



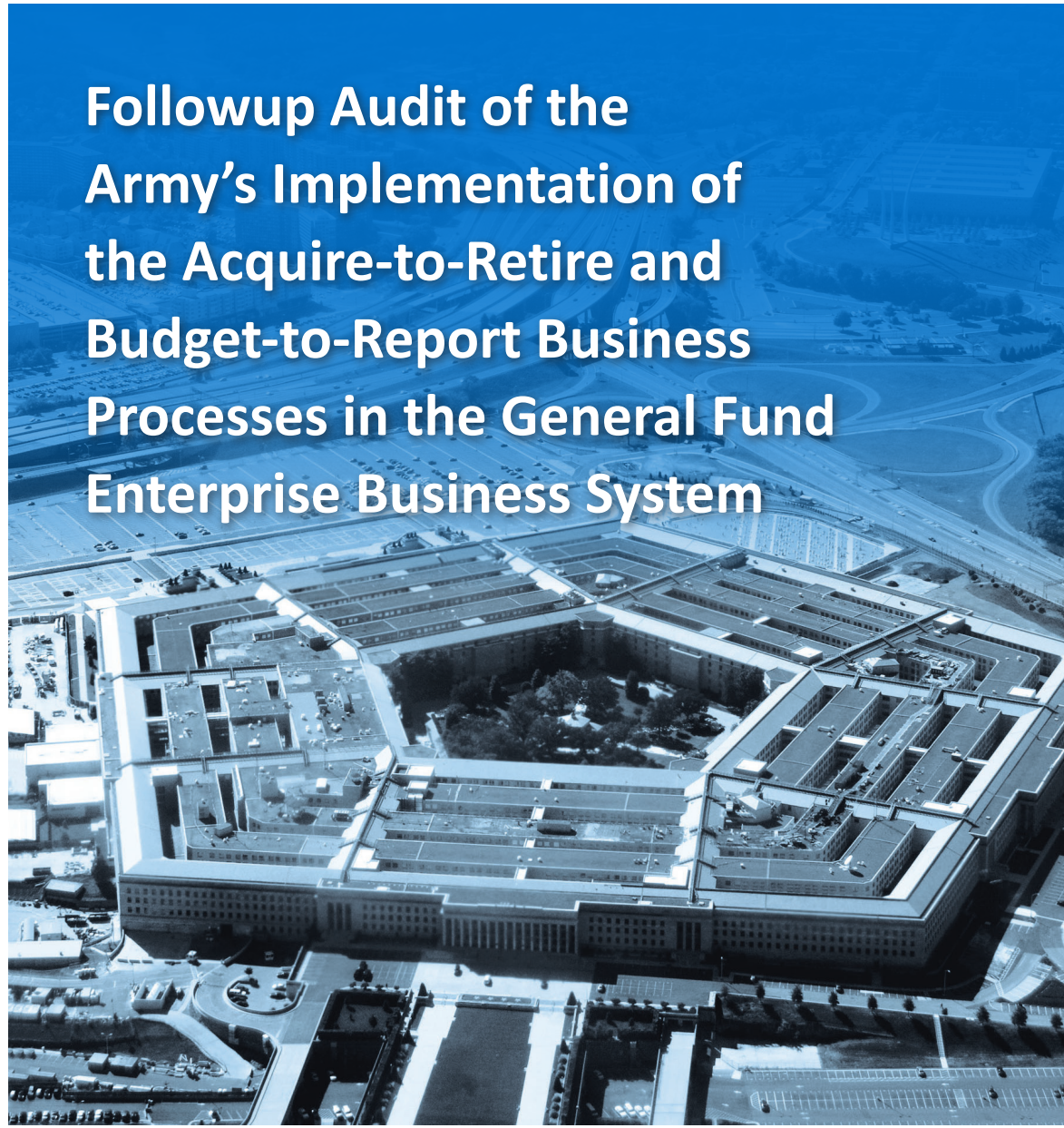
INSPECTOR GENERAL

U.S. Department of Defense

NOVEMBER 26, 2019



Followup Audit of the Army's Implementation of the Acquire-to-Retire and Budget-to-Report Business Processes in the General Fund Enterprise Business System



INTEGRITY ★ INDEPENDENCE ★ EXCELLENCE





Results in Brief

Followup Audit of the Army's Implementation of the Acquire-to-Retire and Budget-to-Report Business Processes in the General Fund Enterprise Business System

November 26, 2019

Objective

The objective of this followup audit was to determine whether the Army implemented appropriate corrective actions in response to seven open recommendations in Report No. DODIG-2013-130, "Army Needs to Improve Controls and Audit Trails for the General Fund Enterprise Business System Acquire-to-Retire Business Process" and three open recommendations in Report No. DODIG-2014-090, "Improvements Needed in the General Fund Enterprise Business System Budget-to-Report Business Process."

Background

The General Fund Enterprise Business System (GFEBS) was developed for the Army by a third-party contractor and was implemented to standardize the Army's financial management and accounting functions and asset inventory and management. Report No. DODIG-2013-130 and Report No. DODIG-2014-090 reviewed the implementation of two business processes in GFEBS, Acquire-to-Retire (A2R) and Budget-to-Report (B2R), respectively. The A2R end-to-end business process includes all business functions necessary to obtain, manage, and dispose of capitalized assets, such as buildings, improvements, and renovations; other structures and facilities; and equipment. The B2R end-to-end business process includes all business functions necessary to plan, formulate, create, execute against, and report on the budget and business activities of the entity, including updates to the general ledger.

Background (cont'd)

Report No. DODIG-2013-130 determined that the Army had inadequate controls over the recording of accounting transactions for the A2R business process in GFEBS. In addition, the report identified that the GFEBS Program Management Office did not maintain a verifiable audit trail for all land tracts reported in GFEBS. We made 12 recommendations, of which 7 remained open as of May 13, 2019. In the seven open recommendations, we recommended that Army officials create working groups to implement functionality in GFEBS necessary for Army real property management; review all real property data, including land, in GFEBS for accuracy; and develop integrated processes for recording construction costs.

Report No. DODIG-2014-090 determined that the GFEBS Program Management Office and Army Budget Office personnel did not implement the B2R business process to properly support the Army General Fund Statement of Budgetary Resources. We made six recommendations, of which three remained open as of May 13, 2019. In the three open recommendations, we recommended verifying the accuracy and completeness of GFEBS posting logic documentation, validating GFEBS general ledger account postings, reconfiguring GFEBS to properly record B2R transactions, and using GFEBS to execute all Army General Fund appropriations.

Finding

In response to the previous recommendations, Army officials implemented corrective actions, such as the identification of A2R real property management functionality missing in GFEBS; the implementation of an automated function that enables the Assistant Secretary of the Army (Financial Management and Comptroller) (ASA[FM&C]) officials to provide a library of FY 2018 transactions posted in GFEBS; and the accurate posting of nonexpenditure transfers recorded in the first three quarters of FY 2019. The Army's corrective actions led to the closure of four recommendations in this followup audit report. However, Army officials did



Results in Brief

Followup Audit of the Army's Implementation of the Acquire-to-Retire and Budget-to-Report Business Processes in the General Fund Enterprise Business System

Finding (cont'd)

not implement the corrective actions needed to support the proper recording of A2R and B2R accounting transactions. These deficiencies included the inability to generate an Army-wide real property universe; the absence of complete real property elements within GFEBS; the existence of noncompliant transaction postings in GFEBS; and the absence of a process to record minor construction-in-progress costs in GFEBS. In addition, GFEBS' land data does not reflect the true amount of land acreage or land values, as compared to the land data held in the U.S. Army Corps of Engineers' Real Estate Management Information System, systems controls did not address noncompliant transaction postings in GFEBS, and GFEBS was not used to execute all Army General Fund appropriations. These conditions continued to exist because Army officials did not prioritize system change requests identified in the prior audits, and therefore did not implement the corrective actions to address all the deficiencies identified. As a result, GFEBS continued to contain unreliable A2R and B2R data. In addition, due to the lack of the corrective actions taken, we still consider six of the previous ten recommendations to be open.

