Assistant Secretary of the Army
Financial Management and
Comptroller

Joint Reconciliation Program
Video Tele-conference

Phase II Triannual Review Ending May 31, 2006
July 20, 2006
1500-1630
• Roll Call
  Mr. Argodale
• Opening Remarks
  Mr. Argodale
• Summary Program Update
• Special Interest Items
  Mr. Argodale
• Closing Remarks:
  Mr. Argodale
Opening Remarks

Mr. John J. Argodale
Deputy Assistant Secretary of the Army
(Financial Operations)
Program Update
FY 06 Canceling Appropriations

Actual vs. Straight Line Liquidation

By Sep 30, 2006:

- Reduce unliquidated obligations to zero

DATA SOURCE: DFAS REPORT

1 Oct 05 = $ 410.66
31 May 06 = $ 216.43
### Canceling Appropriations

#### FY04 - FY06

<table>
<thead>
<tr>
<th></th>
<th>SEP</th>
<th>OCT</th>
<th>NOV</th>
<th>DEC</th>
<th>JAN</th>
<th>FEB</th>
<th>MAR</th>
<th>APR</th>
<th>MAY</th>
<th>JUN</th>
<th>JUL</th>
<th>AUG</th>
<th>SEP</th>
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</thead>
<tbody>
<tr>
<td><strong>FY 04 TOTAL</strong></td>
<td>633</td>
<td>592</td>
<td>572</td>
<td>550</td>
<td>508</td>
<td>487</td>
<td>456</td>
<td>440</td>
<td>101</td>
<td>374</td>
<td>349</td>
<td>273</td>
<td>26</td>
</tr>
<tr>
<td><strong>FY 05 TOTAL</strong></td>
<td>409</td>
<td>387</td>
<td>363</td>
<td>332</td>
<td>303</td>
<td>261</td>
<td>217</td>
<td>187</td>
<td>165</td>
<td>125</td>
<td>156</td>
<td>106</td>
<td>21</td>
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<tr>
<td><strong>FY 06 TOTAL</strong></td>
<td>411</td>
<td>391</td>
<td>366</td>
<td>344</td>
<td>319</td>
<td>297</td>
<td>268</td>
<td>254</td>
<td>216</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>FY 06 STRAIGHT LINE</strong></td>
<td>411</td>
<td>375</td>
<td>341</td>
<td>307</td>
<td>273</td>
<td>239</td>
<td>205</td>
<td>170</td>
<td>136</td>
<td>102</td>
<td>68</td>
<td>34</td>
<td>0</td>
</tr>
</tbody>
</table>

**DATA SOURCE:** DFAS REPORT
Army Payoff - Canceling Appropriations

Total Potential Liability FY00-FY05 $ 216.4
Total Paid FY00 - FY06 $ 80.1

DATA SOURCE: DFAS, ARMY BUDGET
Fourth Expired Year (millions)

By Sep 30, 2006

- Reduce 4th expired year by 50%
  = $351M

DATA SOURCE: DFAS REPORT
INTRANSITS
Disbursements

By 30 Sep 2006:
- Baseline of 30 Sep 2005
- Reduce to zero (>30 days)

DATA SOURCE: DFAS
By 30 Sep 2006:
- Reduce Total UMD to be equal to or less than Sep 30 2005 balance
- Reduce to zero (>120 days)

DATA SOURCE: DFAS
Negative Unliquidated Obligations

By 10 Sep 2006:

- Reduce Total NULO to be equal to or less than Sep 30 2005 Balance
- Reduce to zero (>120 days)

DATA SOURCE: DFAS
# Travel Advances

## Expired Years

By 30 Sep 30 2006:

