREE AND ANNUITANT PAY SYSTEM (DRAS)

STP 4-1 initiated the study on a standardized retiree and annuitant pay system during March 1991. The current operating environment at that time included eight military retiree and annuitant pay systems within DoD that pay more than 1.8 million retirees and annuitants. These systems operated at four DFAS centers with an operating staff of approximately 897 people and accounted for an annual operating cost of approximately \$34 million. The study was completed during July 1991 and recommendations for STP 4-1 were approved by the DoD Comptroller on 8 August 1991. These recommendations included the following:

- Adopt Navy retiree pay system
- Adopt Air Force annuitant pay system
- Integrate the two systems
- Centralized input/centralized output with retiree pay at DFAS Cleveland and annuitant pay at DFAS Denver
- New name: Defense Retiree and Annuitant Pay System (DRAS)
- Reduce operating support staff by 242 personnel
- \$12.2 million savings over life cycle [Ref. 11]

The two subsystems at DFAS Cleveland and DFAS Denver will be integrated into DRAS and data will be passed electronically between them. The implementation plan is scheduled as follows:

The first scheduled implementation resulted in the Navy annuitant accounts to be transferred to the Denver Center

during December 1992. This will be followed by Air Force retiree accounts being transferred to the Cleveland Center by June 1993. The Marine Corps retiree and annuitant accounts will be transferred to Cleveland and Denver, respectively, by December 1993, and the Army retiree and annuitant accounts will be transferred to Cleveland and Denver, respectively, by December 1994. [Ref. 7:p. 7]

DFAS is also updating the DoD Military Retired Pay Manual and will incorporate it into Volume 7 of the DoD Financial Management Regulation. This will provide for uniform interpretations of pay regulations, and standardization of operating procedures, forms, and training.

A major DFAS goal is to provide effective and efficient customer service, and in order to improve the current environment, DRAS will provide military retirees and their annuitants with these services:

- Customer service at military bases
- Interactive voice response technology
- Improved service using 1-800 toll-free numbers
- Expanded field level data communications support [Ref. 12:p. 5]

D. DEFENSE CIVILIAN PAY SYSTEM (DCPS)

The study on standardization and consolidation of civilian pay, STP 3-1, began in March 1991. The current operating environment at that time included 18 payroll systems that pay over one million civilian employees at an operating cost of approximately \$125 million. These systems operated at over 300 payroll offices with total staffs of about 2,800

personnel. Additionally, there were 13 central design activities for civilian pay with operating staffs of approximately 300 personnel. The study was completed during August 1991 and recommendations for STP 3-1 were approved by the DoD Comptroller on 12 September 1991. These recommendations were:

- Adopt NAVY NAVSCIPS system as the DoD civilian payroll system
- New name: Defense Civilian Pay System (DCPS)
- Consolidate payroll operations at two locations, with one site at DFAS Denver and the second site to be determined
- One central design activity - Pensacola
- \$700 million savings over 10 years [Ref. 13]

The DFAS Denver center began operations in May 1992. Navy activities were the first to be implemented because it was not necessary to build any new interfaces. Some Air Force and Army activities were implemented by the end of fiscal year 1992, totaling approximately 188,000 accounts. The second site should be operational during fiscal year 1993 with about 500,000 more accounts converted to DCPS. All civilian CONUS accounts should be operating under DCPS by the end of fiscal year 1994 and the overseas accounts converted by fiscal year 1995. [Ref. 13]

DFAS is also currently developing Volume 8, Civilian Pay Policy and Procedures of the DoD Financial Management Regulation to standardize civilian pay requirements. Target

date for publication is projected for June 1993.

E. DEFENSE TRANSPORTATION PAYMENT SYSTEM (DTRS)

DFAS recommended and received approval to adopt the Army's transportation payment system as its new standard system and renamed it the Defense Transportation Payment System (DTRS). The new system is being modified to incorporate the necessary interfaces to satisfy Navy and Marine Corps requirements and should be operational during calendar year 1993. DTRS will be able to support DoD's current transportation payment processes involving more than 2.8 million government bills of lading, government travel request bills, and meal tickets. [Ref. 7:pp. 6-7]

Once the system is fully capable and placed into operation, it will provide the following:

- Capability to perform a 100% automated pre-audit function, which means determining if the correct transportation rates and tariffs were charged, rather than the current manual operations that only audit about 60% of the transportation bills
- Incorporate electronic data interchange (EDI) capability which will allow electronic receipt of transportation documents from DoD Transportation Officers
- Provide electronic receipt of vendor invoices
- Furnish electronic payment delivery to vendors [Ref. 7:p. 7]

F. DEFENSE TRAVEL PAYMENT SYSTEM (DTPS)

Travel operations are big business within DoD. Processing travel settlements currently requires over 4,000 finance and

accounting personnel costing over \$112 million a year. They settle over 11 million claims a year which result in travel disbursements of over \$10 billion. Travel operations differ significantly within and between each service. The differences include: interpretations of policy, organizational structure, degree of automation, standards of service, and system required interfaces. Moreover, the majority of travel claims are settled at the installation level resulting in a more expensive process because settlement is accomplished through non-integrated automated systems and/or manual processes. [Ref. 14]

In September 1991, the Financial Management Steering Committee approved DFAS's proposal and recommendations to standardize the processing of travel orders and travel payments on a single system, designated as the Defense Travel Pay System (DTPS). The recommendations included:

- Develop additional software and integrate parts into a total travel system
- Use Army Integrated Automated Travel System (IATS) to compute travel claims
- Consolidate travel processing to DFAS Columbus Center
- Select standard order writing and voucher preparation systems
- Expand use of Diners Club ATM advances
- Make electronic funds transfer (EFT) mandatory for travel payments
- Implement total travel system throughout DoD. [Ref. 14]

Basically, DTPS will automate and integrate the entire travel process from the creation of a travel order to the final settlement and will eventually consolidate travel voucher processing to one central site at the DFAS Columbus Center. To perform this function, DTPS will consist of the following three major modules: order writer, voucher preparation, and settlement computation. These modules will be integrated to allow single data entry of travel information.

The order writer module will utilize the Navy's Automated Travel Order System (ATOS) as its basis but extensive modifications are needed to make it suitable for use throughout DoD. The voucher preparation module will use the Defense Logistics Agency's Travel Reporting Integrated Reporting System (TRIPS) as its basis and will also undergo considerable modifications to function as a standard module. The settlement computation module will utilize a contractor developed system that is currently used by the Army, Navy, and Defense Logistics Agency. This module will also have to be modified to provide the necessary interfaces to be used within DoD. [Ref. 7:p. 7]

It is projected that all required modifications will be completed during the first couple of months in calendar year 1993. The implementation plan for DTPS calls for incremental deployment phases, beginning with the prototype order writer which should be phased in by March 1993 and ending with the

complete deployment of DTPS which is projected for December 1995. Once DTPS is fully operational, it estimated that the standard system will generate savings of over \$70 million a year and provide the following overall capabilities:

- Consolidation and standardization of travel processing throughout the DoD
- Single point of data entry for travel transactions
- Centralization of travel data and accompanying efficiencies for data audit and archival retrieval
- Travel orders for all types of TAD will be in a nongraphics (formless) format. The order will take on the appearance of a letter, either inviting or directing an individual to perform TAD travel
- Expeditious and efficient disbursement of monies via EFT
- High level of customer service through access to a help desk and expert systems via a 1-800 hotline
- Automation of largely manual processes involved in the generation of travel orders, the computation of travel advances, and the settlement of travel claims
- Implementation of electronic interfaces for the exchange of travel obligations and expenditures between the central site and DoD field-level disbursing and payroll systems
- Standardization and automation of edits and validations at the point of data entry to ensure data integrity (which will also greatly reduce efforts expended in suspense processing and error correction)
- Built-in help capability for the efficient use of the system, as well as easy-to-use manuals for the operation and maintenance of the system
- Efficiency gains in the check writing and cash procedures currently in use. It is envisioned that cash payments will be restricted to emergency situations, and EFT payments will replace most check disbursements. [Ref. 15:pp. 2-17]

Additionally, while DTPS is being developed, travel regulations and procedures are being reviewed for standardization within DoD by DFAS, DoD Comptroller, and the Per Diem, Travel and Transportation Allowance Committee. These standard regulations will be incorporated into Volume 9 of the DoD Financial Management Regulation.

G. DEFENSE JOINT MILITARY PAY SYSTEM (DJMS)

The study on standardization and consolidation of military pay, STP 4-1, began in March 1991. The current operating environment at this time included 18 military pay systems that pay over four million active, Guard, and Reserve members, including commissioning programs such as ROTC and the Service Academies. These systems operated at four DFAS centers and three Service Activities with a payroll staff of approximately 1,500 personnel. The study was completed during September 1991 and recommendations for STP 4-2 were approved by the DoD Comptroller on 17 October 1991. [Ref. 7:p. 5]

The Defense Joint Military Pay System (DJMS) was approved as the standard military pay system and will consolidate Air Force, Army, Navy, and Marine Corps military payroll processing into two systems, DJMS and Marine Corps Total Force System (MCTFS). These two systems will be implemented as follows:

- Air Force, Army and Navy military pay systems for active duty, National Guard, Reserve Officer Training Corps (ROTC), Armed Forces Health Professionals Scholarship

Program (AFHPSP) and Service Academies will be converted into a single system in a multi-step process. The first steps involve moving Air Force and Army active duty, Reserve, National Guard and Navy Reserve military pay systems to the Joint Services Software (JSS). The Air Force Academy and Air Force ROTC, followed by the Army and Naval Academies, ROTC and AFHPSP military pay systems will be added to JSS. Navy active duty military pay systems will be added last before the JSS active and reserve component systems are merged into DJMS. Air Force, Army, and Navy active duty, National Guard, Reserve, Reserve Officer Training Corps (ROTC), Armed Forces Health Professionals Scholarship Program (AFHPSP), and Service Academies members will be serviced by DJMS operations at three locations; DFAS Denver Center, DFAS Indianapolis Center, and DFAS Cleveland Center. DJMS will pay 3.4 million service members and should be fully operational by December 1994. [Ref. 16]

- The Marine Corps will combine its operational Joint Uniform Military Pay System/Manpower Management System (JUMPS/MMS) and Reserve Manpower Management Pay System (REMMPS) into a single DJMS system, the Marine Corps Total Force System (MCTFS). MCTFS will operate at the DFAS Kansas City Center and is scheduled for implementation during October 1994. [Ref. 17:p. I.1]

Once DJMS is fully operational it is estimated that life cycle savings should be approximately \$64 million and provide the below key features:

- Pays all components (Active, Reserve, National Guard, ROTC, Health Professionals, and Service Academies) from the same system
- Reduces manpower, equipment, and maintenance costs
- Centralizes all military pay processing and reporting
- Relies on current service input systems
- Lays groundwork for standard input systems and standard integrated pay and personnel system.
- Military pay regulations will be incorporated into Volume 7 of the DoD Financial Management Regulation. [Ref. 18]

H. SUMMARY

This chapter addressed the key standard automated support systems being developed by DFAS, their projected cost savings and benefits, and projected dates on when they will be operational. The chapter also included background information on the establishment of the Project Management Offices at DFAS and their associated strategic transitions plans.

The following chapter provides a overview of the Marine Corps' finance and accounting operations prior to capitalization and the essential details of the Marine Corps Implementation and Transition Plans, to include how they affect disbursing and accounting functions at the field level.

IV. MARINE CORPS PLANS

A. GENERAL

The DFAS Implementation Plan provided the Services with the essential guidelines and framework necessary to achieve capitalization and consolidation. As part of DFAS's overall management strategy, though, each service was given the flexibility to develop their own implementation plans detailing specific procedures to execute capitalization and consolidation. Therefore, the Marine Corps formed a management group, which consisted of accounting and disbursing personnel from HQMC, DFAS Kansas City, and several field-level accounting and disbursing offices, to develop implementation plans. Two plans were developed and produced by the group. The first plan, called the Marine Corps Implementation Plan, was produced as a required appendix of the DFAS Implementation Plan. It provided broad guidelines to capitalize and consolidate the finance and accounting functions of Marine Corps activities located at Marine Corps and Navy installations, and at DFAS Kansas City. The second plan, named the Transition Plan, provided more detail and specific procedures for the Marine Corps to initiate capitalization and consolidation. Both of these plans are discussed in this chapter, starting with an overview of the important provisions

of the Marine Corps Implementation Plan, and followed by a summary of the essential elements contained in the Transition Plan.

B. MARINE CORPS IMPLEMENTATION PLAN

1. Operating Environment Prior to Capitalization

The Marine Corps finance and accounting operations prior to capitalization included finance functions such as military pay, civilian pay, travel pay, and vendor payments, and accounting functions such as appropriated fund accounting, field-level accounting for general funds and revolving funds, bureau-level accounting, and cash accountability reporting. The next few sections will describe these specific functions as they existed before capitalization.

a. Military Pay Operations

Twenty-two field disbursing offices, called field finance offices (FFOs) by DFAS, provided military pay service throughout the Marine Corps. The military pay network consisted of the Marine Corps Support Activity (MCSA) at Kansas City, Missouri, 17 field sites in CONUS, and four overseas sites including Hawaii. Each office functioned independently and ranged in office size from 20 to 200 finance personnel. [Ref. 19:p. 13]

The military pay network supported individual Marines and commands which were a part of (1) operating forces which consist of the Fleet Marine Forces (FMF), Detachments

aboard naval vessels, Security Force Battalions, and Marine Barracks and (2) supporting establishments such as bases, stations, Unit Training Centers, aviation installations, logistic installations, training installations, recruiting installations, and reserve support activities. [Ref. 19: pp. 1-13]

The military pay network was, and still is, supported through an integrated automated manpower management and pay system operating through a single database called the Joint Uniform Military Pay System/Manpower Management System (JUMPS/MMS). JUMPS/MMS is located at DFAS Kansas City and provides a computer record called a Master Military Pay Account (MMPA) for each Marine accessed into the Marine Corps. The unit commanding officer reports approximately 90 percent of all pay-related data to update or change a Marine's MMPA using action related or entitlement entries. The disbursing office reports the remaining related pay-related data to JUMPS/MMS.

As part of the Marine Corps' overall financial management function, military pay services fell under the functional guidance of the Fiscal Director of the Marine Corps (FDMC). The FDMC promulgated policy guidance and exercised control over field disbursing operations, and DFAS Kansas City, in coordination with the FDMC, issued procedures on the administration of military pay.

Field disbursing offices performed a variety of

military pay functions on a daily basis and these can be categorized into the following nine major functional areas:

- **Automated MMPA Maintenance** which requires a Marine's MMPA to be maintained and audited routinely through the joint responsibility of the commanding officer (CO) and the disbursing officer (DO). Various automated management reports are generated to assist the CO and DO in performing pay account maintenance.
- **Payroll Production** for regular paydays was accomplished for those Marines not on the direct deposit program through two methods. The first, decentralized production, whereby payday data was transmitted from DFAS Kansas City to the local regional automated service center (RASC). Once the payday data was received, pay amounts were reviewed for correctness by finance personnel per Marine Corps pay policy, and checks were, subsequently, produced and forwarded to the Marines' CO for pickup by the individual Marine. The second method, centralized production, the disbursing offices received paychecks produced by DFAS Kansas City and payday amounts were reviewed for correctness in accordance with the pay policy. If the payday amount represented an overpayment, then the check was forwarded back to DFAS Kansas City for cancellation, and a local check was produced for the Marine. If the payday checks represented an underpayment, then this check and a locally produced check, to make up the difference, were delivered to the Marine.
- **Allotments** in which the CO prepared the allotment requests through the Bond and Allotment system using a preparer's electronic signature. Once information had been entered into the system, an allotment form was printed, signed, and forwarded to the disbursing office. The disbursing office reviewed the allotment form for accuracy and, then, certified the allotment electronically using a certifier's electronic signature. Once the allotment was certified, the Bond and Allotment system processed the allotment and the disbursing office forwarded the paper allotment to DFAS Kansas City for record purposes.
- **Miscellaneous Calculations/Payments** such as reenlistment bonuses, lump-sum leave payments, system deficiency errors, PCS entitlement adjustments, audit adjustments, etc., resulted in mostly manual computations by the disbursing offices. These manual computations, when required, were entered into JUMPS/MMS.
- **Daily Audits** resulted from the pay-related information

reported by the DO and CO which underwent JUMPS/MMS processing edits prior to posting to a Marine's MMPA. Two conditions occurred from the processing edits, the first resulted in the disbursing office being notified by a systems report on which entries failed processing and required research and corrective action by the disbursing office. The second generated a management report to the disbursing office indicating that the CO reported a pay-related entry requiring a review by the disbursing office. This report was required to be audited and corrective action accomplished expeditiously by disbursing personnel.