Recommendations

In addition to implementing the corrective actions related to the six remaining open recommendations from the previous two DoD Office of Inspector General audits, we recommend that the ASA(FM&C) and the Assistant Chief of Staff for Installation Management determine whether the land data can be removed from GFEBS, or alternatively, update GFEBS to match the data held in the Real Estate Management Information System, the Army's designated real property system of record.

Management Comments and Our Response

The Deputy Assistant Secretary of the Army (Financial Operations), responding on behalf of the ASA(FM&C) and the Assistant Chief of Staff for Installation Management, stated that as of September 29, 2019, the Army removed all except two land records from GFEBS. The GFEBS Project Management Office, ASA(FM&C), and the U.S. Army Corps of Engineers are coordinating to remove the remaining land records from GFEBS. The actions taken are sufficient to resolve the recommendation. We will close the recommendation once the removal of land records is completed and verified. Please see the Recommendations Table on the next page for the status of the recommendation.

The Deputy Assistant Secretary of the Army (Financial Operations) also provided followup comments that discussed the actions management has ongoing on the recommendations from the prior audit that remain open. Ten of the recommendations from the two prior reports remain resolved and open. See the Management Comments section for the specific comments regarding the open recommendations.

Recommendations Table

Management	Recommendations Unresolved	Recommendations Resolved	Recommendations Closed
Assistant Secretary of the Army (Financial Management and Comptroller) and the Assistant Chief of Staff for Installation Management		1	

Note: The following categories are used to describe agency management's comments to individual recommendations.

- **Unresolved** – Management has not agreed to implement the recommendation or has not proposed actions that will address the recommendation.
- **Resolved** – Management agreed to implement the recommendation or has proposed actions that will address the underlying finding that generated the recommendation.
- **Closed** – OIG verified that the agreed upon corrective actions were implemented.





**INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
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November 26, 2019

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF
FINANCIAL OFFICER, DOD
CHIEF MANAGEMENT OFFICER
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE
AUDITOR GENERAL, DEPARTMENT OF THE ARMY

SUBJECT: Followup Audit of the Army's Implementation of the Acquire-to-Retire
and Budget-to-Report Business Processes in the General Fund Enterprise
Business System (Report No. DODIG-2020-035)

This final report provides the results of the DoD Office of Inspector General's audit. We previously provided copies of the draft report and requested written comments on the recommendations. We considered management's comments on the draft report when preparing the final report. These comments are included in the report.

The Deputy Assistant Secretary of the Army (Financial Operations) agreed to address the new recommendation presented in the report; therefore, the recommendation is considered resolved and open. Therefore, as described in the Recommendation, Management Comments, and Our Response section of this report, the recommendation may be closed when we receive adequate documentation showing that all agreed-upon actions to implement the recommendation have been completed. Therefore, please provide us within 90 days your response concerning specific actions in process or completed on the recommendations. Your response should be sent to either followup@dodig.mil if unclassified or rfunet@dodig.smil.mil if classified SECRET.

If you have any questions, please contact me at [REDACTED].

Lorin T. Venable

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Introduction

Objective

The objective of this followup audit was to determine whether the Army implemented appropriate corrective actions in response to seven open recommendations in Report No. DODIG-2013-130, “Army Needs to Improve Controls and Audit Trails for the General Fund Enterprise Business System Acquire-to-Retire Business Process,” September 13, 2013, and three open recommendations in Report No. DODIG-2014-090, “Improvements Needed in the General Fund Enterprise Business System Budget-to-Report Business Process,” July 2, 2014. See Appendix A for our scope and methodology and prior audit coverage.

Earlier this year, Army officials requested that a few of the recommendations related to these two reports be closed because of their relation to the ongoing financial statement audits. We initiated this followup audit to review the information the Army submitted on these recommendations and to assess the progress the Army has made on addressing the other open recommendations associated with these prior audit reports, which are 5 and 6 years old. These previously identified findings affect the Army’s ability to produce auditable financial statements and result in inaccurate information for decision makers. The Independent Public Accounting (IPA) firm that audited the Army General Fund (AGF) financial statements found similar deficiencies in recent audits and has issued Notices of Finding and Recommendations (NFRs) with similar conditions. See Table 4 in Appendix B for open recommendations related to NFRs issued by the IPA firm.

Background

The Army contracted with a third party to create the General Fund Enterprise Business System (GFEBS), which was developed using a commercial off-the-shelf Enterprise Resource Planning (ERP) system. An ERP is computer software that organizations use to facilitate a broad range of business operations, such as finance and accounting, human resources, logistics management, and asset management.

The Army implemented GFEBS to standardize its financial management and accounting functions and asset inventory and management. The implementation of GFEBS was part of the Army’s plan to produce reliable financial statements in order to meet several objectives, including to:

- provide accurate, reliable, and timely financial information and integrated functional performance data to Army stakeholders;
- improve Army cost accountability and enable full cost management;

- exchange financial information with customers and stakeholders; and
- achieve efficiencies and operate effectively.

The Business Enterprise Architecture defines the DoD business transformation priorities, the business capabilities required to support those priorities, and the combinations of enterprise systems and initiatives that enable those capabilities. It guides and constrains implementation of interoperable defense business system solutions, such as GFEBS. The Business Enterprise Architecture identifies 15 end-to-end business processes in the DoD. To ensure that significant weaknesses identified by auditors are not overlooked, the DoD mapped end-to-end business processes to line items on the DoD Balance Sheet, Statement of Net Cost, and Statement of Budgetary Resources.

In the audits that this report follows up on, we evaluated the implementation of 2 of the 15 end-to-end business processes, Acquire-to-Retire (A2R) and Budget-to-Report (B2R), in GFEBS. The A2R end-to-end business process includes all business functions necessary to obtain, manage, and dispose of capitalized assets, such as buildings, improvements, and renovations; other structures and facilities; and equipment. This includes such functions as sourcing; contract management; purchasing; payment management; Property, Plant, and Equipment (PP&E) management; and asset retirement. The B2R end-to-end business process includes all business functions necessary to plan, formulate, create, execute against, and report on the budget and business activities of the entity. This includes updates to the general ledger.

Summary of Prior Audits

This audit is a followup audit of the implementation of corrective actions taken on open recommendations of these prior audits.

Report No. DODIG-2013-130

In Report No. DODIG-2013-130, “Army Needs to Improve Controls and Audit Trails for the General Fund Enterprise Business System Acquire-to-Retire Business Process,” the objective was to determine whether the Army had adequate controls over recording accounting transactions within the A2R business process through GFEBS. We also determined whether these transactions were supported with verifiable audit trails.

We found that the Army had inadequate controls over the recording of accounting transactions for the A2R business process in GFEBS. This occurred because Army officials did not:

- develop necessary functionality for recording real property and fully implement their A2R business process prior to deploying GFEBS;
- follow the data conversion strategy in converting real property data from the legacy system;
- develop or implement processes in GFEBS to record \$10 billion of construction costs in the general ledger;
- understand the financial impact of recording converted and purchased fixed assets as transfers in; or
- have the ability to generate a transaction library from GFEBS.

As a result, the Army continued using inefficient legacy business processes and diminishing the estimated benefits associated with business system modernization. The Army did not provide its decision makers with relevant and reliable financial information for real property and billions of dollars of adjustments were required by accounting personnel.

We also found that the GFEBS Program Management Office (PMO) did not maintain a verifiable audit trail for land tracts reported in GFEBS. This occurred because GFEBS PMO personnel did not follow their plan for converting land assets into GFEBS. As a result, GFEBS overstated the total acreage and the land information reported in GFEBS is unreliable.

In the report, we made 12 recommendations, 7 of which remained open as of May 13, 2019. The seven recommendations involve identifying, developing, and implementing identified A2R functionality to ensure complete Army real property management, including reviewing all real property and land data for accuracy. The recommendations also involved developing processes for recording construction costs and in-house (minor) construction costs, as well as developing automated functionality for general ledger account postings for each GFEBS business event.¹ In addition, the five previously closed recommendations were closed based on actions taken by Army officials to meet the intent of our recommendations. These recommendations were closed because the Army issued and implemented new business rules and guidance. See Appendix B for the status of the open recommendations and details on how the closed recommendations were resolved.

