



United States Government Accountability Office
Washington, DC 20548

March 30, 2012

The Honorable Howard P. “Buck” McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable K. Michael Conaway
House of Representatives

The Honorable Robert Andrews
House of Representatives

Subject: *DOD Financial Management: Reported Status of Department of Defense’s Enterprise Resource Planning Systems*¹

In October 2010, we reported on the status of the Department of Defense’s (DOD) enterprise resource planning (ERP) systems.² In that report, we noted that several of these systems were not being implemented on schedule and within budget, necessitating the extended use and funding of existing, duplicative, stove-piped systems. DOD considers the successful implementation of these systems critical to transforming its business operations and addressing long-standing weaknesses in areas such as financial and supply chain management. DOD officials also stated that these systems are critical to ensuring the department meets its mandated September 30, 2017, goal to have auditable consolidated financial statements.³ As agreed with your staff, our objective was to provide updated information on DOD’s reported status for each of these ERP systems as of December 31, 2011.

¹An ERP system is an automated system using commercial off-the-shelf software consisting of multiple, integrated functional modules that perform a variety of business-related tasks such as general ledger accounting, payroll, and supply chain management.

²GAO, *DOD Business Transformation: Improved Management Oversight of Business System Modernization Efforts Needed*, [GAO-11-53](#) (Washington, D.C.: Oct. 7, 2010).

³See National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, div. A, § 1003(a), (b), 123 Stat. 2190, 2439-40 (Oct. 28, 2009).

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To address the objective, we obtained and reviewed data and supporting documentation on the updated status of each ERP provided by DOD for completeness and consistency. In certain instances, we compared the information to what we previously reported in October 2010⁴ to identify inconsistencies, if any, and contacted DOD officials to reconcile any identified discrepancies. We did not validate the data provided by the department, nor evaluate the implications of any changes in DOD's reported status information on its ability to achieve its September 30, 2017, auditability goal. We conducted our work from December 2011 through March 2012 in accordance with all sections of GAO's Quality Assurance Framework that are relevant to our objectives. The framework requires that we plan and perform the engagement to obtain sufficient and appropriate evidence to meet our stated objectives and to discuss any limitations in our work. We believe that the information and data obtained, and the analysis conducted, provide a reasonable basis for any findings and conclusions in this product.

We requested DOD provide an update as of December 31, 2011, on specific data elements—such as the current life-cycle cost estimate and the number of system users—for each ERP system that DOD identified as essential to transforming its business operations identified in our October 2010 report.⁵ A list of the ERPs is provided in enclosure I and a list of these data elements is included in enclosure II. DOD's reported status of each ERP system is provided in enclosure III.

Agency Comments

We requested comments on a draft of this report from DOD. DOD provided technical comments related to the information provided on the status of each ERP system, which we considered and incorporated as appropriate.

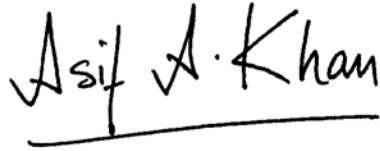
We are sending copies of this report to the appropriate congressional committees. We are also sending copies to the Secretary of Defense; the Secretary of the Army; the Secretary of the Navy; the Secretary of the Air Force; the Deputy Secretary of Defense; Director, Defense Logistics Agency; the Deputy Chief Management Officer; the Under Secretary of Defense (Comptroller); the Under Secretary of the Army, the Under Secretary of the Navy, and the Under Secretary of the Air Force, in their capacity as the Chief Management Officer of their respective service; and the program management office for each business system that is included in the report. This report also is available at no charge on the GAO website at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-9869 or khana@gao.gov. Contact points for our Offices of Congressional

⁴[GAO-11-53](#).

⁵[GAO-11-53](#).

Relations and Public Affairs may be found on the last page of this report. GAO staff who made key contributions to this report are listed in enclosure IV.

A handwritten signature in black ink that reads "Asif A. Khan". The signature is written in a cursive style with a horizontal line underneath the name.

Asif A. Khan
Director, Financial Management and Assurance

Enclosures - 4

Enclosure I

We obtained DOD's reported status as of December 31, 2011, for the following ERPs.