- **Debt management** in which the disbursing office performed the following tasks in relation to the collection of debts for the government: established liquidations of indebtedness, processed waiver requests, and endorsed Marines' waiver packages requesting waivers of indebtedness.
- **Separation Processing** required the disbursing office to compute the final amount due a Marine when being separated/discharged from active duty. The amount due was calculated based on the most current information in the MMPA, information provided by the CO, and other miscellaneous information not yet posted to the MMPA. Once a Marine was paid his final settlement, settlement documentation was forwarded to DFAS Kansas City for audit and corrective action.
- **Pay Inquiries** were received and answered daily by disbursing offices. These inquiries were generated by individual Marines and/or their commands concerning entitlements, tax information, audit adjustments, leave balances, payday amounts, bonus computations, etc.
- **Systems Operations** required the disbursing offices to use on-line reporting and retrieval systems to report pay-related data to DFAS Kansas City. These systems were maintained by the servicing RASC and finance personnel entered data daily into Class I systems via terminals located in the disbursing offices. Some of the systems capabilities included allotment processing, payroll production, on-line inquiries into the MMPA, on-line data entry, check issue data, expenditure/collection, and check production. [Ref. 19:pp. 1-13]

Military pay support to deployed and employed Marine Corps Air Ground Task Forces (MAGTFs) was provided by the 1st Force Service Support Group (FSSG) located at MCB Camp

Pendleton, California, 2nd FSSG at MCB Camp Lejeune, North Carolina, and the 3rd FSSG which is located at MCB Camp Butler, Okinawa, Japan.

The mission, size, composition, and duration of a deployment are considered when determining MAGTF military pay support requirements. Short deployments are normally supported without a change in garrison operations, by providing advance pay and allowance checks to deploying Marines or by sending pay teams with the MAGTF. Long-term deployments are supported by the parent FSSG, usually with a deployed finance team. [Ref. 19:pp. 5-6]

b. Civilian Pay Operations

The Marine Corps civilian pay offices were functional elements of the accounting offices located on Marine Corps Bases and Marine Air Stations. The Marine Corps used five different systems to provide pay support for its civilian employees, none of which were fully automated nor integrated with one another. Items related to civilian pay and leave entitlements were the responsibility of the servicing civilian personnel office and computation of pay and leave account balances was accomplished by the civilian pay offices. Most of the civilian pay systems did not interface with civilian personnel systems and caused duplicate records to be created and maintained by the civilian pay and personnel offices. [Ref. 19:p. 5]

The Marine Corps civilian pay offices prepared statistical reports and payroll certification sheets for the production of civilian pay checks at the local finance office, and maintained retirement, tax, insurance, and allotment

accounts and records for every civilian employee. [Ref. 19:p. 5]

Prior to capitalization, DoD provided broad guidelines on civilian pay for each of the service components. Each service had its own policy organizations to further define and administer pay policies and procedures. Moreover, the civilian pay offices developed local guidance to augment service policies and procedures.

c. Travel Operations

Travel claims were processed at all 22 disbursing offices and a travel section assigned to the 4th Marine Division to support Marines located in the New Orleans, Louisiana area. Travel computations were mostly manual except for some locally-developed personal computer-based applications which compute temporary additional duty (TAD) travel entitlements and track travel claims processed in the office. [Ref. 19:p. 5]

All the disbursing offices in the Marine Corps had travel sections which processed all travel payments for those commands and tenant organizations the disbursing offices supported. The size of travel sections varied with the number of travel claims a particular office processed. These travel sections also rendered various computations that affected Marines' pay. These included elapsed time computations for PCS and TAD in excess of 45 days, TAD leave, computation of

Temporary Lodging Expense (TLE), overpayment of travel advances, and recoupment of travel advances for those Marines' who failed to submit a completed travel claim.

Check production for travel voucher payments was usually performed by the fiscal section in the disbursing office. The fiscal section also reported the disbursement of travel funds to DFAS Kansas City via the Marine Corps Expenditure Reimbursement Reporting System (MCERRS). This system allowed for consolidation of expenditure data for eventual reporting to the Treasury. Additionally, reports were generated to identify the financial transactions that were reported by MCERRS. These reports were distributed to comptrollers and order writing activities so that travel obligations could be adjusted and liquidated. [Ref. 20]

Guidance and interpretation of travel policy and procedures were provided by DFAS Kansas City. Network oversight and quality review of Marine Corps travel settlements were also performed by DFAS Kansas City.

d. Vendor Pay Operations

The Marine Corps contract and vendor pay (also called public voucher) functions were provided at 19 of the 22 field disbursing offices. These offices utilized both manual and automated procedures to verify invoices against contract entitlements, certify final payment and progress payment requests, and monitor payment data. [Ref. 19:p. 5]

The Marine Corps used two automated vendor pay systems: Marine Corps Commercial Accounts Processing System (MCCAPS) and Kodak Automated Retrieval System (KARS). Basically, these systems computed, tracked, and uploaded payment data to the treasury file, and accounting and payment data to MCERRS for inclusion in the disbursing officer's accountability and cash reporting to the Treasury. For conditions where vendor pay operations were manually performed, incoming documentation was manually logged-in, verified, computed, and tracked and payment data was manually keyed into MCERRS. [Ref. 19:p. 5]

Guidance and interpretation of Marine vendor pay procedures was promulgated by the Prompt Payment Act and the Fiscal Director of the Marine Corps. The disbursing offices also developed local standard operating procedures to supplement guidance issued.

e. Appropriated Fund Accounting

Appropriated fund accounting functions were performed at 25 field accounting offices (FAOs) throughout the Marine Corps. The accounting and reporting for appropriated funds was accomplished through the use of a variety of standard and non-standard systems. The Marine Corps developed the Standard Accounting, Budgeting and Reporting System (SABRS) to account for and manage the Operations and Maintenance, Marine Corps (O&M,MC) and Operations and

Maintenance, Marine Corps Reserve (O&M,MCR) appropriations. Accounting and reporting for all other appropriated funds occurred through the use of locally developed, non-standard systems. [Ref. 19:p. 8]

f. Field-Level Accounting

Field-level accounting involves the management processes necessary to account for the general funds and the revolving funds (stock and industrial funds). Accounting for general funds, with the exception of civilian labor, was performed at the 25 Marine Corps FAOs. Accounting and reporting for civilian pay and labor distribution were accomplished at 24 of the 25 FAOs, and Marine Corps Stock and industrial fund accounting was conducted at Marine Corps Logistics Base (MCLB), Albany, Georgia. [Ref. 19:p. 4]

For field-level accounting, each FAO recorded authorizations, commitments, obligations, expenses, and liquidations against allotments and operating budgets, prepared accounting reports, maintained plant property records and inventory ledgers as well as civilian pay, leave, and retirement records. This overall field-level accounting information was used by fund administrators, comptrollers, major commands, and Headquarters, Marine Corps personnel administering bureau-level accounting. [Ref. 19:p. 4]

g. Bureau-Level Accounting

Bureau-level accounting for the Marine Corps was performed at Headquarters, Marine Corps (HQMC), Washington, D.C.. Accounting functions included the recording and maintaining of general ledger account balances for all Marine Corps appropriations, distributing funds, reconciling cash balances at the appropriation level with the Treasury, and monitoring funds control to prevent the improper use or overexpenditure of funds.

The Headquarters Accounting System and the bureau-level subsystem of SABRS supported accounting processes and reports. Bureau level accounting information was used by the FDMC to assist with budget formulation and execution, appropriation sponsors, and the Navy Comptroller. [Ref. 19:p. 4]

h. Cash Accountability Reporting

Cash Accountability reporting involved expenditure and collection data processed daily by the disbursing offices including DFAS Kansas City. This data was processed through MCERRS at the field finance offices and transmitted to the central site located at DFAS Kansas City. DFAS Kansas City provided the operational link for reporting of Marine Corps cash transactions to the Treasury through the use of the Navy Register System. [Ref. 19:p. 4]

2. Capitalization of Finance and Accounting Activities

Capitalization of Marine Corps finance and accounting activities located in CONUS occurred on 4 October 1992 and studies on the finance and accounting functions/resources

located at overseas activities will be completed in fiscal year 1993, with capitalization scheduled to be completed not later than fiscal year 1994. Organizations, activities, and functions capitalized during October include the following:

- Installation/activity level accounting to include, but not limited to, general funds, defense business operations fund, revolving funds, trust funds, accounts payable, billings, accounts receivable, debt management, cash management, cash accounting, funds authentication, cost accounting, etc. Managerial accounting will be a divided responsibility with DFAS concerned with analysis of what happened while the Marine Corps concentrates on the how and why.
- Disbursing operations and processing within DoD. Where the Marine Corps retains disbursing in support of deployable/tactical units, or cashiers in support of other operations, an agent relationship will exist.
- Quality assurance/review and assessment teams which exam or audit accounting operations capitalized by DFAS.
- Nonfinance and accounting personnel performing support functions as an integral part of a capitalized organization or distinct segment of an organization.
- A percentage of general support personnel within a finance and accounting organization equal to the percentage of finance and accounting personnel that are capitalized within the organization.
- A share of base operating support resources as determined by OSD(C). [Ref. 19:p. 7]

Organizations, activities, and functions excluded from capitalization on 4 October 1992 are listed below:

- Tactical Units - finance and limited accounting functions that need to be performed while deployed. This includes: 1st FSSG, 2nd FSSG, 3rd FSSG, all the combat service support detachments (CSSDs), and BSSG-1 Det 1st MEB, Hawaii.
- Military pay, civilian pay, and travel pay until such time as the level of service is minimized through applications of standardized automated systems and concurrent

consolidation by DFAS.

- Funds administration and control will remain with the Marine Corps.
- Marine Corps Support Activity, Kansas City, designated functions to support military personnel administration and appropriate logistical support personnel.
- Personnel performing nonappropriated funds (NAF) and morale, welfare, and recreation (MWR) finance and accounting. [Ref. 19:pp. 7-8]

At the center level, DFAS Kansas City's concept of operations since October has been to:

...exercise operational and administrative control of the capitalized finance and accounting functions and resources. DFAS Kansas City centrally manages, plans, coordinates, controls and directs all capitalized finance and accounting functions. Further, DFAS Kansas City evaluates civilian and military personnel performance, provides technical assistance as required and disseminates legislative, regulatory, policy and procedural guidance and changes thereto. DFAS Kansas City also conducts evaluation visits, receives customer support feedback, conducts meetings with military and DFAS headquarters personnel and continually reviews and analyzes finance and accounting operations. [Ref. 19:pp. 9-10]

Also, during October, all capitalized finance and accounting activities at the installation level were placed under the command and control of DFAS Kansas City. Accordingly, DFAS created a new organization to manage, control, and perform the finance and accounting functions it capitalized and named it the Defense Accounting Office (DAO). The DAO now performs the former Marine Corps field-level accounting, disbursing and vendor pay functions as a tenant organization aboard Marine Corps and Navy installations. The DAO structure will be discussed in greater detail in Section

C of this chapter.

3. Consolidation of Finance and Accounting Activities

Consolidation, as mentioned previously, is designed to transfer installation-level finance and accounting activities to the notional site. Currently, all the capitalized finance and accounting activities, mentioned in Subsection 2 above, are included in the consolidation plans except "the Marine Corps will retain the disbursing functions of military pay, civilian pay and travel pay until such time that the level of front room service is minimized through applications of standardized systems and concurrent consolidation by DFAS" [Ref. 19:p. 11].

Consolidation of accounting functions began shortly after capitalization and will continue in phased intervals until completion in 1994. Once consolidation is completed, the director of the consolidated site will be responsible for the overall management of finance and accounting operations within the entire network. [Ref. 19:p. 11]

C. TRANSITION PLAN

1. Background

The Marine Corps Transition Plan was developed in concert with the Implementation Plan to provide a more detailed plan of action needed to implement capitalization. In summary, the Transition Plan provides DFAS Kansas City with the specific guidelines and procedures needed to capitalize

finance and accounting functions throughout the Marine Corps. It has enabled DFAS Kansas City the flexibility to adjust and update the Transition Plan, as required, in order to ensure a smooth transition exists for the transfer of Marine Corps assets to DFAS.

One of the most important aspects of the Transition Plan was the development of the organizational concept called the Defense Accounting Office. This concept was developed because the Marine Corps finance and accounting functions capitalized at the installation level consisted of several diverse organizations that comprised different command hierarchies. For instance, the accounting functions operated out of CFAOs and AAAs, where as the fiscal functions operated out of the field disbursing offices, each with separate and distinct chains of command. Therefore, in order to eliminate the organizational problems inherent in combining these activities, DFAS created the Defense Accounting Office to integrate the Marine Corps capitalized assets under a single DFAS chain of command.

An illustration of the DFAS organizational structure that incorporates the DAO concept can be seen in Figure 4, with the Director, DFAS Washington, D.C., found at the top of the hierarchy. Next is the Director, DFAS Kansas City at the center level, followed by the Deputy Director for Field Operations, also at the center level, and down the pyramid to the Defense Accounting Office which is located at the

installation level. The Deputy Director for Field Operations is also responsible for the Network Management Directorate and the Quality Assurance and Assistance Directorate, both of

which are also located at the center level. [Ref. 21:pp. 9-17]

The Defense Accounting Offices created, thus far, (CONUS and Hawaii) with Marine Corps assets can be found at Figure 5. All DAOs report directly to the Deputy Director for Field

Operations at DFAS Kansas City. Overall, "the Deputy Director provides specific operational management, control and support to the DAO on matters of policy, systems, procedures and operations" [Ref. 21:p. 2]. In addition, the Deputy Director

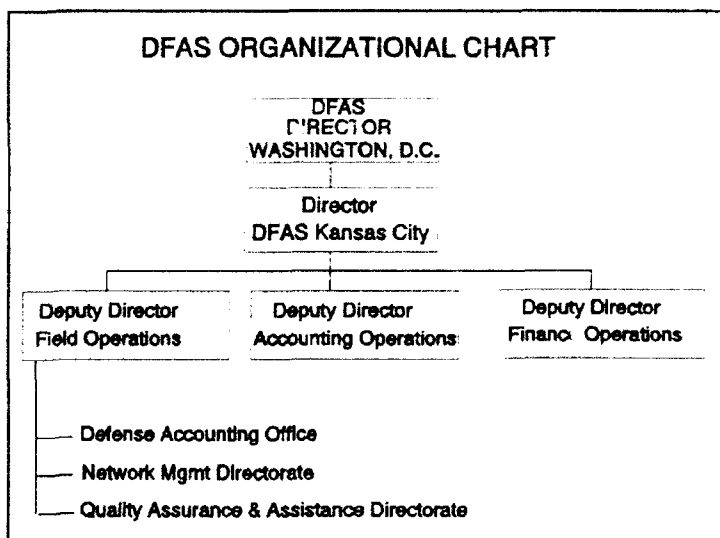


Figure 4

DEFENSE ACCOUNTING OFFICES

MCB Camp Pendleton, CA	Arlington, VA
MCB Camp Lejeune, NC	MCCDC Quantico, VA
MCAS El Toro, CA	MCAS New River, NC
MCAS Cherry Point, NC	Millington, TN
MCRD San Diego, CA	Camp Elmore, Norfolk, VA
MCRD Parris Island, SC	New Orleans, LA
MCAGCC 29 Palms, CA	MCAS Beaufort, SC
MCLB Barstow, CA	MCAS Yuma, AZ
MCLB Albany, GA	MCAS Kaneohe Bay, HI

Figure 5

approves all appointments of the DAO and disbursing officers who work for DFAS at the installation level.