¹ In-house (minor) construction-in-progress consists of project costs that do not exceed \$750,000 and are constructed by the Army, rather than the U.S. Army Corps of Engineers.

Report No. DODIG-2014-090

In Report No. DODIG-2014-090, “Improvements Needed in the General Fund Enterprise Business System Budget-to-Report Business Process,” the objective was to determine whether the GFEBS PMO implemented the DoD Business Enterprise Architecture B2R Business Process to properly support the AGF Statement of Budgetary Resources.

We found that GFEBS PMO and Army Budget Office (ABO) personnel did not implement the B2R business process to properly support the AGF Statement of Budgetary Resources. This occurred because:

- Assistant Secretary of the Army (Financial Management and Comptroller) (ASA[FM&C]) personnel did not provide adequate oversight to verify that the GFEBS PMO configured the system to properly record B2R transactions;
- ASA(FM&C) and GFEBS PMO personnel did not create adequate procedures for some B2R business processes; and
- ABO personnel were not aware of their responsibilities after the implementation of GFEBS.

In addition, GFEBS was not the main source of data for the FY 2013 AGF Statement of Budgetary Resources because ASA(FM&C) personnel decided to keep most prior-year funding in legacy systems instead of converting the data into GFEBS. As a result, GFEBS B2R data were deemed unreliable, resulting in billions of dollars of abnormal balances and needed adjustments.

In the report, we made six recommendations, three of which remained open as of May 13, 2019. These three recommendations involve verifying the accuracy and completeness of GFEBS posting logic and using it to validate GFEBS general ledger accounting postings, reconfiguring GFEBS to properly record B2R transactions, and using GFEBS to execute all AGF appropriations. In addition, the three previously closed recommendations were closed based on actions taken by Army officials to meet the intent of our recommendations. Specifically, one was closed because the Army issued and implemented new policies and two were closed because other system or policy changes made the recommendations obsolete. See Appendix B for the status of the open recommendations and details on how the closed recommendations were resolved.

Review of Internal Controls

DoD Instruction 5010.40 requires DoD organizations to implement a comprehensive system of internal controls that provides reasonable assurance that programs are operating as intended and to evaluate the effectiveness of the controls.² During our audit, we identified internal control and audit trail weaknesses in the Army's use of GFEBS in its A2R and B2R business processes. The Army did not develop and implement identified A2R and B2R functionality and processes. We will provide a copy of the final report to the senior official responsible for internal controls in the Department of the Army.

² DoD Instruction 5010.40, "Managers' Internal Control Program Procedures," May 30, 2013.

Finding

Inadequate Controls and Processes Remain Although Army Officials Took Some Corrective Actions

We determined that Army officials did not implement corrective actions to enable the proper recording of A2R and B2R accounting transactions. Specifically,

- ASA(FM&C) personnel could not generate a complete and accurate Army-wide real property universe using GFEBS, the accountable property system of record;
- GFEBS real property data continued to contain incomplete and incorrect data elements;
- ASA(FM&C) personnel did not have a process to record construction-in-progress (CIP) costs related to minor construction in GFEBS;
- GFEBS land information remained inconsistent with the Real Estate Management Information System (REMIS) land data;
- ASA(FM&C) personnel did not validate that general ledger account postings programmed in GFEBS complied with the U.S. Standard General Ledger (USSGL);
- ASA(FM&C) personnel did not ensure system controls addressed noncompliant transaction postings; and
- ASA(FM&C) personnel did not use GFEBS to execute all AGF appropriations.

These conditions continued to exist because Army officials did not prioritize the needed system change requests due to competing priorities and funding restraints, and therefore had not implemented six of the previous recommendations to correct the deficiencies.

Although the above deficiencies remained, Army officials have implemented corrective actions that led to:

- the identification of A2R functionality missing in GFEBS necessary for complete Army real property management,
- the implementation of an automated function that enabled ASA(FM&C) personnel to provide a library of FY 2018 transactions posted in GFEBS, and
- the accurate posting of nonexpenditure transfers recorded in the first through third quarters of FY 2019.

Because Army officials did not implement all necessary corrective actions, GFEBS continued to contain unreliable A2R and B2R data. Army officials and auditors could not rely on the real property information provided by the system and the CIP costs were understated in the AGF Financial Statements. The Defense Finance and Accounting Service (DFAS) also prepared at least \$20.8 billion in adjustments during the compilation of the FY 2018 AGF Financial Statements to correct errors in the GFEBS posting logic. In addition, recording transactions with noncompliant postings, as well as executing funding in unreliable legacy systems, impairs the Army's ability to achieve auditable financial statements.

Inadequate Controls and Processes Remain

Army officials did not implement all the corrective actions needed to support the proper recording of A2R and B2R accounting transactions. While several corrective actions were taken, deficiencies still existed, such as the inability to generate an Army-wide real property universe; the absence of complete real property elements; the existence of noncompliant postings; and the absence of a process to record minor CIP costs. In addition, land data remained inconsistent between GFEBS and REMIS, and GFEBS transaction postings were not compliant with the USSGL.

Inability to Generate an Army-Wide Real Property Universe

In Report No. DODIG-2013-130, we recommended that the ASA(FM&C) develop a working group, including the Assistant Chief of Staff for Installation Management (ACSIM); the Chief of U.S. Army Corps of Engineers (USACE); and the GFEBS PMO to develop and implement the identified functionality into GFEBS, including the capability to generate an Army-wide real property universe.³

The previous report identified that the GFEBS PMO could not produce an Army-wide universe of real property from GFEBS. During our followup audit, we determined that while the ASA(FM&C) provided a universe of real property assets for fourth quarter FY 2018 and first quarter FY 2019, ASA(FM&C) personnel could not provide a real property universe that reconciled to the financial statements by general ledger account codes (GLACs). Also, while the Army provided a GFEBS real property universe to the IPA firm auditing the FY 2018 AGF Financial Statements, the IPA firm found the GFEBS real property universe could not reconcile to what was reported in the Defense Departmental Reporting System (DDRS). For example, as of June 30, 2018, the Army's real property universe from GFEBS differed from

³ "Identified functionality" refers to the related recommendation in Report No. DODIG-2013-130, which recommended identifying all A2R functionality not in GFEBS necessary for complete Army real property management.

the DDRS trial balance by \$2.0 billion for acquisition costs and \$0.08 billion for accumulated depreciation. In addition, the Army provided a separate universe of the Army National Guard real property assets, which was recorded in the Army National Guard's Planning Resource for Infrastructure Development and Evaluation (PRIDE) system. PRIDE was designed to be a property inventory management system, and not a financial reporting system. Army personnel manually calculated depreciation for PRIDE real property assets, and then DFAS recorded a journal voucher for the PRIDE real property data to be reported in the Army financial statements. These manual processes increase the risk that real property will be inaccurately reported on the Army financial statements. To ensure data integrity, there should be only one accountable property system of record and it must be able to perform real property and financial functions.

The inability to generate an Army-wide real property universe impairs the Army's ability to achieve auditable financial statements.

Successful implementation of GFEBS is critical for the Army to meet its goals of improving timeliness and reliability of financial information and obtaining a clean audit opinion. The inability to generate an Army-wide real property

universe impairs the Army's ability to achieve auditable financial statements. To close this recommendation, ASA(FM&C) personnel must develop and implement functionality in GFEBS to produce an Army-wide real property universe that reconciles to the financial statements by GLAC and includes the Army National Guard real property data.

Real Property Data Contained Incomplete and Incorrect Data Elements

In Report No. DODIG-2013-130, we recommended that the ASA(FM&C) develop a working group, including the ACSIM; the Chief of USACE; and the GFEBS PMO to perform a review of all real property data in GFEBS to ensure that GFEBS contains the correct data going forward and to track the costs associated with this effort and other data cleansing efforts so they can be calculated as part of the cost of GFEBS implementation or as part of the Army's audit-readiness efforts.

