

May 2006

STRATEGIC INITIATIVES UPDATE

One year has passed since the implementation of our strategic plan entitled *Transforming Today to Win Tomorrow*. The Professional Development Institute (PDI) national training conference of the American Society of Military Comptrollers provides another opportunity to look back to examine our progress as well as to look forward to a future of continued transformation in our three key areas. Specifically, we:

I. Business Transformation

- a. Made substantial progress, according to plan, on the Department of the Navy (DON) Financial Improvement Program. All major commands are participating and are well into the Discovery phase, establishing the foundation for progress toward audit readiness. We are beginning to integrate the results and are moving on to correction of deficiencies, consistent with Office of Secretary of Defense (OSD) focus areas and DON program priorities. Emphasis will be on standardization of transformed processes. As of 31 March, 92% of the Key Milestones scheduled for completion were achieved. Related accomplishments include:
 - Submitted Risk Assessments and Test Plans to the Defense Department Comptroller, as required by the revised OMB Circular A-123 (governing Managers' Internal Controls Over Financial Reporting).
 - Positioned the Marine Corps to be the first Military Service ready for financial audit. The Marine Corps submitted its initial subsidiary financial statements in January 2006. The Marine Corps is also slated as the first Defense Department pilot to test and implement the Standard Financial Information Structure (SFIS).
 - Developed standardized financial business processes using the initial Navy Enterprise Resource Planning (ERP) software configuration. Implementation planning for Navy ERP is underway.
- b. Improved cash efficiency and predictability of the \$25 billion Navy Working Capital Fund by aggressively documenting and "as is" and "to be" cash processes for each business activity group. Implementation of the "to be" standardization phase began in April. Ultimately, this effort will facilitate real-time visibility into cash balances and result in "just-in-time" cash management and cost avoidances.
- c. Designed and implemented two key financial and budget performance metrics that roll-up or replace the more than eighty metrics of performance currently in use. The Financial Efficiency Index (FEI) and the Budget Productivity Indicator (BPI) capture the most important drivers of financial and budget performance and are useful not only to examine performance but also to inform decision-making. A Train-the-trainer course was completed for the FEI and a web-based tutorial is available to assist managers with training personnel about the FEI at all levels. The BPI has been evaluated and tested, and some initial baseline data has been collected. Further, a PDI workshop on service day is planned. It will address both of these metrics in detail.
- d. Developed an investment portfolio analysis methodology based on industry best practices to integrate planning, program, and budget review and maximize resource allocation. We then tested the methodology on a subset of an existing Navy portfolio, Mine Countermeasures, it was successfully completed, and the results were briefed to the highest levels of senior Navy and DoD leadership who encouraged expanding and broadening this effort into the joint arena. Briefings to OSD portfolio teams are underway with a view towards sharing lessons learned and collaborating on future portfolio initiatives. The OSD teams seem eager to learn the methodology demonstrated in the pilot.

- e. Established internal Anti-Deficiency Act metrics to enable periodic reviews to validate that revised processes are working and to possibly identify additional areas of improvement. Established Lean Six/Sigma teams to look at three projects within the Materiel Establishment and Effectiveness Group - delegation of 1301(a), other customer funding documents, and allocation processes. The first two projects are in the Measure phase. The third project, allocation processes, has been reoriented and is being done as an efficiency review associated with research & development allocation and below threshold reprogramming processes. We are in the initial stages of establishing another Lean project to look at the tri-annual review processes.
- f. Continued discussions of alternatives with ASN(RD&A) and venture capitalists and expanded the search of alternatives to include the Army OnPoint organization in order to better enable the Department to identify and take advantage of promising private sector technologies.
- g. Updated and published a change to the Secretary of the Navy Instruction on Comptroller Organizations (SECNAVINST 7000.27). The update predominantly includes a reduction in the number of activity comptrollers that report as additional duty (ADDU) to the ASN(FM&C) and a focus on the hiring process for the ADDU positions. Additionally, for the first time, the ASN(FM&C) provided comments to Commanders at the end of the rating period for ADDU comptrollers and met with each for a civilian mid-year performance review.

II. Human Capital

- h. Partnered with the human resource community and reduced the number of financial management occupational series from thirteen to five, allowing late-career professionals flexibility to change jobs but remain within their series designation. The alignment should be complete by mid-June.
- i. Created a mid-level Associates program for M.B.A. graduates and other mid-career professionals who might want to join Navy financial management. Hiring mechanisms that implement this program are being finalized.
- j. Dramatically increased the participation in the ASN(FM&C) awards program by implementing a semi-annual program with continuous publicity. Compared to last year at this time when we had 14 nominations for an annual awards program, we have had 54 nominations submitted for the past year. Additionally, by early and continuing publication of due dates, the Department improved its participation in the USD(C) and ASMC awards programs.
- k. Progressing in development of an FM-101 web-based course for entry-level financial professionals and for non-financial managers who desire a basic understanding of financial management.
- l. Provided mentor training for supervisors who mentor FM trainees.
- m. Began an effort to review the curriculum and other aspects associated with the Practical Comptrollership Course taught at Monterey, California.
- n. Researched alternatives to model our FM workforce; this effort is planned to be on contract before the end of this fiscal year.

III. Customer Communications

- o. Created a distribution list to ensure dissemination through our organizational structure of important updates to the FM&C website. <http://www.finance.hq.navy.mil/>
- p. Dramatically increased the number of articles written by or about DON FM employees in various FM periodicals and journals. In one journal alone, there were 5 articles written by DON FM employees and one of our new Comptrollers was featured via an interview. Additionally, we continued to share success stories with other DON and non-DON organizations and to post the successes on the FM&C website.