Army

General Fund Enterprise Business System (GFEBS)
Global Combat Support System-Army (GCSS-Army)
Logistics Modernization Program (LMP)
Integrated Personnel and Pay System-Army (IPPS-A)

Navy

Navy Enterprise Resource Planning System (Navy ERP)
Global Combat Support System-Marine Corps (GCSS-MC)
Integrated Pay and Personnel System-Navy (IPPS-Navy)

Air Force

Defense Enterprise Accounting and Management System (DEAMS)
Expeditionary Combat Support System (ECSS)
Air Force-Integrated Personnel and Pay System (AF-IPPS)

Defense Logistics Agency (DLA)

Defense Agencies Initiative (DAI)
Enterprise Business System (EBS)¹

¹We did not include information on the DLA's EBS in this report. According to DLA officials, this ERP system was fully deployed to over 15,000 system users in July 2007 and is in sustainment.

Enclosure II

The following is a list of the specific data elements that we requested DOD provide an updated status as of December 31, 2011, for each of the ERPs.

- program owner;
- a description of the functionality that each system is intended to provide;
- the annual dollar value that each system is intended to control and for which it is intended to account;
- the date that each program was initiated;
- the originally scheduled date for the full deployment of each system;¹
- the actual (or most recently estimated) scheduled date for the full deployment of each system and the reasons for any reported schedule slippage;
- the original life-cycle cost estimate for each system;²
- the current life-cycle cost estimate for each system and the reasons for any reported life-cycle cost increases;
- the reported amount expended for each system;
- the reported number of system users for each system as of December 31, 2011, and the expected number of users for each system when fully deployed;
- the reported number of locations in which each system operates as of December 31, 2011, and expected number of locations in which each system will operate when fully deployed;
- the reported number of legacy systems to be replaced by each system;
- the reported annual cost to operate and maintain the legacy systems to be replaced by the ERPs; and
- the reported number of system interfaces.³

¹With respect to the acquisition of a large information system like an ERP, full deployment means the fielding of an increment of the program in accordance with the terms of a full deployment decision—the final decision authorizing an increment of the program to deploy software for operational use. The National Defense Authorization Act for Fiscal Year 2010, Pub. L. No. 111-84, div. A, § 841, 123 Stat. 2190, 2418 (Oct. 28, 2009), directed that the terminology be changed from full operational capability to full deployment.

²A life-cycle cost estimate provides an accounting of all resources and associated cost elements required to develop, produce, deploy, and sustain a particular program. The life-cycle cost estimate encompasses all past, present, and future costs for every aspect of the program, regardless of funding source.

³An interface is a connection between two devices, applications, or networks or a boundary across which two systems communicate.



Program Owner

Assistant Secretary for Financial Management and Comptroller, Army

Functionality

GFEBS is intended to provide a transaction-driven General Ledger for the Army's general fund;¹ prevalidation of obligations prior to disbursement; financial management capabilities such as online analysis and real-time ad hoc reporting functionality; and an automated audit trail to trace all transactions to their sources. GFEBS will support all components of the Army—Active, Reserve, and National Guard.

Annual Dollar Value Intended to Control and Account

On an annual basis, GFEBS will be used to manage about \$140 billion of obligation authority.

Enclosure III

General Fund Enterprise Business System (GFEBS)

DOD's Reported Status as of December 31, 2011

Program timeline <ul style="list-style-type: none"> Initiation date Original scheduled date of full deployment Current scheduled date of full deployment 	October 2004 ^a Fiscal year 2011 ^a July 2012 ^b
Program costs <ul style="list-style-type: none"> Original life-cycle cost estimate Current life-cycle cost estimate Amount expended 	\$1.4 billion ^a \$1.4 billion \$764 million ^c
Program deployment details <ul style="list-style-type: none"> Current number of system users Expected number of system users at full deployment Current number of locations using system Expected number of locations at full deployment Legacy systems to be replaced Annual cost of legacy systems Number of system interfaces 	38,050 52,000 ^d 180 227 107 \$58 million 46

Source: DOD's GFEBS Program Management Office and historical data as reported in [GAO-11-53](#).

Note: These data have not been validated.

^aAs previously reported by DOD and described in [GAO-11-53](#).

^bAccording to program officials, the schedule slippage was due to changes in the functional design, Logistics Modernization Program delays, natural disasters in Haiti and Japan, and the reorganization of several Army Commands and Districts.

^cData as of September 30, 2011.

^dAccording to program officials, upon full deployment of GFEBS, there will be approximately 15,000-18,000 additional budget planning and execution reporting users.