The Army's real property data within GFEBS continued to contain incomplete and incorrect data elements for assets. Examples of incomplete and incorrect land data elements included blank facility numbers, missing or incorrect unique asset identifiers and asset acquisition costs, and blank placed-in-service dates. As of June 18, 2019, ASA(FM&C) personnel reported that the effort to clean up real property data was still underway, and that they are working with the Office of

the Assistant Chief of Staff for Installation Management (OACSIM) to research the tracking and reporting of real property assets. The Army did not report past costs associated with data cleansing as a part of either GFEBS implementation or the Army's audit-readiness efforts. However, the GFEBS PMO did develop a mechanism for tracking costs related to GFEBS repairs and enhancements categorizing by sustainment activities, minor enhancements, and large enhancements. For example, the Army obligated \$12.7 million in FY 2019 for GFEBS sustainment activity work efforts.

Incomplete and incorrect data elements increase the risk that the Army's real property data are inaccurately reported on the Army's financial statements. To close this recommendation, OACSIM personnel must finish cleansing the data and continue to track the costs associated with these efforts to ensure GFEBS provides accurate and reliable real property data for the users of the financial statements.

No Process to Record Minor CIP Costs

In Report No. DODIG-2013-130, we recommended that the ASA(FM&C) develop a working group, including the ACSIM; the Chief of USACE; and GFEBS PMO to develop an integrated process within GFEBS to record in-house costs incurred in the construction of a real property asset to the corresponding project's CIP account.

The previous report identified that the ASA(FM&C) did not implement a business process to record minor CIP in GFEBS under GLAC 1720, Construction-in-Progress. During the audit of the FY 2018 AGF Financial Statements, the IPA firm performing the audit found that the Army did not have a process to accumulate and monitor costs associated with CIP for nonmilitary construction projects in GFEBS. The IPA firm's findings are consistent with the findings in Report No. DODIG-2013-130; therefore, we concluded that management has not yet addressed this recommendation. The IPA firm recommended that Army officials design and implement policies and procedures to address the completeness, ownership, existence, accuracy, valuation, and presentation of nonmilitary CIP costs and projects on a timely basis.

This recommendation remains open because the ASA(FM&C) is still working on developing and implementing GFEBS configuration changes. The ASA(FM&C) tied the implementation of this recommendation to the implementation of the corrective action plan for the IPA firm's recommendation and has an estimated completion date of December 21, 2021. Because minor CIP costs were not recorded in GFEBS, the AGF Financial Statements are understated. To close this recommendation, the ASA(FM&C) must record minor CIP costs to the corresponding project's CIP account in GFEBS.

Land Data Inconsistent With REMIS

In Report No. DODIG-2013-130, we recommended that the ACSIM develop a working group, consisting of the Chief of USACE and the GFEBS PMO, to perform a 100-percent review of land assets to ensure GFEBS land information is correct and consistent with land data in REMIS.

The previous report identified that OACSIM personnel did not maintain a verifiable audit trail for land tracts reported in GFEBS, and therefore the land data was incomplete and unreliable. According to the FY 2018 U.S. Army Annual Financial Report, the AGF adopted the Statement of Federal Financial Accounting Standards (SFFAS) No. 50, which allows for reporting entities to exclude land from its general PP&E opening balances, but reporting entities must disclose the number of acres of land as a footnote. This acreage of land is sourced from data provided by USACE's REMIS.

Army officials elected to use REMIS as the accountable property system of record for land-related information and REMIS continues to be used for reporting purposes. USACE–Civil Works financial statements have been audited by an IPA firm and received a clean opinion for the past 11 years. Due to the Army's decision to exclude land from its general PP&E in accordance with SFFAS No. 50 guidance, as well as USACE–Civil Works' history of clean audit opinions, relying on REMIS to house the land data could be an acceptable method of maintaining this information.

According to the Federal Financial Management Improvement Act (FFMIA) of 1996, Section 802(a)(5):

agencies must incorporate accounting standards and reporting objectives established for the Federal Government into their financial systems so that all the assets, liabilities, revenues, and expenditures or expenses, and the full costs of programs and activities of the Federal Government can be consistently and accurately recorded, monitored, and uniformly reported throughout the Federal Government.

The ASA(FM&C) and ACSIM should determine if the land data within GFEBS can be removed or updated to match REMIS information and ensure that the land data are consistent and accurately recorded.

Programmed Account Postings Did Not Comply With the USSGL

In Report No. DODIG-2014-090, we recommended that the ASA(FM&C) verify that the GFEBS posting logic documentation is accurate and complete, and use it to validate GFEBS general ledger account postings.

During our followup audit, we determined that ASA(FM&C) personnel did not ensure the GFEBS general ledger account postings complied with the USSGL and did not implement a timely review of current general ledger account postings. However, the ASA(FM&C) implemented several corrective actions related to this open recommendation. Specifically, ASA(FM&C) personnel grouped all existing FY 2018 GFEBS transactions into 13 separate business process areas, created a posting logic analysis to assess each business process area's compliance with the USSGL, and provided the USSGL compliance analysis for 3 business process areas. ASA(FM&C) personnel stated that they anticipated completing the USSGL compliance analysis for all FY 2018 business process areas in FY 2019. See Tables 1 and 2 for the ASA(FM&C)'s identification of noncompliant and under-review AGF postings by business process area.

Table 1. ASA(FM&C)'s Identification of Noncompliant Postings by Business Process Area

Business Process Area	Noncompliant Postings Count	Dollar Amount (billions)
Civilian Pay	148	\$.11
Local National Pay	303	4.10
Military Pay	223	74.50

Source: ASA(FM&C).

Table 2. ASA(FM&C)'s Identification of Under-Review Postings by Business Process Area

Business Process Area	Under-Review Postings Count	Dollar Amount (millions)
Civilian Pay	5	\$.21
Local National Pay	40	436.16
Military Pay	16	.12

Source: ASA(FM&C).

In addition, ASA(FM&C) personnel developed an automated tool to assess posting logic compliance with the USSGL. However, as of September 30, 2019, ASA(FM&C) personnel had not completed testing the reliability of this tool and continued to perform a manual analysis of USSGL compliance. Although the ASA(FM&C) initiated corrective action, GFEBS general ledger account postings did not comply with the USSGL. As a result, DFAS prepared at least \$20.8 billion in adjustments during the compilation of the FY 2018 AGF Financial Statements during the fourth quarter to correct errors in the GFEBS posting logic.

While ASA(FM&C) personnel worked to complete their FY 2018 analysis, the DoD identified 206 updates to the DoD USSGL Transaction Library and 61 updates to the DoD Chart of Accounts as a result of FY 2019 Treasury changes to the USSGL.

Furthermore, as of September 30, 2019, ASA(FM&C) personnel stated that the FY 2018 GFEBS general ledger account postings did not undergo a complete review. While ASA(FM&C) personnel worked to complete their FY 2018 analysis, the DoD identified 206 updates to the DoD USSGL Transaction Library and 61 updates to

the DoD Chart of Accounts as a result of FY 2019 Treasury changes to the USSGL. However, the ASA(FM&C)'s failure to complete a validation of GFEBS posting logic impaired its ability to comply with FFMIA Section 803(a), which states that Federal agencies are required to maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the USSGL at the transaction level. In addition, posting the transactions to incorrect general ledger accounts makes the data inaccurate, and therefore unreliable. To close this recommendation, the ASA(FM&C) must implement a timely review of the current GFEBS general ledger account postings, and ensure the general ledger account postings comply with the USSGL.

System Controls Do Not Address Noncompliant Postings

In Report No. DODIG-2014-090, we recommended that the ASA(FM&C) direct the GFEBS PMO to reconfigure GFEBS to properly record B2R transactions, including implementing system controls to address items identified in Report No. DODIG-2014-090.

Items identified in the previous report as improperly configured included the use of GLAC 4119, "Other Appropriations Realized," an account used only for current-year appropriations, for \$4.1 billion in prior-year funding. The report also noted that the GFEBS PMO configured the system so that it improperly recorded \$2.2 billion to summary-level budgetary GLACs instead of to the detail-level GLACs as required for financial reporting. In addition, the system improperly processed at least 18 transactions, totaling \$51.3 million, which did not comply with the DoD Standard Financial Information Structure (SFIS) Transaction Library.