- Reduce travel advance in expired years to zero

<table>
<thead>
<tr>
<th>%Decrease</th>
<th>1 Oct 05</th>
<th>31 May 06</th>
</tr>
</thead>
<tbody>
<tr>
<td>Expired Travel Adv</td>
<td>$47.3M</td>
<td>$9.5M</td>
</tr>
<tr>
<td>80.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expired Adv less OA-01</td>
<td>$12.1M</td>
<td>$1.1M</td>
</tr>
<tr>
<td>91.0%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expired Adv OA-01</td>
<td>$35.2M</td>
<td>$8.4M</td>
</tr>
<tr>
<td>77.2%</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Note: Of the $47.3M beginning balance, $10M represents payroll advances. Adjustment was processed in Nov 05

DATA SOURCE: DFAS REPORT
By 30 Sep 2006:

- Reduce Intra-governmental Receivables > 30 days to 10 percent or less of Total Intra-Governmental Receivables
- Reduce Intra-governmental Receivables Outside DOD > 30 days to 10 percent or less of Total Intra-Governmental Receivables Outside DOD
- Reduce Public Receivable > 180 days to 10 percent or less of Total Public Receivables
By 30 Sep 2006:

- Reduce Fiscal Year 2004 MILPERS ULO Balance to 0.5 percent or less of TOA

Data presented as of 30 September 2006

**DATA SOURCE: DFAS**
2\textsuperscript{nd} Expired Year Un-liquidated Obligation

By 30 Sep 2006:
- Reduce Fiscal Year 2004 O&M ULO Balance to 3.0 percent or less of TOA

Data presented as of 30 September 2006

DATA SOURCE: DFAS
Voucher Percentage Summary FY 06
Only Sites Proliferated or Scheduled for Proliferation in FY 06

By Sep 30, 2006: Increase DTS Usage to 50%

DTS RATES
WinIATS = 45%
DTS = 55%

Note 1: Does not include any claims processed by Contingency Travel Office.
Note 2: Does not include any PCS claims.
Note 3: Only includes WinIATS claims processed by servicing Travel Office.
Special Interest Items
DFAS
Prompt Pay Interest Reduction
Prompt Pay Interest Reduction

This Chart Shows Accounting System Numbers

YTD Army

<table>
<thead>
<tr>
<th></th>
<th>Sep FY05</th>
<th>FY 06 Goal</th>
<th>FY 06</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>90.76</td>
<td>85.00</td>
<td>78.77</td>
</tr>
</tbody>
</table>
Antideficiency Act Program
Formal and Preliminary Cases

# Cases

As of 30 Jun 2006

Tracking of Preliminary Cases is a new measurement that is still evolving; therefore the baseline is in development.
Antideficiency Act Program
Formal and Preliminary Cases

As of 30 Jun 2006

- OA-22, 1
- PEO STRI, 2
- USARPAC, 1
- OCAR, 4
- ACA, 1
- AMC, 9
- FORSCOM, 2
- SOUTHCOM, 1
- TRADOC, 2
- IMA, 6
- FUSA, 2
- NGB, 7
- MEDCOM, 1
- COE, 10