¹According to the GFEBS program officials, the Army Corps of Engineers will continue to use its existing financial system, the Corps of Engineers Financial Management System; but once GFEBS is fully operational, the Army will assess the feasibility of GFEBS becoming the system of record for the Corps of Engineers.

Program Owner

Deputy Chief of Staff for Logistics, Army

Functionality

GCSS-Army is intended to provide the capability to track supplies, spare parts, and organizational equipment. It is to be used to track unit maintenance, total cost of ownership, and other financial transactions related to logistics for all Army units. The system is intended to provide asset visibility for accountable items.

Annual Dollar Value Intended to Control and Account

On an annual basis, GCSS-Army is intended to be used to manage \$216 billion in assets.

Enclosure III

Global Combat Support System-Army (GCSS-Army)

DOD's Reported Status as of December 31, 2011

Program timeline <ul style="list-style-type: none"> Initiation date Original scheduled date of full deployment Current scheduled date of full deployment 	December 2003 Fourth quarter fiscal year 2015 Fourth quarter fiscal year 2017 ^a
Program costs <ul style="list-style-type: none"> Original life-cycle cost estimate Current life-cycle cost estimate Amount expended 	\$3.9 billion ^b \$4.2 billion ^a \$891 million ^c
Program deployment details <ul style="list-style-type: none"> Current number of system users Expected number of system users at full deployment Current number of locations using system Expected number of locations at full deployment Legacy systems to be replaced Annual cost of legacy systems Number of system interfaces 	689 168,000 2 379 5 \$92 million 167

Source: DOD's GCSS-Army Program Management Office and historical data as reported in [GAO-11-53](#).

Note: These data have not been validated.

^aAccording to program officials, the estimated date of full deployment was extended to accommodate a change in scope to include both tactical and installation units to support the Army's statutory requirement for auditability. The change in scope resulted in a 2-year slip in the estimated full deployment date and an approximate \$200 million increase in the life-cycle cost estimate.

^bAs previously reported by DOD and described in [GAO-11-53](#).

^cData as of September 30, 2011.

Program Owner

Program Executive Office,
Enterprise Information Systems,
Army

Functionality

LMP is intended to provide a solution that streamlines the maintenance, repair, and overhaul; planning; finance; acquisition; and supply of weapon systems, spare parts, services, and material for the Army's working capital fund. LMP is to enable worldwide, real-time, total asset visibility of inventory, including contractor-managed inventories. It is intended to provide an anticipatory logistics planning tool that should result in reduced stock levels.

Annual Dollar Value Intended to Control and Account

On an annual basis, LMP is intended to manage \$22 billion in inventory.

Enclosure III

Logistics Modernization Program (LMP)

DOD's Reported Status as of December 31, 2011

Program timeline <ul style="list-style-type: none"> Initiation date Original scheduled date of full deployment Current scheduled date of full deployment 	December 1999 Fiscal year 2005 ^a December 2011 ^b
Program costs <ul style="list-style-type: none"> Original life-cycle cost estimate Current life-cycle cost estimate Amount expended 	\$2.6 billion ^a \$4.2 billion ^c \$1.6 billion
Program deployment details <ul style="list-style-type: none"> Current number of system users Expected number of system users at full deployment Current number of locations using system Expected number of locations at full deployment Legacy systems to be replaced Annual cost of legacy systems Number of system interfaces 	20,235 20,235 ^d 50 50 2 \$25 million 70

Source: DOD's LMP Program Management Office and historical data as reported in [GAO-11-53](#).

Note: These data have not been validated.

^aAs previously reported by DOD and described in [GAO-11-53](#).

^bProgram officials stated that as of October 2010, LMP Increment 1 was fully deployed and in December 2011, the program was approved to transition to sustainment. Program officials also stated that in December 2011, the program was approved to proceed with the prototyping phase for Increment 2 which is intended to deliver expanded logistics capability. Program officials further stated that the program's Increment 1 deployment schedule had been delayed because the size, scope, and complexity of the effort were initially underestimated. In 2005, the Army directed a strategic pause and, in 2006, restructured the contract to reflect the current schedule.

^cAccording to program officials, the current life-cycle cost estimate covers a 27-year period, whereas the original life-cycle cost estimate covered a 10-year period. Program officials added that the current life-cycle cost estimate is for Increments 1 and 2. There were also increased costs associated with the LMP contract renewal that transitioned intellectual property rights, system sustainment, and infrastructure support from the contractor to the government.