In FY 2019, the ASA(FM&C) continued to use GLAC 4119 in GFEBS for prior-year funding, but the \$8.3 million detected for the first through the third quarters was not considered material and was a significant decrease from the \$4.1 billion identified in Report No. DODIG-2014-090. In addition, the ASA(FM&C) correctly

used detail-level GLACs for the first three quarters of FY 2019 financial reporting instead of summary-level budgetary GLACs. This resulted in accurate postings for nonexpenditure transfers, noted in Table 3.

Table 3. FY 2019 – First Through Third Quarters, Nonexpenditure Transfers Detail-Level GLAC Reporting

General Ledger Account Code (GLAC)	General Ledger Account Name	Net Amount (billions)
4170.3102	Current Year Authority Transfers-In	\$3.70
4170.3103	Current Year Authority Transfers-Out	(1.90)
4190.3102	Prior Year Balances Transfers-In	.15
4190.3103	Prior Year Balances Transfers-Out	(.17)

Source: The DOD OIG

However, the ASA(FM&C) did not ensure system controls were implemented in GFEBS for 11 unique debit and credit combinations that made up 18 processed transactions in the prior audit. Of the 11 unique combinations, 7 unique combinations were still categorized as noncompliant with the USSGL and present in the FY 2018 GFEBS transaction population. These unique combinations were used at least 19,771 times by ASA(FM&C), totaling \$917.4 million.

The ASA(FM&C) increased the accuracy of postings using GLAC 4119 and accurately posted nonexpenditure transactions. However, posting noncompliant transactions to GFEBS also impaired the ASA(FM&C)'s ability to comply with FFMIA Section 803(a) and resulted in the ASA(FM&C) using unreliable data to prepare the AGF financial statements. To close this recommendation, the ASA(FM&C) must implement system controls to address the noncompliant transactions processed.

GFEBS Not Used to Execute All AGF Appropriations

In Report No. DODIG-2014-090, we recommended that the ASA(FM&C) use GFEBS to execute all AGF appropriations.

In FY 2019, the ASA(FM&C) still did not use GFEBS to execute all AGF appropriations. Specifically, the ASA(FM&C) executed material amounts in two legacy systems, Standard Operation and Maintenance Army Research and Development System (SOMARDS) and Standard Finance System (STANFINS). We reviewed the compilation of the fourth quarter FY 2018 and second quarter FY 2019 AGF Financial Statements and determined that the ASA(FM&C) executed material amounts in SOMARDS and STANFINS using transaction codes to record business events rather than in GFEBS

using the USSGL. For example, for the fourth quarter FY 2018, a total of \$2.8 billion was recorded in SOMARDS and STANFINS for GLAC 4871, Downward Adjustments of Prior-Year Unpaid Undelivered Orders–Obligations, Recoveries.

STANFINS and SOMARDS convert the transaction codes to non-USSGL accounts. For monthly reporting, balances are summarized by STANFINS and SOMARDS non-USSGL accounts and converted to a Report Data Type code. Transactions included in the financial statements are pulled from STANFINS and SOMARDS by Report Data Type code and sent to DDRS. DDRS converts the Report Data Type code and attributes from the line of accounting to the associated USSGL account.

Recording accounting transactions in legacy systems using transaction codes impaired the ASA(FM&C)'s ability to have auditable financial statements . . .

Recording accounting transactions in legacy systems using transaction codes impaired the ASA(FM&C)'s ability to have auditable financial statements as required by FFMIA Section 803(a), which states

that Federal agencies must maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the USSGL at the transaction level. To close this recommendation, the ASA(FM&C) must migrate all the data from the legacy systems to GFEBS.

Competing Priorities and Funding Restraints

These conditions relating to the open recommendations continued to exist because Army officials did not prioritize the needed system change requests identified in the prior audit reports. The lack of prioritization of these system enhancements was due to competing priorities and funding restraints, and therefore corrective actions were not implemented to address and correct the deficiencies addressed in 6 of the 10 previous recommendations. The IPA firm that audited the AGF Financial Statements also found similar deficiencies in recent audits because these deficiencies, which were identified 5 and 6 years ago, were not corrected in a timely manner.

The Army Implemented Corrective Actions on Four Previous Recommendations

Army officials had implemented several corrective actions related to the previous recommendations we issued. These corrective actions led to the identification of A2R functionality missing in GFEBS necessary for complete Army real property

management and the implementation of an automated function, which allowed ASA(FM&C) personnel the ability to provide a library of the transactions posted in FY 2018.

Identification of Real Property Management Functionality

In Report No. DODIG-2013-130, we recommended that the ASA(FM&C) develop a working group, including the ACSIM, the Chief of USACE, and the GFEBS PMO, to identify all A2R functionality in GFEBS necessary for complete real property management.

The previous report stated that real property personnel did not have reports containing the necessary data elements needed to perform their real property responsibilities and meet reporting requirements. DoD Instruction 4165.14 requires that upon release of a new version of the Real Property Information Model, DoD Components must implement all changes to existing data elements in all information technology systems.⁴ During our followup audit, we determined that the Office of the Assistant Secretary of Defense for Energy, Installations, and Environment released Real Property Information Model 10.0 on September 28, 2017, and required that new data elements be implemented by March 29, 2019.⁵ The GFEBS PMO updated GFEBS to meet Real Property Information Models 9.0 and 10.0 standards on March 23, 2019. The new data elements included disposal status date, transfer date, transfer gaining component code and transfer type code.

While Real Property Information Model 10.0 contained over 200 data elements, the OACSIM identified the key data elements that support real property financial reporting and real property management. OACSIM requires the review and validation of these key data elements at the time of acquisition, reconciliations, and physical inventories. For a physical inventory, the real property manager generates the inventory count sheet from GFEBS and verifies all key data elements required for financial reporting and real property management.

Because OACSIM identified and verified key data elements needed for financial reporting and real property management, and the GFEBS PMO updated GFEBS to meet Real Property Information Models 9.0 and 10.0, we closed this recommendation.

⁴ DoD Instruction 4165.14, "Real Property Inventory (RPI) and Forecasting," August 31, 2018.

⁵ The Office of the Assistant Secretary of Defense for Energy, Installations, and Environment has since been restructured under the Office of the Assistant Secretary of Defense for Sustainment.

Revised System Requirements

In Report No. DODIG-2013-130, we recommended that the ASA(FM&C) develop a working group, including the ACSIM, the Chief of USACE, and the GFEBS PMO, to develop an integrated process within GFEBS to record construction costs from Corps of Engineers Financial Management System (CEFMS) in GFEBS, the Army's general ledger.

Annually, the Army assigns military construction funds to USACE, the Department of Defense's designated construction agent. These funds are tracked in CEFMS. As reported in Report No. DODIG-2013-130, CEFMS did not have a system interface to send construction costs to GFEBS. When Appendix D of the Office of Management and Budget (OMB) Circular No. A-123, "Compliance with the Federal Financial Management Improvement Act of 1996," was updated on September 20, 2013, the requirement for a single financial management technology product was eliminated, which allows for the use of other accounting systems in addition to GFEBS.

In addition, the FY 2018 Army Military Construction Funds suballotted to USACE-Military Programs Financial Statements received an opinion from the IPA firm that the financial statements were presented fairly in all material respects. Due to the change in the financial management system requirements and the unmodified audit opinion for Army Military Construction Funds suballotted to USACE, we closed this recommendation.

Implementation of an Automated Function

In Report No. DODIG-2013-130, we recommended that the ASA(FM&C) develop a working group, including the ACSIM, the Chief of USACE, and the GFEBS PMO, to develop an automated functionality for demonstrating the general ledger account postings for each business event in GFEBS.

The ASA(FM&C) implemented several corrective actions to address this recommendation. Specifically, the ASA(FM&C) created an automated process for demonstrating GFEBS general ledger account postings beginning in FY 2018, which included the formatting and pairing of each business event by business process area. Furthermore, the ASA(FM&C) consolidated all existing FY 2018 GFEBS general ledger account postings into a single listing to determine if the postings in GFEBS were in accordance with the USSGL. The ASA(FM&C) has also developed procedures to address noncompliant USSGL postings.

Because the ASA(FM&C) developed an automated functionality to demonstrate the general ledger account postings for each business event in GFEBS, we closed this recommendation.