2. DAO Structure and Functions

DAOs govern all installation level finance and accounting operations and functions capitalized by DFAS. DAOs provide field-level accounting service for both Marine Corps tactical

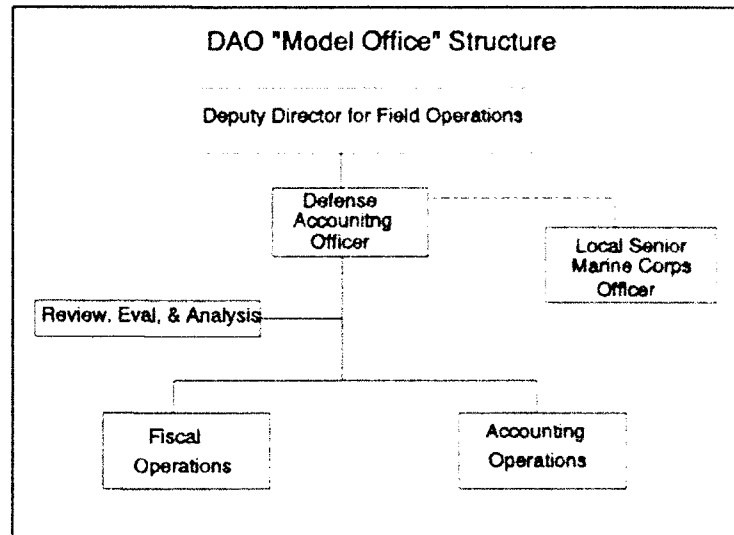


Figure 6

and non-tactical operations, and perform disbursing and vendor pay functions. The DAO also holds the Disbursing Station Symbol Number (DSSN) in order to perform the Disbursing functions. A typical DAO organizational structure looks like the one in Figure 6. [Ref. 21]

With this organizational structure, DAOs are responsible for several key functional areas which include financial accounting, cost accounting, accounts payable, accounts receivable, billings, debt management, cash accounting, revolving funds, disbursing, and managerial accounting. Each of these functional areas are discussed below:

- **Financial Accounting** - DAOs perform field level accounting for the Marine Corps' general funds and DBOF through the utilization of the Standard Accounting, Budgeting and Reporting System and locally developed mainframe applications. The DAO is responsible for such accounting functions as: maintaining a general ledger, subsidiary accounts and other financial records, recording reservations/commitments, obligations, expenses and liquidations against several Marine Corps allotments plus its operating budget, preparing accounting reports and producing and certifying monthly general ledger trial balances for submission to bureau level accounting at DFAS Kansas City.
- **Cost Accounting** - DAOs maintain cost accounting records and record work unit data as it applies to specific projects (i.e., labor hours, overhead costs, materials). The information produced from these records provides project managers the ability to analyze their estimates compared to actual project costs. DAOs advise local managers as to viable options/alternatives on cost performance and produce ad hoc reports as needed.
- **Accounts Payable** - DAOs record accounts payable for goods and services performed when supported by a receiving report and an inspection report. DAOs monitor established liabilities to ensure they are promptly paid and settled and report information on late receiving reports, interest penalties incurred, and lost discounts to DFAS Kansas City. Payment procedures for accounts payable are established in accordance with the Prompt Payment Act.
- **Accounts Receivable** - Account receivable operations include: (1) reimbursable expenses and collections, (2) Military Interservice Procurement Requests (MIPR), (3) refunds for incorrect payments and overpayments for travel advances, contractor payments, state taxes, etc., and (4) receipts for monies owed the government, to include delinquent individual debts and contractor debts.
- **Billings** - DAOs bill customers to recover costs incurred to render services, provide materials and supplies, and perform industrial work. Reimbursable bills are accounted and established by SABRS.
- **Debt Management** - DAOs collect debts and receivables for amounts owed the government. Most of these debts are the result of overpayment of pay and allowances to Marines, overpayment of vendor bills, and dual negotiations of government checks in which a successor check has been issued for a reported lost check and the payee illegally

negotiates both the original and the successor check. Debts and overpayments are collected by check/cash or payroll deduction from members' pay accounts. Outstanding debts for separated Marines are forwarded to DFAS Kansas City for action.

- **Cash Accounting** - DAOs processing and reporting of vouchered disbursements and collections on a daily basis constitute a large portion of the cash accounting requirements for the Marine Corps. DAOs are required to reconcile daily accounting transactions with their cashbook entries and daily balance sheets to maintain proper accountability.
- **Revolving Funds** - Since industrial fund and stock fund accounting is unique and limited to only a few DAOs; they will not be expounded upon in this section.
- **Disbursing** - DAOs perform the fiscal functions of the Marine Corps' disbursing offices. In this capacity, the DAO provides military and civilian regular payday support, vendor payment support, prepares collections and makes timely deposits, safeguards cash and other negotiable instruments, provides cash expenditure/reimbursement reporting to the Treasury, prepares required fiduciary reports to include a monthly Statement of Accountability, and is pecuniarily responsible for the disbursing symbol (DSSN). Specific disbursing duties for the DAO and his/her personnel include the following: cash disbursements, check and Direct Deposit/EFT payments, vendor pay processing, report Treasury Checks Issues to DFAS Kansas City, recertify check payments and issue successor checks to Marines and civilians, request and maintain Treasury check stock and check signing plates, issue bonds, appoint disbursing deputies, cashiers, and agents, prepare a daily balance sheet, maintain cashbooks, and maintain a suspense account of all uncleared items for cash reporting.
- **Managerial Accounting** - DAOs perform Level 1 managerial accounting which provides financial and program managers an explanation of what occurred during a specific reporting period based on standard and ad hoc reports. DAOs are responsible to ensure all finance and accounting data is received into the accounting system, and that all validations and edits are accomplished to ensure accuracy of this data. [Ref. 21:pp. 9-15]

3. Resource Management Considerations

With capitalization and the assignment of DAOs at the Marine Corps and Navy installation levels, DFAS initiated and began the development process of formal agreements with the Marine Corps to ensure continuity of financial and accounting services. Three type of formal agreements have been initiated by DFAS. The first, a Memorandum of Understanding (MOU), is being prepared and negotiated between DFAS Washington, D.C., and Headquarters, Marine Corps, to indicate the general provisions of support to be provided and received between DFAS and the Marine Corps. Basically, the MOU will entail the transfer of funding and other support of capitalized finance and accounting activities, personnel requirements, and future consolidation and improvement of financial conditions. "The relationship and responsibilities of each agency cited will be documented" [Ref. 21:p. 21].

The second type, a Service Level Agreement (SLA), is also being negotiated between DFAS and Defense Information Technology Services Organization (DITSO) for ADP systems requirements needed to provide finance and accounting support at the installation and center levels. This is being established to ensure continued uninterrupted customer support and to provide timely enhancements for future systems requirements. [Ref. 21:p. 21]

The last type of formal agreements involves Interservice Support Agreements (ISAs) between DFAS Kansas

City and Marine Corps installations on which DAOs are located. These are being established to define such things as Base Operating Support (supply, facilities, mail, police, fire utilities, etc.) and other services (legal/JAG, etc.) needed from each installation for the DAO. The ISAs will also include the following provisions:

Labor provided by the installation for Base Operating Support will be non-reimbursable for fiscal year 1993. Non-labor items furnished will be billed to DFAS and processed for payment after approval by the DAO. Cost information for labor and non-labor support provided to the DAO from the installation will be summarized and submitted to DFAS Kansas City on a monthly basis. This will be used to prepare the historical cost data to allow billing and reimbursement after fiscal 1993. Base Operating Support will be on a fully reimbursable basis after fiscal year 1993, unit cost DBOF billing from the Marine Corps to DFAS will take place. [Ref. 21:p. 21]

D. SUMMARY

This chapter reviewed the operating environment of the Marine Corps' finance and accounting activities prior to and after capitalization, provided the actual Marine Corps activities and functions that were and were not capitalized by DFAS, and discussed the resource management requirements being developed to ensure continuity of financial and accounting services. Additionally, this chapter presented how DFAS instituted its network oversight responsibility by establishing a reporting chain of command from DFAS Headquarters through the DFAS Kansas City center and to the appropriate levels at its Defense Accounting Offices.

Foremost, this chapter has provided the necessary framework needed to examine and evaluate the impact DMRD 910 has had on a Marine Field Disbursing Office. Accordingly, the next chapter will discuss this particular issue by providing background information on the Disbursing Office located at Marine Corps Base, Camp Pendleton, CA., its organizational structure before and after capitalization, the functions it transferred to DFAS, its concept of operations and functions since capitalization, and an assessment of the impact DMRD has had on the office.

V. MCB CAMP PENDLETON DISBURSING OFFICE

A. BACKGROUND

MCB Camp Pendleton is located in Southern California's coastal region between the cities of Oceanside and San Clemente. This military base is the site of the Marine Corps' largest amphibious assault training facility, encompassing 17 miles of prime coastline and 125,000 acres. Camp Pendleton is one of DoD's busiest military installations, as it provides training facilities for many active and reserve Marine, Army, and Navy units, and national, state, and local agencies. MCB Camp Pendleton has a population of more than 40,000 Marines and sailors, with 13,000 family members living on base and approximately 13,500 living off base. [Ref. 22:p. 27]

The base is home of the I Marine Expeditionary Force, the 1st Marine Division, the 1st Force Service Support Group, Marine Corps Base, Marine Corps Tactical Systems Support Activity (MCTSSA), Marine Corps Air Station, and many tenant units including elements of Marine Aircraft Group-39. An overview of each of these major units is presented below:

- **I Marine Expeditionary Force** - I MEF is composed of the 1st Marine Division, 3rd Marine Aircraft Wing, the 1st First Force Service Support Group, the 11th, 13th, and 15th Marine Expeditionary Units (MEUs), the 1st Surveillance, Reconnaissance and Intelligence Group, and a Headquarters and Service Company. I MEF is tasked to achieve and maintain combat readiness of assigned forces, plan for and conduct contingency missions, amphibious and

other air-ground exercises, and to accomplish other missions as assigned by the Commanding General, Fleet Marine Force, Pacific. The I MEF staff plans for, conducts and supervises the training of Marine Air-Ground Task Force (MAGTF) elements as required to meet contingency tasking. In consonance with planning, coordinating and supervising amphibious training exercises, I MEF is charged with developing standard operating procedures for all aspects of air-ground task force operations and for the promulgation and updating of contingency and general war plans.

- **1st Marine Division** - The 1st Marine Division is currently composed of the 1st, 5th, 7th, and 11th Marine Regiments, Headquarters Battalion, the 1st Combat Engineer Battalion, the 3rd Assault Amphibian Battalion, and the 1st Light Armored Infantry Battalion. These units represent a combat-ready force of over 15,000 Marines. The primary mission of the 1st Marine Division is to execute amphibious assault operations and such operations as may be directed. The division is supported by Marine aviation and force service support units, and is prepared to be employed, in conjunction with a Marine aircraft wing, as an integral part of a Marine Expeditionary Force during amphibious operations.
- **1st Force Service Support Group** - The 1st Force Service Support Group consists of Headquarters and Service Battalion, 1st Maintenance Battalion, 1st Supply Battalion, 7th Engineer Support Battalion, 7th Motor Transport Battalion, 1st Landing Support Battalion, 1st Medical Battalion, 1st Dental Battalion, Marine Service Support Groups (MSSGs) 11, 13, and 15, Combat Service Support Group 12 at Twentynine Palms, Combat Service Support Detachment at El Toro, and Combat Service Support Detachment 16 at MCAS Yuma. The 1st Force Service Support Group is a versatile, multifaceted combat service support organization. It provides combat service support for the Marine Expeditionary Force while troops are in garrison, employed separately, or as part of Marine Air-Ground Task Force operations.
- **Marine Corps Base** - Marine Corps Base consists of Headquarters and Support Battalion, Schools Battalion, Security Battalion, School of Infantry, Field Medical Service School, Reserve Support Unit, and the Marine Corps Mountain Warfare Training Center. The base's wide variety of training facilities includes beach and mountainous terrain for small arms and artillery firing ranges. Besides providing housing, training facilities, and logistical support for Fleet Marine Force elements and

other units assigned to Camp Pendleton, the base conducts specialized schools and training as directed by the Commandant of the Marine Corps. Marine Corps Base provides a multitude of services to include supply, finance and accounting, motor transport, traffic management, purchasing and contracting, base property control, consolidated food service, veterinary services, family services, facilities maintenance, automated data processing services, and base brig operations.

- **Marine Corps Air Station** - The Marine Corps Air Station maintains and operates facilities to support flight operations of tenant units of a Marine Aircraft Wing, a Marine Reserve Aircraft Wing, a Marine Expeditionary Force component, and other commands training in the Camp Pendleton air-ground training complex. The air station's tasks include providing air traffic control services and facilities, aircraft fire fighting and rescue services, weather service support, and hot and cold refueling and defueling. The primary tenant of the air station is Marine Air Group-39 (MAG-39).
- **MAG-39** - MAG-39 operates in support of the I MEF and its major subordinate units. Squadrons of MAG-39 are tasked to provide aerial support for operations in support of Fleet Marine Forces and other air operations as may be directed. MAG-39 operates a mix of helicopter gunships, AH-1, utility light helicopters, UH-1N, and armed reconnaissance aircraft, OV-10.
- **MCTSSA** - MCTSSA is task-organized to meet the needs of the Marine Corps for supporting automated tactical data systems. The mission of MCTSSA has evolved as follows: acquisition software support for projects assigned, life cycle software support for tactical data systems software, testing hardware system modifications, participation in Joint Tactical Air Operation Certification and Requalification Tests as the Marine Corps' participation test unit, special projects as assigned by the Marine Corps Systems Command, and representing Marine Corps tactical software interests as the software logistical element manager during system development and after fielding. [Ref. 22:pp. 48-58]

Prior to 1982, disbursing support for Camp Pendleton was provided by two main disbursing offices. One, MCB Camp Pendleton Disbursing Office provided military and civilian pay services, travel services, and vendor pay support to the non-

tactical units that comprised the command of MCB Camp Pendleton and tenant commands. The Base Disbursing Officer was assigned DSSN 5167 by the Treasury. The DSSN is an identification number that provides the Disbursing Officer with the authority to receive and disburse public funds and issue checks on the Treasurer of the United States.

The other office, the 1st FSSG Disbursing Office, operated under DSSN 6187 and provided military pay and travel support to all the tactical forces located aboard Camp Pendleton which comprised a large majority of the Marine units located at Camp Pendleton. These major units included I MEF, 1st Marine Division, 1st FSSG, and MAG-39.

In order to enhance disbursing services at Camp Pendleton, the disbursing officers of 1st FSSG and MCB proposed and formalized plans to consolidate their disbursing assets. Their reasons for consolidation were as follows:

- Base's ratio of the number of customers serviced to total number of disbursing personnel on-hand, i.e., 9000/72 which represents 125 records per person, was far superior to that of FSSG's ratio, i.e., 26,000/128 which represents 203 records per person. The significance of these ratios is that a smaller number of records per disbursing officer results in a reduction in workload requirements and provides improved quality service for each customer, thus indicating a more desirable or superior situation. Therefore, consolidation of these personnel assets would benefit the service requirements of the FSSG disbursing office and provide uniform and timely support to all Marines stationed at Camp Pendleton.
- Economies of scale would be provided by operating under a single symbol number, i.e., single blank check stock, fewer check-signing machines and signature plates, etc.
- Further cost savings would be generated by eliminating

duplication of disbursing functions such as mail and file, correspondence and directives, internal control, systems management, etc.