OPEN CASES - 51
# Antideficiency Act Training

<table>
<thead>
<tr>
<th>MACOM</th>
<th>NUMBER OF PERSONNEL AUTHORIZED TO CERTIFY FUNDS</th>
<th># TRAINED CERTIFIERS</th>
</tr>
</thead>
<tbody>
<tr>
<td>AMC</td>
<td>4,809</td>
<td>1,321</td>
</tr>
<tr>
<td>USACE</td>
<td>1,734</td>
<td>1,105</td>
</tr>
<tr>
<td>NGB</td>
<td>1,678</td>
<td>869</td>
</tr>
<tr>
<td>MEDCOM</td>
<td>1,535</td>
<td>1,535</td>
</tr>
<tr>
<td>IMA</td>
<td>774</td>
<td>635</td>
</tr>
<tr>
<td>ASC</td>
<td>473</td>
<td>275</td>
</tr>
<tr>
<td>TRADOC</td>
<td>394</td>
<td>289</td>
</tr>
<tr>
<td>FORSCOM 1/</td>
<td>314</td>
<td>244</td>
</tr>
<tr>
<td>OCAR</td>
<td>260</td>
<td>109</td>
</tr>
<tr>
<td>ATEC</td>
<td>106</td>
<td>102</td>
</tr>
<tr>
<td>NETCOM</td>
<td>105</td>
<td>41</td>
</tr>
<tr>
<td>OA-22</td>
<td>94</td>
<td>92</td>
</tr>
<tr>
<td>ACA</td>
<td>73</td>
<td>33</td>
</tr>
<tr>
<td>USAREUR</td>
<td>69</td>
<td>57</td>
</tr>
<tr>
<td>USARPAC</td>
<td>58</td>
<td>42</td>
</tr>
<tr>
<td>EUSA</td>
<td>54</td>
<td>42</td>
</tr>
<tr>
<td>CIDC</td>
<td>32</td>
<td>16</td>
</tr>
<tr>
<td>EUCOM</td>
<td>22</td>
<td>12</td>
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<tr>
<td>SMDC</td>
<td>14</td>
<td>14</td>
</tr>
<tr>
<td>SOUTHCOM</td>
<td>13</td>
<td>12</td>
</tr>
<tr>
<td>USMA</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>INSCOM</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>12,625</strong></td>
<td><strong>6,859</strong></td>
</tr>
</tbody>
</table>

FORSCOM “Trained” includes ONLY Fiscal Law Training, does not include Appropriations Law or other equivalent courses. As of 1 Jul 2006
Antideficiency Act Training

• June 2, 2006 Memorandum from the ASA-FM&C
  • Emphasized Training as an important aspect of preventing ADA violations.
  • Ask that MACOMs review training of fund certifying officers within the command and report no later than July 1, 2006:
    • Total number of personnel authorized to certify funds and
    • Whether fund certifiers have attended fiscal law training.
  • Certifying officers who have not been trained, should be enrolled in the next available fiscal law course.
  • Certifying officers should be encouraged to repeat this training every five years.

• FUND CERTIFIERS Defined: (DFAS 37-1)
  • Authority exercised over the receipt, distribution, use, and management of budget authority appropriated to, or administered by the Army to ensure that:
    • Funds are used only for authorized purposes.
    • Funds are used economically and efficiently.
    • Distributions, commitments, obligations, and expenditures do not exceed amounts authorized and available.
    • Distribution, obligation, or disbursement of funds is not reserved or otherwise withheld without congressional knowledge and approval. This does not preclude deferral or withholding action to provide reserves for contingencies or reprogramming within delegated authority.

• “TRAINED” FUND CERTIFIERS Defined:
  • Fiscal Law, Federal Appropriations Law, On-line Fiscal Law or other similar...
REQUIREMENT

Memorandum dated May 11, 2006 from ASA-FM&C. Subject: “Proper Use of Interagency Agreements for Non-Department of Defense (Non-DoD) Entities Under Authority Other Than the Economy Act”, requested the Army to commence corrective actions immediately by:

- Reviewing all interagency agreements and determining the validity of each agreement.

- Closing out all completed agreements and coordinate with the outside entity to return all funds remaining.

- Deobligate funds that are now past their period of availability (“expired funds”) unless:
  
  They meet the criteria identified in the memorandum dated March 24, 2005 from OUSD(C).
# Results of the Review