Conclusion

GFEBs continues to contain unreliable A2R and B2R data. Army officials and auditors cannot rely on the real property information provided by the system and the CIP costs are understated in the

DFAS personnel also prepared at least \$20.8 billion in adjustments to correct GFEBs posting logic errors.

AGF Financial Statements. DFAS personnel also prepared at least \$20.8 billion in adjustments to correct GFEBs posting logic errors. In addition, recording transactions with noncompliant postings and in unreliable legacy systems impairs the Army's ability to achieve auditable financial statements.

Recommendation, Management Comments, and Our Response

Recommendation 1

In addition to implementing the corrective actions related to the six remaining open recommendations from the previous two DoD Office of Inspector General audits, we recommend that the Assistant Secretary of the Army (Financial Management and Comptroller) and the Assistant Chief of Staff for Installation Management determine whether the land data can be removed from the General Fund Enterprise Business System, or, as an alternative, if the system can be updated to match the Real Estate Management Information System's land data to ensure that the General Fund Enterprise Business System's land data are consistent with the Real Estate Management Information System's land data.

Deputy Assistant Secretary of the Army (Financial Operations) Comments

The Deputy Assistant Secretary of the Army (Financial Operations), responding on behalf of the ASA(FM&C) and the ACSIM, agreed with the recommendation and stated that, as of September 29, 2019, the Army had removed all except two land records from GFEBs. The GFEBs PMO, ASA(FM&C), and the USACE are coordinating to remove the remaining land records from GFEBs and stated that REMIS will be the accountable property system of record.

Our Response

Comments from the Deputy Assistant Secretary of the Army (Financial Operations), addressed the recommendation; therefore, the recommendation is resolved, but will remain open. We will close the recommendation when we verify that the land data were removed from the GFEBs.

Management Comments on Previous Recommendations

Management also provided followup comments on the open recommendations from prior audit reports DODIG-2013-130 and DODIG-2014-090. See the Management Comments section for those comments.

Appendix A

Scope and Methodology

We conducted this performance audit from May 2019 through October 2019, in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

The scope of our followup audit was to determine whether corrective actions were implemented in response to the seven open recommendations in Report No. DODIG-2013-130, “Army Needs to Improve Controls and Audit Trails for the General Fund Enterprise Business System Acquire-to-Retire Business Process,” and the three open recommendations in Report No. DODIG-2014-090, “Improvements Needed in the General Fund Enterprise Business System Budget-to-Report Business Process.”

Use of Computer-Processed Data

We used computer-processed data extracted from GFEBS and DDRS to perform the audit. We obtained summary and transaction-level data from GFEBS and journal voucher logs from DDRS. We concluded, for each system, that the respective controls to determine reliability of the information were sufficient for the purposes of this audit.

Prior Coverage

This followup audit is based on the two DoD OIG reports listed below that discuss the functionality of GFEBS. The DoD OIG has issued additional reports in the past related to GFEBS; however, they were not in the scope of this followup audit. Unrestricted DoD OIG reports can be accessed at <http://www.dodig.mil/audit/reports>.

DoD OIG

Report No. DODIG-2014-090, “Improvements Needed in the General Fund Enterprise Business System Budget-to-Report Business Process,” July 2, 2014

GFEBS PMO and ABO personnel did not implement the B2R business process to properly support the AGF Statement of Budgetary Resources. Specifically, GFEBS PMO personnel did not configure GFEBS to properly record at least \$6.3 billion in AGF B2R transactions; ABO personnel did not accurately record

\$103.2 billion of AGF B2R transactions in GFEBS; and ABO personnel did not record 22 FY 2013 AGF appropriations, totaling \$176.5 billion, in a timely manner. In addition, GFEBS, the AGF general ledger, was not the main source of data for the FY 2013 AGF Statement of Budgetary Resources.

Report No. DODIG-2013-130, "Army Needs to Improve Controls and Audit Trails for the General Fund Enterprise Business System Acquire-to-Retire Business Process," September 13, 2013

The Army's controls over the recording of accounting transactions for the A2R business process in GFEBS were inadequate. Specifically, the Army did not ensure real property personnel could efficiently and effectively perform their day-to-day responsibilities related to the management of 13,427 buildings and structures using GFEBS; ensure the accuracy of real property data prior to and during the conversion process from Integrated Facilities System to GFEBS for Fort Lee and Redstone Arsenal; use GFEBS to record the \$10 billion of CIP costs reported in the FY 2012 AGF Financial Statements; and use accurate accounting methods for recording real property and other fixed assets in GFEBS. GFEBS also could not produce an automated transaction library showing the general ledger account postings for fixed asset transactions.

In addition, the GFEBS PMO did not maintain a verifiable audit trail for land tracts reported in GFEBS. Specifically, 33 of the 154 land tracts included in the sample were reported at the summary level in GFEBS and contained land tract numbers that did not exist in REMIS, the Army's accountable property system of record for land.

Appendix B

Summary and Status of Prior Recommendations

We followed up on 10 recommendations that remained open from DoD OIG Report Nos. DODIG-2013-130 and DODIG-2014-090. Tables 4 and 5 show the status of each open recommendation. In addition, Table 6 documents the actions Army officials took on the eight previously closed from DoD OIG Report Nos. DODIG-2013-130 and DODIG-2014-090.

Table 4. Open Recommendations from DoD OIG Report Nos. DODIG-2013-130 and DODIG-2014-090

Recommendation Number in Report	Recommendation	Deficiencies	Corrective Actions Needed	IPA Firm NFRs With Related Conditions
DODIG-2013-130	The DoD OIG recommended that the ASA(FM&C) develop a working group, including the ACSIM; the Chief, USACE; and the GFEBS Program Manager to:			
A.2	Develop and implement the identified functionality into GFEBS, including the capability to generate an Army-wide real property universe.	GFEBS PMO personnel could not generate an Army-wide real property universe using GFEBS, the accountable property system of record. Army managers and auditors cannot rely on the real property information provided by the system.	ASA(FM&C) personnel must develop and implement functionality in GFEBS to produce an Army-wide real property universe that reconciles to the financial statements by GLAC and including the Army National Guard real property data.	Yes (FY 2018)
A.6	Perform a review of all real property data in GFEBS to ensure that GFEBS contains the correct data going forward and track the costs associated with this effort and other data cleansing efforts so they can be calculated as part of the cost of the GFEBS implementation or as part of the Army's audit-readiness efforts.	GFEBS real property data continued to contain missing and incorrect data elements. Army managers and auditors cannot rely on the real property information provided by the system.	The Army needs to continue to cleanse the data to ensure GFEBS provides reliable data for the financial statements and its users.	Yes (FYs 2018 & 2019)

Table 4. Open Recommendations from DoD OIG Report Nos. DODIG-2013-130 and DODIG-2014-090 (cont'd)

Recommendation Number in Report	Recommendation	Deficiencies	Corrective Actions Needed	IPA Firm NFRs With Related Conditions
A.7.b	Develop an integrated process within GFEBS to record in-house costs incurred in the construction of a real property asset to the corresponding project's CIP account.	ASA(FM&C) personnel did not have a process to record CIP costs related to minor construction in GFEBS. The CIP costs may be misstated in the AGF Financial Statements.	The Army needs to complete its corrective action plan for the IPA firm's NFR and the Army's corrective actions result in the process for recording of in-house CIP costs to the corresponding project's CIP account in GFEBS.	Yes (FY 2018)
DODIG-2014-090	The DoD OIG recommended that the ASA(FM&C):			
1.a	Verify that the GFEBS posting logic documentation is accurate and complete, and use it to validate GFEBS general ledger account postings.	ASA(FM&C) has not validated that general ledger account postings programmed in GFEBS comply with the USSGL. DFAS personnel also continue to prepare adjustments to correct errors caused by the unreliable data.	Army officials must implement a timely review of the current GFEBS general ledger account postings, and ensure the general ledger account postings comply with the USSGL.	Yes (FYs 2017 & 2018)
1.b	Direct the GFEBS PMO to reconfigure GFEBS to properly record B2R transactions, including implementing system controls to address items identified in this report.	The ASA(FM&C) posted \$917.4 million using 7 noncompliant posting combinations.	The ASA(FM&C) must implement system controls to address the noncompliant transactions processed.	Yes (FY 2018)
1.d	Use GFEBS to execute all AGF appropriations.	ASA(FM&C) did not use GFEBS to execute all AGF appropriations. In addition, recording transactions in unreliable legacy systems impairs the Army's ability to achieve auditable financial statements.	The Army must migrate all the data from the legacy systems to GFEBS.	Yes (FY 2018)