The consolidation plan of these disbursing officers was agreed upon and executed by means of a Memorandum of Agreement co-signed by the Commanding General, MCB Camp Pendleton and the Commanding Officer, 1st FSSG during January 1982. This agreement allowed for the consolidation of the disbursing functions aboard Camp Pendleton and was designed to produce the following results:

...personnel and material being consolidated without a loss of efficient and effective service to the individual Marine and civilian employees of all commands aboard Camp Pendleton. Recognizing that there will be neither a reduction nor an increase in number of personnel, it is the intent of this Agreement that the CG, MCB, Camp Pendleton assume responsibility for operational and administrative control of 1st FSSG Disbursing. It is further the intent of this Agreement that only one Marine Corps Disbursing Station Symbol Number will be active aboard Camp Pendleton. Assumption of 1st FSSG Disbursing operations by the MCB, Camp Pendleton will be done in a manner that facilitates the rapid and orderly return of control of 1st FSSG Disbursing operations to 1st FSSG, should it become necessary, due to FSSG combat exigencies. [Ref. 23:p. 1]

Basically, this agreement combined all disbursing functions under DSSN 6187 (the FSSG symbol), deactivated DSSN 5167, and assigned overall control to only one Disbursing Officer, making it the largest disbursing office in the Marine Corps. The senior officer, the 1st FSSG Disbursing Officer, was issued TAD orders to assume the position of Disbursing Officer, MCB Camp Pendleton, while the Base Disbursing

Officer, who was junior in rank, became the Assistant Disbursing Officer. The MCB Camp Pendleton Disbursing Office operated under this agreement for more than ten years until capitalization occurred on 4 October 1992.

B. DISBURSING ORGANIZATION PRIOR TO CAPITALIZATION

P r i o r t o capitalization, the Disbursing Officer was "directly responsible to the Commanding General (CG), MCB Camp Pendleton, through and under the cognizance of the Assistant Chief of

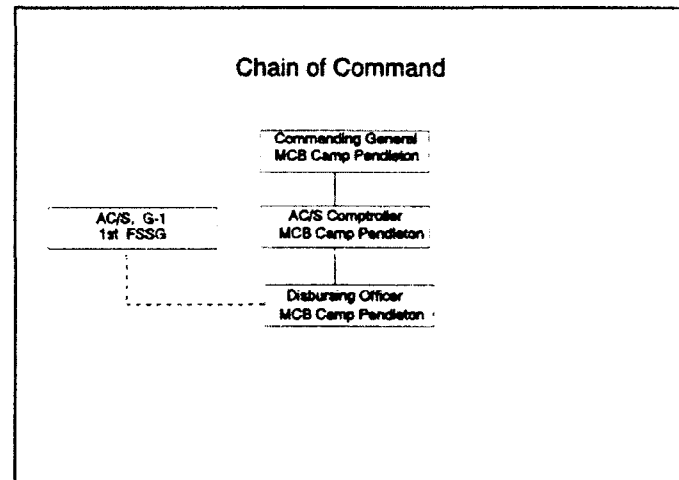


Figure 7

Staff (AC/S) Comptroller, for the operation of the Disbursing Office, and served as a special staff officer on the CG's staff in that capacity" [Ref. 24:p. 1.3]. Although the Disbursing Officer fell under the operational control of the CG, Marine Corps Base, the DO continually maintained close liaison with the CG, 1st FSSG, through the AC/S G-1 1st FSSG, in case wartime operations dictated the immediate return of the 1st FSSG Disbursing operations back to the 1st FSSG. An organizational chart illustrating the Disbursing Officer's chain of command can be seen in Figure 7.

Simply stated, the primary mission of the MCB Camp

Pendleton Disbursing Office "was to provide uniform support and efficient, timely, and accurate pay service to the units and individual Marines at Camp Pendleton and at the Marine Corps Mountain Warfare Training Center, Pickel Meadows, California" [Ref. 24:p. 1.2]. To carry out this mission, the disbursing office was comprised of the Disbursing Officer, an Assistant Disbursing Officer, the Disbursing Chief, 22 Deputy Disbursing Officers, 140 enlisted Marines, and 27 civilians. [Ref. 25]

The personnel assets of the Disbursing Office were organized and staffed by means of the Table of Organization (T/O) requirements established by the 1982 Memorandum of Agreement. In essence, this required the office to maintain two separate Tables of Organization, one for Base disbursing personnel, and the other for 1st FSSG personnel. Table 3 displays this dual structure and represents the "on-hand" personnel strengths as of 9 September 1992. [Ref. 25]

TABLE 3

	BASE T/O	FSSG T/O	TOTAL T/O
Officers	10	14	24
Enlisted	35	106	141
Civilians	27	0	27
TOTALS	72	120	192

The requirement to maintain two Tables of Organization created a management environment in which the disbursing

functions were consolidated but the personnel assets were not. In principle, operational and administrative control of disbursing personnel was based on their T/O assignment to either 1st FSSG or Marine Corps Base. For instance, if a Marine was assigned to the 1st FSSG T/O, all administrative and training requirements, watch-standing duties, personnel and equipment inspections, mess duties, guard duty, etc., had to be conducted through the 1st FSSG. Likewise, Marine Corps Base handled all operational and administrative control of disbursing personnel assigned to the Base T/O. Moreover, a significant aspect of this dual-command requirement for disbursing personnel entailed that only FSSG personnel were deployable to operate with tactical forces, while Base personnel were not and had to remain in garrison. Furthermore, over the years, the dual command personnel arrangement produced numerous unnecessary management challenges for the Disbursing Officer.

The Disbursing Office was divided into various sections including Internal Control, Operations, Fiscal, Public Voucher, Mail and File, Deputy Offices, and MEU (deployed) disbursing support. Each section consisted of a deputy disbursing officer or civilian supervisor who was responsible to the Disbursing Officer and Assistant Disbursing Officer for the operation of their respective section. The organizational structure of the disbursing office prior to capitalization is shown in Figure 8. [Ref. 26]

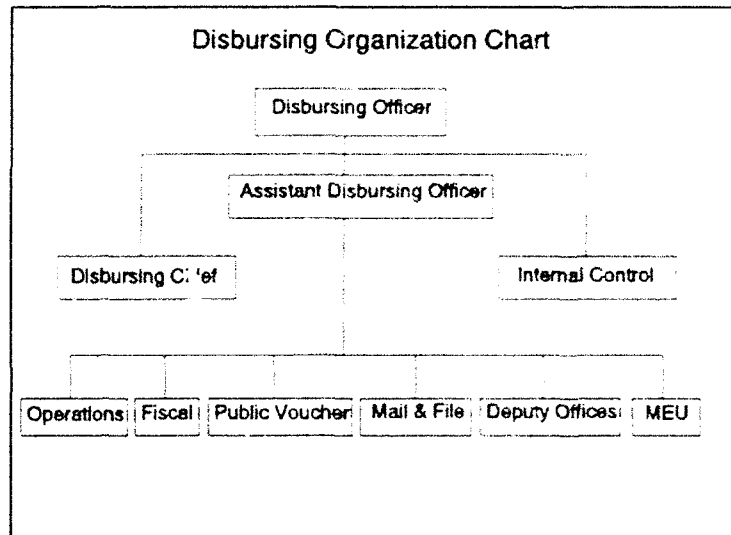


Figure 8

C. DISBURSING FUNCTIONS TRANSFERRED TO DAO

When capitalization occurred on 4 October 1992, DFAS established a Defense Accounting Office at Camp Pendleton and immediately capitalized the personnel assets, both civilian and military, identified during the data call procedures mentioned in Chapter II. The DAO capitalized 17 disbursing personnel from the disbursing office, 15 civilians and two military, and the disbursing office's T/O was reduced accordingly. These personnel worked in the fiscal and public voucher section as seen in Figure 8. The newly appointed DFAS personnel did not relocate to the DAO's office upon capitalization and have remained in the Disbursing Office per verbal agreements between DFAS Kansas City and HQMC. This was done to create the least turmoil possible for all concerned while implementing capitalization of the disbursing functions.

Although the DAO assumed command of the 17 disbursing personnel on 4 October, he did not, however, take control of the fiscal and public voucher functions until 16 November. The delay occurred because DFAS Kansas City set up a transition plan to activate the non-tactical DSSN's in different phases throughout the Marine Corps and Camp Pendleton's had been established for 16 November. This was accomplished in this manner for several reasons. For example, it: (1) allowed the DAOs the necessary time to physically establish their equipment and personnel, (2) provided the opportunity for the DAO to establish liaison with the local disbursing officer, (3) gave DFAS Kansas City the ability to employ "tiger teams" to assist in the transition at each DAO site, (4) allowed the DAO to obtain new blank check stocks and signature plates, and (5) provided ample time to ensure computer support systems were properly activated to operate the new DSSNs.

DSSN 5167 was activated by the DAO on 16 November and this office officially took over the fiscal and public voucher sections which once operated under the control of the Disbursing Officer. Each of these sections and their functions are discussed below.

1. DAO's Fiscal Section

The first section to be described is the DAO's fiscal section which consists of a civilian fiscal accounting

supervisor, a civilian supervisor accounting technician, two civilian accounting technicians, and two military disbursing clerks. An organizational structure of the section is provided in Figure 9.

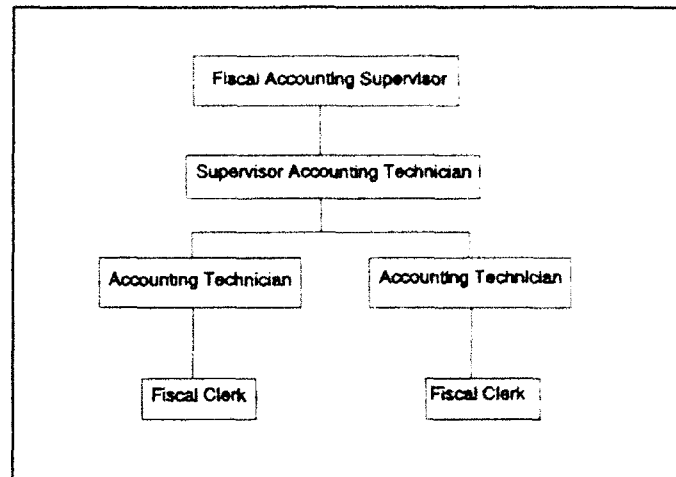


Figure 9

[Ref. 26]

The primary mission of the fiscal section is to manage the DAO's account, DSSN 5167, exercise fiscal control and accountability, and issue Treasury checks in the name of the DAO as appropriate.

This section's duties and responsibilities encompass several essential functions that are critical to the successful finance operations of the DAO. These functions involve:

- Establishment of positions and agents of the DAO symbol holder - This entails powers of attorney for deputies, specimen signatures, agent cashier appointment letters, and revocations for DSSN 5167.
- Treasury Deposits - The section ensures checks, drafts, and all other negotiable instruments are deposited with the Bank of America, aboard Camp Pendleton, on a daily basis when the volume of receipts is \$1,000.00 or more. The fiscal supervisor ensures that separate deposit tickets are used for deposits of cash and checks. Additionally, the section maintains a record, by photocopy or microfilm, of each instrument deposited.
- U. S. Treasury Checks - This function involves the

storage, custody, ordering, preparation, signature, issuance and distribution requirements essential in maintaining proper accountability and use of U. S. Treasury checks. Check categories include paper issue checks, control checks, bulk stock, working stock, voided checks, spoiled checks, canceled checks, undeliverable checks, and successor checks.

- Treasury Tape Preparation and Submission - Fiscal section ensures a magnetic tape recapitulating check issues for the symbol is forwarded to the Treasury on a monthly basis, along with an SF1179 (Recapitulation of Block Control Level totals of Checks Issued).
- Successor Check Controls - The fiscal section ensures that original checks and successor checks are being controlled, cross-referenced, and tracked indefinitely or until both have been paid or recovered and destroyed.
- Collections - The fiscal section ensures NavCompt regulations are complied with for each collection received by the DAO and that each collection is processed on the proper collection voucher form, verified, and recorded in the accounting records.
- Civilian Payroll Procedures - For regular paydays, the civilian payroll office, which is a Base function and not a DAO function, is responsible for determining that the earnings, deductions, net pay, and the information on the face of the cover sheet of the NavCompt Form 1128 are correct when forwarded to the DAO's fiscal section. The DAO pays the amount authorized by the civilian payroll, NavCompt Form 1128, after a sight audit for obvious errors is conducted by the fiscal section to determine that the amounts are reasonable. The certifying official in the civilian payroll office is administratively responsible for all errors and overpayments resulting from errors in computation and amounts.
- Military Regular Payroll Procedures - Marines assigned to the Marine Corps Base and tenant units have had their MMPA's updated to display DSSN 5167 on their leave and earnings statements (LES's). Regular payday payroll processing for non-tactical forces is done by DSSN 5167 and is accounted for in the DAO's cashbook by the fiscal section.

- Military Special Payroll Procedures - DAO's fiscal section is required to account for all separation and travel payments processed by the Disbursing Officer's separation section.
- DAO Daily Submission - The fiscal section is required to record all check collections and disbursements of DSSN 5167, receive all source documents for transactions, and maintain the DAO's cashbook. In addition, the fiscal section receives and audits material from the check register and documents from the checkwriter, cash balance sheets, check balance sheets, and supporting documents from agents of the DAO.
- Suspense Accounts - Collections received by a DAO which cannot be credited to the final account will be held in a suspense account until such time as a proper disposition of funds can be accomplished. Amounts that do not appear to be susceptible to disposition and that have been held in a suspense account for one year must be transferred to 20X6133, Payment of Unclaimed Monies (T), or 171060, Forfeitures of Unclaimed Money and Property. A control ledger must be maintained for 17F3875, Budget Clearing Account (Suspense) Navy. In the case of items for which complete accounting data is not available, an individual record must be maintained for each item showing voucher number, date of collection, remitter, description of purpose, amount, action taken, all disbursement voucher numbers and dates of previous disbursements, and the DOV number and date of final disposition. A quarterly report of the status of the suspense account must be made by the DAO prior to the 15th calendar day of the month following the end of each quarter. The ending balance of the report must be checked with the balance of the control ledger and with the total of the appropriate documents or records to ensure agreement. [Ref. 27:p. 21]
- Statement of Accountability - The DAO's financial returns constitute a formal accounting for all public funds received and expended. The financial returns are reported on the Statement of Accountability (Standard Form 1219), generated monthly by the Regional Automated Services Center. When the account has cleared final input and is properly balanced, the Statement of Accountability is released for transmission to DFAS Kansas City. Transactions that affect accountability include total accountability beginning of period, checks issued on U. S. Treasury, total collections, net disbursements, deposits, total accountability at close of period, cash on hand, cash undeposited collection, cash in custody of government cashiers, other cash items (cash held for deposit),

deferred charges, loss of funds, and dishonored checks.