<table>
<thead>
<tr>
<th>FY ULO’S</th>
<th>FUNDS REMAINING</th>
<th>FUNDS REVIEWED</th>
<th>FUNDS DEOBLIGATED</th>
<th>% OF FUNDS</th>
</tr>
</thead>
<tbody>
<tr>
<td>01</td>
<td>$ 32,726,269</td>
<td>$ 66,398,405</td>
<td>$ 2,227,766</td>
<td>7 %</td>
</tr>
<tr>
<td>02</td>
<td>$ 97,091,588</td>
<td>$153,361,901</td>
<td>$ 4,019,281</td>
<td>4 %</td>
</tr>
<tr>
<td>03</td>
<td>$203,506,919</td>
<td>$303,506,919</td>
<td>$14,428,119</td>
<td>7 %</td>
</tr>
<tr>
<td>04</td>
<td>$354,393,151</td>
<td>$554,393,151</td>
<td>$45,651,679</td>
<td>13 %</td>
</tr>
<tr>
<td>05</td>
<td>$299,606,817</td>
<td>$499,606,817</td>
<td>$12,431,223</td>
<td>4 %</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$987,324,744</strong></td>
<td><strong>$6,349,248,469</strong></td>
<td><strong>$78,758,068</strong></td>
<td><strong>8 %</strong></td>
</tr>
</tbody>
</table>
Interagency Agreements (IA)

- Reviewed only $1B of total $6.3B prior year unliquidated balances

- $2.9B remains unliquidated in FY04 and prior

- Rational for unliquidated balances are elusive

- Deobligate FY04 and prior by 31 August 2006
• Problems include circumvention of established controls, weaknesses in property accountability, and lack of financial controls that could cause ADA violations.

• Immediate fix: Joint ASA(FM&C)/HQDA G4 040359Z Feb message restricts access of off-line supply systems.

• AAA identified management control problems related to off-line purchases outside the standard Army supply system with GSA, DLA, and prime vendors.
OFF-LINE PURCHASES

RESULTS
Review of DOD E-Mall purchases (March & April 2006) discloses an increase in transactions, a low rate of transactions processing through the supply systems (~40 %) and only ~33% of transactions obligating prior to a disbursement
Review of STANFINS Obligate, Accrue, and Disburse-Interfund(TA29) discloses increase in interfund disbursements without obligations

CONCLUSION
Compliance with February 2006 guidance may not be adequate
Additional restrictions may be needed
ACCOUNTING ADJUSTMENTS

- Recent ADA investigations and other sources reveal accounting adjustments are processed without proper documentation and approval.
- Adjustments must be properly documented and approved in accordance with regulatory guidelines.

Below are preliminary numbers for documented SF1081s processed through DSSN 5570 October 2005 – June 2006:

<table>
<thead>
<tr>
<th>Qtr</th>
<th>Absolute Value</th>
<th>Number of Transactions</th>
<th>Number of DOVs</th>
<th>**Avg Amount of Each DOV</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>1,717,184,568.67</td>
<td>53,016</td>
<td>26,508</td>
<td>$32,389.93</td>
</tr>
<tr>
<td>2nd</td>
<td>1,688,086,193.09</td>
<td>11,967</td>
<td>5,984</td>
<td>$141,061.77</td>
</tr>
<tr>
<td>3rd</td>
<td>2,203,337,172.43</td>
<td>69,168</td>
<td>34,584</td>
<td>$31,854.86</td>
</tr>
<tr>
<td>Total</td>
<td>5,608,607,934.19</td>
<td>134,151</td>
<td>67,076</td>
<td>$41,808.17</td>
</tr>
</tbody>
</table>

Avg Per Month: $623,178,659.35

**Note:**
- *Appx* values are approximations based on the data provided.
- **Avg Amount of Each DOV** is calculated as the total number of DOVs divided by the number of quarters.
• To strengthen controls, ASA(FM&C) and DFAS are conducting a thorough review of accounting adjustment policy:
  - Regulatory requirements
  - Flow chart of current process
  - Consider all points of entry and various systems
• Revised policy to be published by end of FY-06.
Joint Reconciliation Program

- Website: http://www.asafm.army.mil/fo/fod/jrp/jrp.asp
- Centralized mailbox: JointReconProgram@hqda.army.mil
- Next VTC: Scheduled for November 2006
  FY 06 Phase II Reporting, 1500-1630
Closing Remarks