Table 5. Closed Recommendations from DoD OIG Report Nos. DODIG-2013-130 and DODIG-2014-090

Recommendation Number in Report	Recommendation	Benefits	Corrective Actions Implemented
DODIG-2013-130	The DoD OIG recommended that the ASA(FM&C) develop a working group, including the ACSIM; the Chief, USACE; and the GFEBS Program Manager to:		
A.1	Identify all A2R functionality not in GFEBS necessary for complete Army real property management.	GFEBS has the key data elements essential for real property and financial management.	OACSIM identified and verified key data elements needed for financial reporting and real property management, and the GFEBS PMO updated GFEBS to meet Real Property Information Models 9.0 and 10.0.
A.7.a	Develop an integrated process within GFEBS to record construction costs from the Corps of Engineers Financial Management System in GFEBS, the Army's general ledger.	N/A	DoD OIG closed this recommendation due to revised financial management system requirements and the reliability of CEFMS.
A.10	Develop an automated functionality for demonstrating the general ledger account postings for each business event in GFEBS.	ASA(FM&C) developed an automated functionality to demonstrate the general ledger account postings for each business event in GFEBS.	ASA(FM&C) created an automated process for demonstrating GFEBS general ledger account postings beginning in FY 2018.
	The DoD OIG recommended that the ACSIM develop a working group, consisting of the Chief, USACE; and the GFEBS Program Manager to:		
B	Perform a 100-percent review of land assets to ensure GFEBS land information is correct and consistent with land data in REMIS.	N/A	DoD OIG closed this recommendation due to the SFFAS No. 50 guidance, as well as reliance upon REMIS to house the land data.

Table 6. Previously Closed Recommendations from DoD OIG Report Nos. DODIG-2013-130 and DODIG-2014-090

Recommendation Number in Report	Recommendation	Corrective Actions Taken	Closed Date
DODIG-2013-130	The DoD OIG recommended that the ASA(FM&C) develop a working group, including the ACSIM; the Chief, USACE; and the GFEBS Program Manager to:		
A.3	Perform user acceptance testing of the 23 real property reports under development prior to implementing the reports.	The Deputy Assistant Secretary of the Army (Financial Operations) (DASA[FO]) stated that the GFEBS Functional Training Team receives a variety of feedback from end users which the team aligns to a specific GFEBS scenario to be appropriately reviewed and revised. These revisions are shared with functional proponents for their review and/or approval, at which time they are made available to the applicable Army organizations and end users in the field.	August 20, 2014
A.4	Implement the Army's reengineered A2R business process by developing standardized procedures and controls that leverage all the capabilities GFEBS provides.	The DASA(FO) stated that enhancements were made to GFEBS to improve data integrity as well as reduce the risk of manual error. The newly enabled enhancement should eliminate the need for manual depreciation calculation. OACSIM also revised the Audit Readiness Handbook. The Handbook and controls serve as a guide for the Installations and provide a common resource to better understand what will be expected of them during the audit.	November 16, 2017
A.5	Provide job-specific training to Army real property personnel and other personnel involved in the A2R business process.	The DASA(FO) stated that there has been an update to the training scenario book Day-in-the-Life. All updates are made from a systematic or process perspective, and updates to job aids are based on a formal directive.	August 20, 2014

Table 6. Previously Closed Recommendations from DoD OIG Report Nos. DODIG-2013-130 and DODIG-2014-090 (cont'd)

Recommendation Number in Report	Recommendation	Corrective Actions Taken	Closed Date
A.8	Develop procedures to ensure that fixed asset conversions in GFEBS, or other Army systems, in the future do not overstate any general ledger account balances.	The business rules for real property data migration and asset establishment were updated in 2013 as part of the end-to-end real property business process analysis. The revised business rules should ensure that there is a complete and accurate universe of assets that comprise the baseline for the real property sub-ledger and supports the trial balance general ledger accounts in detail. The DASA(FO) provided a copy of the business rules for real property data migration and asset establishment.	August 20, 2014
A.9	Develop and implement procedures for recording the acquisition of fixed assets in accordance with USSGL.	The DASA(FO) stated that the corrective action plan is part of the larger GFEBS Plan of Action and Milestones developed to remediate the posting logic inconsistencies across the Army enterprise. The Plan of Action and Milestones contains detailed steps to address posting logic inconsistencies and action items are outlined to document and review existing processes.	August 20, 2014

Table 6. Previously Closed Recommendations from DoD OIG Report Nos. DODIG-2013-130 and DODIG-2014-090 (cont'd)

Recommendation Number in Report	Recommendation	Corrective Actions Taken	Closed Date
DODIG-2014-090	The DoD OIG recommended that the ASA(FM&C):		
1.c	Provide the ABO personnel with training on performing their B2R responsibilities using GFEBS.	The DASA(FO) stated that the GFEBS PMO conducted a comprehensive review of the Funds Management Business Process Design document, which was revised to reflect the most current program processes, reflecting, where applicable, current B2R process steps. Additionally, the Army updated the GFEBS Job Aids to reflect the latest end-user procedures.	November 16, 2017
1.e	Assess how implementing corrective actions based on the recommendations in this report will impact the AGF Schedule of Budgetary Activity assertion timeline.	The DASA(FO) stated that they were writing standard operating procedures related to various economic events. However, the Army asserted that its Schedule of Budgetary Activity was audit ready on July 24, 2014. As the Army already asserted to the audit readiness of the AGF Schedule of Budgetary Activity, the recommendation has been overcome by events.	August 14, 2015

Table 6. Previously Closed Recommendations from DoD OIG Report Nos. DODIG-2013-130 and DODIG-2014-090 (cont'd)

Recommendation Number in Report	Recommendation	Corrective Actions Taken	Closed Date
	The DoD OIG recommended that the ASA(FM&C) and the GFEBS PMO:		
2	Develop and implement job aids that address all the general ledger account codes required for the B2R business process and are consistent with the DoD SFIS Transaction Library.	The DASA(FO) stated that it, in coordination with the GFEBS PMO, performs quarterly reviews of posting logic for compliancy with USSGL and the SFIS Transaction Library as updates are made and new transactions are added. In addition, as the Army already asserted to the audit readiness of the AGF Schedule of Budgetary Activity and posting logic is already addressed in Recommendation 1.a of this report, we closed this recommendation.	February 23, 2016

Management Comments

Deputy Assistant Secretary of the Army (Financial Operations)



DEPARTMENT OF THE ARMY
OFFICE OF THE ASSISTANT SECRETARY OF THE ARMY
FINANCIAL MANAGEMENT AND COMPTROLLER
109 ARMY PENTAGON
WASHINGTON DC 20310-0109

SAFM-FO


November, 4 2019

MEMORANDUM FOR Inspector General, Department of Defense, 4800 Mark Center Drive, Alexandria, VA 22350-5000

SUBJECT: Army response to DoDIG Draft Report Follow-up Audit of the Army's Implementation of the Acquire-to-Retire and Budget-to-Report Business Processes in the General Fund Enterprise Business System (Project No. D2019-D000FI-0158.000) dated October 15, 2019

1. The Office of the Deputy Assistant Secretary of the Army – Financial Operations has reviewed the DoDIG Draft Report and has provided comments and recommended updates at Enclose 1.
2. If you have questions, please contact [REDACTED] at [REDACTED] or [REDACTED]

Encl


Wesley C. Miller
Deputy Assistant Secretary of the Army
(Financial Operations)

Deputy Assistant Secretary of the Army (Financial Operations) (cont'd)

Follow Up Audit on Prior OIG Reports Related to the Army's Implementation of the Acquire-to-Retire and Budget-to-Report End-to-End Business Processes in the General Fund Enterprise Business System

Draft Report (Project No. D2019-D000FI-0158.000)

Recommendation Date: 11 October 2019

Army Response Date: 21 October 2019

DoDIG Recommendation 1 (Draft Report Dated 11 October 2019):

The Assistant Secretary of the Army (Financial Management and Comptroller) and the Assistant Chief of Staff for Installation Management determine whether the land data can be removed from the General Fund Enterprise Business System, or, as an alternative, if the system can be updated to match the Real Estate Management Information System's land data to ensure that the General Fund Enterprise Business System's land data is consistent with the Real Estate Management Information System's land data.