- Maintenance of Voucher Control Numbers - The fiscal supervisor is required to manage, assign, and distribute a new series of payroll numbers, disbursing officer voucher (DOV) numbers, and collection voucher (CV) numbers at the beginning of each fiscal year.
- Repayment of Navy Relief Society (NRS) Loans Upon Separation - The Commanding Officer is required to notify the Disbursing Officer's Separation Section when a NRS loan is to be collected from a Marine separating prior to expiration of active service (EAS). When the Separations Section is required to collect the remaining NRS loan amount prior to a Marine's separation, a NavCompt Form 2277 is prepared for the collection amount and charged to the proper appropriation account. The Separations Section forwards the appropriate documents to the DAO's fiscal section which prepares a check payable to the Navy Relief Society in the amount of the checkage and accounts for this in the DAO's cashbook. [Ref. 24:pp. 6.3-6.39]

2. DAO's Public Voucher Section

The second section, public voucher, consists of a voucher examiner supervisor who manages the public voucher section for the DAO. The supervisor is assisted in her duties by two lead voucher

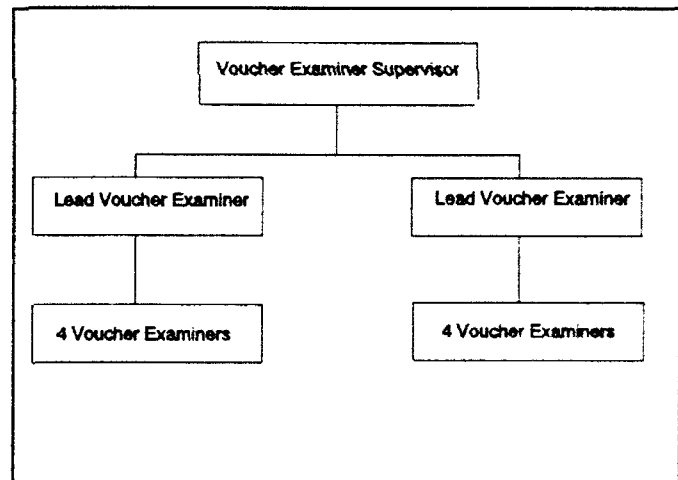


Figure 10

examiners and eight voucher examiners. The section is primarily responsible for the correct and timely processing of all public vouchers in accordance with OMB Circular A-125 and NavCompt Manual, Volume IV. An organizational chart of the

section is presented in Figure 10.

The mission of the public voucher section is "to prepare and process vouchers for partial, full or final payment for purchases of equipment, materials, and supplies and for services other than personal for all activities at Marine Corps Base, Camp Pendleton, and all tenant commands, including Naval Weapons Station, Fallbrook and MCMWTC Pickel Meadows" [Ref. 24:p. 7.2].

Major responsibilities and work requirements of the section consist of the following:

- Deliver all clothing checkages, clothing and small stores (C&SS), and "do it yourself" (Dity) moves to the Disbursing Officer's JUMPS section for processing in the MMPA.
- Ensure approved invoices, which are not received within 5 working days following certification of acceptance of the goods, are identified and the proper activity is notified.
- Compile and prepare the following reports: Prompt Payment, Interest Payment, Lost Discount, Workload, and Backlog.
- File invoices in contract folders and refile in due-date order. Prepare new contract folders as needed and file purchase orders by category (interest due, discounts, nets) in due-date order.
- Review invoices received to determine discounts allowable and establish due-date by reference to invoices and contract terms.
- When reviewing public vouchers, audit for the required supporting documents, certifications, and signatures; verify accuracy of mathematical computations; ensure unit prices, discount terms, and quantities are in agreement with purchase document; ensure accounting data is complete and accurate; and verify that payment has not been made previously.
- Ensure procedures are in effect to ensure invoices are paid when due.

- Maintain the current copy of the Treasury rate for the computation of discounts and ensure the discount is taken only if it equals or exceeds the Treasury rate.
- Ensure published interest rate is used to compute interest payments whenever payment is not made within appropriate timeframes.
- Maintain the Consolidated Payment Hold Up List and use it prior to final certification of a public voucher.
- Certify the accuracy of public vouchers and forward them to the fiscal section for payment.
- Handle inquiries concerning matters pertaining to the payment of public vouchers. [Ref. 24:pp. 7.2-7.5]

D. DISBURSING REORGANIZATION

Capitalization created a complex and challenging problem for the Camp Pendleton Disbursing Office, which was modifying the office's operating structure due to the consolidation concept under which it had operated since 1982. As DFAS was activating the non-tactical DSSN's at other installations during the months of October and November 1992, the Camp Pendleton disbursing office was the subject of many high-level briefings and meetings involving the Commanding Generals from Camp Pendleton and senior officials from both DFAS and HQMC. These meetings were conducted to determine whether the functions and sections of the disbursing office not capitalized by DFAS should operate under DSSN 5167 or DSSN 6187.

After several meetings and intense discussions were held by the senior-level personnel involved in this issue, a

decision was made to retain DSSN 6187 and use it to provide disbursing support to the tactical forces located at Camp Pendleton. Additionally, this decision led to an administrative message that was sent to Camp Pendleton informing them of the following:

...For CG I MEF and CG MCB Camp Pendleton: Develop an MOU (Memorandum of Understanding) to provide for the assignment of base disbursing and support personnel to support the FSSG disbursing office while in garrison. This MOU must also allow for the base personnel to continue to operate the disbursing office in the event that the entire 1st FSSG should deploy. [Ref. 28]

An MOU was developed and co-signed on 3 December 1992 by the chiefs of staff of 1st FSSG and MCB Camp Pendleton, which basically produced the following:

...In light of the establishment of the Defense Finance and Accounting Service (DFAS) and the contents of the Defense Management Review Decision (DMRD) 910, Marine Corps retention of a Fleet Marine Force (FMF) disbursing office is considered essential to the successful delivery of disbursing support to Camp Pendleton tactical units. The CMC has directed CG, I MEF to maintain and operate Disbursing Station Symbol Number (DSSN) 6187 to provide disbursing service to all FMF Marines aboard MCB, Camp Pendleton. Since current consolidation of the disbursing office at Camp Pendleton makes the most effective, efficient use of available resources, the consolidation will be continued. Operational and administrative control of that consolidated function will pass from CG, MCB to CG, 1st FSSG. Assumption of the consolidated function by CG, 1st FSSG will be done in a manner that facilitates the rapid and orderly return of control of disbursing operations to MCB, Camp Pendleton, should it become necessary due to FSSG combat exigencies. [Ref. 29]

Some of the major beneficial changes achieved with the 1992 MOU compared to the 1982 MOU are (1) Marines filling MCB T/O billets are assigned TAD to the 1st FSSG, unlike the 1982

MOU, where only the DO was issued TAD orders; (2) all personnel administration and training for the MCB Marines is accomplished through the 1st FSSG; and (3) civilians filling MCB T/O billets are operationally controlled by the 1st FSSG but are administratively controlled by the Base to ensure compliance with collective bargaining obligations. [Ref. 29]

These changes have, in effect, eliminated the dual-command problems that existed under the 1982 MOU and afforded the disbursing office the opportunity to employ a more effective management and training environment for its personnel. Additionally, the Base T/O Marines are now deployable to support tactical forces.

While capitalization has created changes in the disbursing office, its mission has remained the same. But, because of the provisions of the 1992 MOU, the Disbursing Officer is, now, directly responsible to

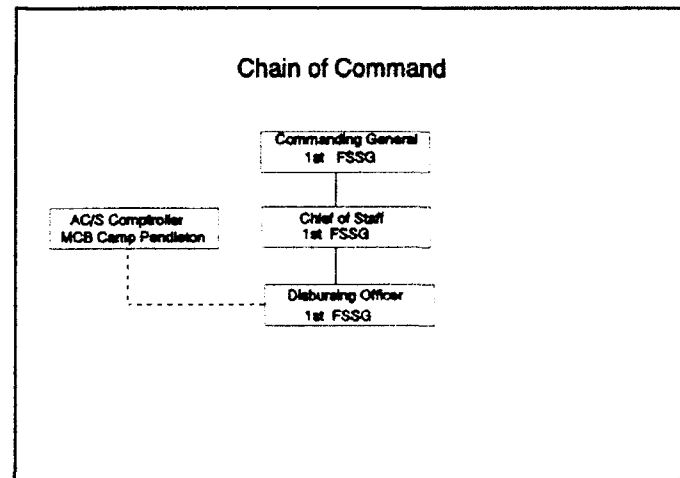


Figure 11

the CG, 1st FSSG, through and under the cognizance of the Chief of Staff, 1st FSSG, for the operation of the disbursing office. The Disbursing Officer also maintains liaison with the CG, Marine Corps Base in case wartime operations dictate the withdrawal of all FSSG assets from Camp Pendleton. This

new chain of command is seen in Figure 11.

The disbursing office is still required to maintain two separate Tables of Organization, one for Base disbursing personnel, and the other for 1st FSSG personnel. Table 4 displays the dual T/O structure and current "on-hand" personnel strengths, less the 17 personnel transferred to the DAO. [Ref. 25]

TABLE 4

	BASE T/O	FSSG T/O	TOTAL T/O
Officers	10	14	24
Enlisted	33	106	139
Civilians	12	0	12
TOTALS	55	120	175

Capitalization required the Disbursing Office to realign its organizational structure which is illustrated in Figure 12. The organization is, currently, divided into the following functional

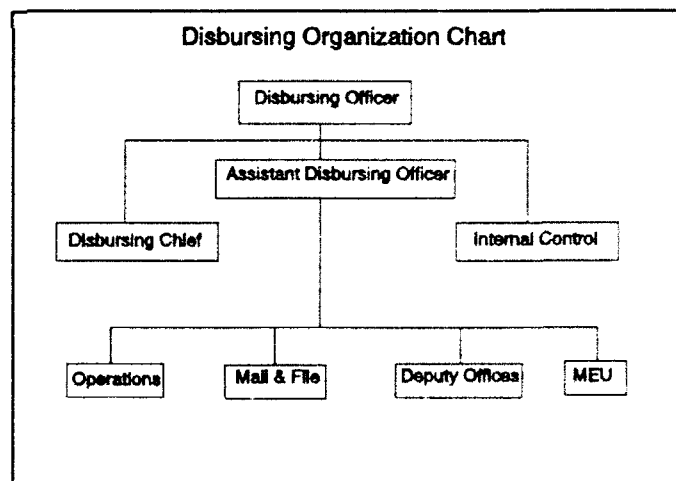


Figure 12

areas: Internal Control Section, Operations Section, Mail and File Section, Deputy Offices, and MEU (deployed) Disbursing Support Section. Each section and Deputy Office consists of a deputy disbursing officer or civilian supervisor who is

responsible to the Disbursing Officer and Assistant Disbursing Officer for the operation of their respective section or office. [Ref. 30]

Disbursing personnel are located in four work centers (buildings) located throughout MCB Camp Pendleton: Building 1164, known as the main office, Building 1364, Building 1623, and Building 53330.

The Disbursing Officer, Assistant Disbursing Officer, and Disbursing Chief are located in the main office, along with the Internal Control, Operations, and Mail and File sections. Building 1364, known as Deputy A, provides military pay support for more than 21,000 Marines aboard Camp Pendleton, provides fiscal support for DSSN 6187, and all of Camp Pendleton's travel support operations. Building 1623, identified as Deputy B, provides all the separations support for Camp Pendleton including WestPac commands, and Building 53330, called Deputy D, provides military pay support for more than 9,000 Marines located at the northern end of Camp Pendleton. An overview of the distribution of disbursing personnel by building number and T/O breakdown is presented in Table 5. [Ref. 25]

TABLE 5

BLDG. 1164	BASE T/O	FSSG T/O	TOTAL T/O
Officers	1	4	5
Enlisted	3	25	28
Civilians	1	0	1

BLDG. 1364	BASE	FSSG	TOTAL
Officers	5	3	8
Enlisted	18	36	54
Civilians	10	0	10
BLDG. 1623	BASE	FSSG	TOTAL
Officers	1	3	4
Enlisted	8	19	27
Civilians	1	0	1
BLDG. 53330	BASE	FSSG	TOTAL
Officers	3	2	5
Enlisted	4	18	22
Civilians	0	0	0
MEU/TAD		2 Officers 8 Enlisted	10

E. CONCEPT OF OPERATIONS SINCE CAPITALIZATION

The Disbursing Office performs a multitude of functions on a daily basis. The Disbursing Office services 83 units and processes an average military payroll amount of approximately \$17.5 million and settles nearly 4700 monthly travel claims totaling about \$1.3 million. [Ref. 31] The disbursing functions are performed by the sections and deputy offices indicated in Figure 12. Their duties and responsibilities are outlined below.

1. Internal Control Section

Marine Corps regulations require a Disbursing Officer to ensure internal controls are established to indicate

whether performance is effective, efficient, and economical; management policies are adhered to; laws and regulations are being complied with; and unauthorized, fraudulent or otherwise irregular transactions or activities are being prevented or discovered. The Disbursing Officer has an Internal Control section to comply with these requirements.

The mission of the Internal Control section is as follows:

...to conduct reviews of all functional areas; control and monitor recurring reports; research and interpret technical regulations/policies; review and respond to audit reports prepared by external agencies; and provide written comments/correspondence on internal procedures, and recommended changes/clarification of rules and/or regulations. [Ref. 24:p. 4.2]

The section as seen at Figure 13 consists of a deputy disbursing officer, three auditors, and a disbursing clerk. The deputy disbursing officer, called the Internal Control

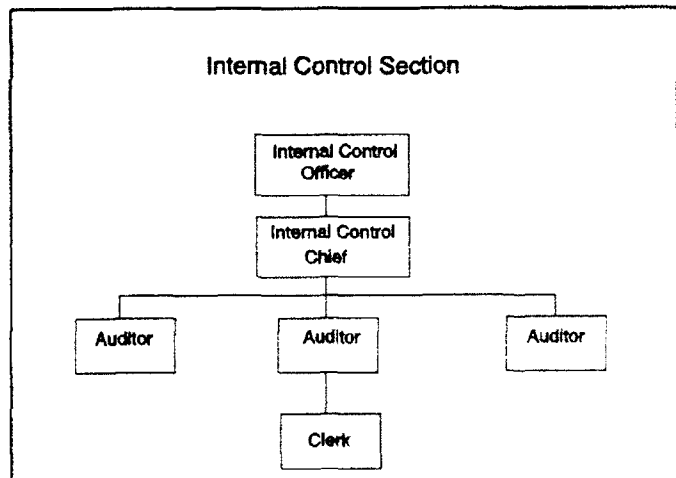


Figure 13

officer, is directly responsible to the Disbursing Officer for ensuring disbursing functions are performed in compliance with laws and regulations. [Ref. 24:pp. 4.2-4.3]

Major duties of the section consist of the following:

- Conduct regular and special reviews of all functional

areas within DSSN 6187, e.g., military pay, travel, fiscal, JUMPS, mail and file, etc.

- Control and monitor all recurring reports, e.g., error and advisory reports, systems assurance officer reports, joinee list, etc.
- Review, assess, and prepare responses to all audit reports received from external agencies that provide information on the accuracy or efficiency of DSSN 6187, e.g., performance standard reports, Marine Corps Administrative Analysis Team reports, Navy Audit reports, and General Accounting Office reports.
- Research and interpret regulations and policies for the disbursing office.
- Provide and coordinate written correspondence on audit report rebuttals, waivers of indebtedness, request for changes to policy and regulations, etc.
- Provide written recommendations on the performance and procedures of each functional area of the disbursing office.
- Provide research and explanation on high visibility areas and events which occur within the commands of Camp Pendleton relative to the disbursing office, e.g., major entitlement changes, major procedural changes, congressional inquiries, etc.
- Provide telephonic support to the disbursing deputies and coordinate requests and problems with the DFAS Kansas City.
- Provide support to Family Service Center and Navy-Marine Corps Relief Society in relation to their support of Marines and their dependents.
- Maintain reports and statistics on DSSN 6187 performance; work selected inconsistent condition messages such as D-13s off the advisory reports; and maintain graphs for the Disbursing Officer.
- Other projects as assigned by the Disbursing Officer.
[Ref. 24:pp. 4.3-4.4]

2. Operations Section

The mission of the Operations Section is "to provide the overall operational efficiency to all functional areas within the Disbursing Symbol to include: military pay, travel, JUMPS, fiscal, internal control, mail and file, supply, training, and deployed pay support" [Ref. 24:p. 10.2].

The Operations Section is illustrated in Figure 14 and is managed by a deputy disbursing officer, named the Operations Officer (OPS). He has overall responsibility for the Operations

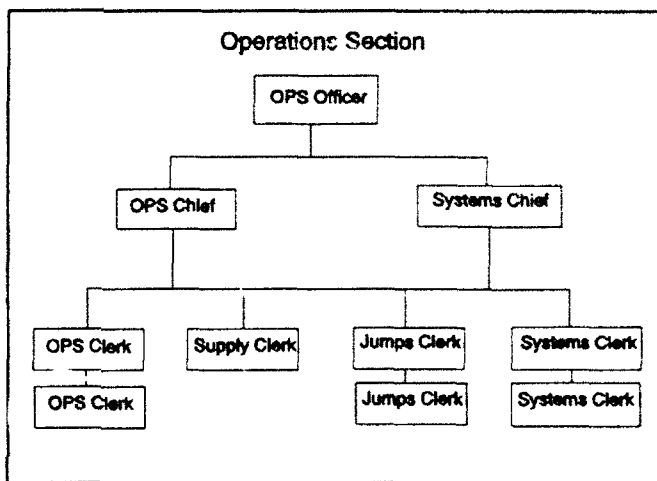


Figure 14

Section and is also the Responsible Officer (RO) for all disbursing equipment in the symbol. The Operations Officer is assisted in his duties by an Operations Chief, a Systems Chief, two operations clerks, two systems clerks, two JUMPS clerks, and a supply clerk. [Ref. 24:pp. 10.2-10.4]

The Operations Section performs a myriad of duties for the disbursing office. These duties are divided among three smaller sections within the Operations Section: Operations, JUMPS, and Systems. Each of these sections and their duties and responsibilities are summarized below.

a. Operations Section

- Coordinate the implementation of all automated systems within the DSSN 6187.
- Maintain and manage equipment and supply account for the disbursing office.
- Responsible for the establishment and control of the Disbursing Office systems security program.
- Coordinate the establishment of deployed DSSNs in support of deployed units. This coordination includes the staffing, supporting, and equipping of deployed DSSNs.
- Coordinate all requests for special disbursing services, e.g., special paydays for deployed units and exercises.
- Coordinate all special projects/one-time requirements directed to this office by higher authority.
- Maintain budget and requests for TAD orders for the disbursing office.
- Maintain budget for all equipment/replacement and supplies.
- Review office staffing requirements (T/O, etc.).
- Serve as special projects officer on items determined by the Disbursing Officer, e.g., criteria manual survey, office automation (micro-computers), and Disbursing Efficiency Reviews by Management Engineers. [Ref. 24:pp. 10.2-10.4]

b. JUMPS Section

The second section, JUMPS, manages and controls the computer processing requirements conducted between the main disbursing office, the deputy disbursing offices, the regional automated services center (RASC), and DFAS Kansas City. This includes coordinating and processing data entries through the following disbursing systems: On-Line Diary System (OLDS)

which processes pay-related data entries for Marines' MMPAs; Bond and Allotment system; and the on-line Net Pay Payroll system which transmits check-issue data for regular payday payments made to Marines. [Ref. 24:pp. 5.2-5.3]

JUMPS section's overall responsibilities encompass the following:

- Supervise process for On-line Net Pay for Regular Payroll processing for both DSSN's 5167 and 6187.
- Process Dishonored Checks.
- Control input of DITY Moves, and Clothing, Marine Corps Exchange, and Billeting checkages.
- Manage input of pay-related electronic data via on-line computer systems & Series-1 computer equipment.
- Monitor Symbol's on-line data & Series-1 data.
- Act as point of contact for input of deployed symbol's pay-related data.
- Manage files maintenance: (1) Current version of Series-1 diskettes, (2) Dishonored Checks, (3) Symbol DTLs, Float DTLs, Tracer DTLs, (4) On-line Diaries, and (5) MECF/ADF.
- Supervise receipt, breakdown and distribution of Leave and Earnings Statements for DSSN 5167 and DSSN 6187.
- Maintain on-line diary system control log.
- Process daily on-line computer feedback reports and forward them to deputy offices. [Ref. 24:p. 5.2-5.3]

c. Systems Section

The last section, Systems, provides the technical and training support for the entire network of computer hardware systems and software programs used by the disbursing office. Duties and responsibilities include:

- Analyzing and resolving micro-computer problems.
- Testing all new software distributed to the disbursing office.
- Training personnel on new software.
- Coordinating, documenting, and implementing locally produced software applications.
- Coordinating with JUMPS for Class I system support and implementation. [Ref. 24:p. 10.10]

3. Mail and File Section

The mission of the Mail and File Section is to function as the central receiving and distribution point for documents associated with the disbursing office. This includes but is not limited to publications and directives required for the symbol, control of incoming and out-going Naval Messages, all incoming and out-going official and personal mail, receiving and filing of disbursing reports, waiver of indebtedness packages, message replies, and MCB Camp Pendleton correspondence, plus any other requirements as dictated by the Disbursing Officer.

The section is managed by a civilian mail and file supervisor who also functions as the Disbursing Officer's secretary. The civilian supervisor is assisted in her duties by three mail and file clerks and a driver. Additionally, the Mail and File Supervisor and Disbursing Chief are delegated dual responsibility for the driver. The section's organizational diagram can be viewed in Figure 15. [Ref. 24:pp. 11.1-11.12]

Major functions
of the Mail and File
section follow:

- Establish and maintain directive and publications control system.
- Maintain and annually review the disbursing office's Publications Listing (PL).

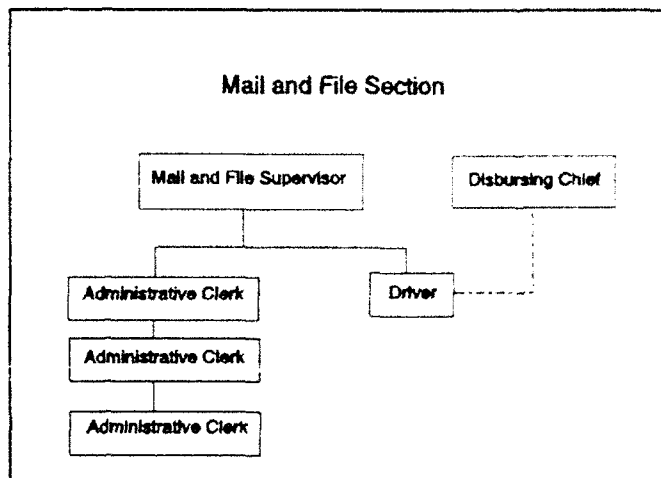


Figure 15

- Maintain the PL with all changes indicating directives changed, added, or deleted to the basic PL.
- Remove canceled publications from the master directives file and destroy.
- Establish and maintain a record management program.
- Establish correspondence files and correctly label file folders.
- Ensure mail, documents, fiscal business, etc., are delivered to and from main offices/deputy offices.
- Deliver public voucher checks to the post office as required.
- Provide support for the preparation and mailing of civilian personnel checks. [Ref. 24:pp. 11.1-11.12]

4. Deputy A

The mission of Deputy A is three-fold: (1) provide military pay support to more than 21,000 Marines; (2) process and pay travel claims for military personnel and government employees stationed at Camp Pendleton; and (3) manage, control, and maintain accountability of the Disbursing

Officer's account, DSSN 6187.

Deputy A is located in Building 1364 and is managed by a deputy disbursing officer, designated as Deputy A Officer-in-Charge (OIC). Deputy A OIC is assisted in his/her primary duties

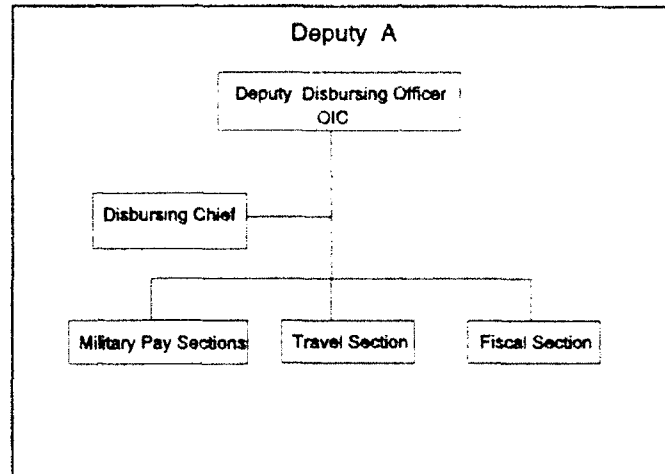


Figure 16

by a disbursing chief, four military pay deputy disbursing officers, a deputy disbursing officer assigned to manage the Travel Section, known as the Travel OIC, and a deputy disbursing officer assigned as the Fiscal OIC. An organizational diagram of Deputy A is presented in Figure 16. The primary functions of the military pay sections and the travel section will be discussed next.

a. Military Pay Sections

The military pay sections located at Deputy A provide pay support to both tactical and non-tactical Marines. Each pay section usually consists of a deputy disbursing officer, known as the paydeck OIC, an auditor who is either an E-6/E-7 or a military pay supervisor, and a few military or civilian pay clerks.

Capitalization required the Disbursing Officer to

slightly alter the organization of the military pay sections to accommodate DFAS's requirement of producing daily special payments for non-tactical Marines (identified by DSSN 5167 on a LES or the MMPA) with the DAO's check stock and signature plates. This DFAS requirement has not yet been implemented because of Camp Pendleton's involvement in Operation Restore Hope in Somalia. An informal agreement to postpone the dual-check production was established between the DAO and the Disbursing Officer during December 1992. Nevertheless, the organizational structure of the pay sections was modified by constructing a single pay section to support only the non-tactical accounts of DSSN 5167. The remainder of the office's military pay personnel were task-organized to service the tactical accounts of DSSN 6187.

DFAS's requirement for separate daily specials has required some of the Disbursing Officer's deputies and agent cashiers to become agents of the DAO in order to disburse DSSN 5167 funds once the informal agreement is terminated. This also requires these deputies and agent cashiers to maintain two sets of appointment letters and authorizations to hold cash.

Currently, the military pay sections are tasked with the responsibility to maintain the pay accounts of all personnel which they service and to render prompt and accurate pay service. [Ref. 24:p. 3.4] The military pay sections perform numerous functions and the more important ones are

summarized below:

- Net Pay Payroll Process - Since MCB Camp Pendleton is a decentralized pay site, regular payday functions are accomplished through a system called Net Pay. This comprehensive payroll system produces an extract of payroll information prior to payday in the form of a printout known as a "rough roll." The rough roll is generated for each command the military pay sections service by DSSN and allows the pay sections to add, delete, or change individual payment information on the rough roll per MCO 7220.44A (Marine Corps Order for paying Marines under JUMPS/MMS). In addition, a Suspect Payment Listing (SPL) report is generated, by individual units, when rough rolls are produced. This report identifies Marines whose net payment for a given payday is less than 33 percent or greater than 225 % of their normal pay, and is required to be reviewed during the rough roll process. Adjustments to the rough roll are made only when the amounts appearing on the SPL cannot be explained. After proper adjustments have been made, the rough roll is processed and a smooth roll is produced to include regular payday checks. The smooth roll represents the payday amount that was actually transmitted to DFAS Kansas City during the final rough roll process and is used to gather signatures from unit representatives when they pickup their payday checks.
- Daily Special Payroll Process - Involves processing locally produced checks for purposes other than the regular Net Pay payroll processes. Special payments are made in accordance with MCO 7220.44A as the result of a military pay order (MPO) from the Commanding Officer to the Disbursing Officer. An MPO may be a NAVMC 11060: Separation/Travel Pay Certificate, NAVMC 11059: Officer Uniform Allowance Claim/Certification, or NAVMC 11116: Miscellaneous Military Pay Order/Special Payment Authorization. Currently, all daily specials produced by the military pay sections are paid with DSSN 6187 check stock.
- New Joins Procedures - New Joins represent Marines reporting to Camp Pendleton under permanent change of station (PCS) orders, Marines who have been TAD excess for more the 30 days from Camp Pendleton, and Marines attached to Camp Pendleton on TAD in excess of 30 days. Pay accounts for these Marines receive special attention from the military pay sections because MCO 7220.31 (Automated Pay Systems Manual) requires a join audit to be conducted after an elapsed time entry has been processed and posted to the MMPA. The audit is directed to ensure that pay

entitlements affected by the change of station or TAD are properly credited. This is accomplished by using the various Visual Inquiry System (VIS) remarks, VIS remarks summary screen, transaction researcher file, PCS Elapsed Time Report, and a locally produced database tracking report.

- On-Line Diary System Reports - The on-line diary system (OLDS) provides the capability to review MMPA adjustments processed by the military pay sections on a display terminal. OLDS also identifies discrepancies associated with any of the MMPA adjustments processed by the pay sections by means of errors, inconsistent conditions, and advisory messages. These type of messages created during processing of MMPA adjustments must be reviewed and corrected within the designated time frame per MCO 7220.31.
- Substantiating Documents - All incoming substantiating documents for the military pay sections are delivered to the auditors for proper date stamping and logging in. It is the responsibility of the section auditor to review all paperwork prior to turning such work over to the pay clerks for processing and completion action. Substantiating documents resulting in adjustments to Marines' pay accounts are accomplished through the on-line diary system.
- System Exception Report (SER) - The SER is produced each time an MMS cycle is completed. This report is produced in three parts: (1) transactions processed within 60 days of a Marine's expiration of current contract (ECC) and are transcribed to a Marine's current leave and earnings statement (LES) by the pay section; (2) transactions which affect pay status, such as unauthorized absence, desertion, in hands of civilian or foreign authority, and appellate leave, are annotated on the current LES; and (3) joins and transfers which require the pay section to verify these entries and take appropriate action per the Disbursing Officer's SOP.
- Debt Management - The pay sections perform the following tasks in relation to the collection of debts for the government: establish liquidations of indebtedness, process waiver requests, and endorse Marines' waiver packages requesting waivers of indebtedness. These tasks are conducted per MCO 7220.31 and the Disbursing Officer's written guidelines. [Ref. 24:pp. 3.4-3.31]

b. Travel Section

The travel section is managed by a deputy disbursing officer, called the Travel OIC, and he is assisted in his primary duties by another deputy disbursing officer, named the Assistant Travel OIC. The section also includes military travel auditors, a civilian supervisor voucher examiner, a civilian lead voucher examiner, several military travel clerks, and three civilian voucher examiner typists.

The basic duties and responsibilities of the travel section are outlined below:

- Processing Permanent Change of Station (PCS) travel for Marines reporting to Camp Pendleton within ten working days after receipt.
- Processing Temporary Additional Duty (TAD) claims for Marines, government employees, and other civilians stationed aboard Camp Pendleton within ten working days after receipt.
- Processing dependent travel and dislocation allowance for Marines stationed at Camp Pendleton upon completion of dependent travel in conjunction with PCS moves within ten days after receipt.
- Processing civilian PCS claims to include dependent travel and miscellaneous expenses within ten days after receipt.
- Processing travel advances on PCS, TAD, and Unit Deployment orders for those Marines and government employees not administratively assigned to another disbursing office.
- Processing reservists' claims for active duty training conducted at Camp Pendleton.
- Providing assistance for commands' inquiries as to the disposition of submitted travel claims.
- Monitoring and controlling all correspondence received from other commands pertaining to payments of travel advances and settlements.

- Providing technical training and assistance to commands requesting classes on areas pertaining to travel.
- Providing technical training for all Disbursing personnel in travel with emphasis on systems modification, current changes, and revised procedures.
- Maintaining files and logs of all claims submitted, settled, rejected, or forwarded to higher authority.
[Ref. 24:pp. 8.1-8.9]

c. Fiscal Section

When DSSN 5167 was activated, the DAO acquired most of the Disbursing Officer's fiscal personnel and obtained the security vault in the main office, Building 1164, to store check stock, checkwriters, signature plates, negotiable instruments, and cash for DSSN 5167. This required the Disbursing Officer to create a new fiscal section out of on-hand assets and relocate DSSN 6187's check stock, checkwriters, signature plates, cashbook, negotiable instruments, and cash to the security vault in Building 1364.