Army Response (21 October 2019):

Concur: Effective 29 September, 2019, Army has undertaken efforts to remove land data from the Army's General Fund Enterprise Business System (GFEBS). To accomplish this, GFEBS utilized an existing Legacy System Migration Workbench tool to delete master (and associated child) land asset records. However, two land historical records remain within GFEBS as these records have transactional data (i.e. settlement rules related to maintenance orders) affiliated with them (reference Graphic 1 – Real Estate (RE) Key).

Furthermore, PD GFEBS DevMod, OASA-FM&C and USACE are coordinating efforts to remove any remaining land records from within GFEBS, thus resulting in Real Estate Management Information System (REMIS) as the APSR for Army land records

Graphic 1 – Listing of remaining land records within GFEBS:

RE Key	CoCode	Bus.ent.	Land Object Number	Real Estate Key	CtdEntered by	First Entered on	Time Init.	Sec.in.ent.	Last Change	Last Edited on	Last Edited	EdtSource
SG00100013439	ARMY	55425	6	16ARMY0005425000000006	2	1303855009	03/14/2011	17:25:24	LSMW	FTZ_PFE_A02	12/14/2014	17:38:30
SG00100019017	ARMY	17775	2	16ARMY0001777500000002	PR.ARMV/17775/2	1070951815	06/07/2012	14:51:15	LSMW	FTZ_P5_A04	09/29/2019	14:07:19

Open Recommendations from Report No. DODIG-2013-130, "Army Needs to Improve Controls and Audit Trails for the General Fund Enterprise Business System Acquire-to-Retire Business Process," September 13, 2013

Recommendation: DoD OIG recommended that the ASA(FM&C) develop a working group, including the ACSIM; the Chief, USACE; and the GFEBS Program Manager to:

A2. Develop and implement the identified functionality into GFEBS, including the capability to generate an Army-wide real property universe.

Army Response (21 October 2019):

OASA (FM&C), the Army G-9 and USAFMCOM-SSO are evaluating the feasibility of transferring federal property, currently housed in the Army National Guard's Planning Resource for Infrastructure

Deputy Assistant Secretary of the Army (Financial Operations) (cont'd)

**Follow Up Audit on Prior OIG Reports Related to the Army's Implementation of the Acquire-to-Retire and Budget-to-Report End-to-End Business Processes in the General Fund Enterprise Business System
Draft Report (Project No. D2019-D000FI-0158.000)**

Recommendation Date: 11 October 2019

Army Response Date: 21 October 2019

Development and Evaluation (PRIDE) system, to GFEBS. In doing so, USAFMCOM-SSO is developing a GFEBS Business Intelligence Report that will be comprised of the reportable Real Property universe. This report is under development (Case #1103 - Real Property Asset Management BI Reports) as part of the FY18 CAP for NFR GG- 2018-11.

A6. Perform a review of all real property data in GFEBS to ensure that GFEBS contains the correct data going forward and track the costs associated with this effort and other data cleansing efforts so they can be calculated as part of the cost of the GFEBS implementation or as part of the Army's audit-readiness efforts.

Army Response (21 October 2019): The Army will continue to cleanse the real property data where feasible. The effort to cleanse the real property data is addressed within the FY18 CAP for NFR's GG-2018-01, GG-2018-12, GG-2018-13 & GG-2018-14. During FY19, FY20 and FY21, the Land Holding Commands will be validating key real property data elements for 100% of the real property inventory. The Land Holding Commands will also continue to use the Real Property Inventory Data Verification & Validation (RAVE) tool to correct real property errors. The RAVE tool is available to the Installation Management Community via Headquarters Installation Information System (HQIIS).

A7b: Develop an integrated process within GFEBS to record in-house costs incurred in the construction of a real property asset to the corresponding project's CIP account.

Army Response (21 October 2019): In FY18, the Army submitted a CAP in response to NFR GG-2018-01 in which the Army cited our corrective actions with respect to Construction in Progress.

Open Recommendations from Report No. DODIG-2014-090, "Improvements Needed in the General Fund Enterprise Business System Budget-to- Report Business Process," July 2, 2014 (three open recommendations)

Recommendation: DoD OIG recommended that the ASA(FM&C):

1a. Verify that the GFEBS posting logic documentation is accurate and complete, and use it to validate GFEBS general ledger account postings.

Army Response (21 October 2019): On a quarterly basis, ODASA-FOR extracts data from iUoT to analyze postings to ensure compliance with USSLG standards. Where necessary, the ODASA-FOR submits change requests through the appropriate channels for remediation. For example, INCO016988 (Erroneous Budgetary Activity - Deposit, Receipt, Suspense, and Child Funds) was identified during such a review and corrected within GFEBS effective 17 October 2019.

Furthermore, with respect to the CAP for FY18 NFR GF-2018-12, the GFEBS FGB is evaluating a business case (# 1350 - Invalid Use of Current Year General Ledger Accounts GLACs (Posting Logic)) for implementation within GFEBS.

Deputy Assistant Secretary of the Army (Financial Operations) (cont'd)

Follow Up Audit on Prior OIG Reports Related to the Army's Implementation of the Acquire-to-Retire and Budget-to-Report End-to-End Business Processes in the General Fund Enterprise Business System

Draft Report (Project No. D2019-D000FI-0158.000)

Recommendation Date: 11 October 2019

Army Response Date: 21 October 2019

1b. Direct the GFEBS PMO to reconfigure GFEBS to properly record B2R transactions, including implementing system controls to address items identified in this report

Army Response (21 October 2019): The Army, via the GFEBS Functional Governance Board (FGB), is evaluating a business case (# 1350 - Invalid Use of Current Year General Ledger Accounts GLACs (Posting Logic)) for implementation within GFEBS. With implementation of this case, the remaining 7 unique combinations which were categorized as noncompliant with the USSGL and present in the FY 2018 GFEBS transaction population would be addressed as part of the broader systemic correction.

1d. Use GFEBS to execute all AGF appropriations.

Army Response (21 October 2019): The Army is pursuing the deployment of GFEBS-Sensitive Activities for AGF with a target deployment date of FY21. With respect to STANFINS and SOMARDS, the Army continues to evaluate its requirements related to the migration of legacy data execution within GFEBS and will coordinate with the appropriate governance bodies as require.

Acronyms and Abbreviations

A2R	Acquire-to-Retire
ABO	Army Budget Office
AGF	Army General Fund
ACSIM	Assistant Chief of Staff for Installation Management
ASA(FM&C)	Assistant Secretary of the Army (Financial Management and Comptroller)
B2R	Budget-to-Report
CEFMS	Corps of Engineers Financial Management System
CIP	Construction-in-Progress
DASA(FO)	Deputy Assistant Secretary of the Army (Financial Operations)
DDRS	Defense Departmental Reporting System
DFAS	Defense Finance and Accounting Service
ERP	Enterprise Resource Planning
FFMIA	Federal Financial Management Improvement Act
GLAC	General Ledger Account Code
GFEBs	General Fund Enterprise Business System
IPA	Independent Public Accounting
NFR	Notice of Findings and Recommendation
OACSIM	Office of the Assistant Chief of Staff for Installation Management
OMB	Office of Management and Budget
PMO	Program Management Office
PP&E	Property, Plant, & Equipment
PRIDE	Planning Resource for Infrastructure Development and Evaluation
REMIS	Real Estate Management Information System
SFFAS	Statement of Federal Financial Accounting Standards
SFIS	Standard Financial Information Structure
SOMARDS	Standard Operation and Maintenance Army Research and Development System
STANFINS	Standard Finance System
USACE	U.S. Army Corps of Engineers
USSGL	U.S. Standard General Ledger

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