The fiscal section consists of a deputy disbursing officer, called the Fiscal OIC, a disbursing fiscal chief, and four disbursing fiscal clerks. The primary mission of the section is to manage, control, and maintain accountability of the Disbursing Officer's account, DSSN 6187. The section's duties and responsibilities are essentially the same as the DAO's fiscal section discussed in Section C of this chapter, except for a few differences which are indicated below:

- Establishment of positions and appointments for deputy disbursing officers and agent cashiers - This entails powers of attorney for deputies, specimen signatures,

agent cashier appointment letters, and revocations for DSSN 6187.

- Custody and handling of cash - The fiscal section is required to ensure compliance with regulations for the protection of currency in transit, funds entrusted to deputies and agent cashiers, and cash limitation requirements. The section is also required to ensure the Disbursing Officer or designated representative verifies the funds in the custody of the deputies and agent cashiers at least once during each month.
- Maintenance of cash funds - Ensuring the disbursing officer, deputies, and agent cashiers have requested, in writing, the authority to hold cash at personal risk from the Commanding General, 1st FSSG. The section is also required to monitor and determine cash requirements in accordance with the Navy Comptroller (NavCompt) Manual, Volume IV, and prepare Exchange-For-Cash checks when the disbursing officer needs additional funds for disbursements.
- Civilian payroll procedures - This is accomplished by the DAO and is no longer a function of DSSN 6187.
- Fiscal Daily Submission - The fiscal section is required to record all check collections and disbursements of DSSN 6187, receive all source documents for transactions, and maintain the disbursing officer's cashbook. In addition, the fiscal section receives and audits material from the check register and documents from the checkwriter, cash balance sheets and documents from deputies and agent cashiers, cash and check balance sheets and documents from deputies.
- Repayment of Navy Relief Society (NRS) Loans Upon Separation - This is performed by the DAO and requires no action by the Disbursing Officer's fiscal section. [Ref. 24:pp. 6.3-6.39]

5. Deputy B

Deputy B is located in Building 1623 and its primary missions are to (1) provide final settlement of all pay and allowances due upon separation from service to Marines from Camp Pendleton as well as Marines returning from Western

Pacific (WestPac) commands for separation, (2) provide applicable travel advances and settlements for all personnel and their dependents being discharged or retired from Camp Pendleton and Westpac, and (3) process per diem settlements for WestPac Marines arriving at Camp Pendleton for discharge or retirement. [Ref. 24:pp. 9.2-9.3]

Capitalization has required all separations payments and collections to be processed using DSSN 5167 vice the Disbursing Officer's symbol number. This has also required the deputies and agent cashiers of Deputy B to become agents of the DAO and process all separations checks using the DAO's check stock and signature plates.

A deputy disbursing officer, designated as the Deputy B or Separations OIC, is directly responsible to the Assistant Disbursing Officer for the operation of the office.

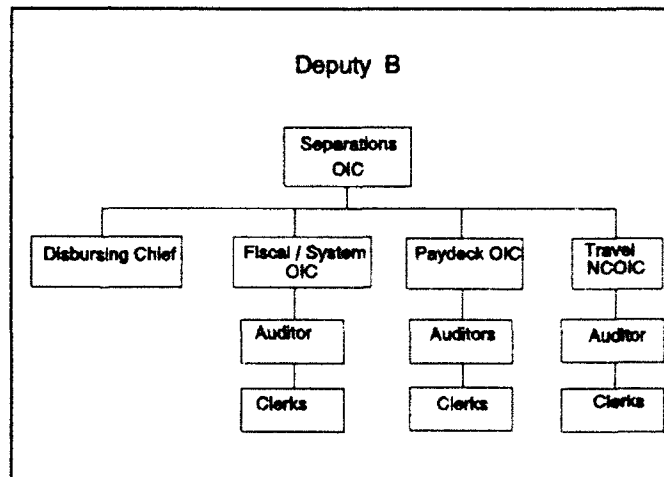


Figure 17

The Separations OIC is supported in his primary duties by two deputy disbursing officers, one called the Fiscal/System OIC, and the other the Paydeck OIC. Other members of his staff include a Disbursing Chief, and a Marine Staff Non-commissioned Officer (E-6 or E-7) assigned as the Travel NCOIC. The paydeck section

comprises the largest number of personnel and includes four auditors and ten clerks. Additionally, both the Fiscal/System and the Travel sections consist of an auditor and four or five clerks. An organizational chart is shown in Figure 17. Specific duties of each section are discussed next. [Ref. 24:pp. 9.2-9.4]

Major duties and responsibilities of the separation section include but are not limited to the following:

- Paydeck section evaluates each separation case individually and uses the following documents and systems information to input required pay-related data into the personal computer discharge account summary program: NAVMC Form 11060, the Visual Inquiry System remarks and summary screens in the MMPA, information provided by the CO, and other sources of information not yet posted to the MMPA. The discharge account summary program generates a discharge account summary (DACC) sheet that computes a final settlement figure for pay and allowances through a Marine's discharge or retirement date.
- Paydeck section ensures all allotments and direct deposits have been terminated.
- Paydeck section ensures all separation packages are audited to ensure all computations and on-line adjustment entries are correct.
- If separation packages are received ten working days prior to separation date, the paydeck section ensures those cases with an "amount due on final separation" are processed through the fiscal/system section for checks and ready for pickup by the Marines on their discharge date.
- If separation packages are not received within ten working days prior to separation, the section ensures Marines receive travel pay on their discharge dates and final separation payments are mailed to the Marines' permanent mailing addresses not later than 15 working days after receipt of the separations packages in the office.
- Separating Marines who are indebted to the government upon their discharge dates are notified in a timely manner, and their packages are forwarded to DFAS Kansas City for final

disposition.

- Marines are provided complete instructions for the completion of their travel claims and claims packages prior to departing Camp Pendleton.
- A suspense file is maintained on Marines, whether or not paid an advance, for the month of separation plus 60 days, or until the travel claim is settled, whichever occurs first. Unliquidated claims are forwarded to DFAS Kansas City on the 61st day after the last day of the month of separation.
- If settlement of separation travel results in indebtedness to the government, a DD 139, Pay Adjustment Authorization, is prepared and forwarded to DFAS Kansas City.
- Pay section procedures are in effect for the credit of Residual Separation Allowances of former members to offset debts owed the Government.
- The fiscal/systems section ensures separation packages are forwarded to DFAS Kansas City on a weekly basis.
- The fiscal section ensures all daily transactions, disbursements and collections are forwarded daily to the DAO's fiscal section located in Building 1164. [Ref. 24:pp. 9.3-9.9]

6. Deputy D

Deputy D is located in Building 53330 and is managed by a deputy disbursing officer, designated as Deputy D OIC. Deputy D OIC is assisted in his/her primary duties by two other deputy

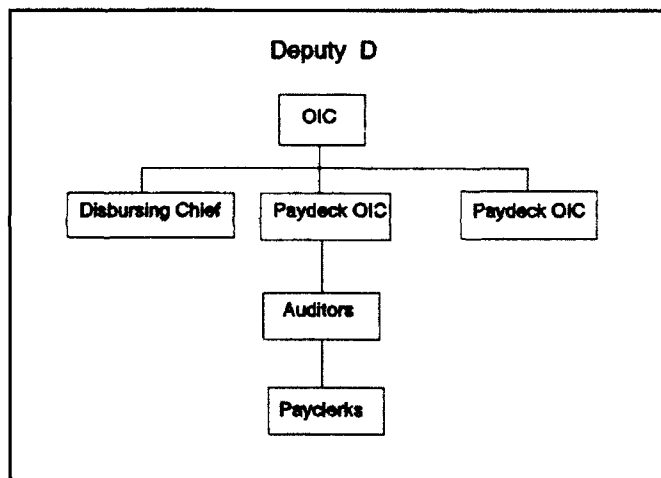


Figure 18

disbursing officers, denoted as Paydeck OICs, a disbursing

chief, paydeck auditors, and paydeck clerks. A typical organizational diagram of Deputy D is presented in Figure 18.

Deputy D provides tactical and non-tactical pay support to more than 9,000 Marines. It is the responsibility of Deputy D to properly maintain the pay accounts of all personnel which they service, and to render prompt and accurate pay service. [Ref. 24:p. 3.4] Since Deputy D performs the same major functions as the military pay sections of Deputy A, no further discussion is required here.

7. MEU/Deployed Disbursing

The Disbursing Office provides deployed disbursing support to tactical forces called the Fleet Marine Force (FMF). The FMF consists of active and reserve divisions, active and reserve aircraft wings, and active and reserve force service support groups. For tactical operations, MAGTF's are organized from FMF forces and consist of three elements: a ground combat element, an air combat element, and a combat service support element. MAGTFs vary in size and are task-organized to perform various missions. The most common, from smallest to largest, are the MEU, the MEB, and the MEF. [Ref. 32]

Normally, though, the disbursing office provides deployed support to the 11th, 13th, and 15th MEUs stationed at Camp Pendleton. The MEUs typically deploy aboard Navy ships for periods of six months or more to various regions around

the world on a rotational basis. Disbursing support for these MEUs is provided by a disbursing team which consists of a deputy disbursing officer, designated as the OIC, a disbursing

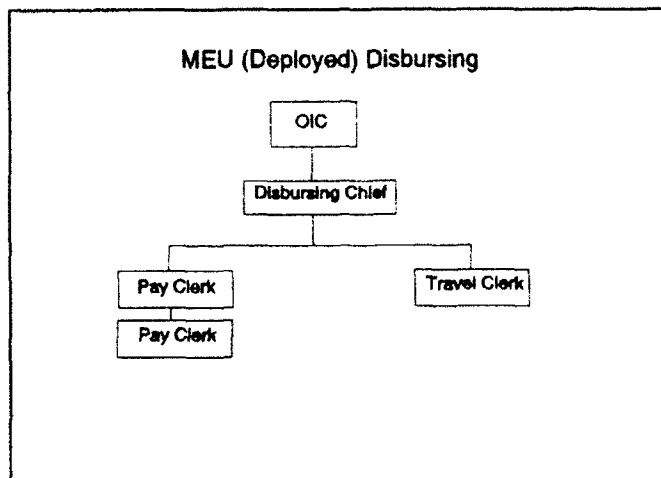


Figure 19

chief, two military pay clerks, and one military travel clerk. These disbursing personnel are staffed from the Disbursing Officer's FSSG T/O. An organizational chart is provided at Figure 19. [Ref. 33]

The deployed disbursing team provides a wide range of services including payroll, travel, public voucher, and check cashing services. Of the services provided, payroll support generally receives the most emphasis. In this area, the Marine Corps has developed an innovation called Split Pay that's designed to ease financial burden of deploying while on DD/EFT. Under the Split Pay program, Marines elect a fixed amount to be paid at the deployed site. The amount is automatically deducted from the Direct Deposit account and held in the Split Pay account until payment is made. Payment is made from payrolls produced at the deployed site. [Ref. 32]

While deployed, paydays normally occur twice a month, but can vary by the instructions of the CO due to operational commitments. Payroll services are provided for those Marines on Split Pay and Marines not on Direct Deposit.

F. IMPACT OF CHANGES ON THE DISBURSING OFFICE

As indicated in previous chapters, DFAS has developed and put into effect a strategic plan to capitalize and consolidate the finance and accounting functions throughout DoD. The first stage of this plan, capitalization, has forced changes to occur in a disbursing office whose organizational structure and functions have basically remained the same since 1983. Since 4 October 1992, four major events have led to changes in the disbursing office which were alluded to in this chapter. This section will highlight these events, the changes that have resulted, and identify the consequences or effect they have had on the disbursing office.

The first event occurred on 4 October when DFAS capitalized 17 personnel from the Disbursing Office. This event produced the following outcomes for the disbursing office:

- Transferred 17 personnel to the DAO and forced the Disbursing Office to reduce its T/O accordingly.
- Transferred that portion of the office equipment/supply account these personnel used to the DAO and modified the Responsible Officer's account.
- Per verbal agreements between DFAS Kansas City, HQMC, and the Disbursing Officer, the personnel capitalized are to remain in their current location within the main disbursing office until instructed differently. This was initiated to ensure continuity of service and to reduce the turmoil and anxiety anticipated by these personnel and the customers they support, thereby, allowing their work location, office spaces, and telephone numbers to remain the same. This also afforded them the opportunity to continue to work in an environment where the disbursing expertise existed.

- Civilian performance appraisals on all capitalized personnel had to be closed out by the Disbursing Officer.

The second principal event occurred on 14 October when HQMC directed the retention of DSSN 6187 and the continuation of appropriate finance support to the tactical forces aboard Camp Pendleton. This required the CG I MEF and CG MCB Camp Pendleton to produce an MOU and comply with HQMC requirements. The MOU was drafted by the Disbursing Officer and the AC/S Comptroller, MCB Camp Pendleton and staffed through the appropriate chains of command. Several man-hours were expended in developing the final product.

The third event took place on 16 November, when DSSN 5167 was activated and produced the following results for the disbursing office:

- Transferred the fiscal and public voucher functions to the DAO. This required the Disbursing Officer to verify and reconcile negotiable instruments, accountable documents, suspense account balances, and to create a new fiscal section to manage DSSN 6187.
- Relinquished the security vault in the main disbursing office to the DAO and relocated the check stock, checkwriters, signature plates, cashbook, negotiable instruments, and cash for DSSN 6187 to the security vault in Building 1364.
- Altered the organizational structure and functional requirements of the office. Deputy A's workload requirements and personnel numbers increased when the deputy office acquired the new fiscal section. On the flip side, the Disbursing Officer's and the Assistant Disbursing Officer's workload, as well as the internal control section's workload has collectively decreased because they no longer manage, review, and audit the fiscal, public voucher, and civilian payroll functions which were performed prior to 16 November.

- Required all separation payments, both military and travel, to be processed with the signature plates of DSSN 5167. This required the disbursing officer's deputies and agent cashiers, who work in the separations office, to become agents of the DAO and maintain two sets of appointment letters and authorizations to hold cash. Moreover, they disburse funds for someone who is not in their chain of command. Therefore, if a loss of funds occurs, the investigation and a recommendation for or against relief will have to be processed by the DAO's chain of command, but actual decision-making authority of the case will have to occur through the Disbursing Officer's chain of command. What once was rectified by a single chain of command will now have to be accomplished by two.
- The JUMPS section for the disbursing office has to supervise the procedure for On-line Net Pay for regular payroll processing for both DSSNs 5167 and 6187. This has caused a slight increase in regular payroll processing time and requires greater attention to detail for the breakdown and distribution of checks.
- Daily special payments for non-tactical Marines are supposed to be paid under DSSN 5167, but this requirement has been suspended by DFAS until further notice. Once the suspension is lifted, it will require Deputies A and D to maintain two sets of check stock and signature plates, one set for the Disbursing Officer and the other for the DAO. Daily payment processes will have to be altered to ensure supporting documents such as payrolls, travel vouchers, collection vouchers, etc., are paid with the proper DSSN. In addition, this will require the sections to request payroll, travel, and collection numbers from the two different fiscal sections and forward their daily balance sheets and supporting documents to each respective fiscal section. Also, submitting daily expenditures and collections through two different fiscal sections can increase workload and daily balancing requirements. Dual check production can also lead to potential problems with balancing the daily business which may result in slow payment service for the customer, cause a Marine to be paid under the wrong DSSN, and complicate, create clutter, and increase the potential for the loss of funds, especially when deputies and agent cashiers are auditing checks against supporting documents.
- Military pay sections in Deputy A were reorganized to adjust for DFAS's requirement to pay daily specials for non-tactical Marines with DSSN 5176. One pay section was specifically formed to manage and maintain only non-

tactical accounts in the office. The remaining tactical accounts were split up evenly between the remaining pay sections. This reorganization was established to decrease the problem areas identified above.

The fourth and final event that led to changes in the disbursing office was the signing of the MOU on 3 December 1992. Some of the major changes brought about by the MOU are as follows:

- Operational and administrative control of the disbursing office transferred from CG, Marine Corps Base to CG, 1st FSSG. This resulted in a new chain of command for the disbursing office and changed its official title to 1st FSSG Disbursing Office.
- All Marines and civilians not capitalized from the Base T/O were issued TAD orders to serve with 1st FSSG. This has eliminated the dual-command problems mentioned previously and authorizes the Disbursing Officer to deploy Marines assigned to the Base T/O since all training and personnel administration are now conducted through the 1st FSSG.
- Required the Disbursing Officer, Assistant Disbursing Officer, deputies, and agent cashiers to request, in writing, new letters for the authority to hold cash at personal risk from CG, 1st FSSG.

These events and changes have evolved in the very short time period of only three months, and the significance of the changes varies within the disbursing office. The changes have produced disruption in the disbursing office's operating environment. Some of the reasons for disruption are the establishment of a new chain of command, development of a new organizational structure, realignment of functional requirements, and the requirement for personnel and equipment to be transferred to both the DAO and Deputy A. The changes

may also require the military pay sections to maintain and process two different check stocks. This dual-check stock requirement, although temporarily suspended, may cause more internal reorganization to transpire in order to prevent potential fiscal problems from occurring and to prevent a decline in customer service and support operations. However, some of the changes have actually benefitted the disbursing office by decreasing the public voucher workload, eliminating the dual command problems, and allowing the Disbursing Officer to deploy Base T/O Marines, which was not possible prior to the 1992 MOU.

Given the fact that the disbursing office performs numerous functions and provides many services to over 33,000 Marines, most of the changes reviewed by this thesis have been only internal to the disbursing office. Fortunately, these changes have gone virtually unnoticed by the Marines whom the disbursing office supports and have not affected the disbursing services and support they receive. Moreover, DMRD 910 has thus far had minimal impact on the disbursing office's mission and concept of operations in providing uniform support and efficient, timely, and accurate pay service to the units and Marines at Camp Pendleton. Overall, the disbursing functions and procedures have remained the same as they were before capitalization; the integrated pay system (JUMPS/MMS) and procedures and regulations governing the system have remained the same; fiscal and travel requirements have not

changed; and, most importantly, no retraining of personnel has been required. Nonetheless, only time will tell how much longer this operating environment can remain in place with consolidation lurking around the corner.

G. SUMMARY

This chapter has discussed the background of the disbursing office, its organizational structure before and after capitalization, the disbursing functions transferred to the DAO, the concept of operations of the disbursing office since capitalization, and the impact capitalization has had on the disbursing office. The following chapter will provide a summary, conclusions, and recommendations.

VI. SUMMARY AND RECOMMENDATIONS

A. GENERAL

The purpose of this thesis is twofold. First, it is designed to provide a general overview of current DMRD 910 requirements, the current status of DFAS efforts in implementing policy to satisfy those requirements, and what impact the requirements have had on a Marine Field Disbursing Office. The second purpose is to produce a single source document for use by future Marine Corps graduates in Financial Management that encompasses a historical background of DMRD 910 and its objectives, an overview of DFAS's Implementation Plan and concept of operations, an overview of the Marine Corps Implementation and Transition Plans, and a detailed review of the organizational structure and concept of operations of a Marine Field Disbursing Office before and after implementation of DMRD 910. The research for this thesis uncovered several key points concerning DMRD 910 and its impact on a Marine Field Disbursing Office. This chapter is devoted to stating those points, applying that knowledge to answering the primary research question, and providing recommendations derived from this study.

B. CONCLUSIONS

The major purpose of DMRD 910 was to establish DFAS and identify the responsibilities, functions, and authorities for the new defense agency. The establishment of DFAS was an important first step in the continuing process to improve DoD finance and accounting operations. DFAS was task-organized to pursue excellence in three broad areas:

- **Policy:** simplify, standardize, and improve finance and accounting policies, regulations, and procedures
- **Systems:** develop and deploy standard computer systems following Department of Defense's Corporate Information Management initiatives and principles
- **Operations:** streamline defense-wide operations by the most practical and cost effective means, consolidate and regionalize where needed, and improve customer service standards. [Ref. 34]

DFAS has laid out plans to generate a single set of finance and accounting policies and procedures, and at the same time study and analyze finance and accounting systems and operations in order to determine how best to achieve economies and efficiencies. [Ref. 7:p. 4] One of these plans, the DFAS Implementation Plan, provided the guidelines and procedures to implement capitalization and consolidation within DoD.

The first major concept, capitalization, occurred on 4 October 1992 and resulted in the transfer of the ownership and command and control of the people, resources, and assets involved in performing DoD finance and accounting functions. [Ref. 1:p. ES.1]

Capitalization established DFAS as the "accounting firm"

for DoD. As such, DFAS has assumed ownership and responsibility for the following accounting systems and processes:

...all general funds, Defense Business Operations Funds (DBOF), revolving funds, trust funds and other accounts, accounts payable, accounts receivable, billings, debt management, cash accounting, nonappropriated funds finance and accounting, funds authentication, some managerial accounting, and disbursing. [Ref. 1:p. 21]

At this time, however, the Army, Navy, Air Force, and Marine Corps have retained the functions of military pay, civilian pay, and travel until standardized systems can be developed. In this capacity, DFAS will provide:

...overall management of DoD disbursing policies, procedures, systems and operations. All disbursing officers will be accountable to DFAS. The Military Departments will retain disbursing operations within Navy Personnel Support Activities/Personnel Support Detachments (PSAs/PSDs), tactical finance and accounting units, and non-capitalized overseas operations. In all other cases where DFAS does not do the disbursing, the Military Departments will do so as agents of DFAS. [Ref. 1:p. 22]

As indicated above, DFAS will not capitalize the finance and accounting assets supporting tactical forces of each service department. Local commanders of each service will be responsible for providing the finance and accounting support necessary for their deployable forces.

The second major concept of DFAS's Implementation Plan, consolidation, involves the actual realignment of capitalized functions into a limited number of DFAS centers. Generally, major consolidation will not begin until after the decision on the DFAS basing plan (OEG) has been approved. [Ref. 1:pp. 47-

In addition, the Marine Corps developed two plans to execute the guidelines and procedures established in the DFAS Implementation Plan. The first plan, called the Marine Corps Implementation Plan, was produced as a required appendix of the DFAS Implementation Plan. It provided broad guidelines to capitalize and consolidate the finance and accounting functions of Marine Corps activities located at Marine Corps and Navy installations, and at DFAS Kansas City. The second plan, named the Transition Plan, provided more detail and specific procedures for the Marine Corps to initiate capitalization and consolidation.

The Transition Plan led to actual capitalization of the finance and accounting functions at MCB, Camp Pendleton, CA, on 4 October 1992, and established a Defense Accounting Office to integrate the Marine Corps capitalized assets under a single DFAS chain of command. This caused changes to occur at the Marine Field Disbursing Office located at Camp Pendleton and provided the major focus for this study which was to determine "What impact will DMRD 910 have on a Marine Field Disbursing Office?"

In an attempt to answer this question, it is important to emphasize the fact that DFAS's first implementation phase, capitalization, went into effect on 4 October 1992, and field research for this thesis was concluded during January 1993. Nevertheless, during this short time period, several events

and changes have resulted from capitalization which did have an impact on the Disbursing Office located at MCB Camp Pendleton, CA.

How one assesses and interprets the impact depends on the viewpoint and perspective of the individual assessing the situation. In other words, different people interpret things differently. Illustrations for this idea or concept are presented by using the following four viewpoints.

For the first viewpoint, an individual may assess the impact from the perspective of "What is the main purpose or mission of DFAS?", or "What is DFAS trying to accomplish?" Basically, DFAS's mission is to provide effective and efficient finance and accounting policy, systems, and services during times of peace or conflict. DFAS's goal is to offer accurate, timely, and effective customer support at a lower cost. Its concept of operations is to streamline, consolidate, and regionalize finance and accounting activities. [Ref. 34] This viewpoint perceives capitalization as a change that has resulted in more costs and man hours, created redundancies, and segregated functions at the disbursing office and has not streamlined and consolidated operations as planned by DFAS. From this perspective, one might assess the impact of the changes on the disbursing office as counterproductive and not in concert with the mission or goal of DFAS.

In the second viewpoint, one could look at this situation

from the perspective that DFAS is employing an incremental strategy and capitalizing finance and accounting functions in phases designed to not upset the status quo, or the Military Services. With this perspective in mind, DFAS has gained a foot in the front door of the main disbursing office during its first phase, capitalization. DFAS has acquired the fiscal and public voucher sections of the disbursing office, the office space and equipment of these sections, and the main security vault. At the same time, the 17 capitalized personnel have been able to remain working in the main disbursing office. This has laid the groundwork and foundation for additional phases, and, when implemented, more personnel will be capitalized and merged with the assets already acquired thus making the transition easier and more acceptable. From this point of view, the changes have not upset the status quo, impact is minimal, and progress is right on target with DFAS's incremental implementation plan.

With the third viewpoint, one could observe the impact of the changes from the perspective that it has benefitted the disbursing office by decreasing its public voucher and civilian payroll workload, eliminating the dual-command problems, and allowing the Disbursing Officer to deploy Base T/O Marines, which was not possible prior to the 1992 MOU. These changes have afforded the disbursing office the opportunity to enhance its customer service and support functions for the Marines located at Camp Pendleton.

The last viewpoint looks at this situation from the perspective of why consolidation was first implemented in 1982. The reasons were: (1) consolidation resulted in a reduction in workload requirements and provided improved quality service for each record maintained, (2) economies of scale were provided by operating under a single symbol number, i.e., single blank check stock, fewer check-signing machines, and signature plates, etc., and (3) cost savings were generated by eliminating duplication of disbursing functions such as mail and file, correspondence and directives, internal control, and systems management. The reasons for consolidation of the disbursing office in 1982 are analogous to those of DFAS's current objectives and goals in 1992. Yet, current changes have caused the consolidated disbursing office to be split into two DSSNs which seems counterproductive to the whole concept of DFAS. This perspective can lead to the viewpoint that the current impact has diminished the synergetic effect of the consolidated Disbursing Office which has functioned under this philosophy for more than ten years.

These viewpoints do not in any way represent the official opinions of DFAS or the Marine Corps but merely display the different ways one could assess the impact DMRD 910 has had on the Disbursing Office.

In conclusion, and as a response to the primary research question, the author's personal opinion is derived from the perspective of looking at the overall mission requirements of

the office and the multitude of functions and services it provides to over 33,000 Marines. From this perspective, DMRD 910 has had minimal impact on the disbursing office's mission in providing uniform support and efficient, timely, and accurate pay service to the Marines at Camp Pendleton. Several reasons for this viewpoint are as follows: (1) the disbursing functions and procedures are performed in the same manner as they were before capitalization, (2) the integrated pay system (JUMPS/MMS), procedures, and regulations governing the system have remained the same, (3) fiscal and travel requirements have not changed, and (4) retraining of personnel has not been required. Moreover, the changes have benefitted the disbursing office by decreasing the public voucher and civilian payroll workload, eliminating the dual command problems, and allowing the Disbursing Officer to deploy Base T/O Marines.

The next section will discuss recommendations derived from this study.

C. RECOMMENDATIONS

First, since it appears there is no turning back from the situation of using two DSSN's at Camp Pendleton, a detailed study should be initiated to determine whether DFAS should capitalize more disbursing personnel from the Disbursing Office to perform the separation functions and provide military pay and travel support for the non-tactical forces at

Camp Pendleton. Such a study should consider elimination of the Disbursing Office's dual Table of Organization requirements, the complications of the current dual check stock provision, whether the DAO's public voucher and fiscal section should remain in the Disbursing Office or move/work in a building under the responsibility of the DAO, and, address the current security arrangements of the Disbursing Office in which the DAO is not on the access roster to enter the disbursing buildings after working hours.

Second, a manpower study should be undertaken to evaluate the current Table of Organization requirements of the Disbursing Office. Taking the T/O data from Table 4 in Chapter V and transposing this data to the layout illustrated in Table 6 reveals some debatable data. First, the MCB T/O customers per disburser ratio is 149 compared to 208 for the FSSG T/O and, secondly, the MCB T/O customers per officer ratio is 820 compared to 1789 for the FSSG T/O. Generally, this means the workload requirements and managerial tasks are less for the MCB T/O than the FSSG T/O and affords the opportunity for MCB to provide better customer support. The data also illustrates the fact that the FSSG T/O handles 75% (25,043/33,239) of the customers, yet has only 69% of the total disbursers and 58% of the officers. Moreover, using data from Table 6, the MCB enlisted per officer ratio is 3.3 compared to FSSG's ratio of 7.57. Examination of this data indicates that the Disbursing Officer's Table of Organization

should be further analyzed and reviewed for changes to improve the equitability between the two T/O's, if in fact the Disbursing Office has to continue operations under a dual-command Table of Organization.

TABLE 6

	MCB T/O	FSSG T/O	TOTAL T/O
# of customers serviced	8,196	25,043	33,239
# of disbursers	55	120	175
# of enlisted	33	106	139
# of officers	10	14	24
% of customers serviced	25 %	75 %	
% of disbursers	31 %	69 %	
% of officers	42 %	58 %	
customers per disburser	149	208	189
customers per officer	820	1789	1385
enlisted per officer	3.3	7.57	5.79

APPENDIX A

List of Abbreviations

AAA	Authorization Accounting Activity
APCAPS	Automated Payroll, Cost, and Personnel System
BSSG	Brigade Service Support Group
CFAO	Consolidated Fiscal Accounting Office
CIM	Corporate Information Management
CO	Commanding Officer
CSSD	Combat Service Support Detachment
DAO	Defense Accounting Office
DAO	Defense Accounting Officer
DARS	Departmental Accounts Receivable System
DBOF	Defense Business Operating Fund
DCPS	Defense Civilian Pay System
DDMS	Defense Debt Management System
DFAS	Defense Finance Accounting System
DITSO	Defense Information Technology Services Organization
DJMS	Defense Joint Military Pay System
DLA	Defense Logistics Agency
DMDC	Defense Manpower Data Center
DMRD	Defense Management Report Decision
DO	Disbursing Officer

DoD	Department of Defense
DRAS	Defense Retiree and Annuitant Pay System
DSSN	Disbursing Station Symbol Number
DTPS	Defense Travel Pay System
DTRS	Defense Transportation Pay System
EDI	Electronic Data Interchange
EFT	Electronic Funds Transfer
FAO	Field Accounting Office
FDMC	Fiscal Director, Marine Corps
FFO	Field Finance Office
FMF	Fleet Marine Force
FMR	Financial Management Regulation
FSSG	Force Service Support Group
HQMC	Headquarters, Marine Corps
ISA	Interservice Support Agreement
I MEF	I Marine Expeditionary Force
JUMPS	Joint Uniform Military Pay System
KARS	Kodak Automated Retrieval System
LES	Leave and Earnings Statement
MAGTF	Marine Air Ground Task Force
MAG-39	Marine Air Group-39
MCB	Marine Corps Base
MCCAPS	Marine Corps Commercial Accounts Processing System
MCERRS	Marine Corps Expenditure Reimbursement Reporting System
MCSA	Marine Corps Support Activity

MCTSSA	Marine Corps Tactical Systems Support Activity
MCTFS	Marine Corps Total Force System
MCLB	Marine Corps Logistics Base
MEU	Marine Expeditionary Unit
MIPR	Military Interservice Procurement Request
MMPA	Master Military Pay Account
MWR	Morale, Welfare, Recreation
MMS	Manpower Management System
MOU	Memorandum of Understanding
NAF	Non-appropriated Funds
OEG	Opportunity for Economic Growth
OSD	Office of the Secretary of Defense
PMO	Program Management Office
PSA	Personnel Support Activity
PSD	Personnel Support Detachment
REMMPS	Reserve Manpower Management Pay System
SABRS	Standard Accounting, Budgeting, Reporting System
SLA	Service Level Agreement
STP	Strategic Transition Plan
TLE	Temporary Lodging Expense

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