^dAccording to program officials, the expected number of system users at full deployment is for Increment 1 only.

Program Owner

Technology and Business
Architecture Integration
Directorate, Army

Functionality

IPPS-A is intended to provide a 24-hour, web-based, integrated human resources system to soldiers, human resource professionals, combatant commanders, personnel and pay managers, and other authorized Army users. IPPS-A is designed to serve all components of the Army—Active, Reserve, and National Guard.

Annual Dollar Value Intended to Control and Account

On an annual basis, IPPS-A is intended to control and account for approximately \$60 billion in base pay and \$8 billion in overseas contingency operations pay.

Enclosure III

Integrated Personnel and Pay System-Army (IPPS-A)¹

DOD's Reported Status as of December 31, 2011

Program timeline <ul style="list-style-type: none"> Initiation date Original scheduled date of full deployment Current scheduled date of full deployment 	September 2009 ^a Fourth quarter fiscal year 2014 Fiscal year 2017 ^b
Program costs <ul style="list-style-type: none"> Original life-cycle cost estimate Current life-cycle cost estimate Amount expended 	\$344 million ^c \$344 million ^c \$66 million
Program deployment details <ul style="list-style-type: none"> Current number of system users Expected number of system users at full deployment Current number of locations using system Expected number of locations at full deployment Legacy systems to be replaced Annual cost of legacy systems Number of system interfaces 	0 Over 1 million 0 Worldwide availability 56 \$39 million 14 ^d

Source: DOD's IPPS-A Project Management Office and historical data as reported in [GAO-11-53](#).

Note: These data have not been validated.

^aAs previously reported by DOD and described in [GAO-11-53](#).

^bAccording to program officials, the current scheduled date of full deployment slipped due to a change in the Army's implementation strategy from a "Big Bang" implementation approach to an incremental development and implementation approach. IPPS-A is currently being developed and implemented in two increments with multiple releases.

^cAccording to program officials, the original and current life-cycle cost estimates are for the first of two increments. The cost for the second increment has not yet been determined.

^dAccording to program officials, this number is for Increment I and system analysis is ongoing.

¹Originally, the IPPS-A was a part of the Defense Integrated Military Human Resources System (DIMHRS) and was intended to provide a joint, integrated, standardized personnel and pay system for all military personnel departmentwide. Each military service is now responsible for developing its own integrated personnel and pay system.



Enclosure III

Navy Enterprise Resource Planning System (Navy ERP)

Program Owner

Assistant Secretary for Research, Development, and Acquisition, Navy

Functionality

The Navy ERP is intended to standardize the acquisition, financial, program management, maintenance, procurement, plant and wholesale supply, and workforce management capabilities of the Navy. Specific capabilities to be provided by the Navy ERP include:

- financial accounting and fund management;
- asset management to provide for the acquisition, custody, tracking, depreciation, and disposition of Navy assets;
- acquisition and program management for project planning, structure, execution, monitoring, and control;
- workforce management to provide a single system for the civilian, military, and contractor workforces;
- procurement automation of commitments and obligations; and
- wholesale and retail supply solution with total asset visibility for improved forecasting and utilization of materials.

Annual Dollar Value Intended to Control and Account

On an annual basis, the Navy ERP is intended to control and account for \$82.5 billion of total appropriations; \$33.8 billion of total inventory; and \$1.1 billion of plant, property, and equipment.

DOD's Reported Status as of December 31, 2011

Program timeline <ul style="list-style-type: none"> • Initiation date • Original scheduled date of full deployment • Current scheduled date of full deployment 	July 2003 ^a Fiscal year 2011 ^b August 2013 ^c
Program costs <ul style="list-style-type: none"> • Original life-cycle cost estimate • Current life-cycle cost estimate • Amount expended 	\$1.9 billion ^{b,d} \$2.7 billion ^e \$1.3 billion
Program deployment details <ul style="list-style-type: none"> • Current number of system users • Expected number of system users at full deployment • Current number of locations using system • Expected number of locations at full deployment • Legacy systems to be replaced • Annual cost of legacy systems • Number of system interfaces 	Approximately 66,000 Approximately 71,000 79 111 96 \$103 million 48

Source: DOD's Navy ERP Program Management Office and historical data as reported in [GAO-11-53](#).

Note: These data have not been validated.

^aAccording to program officials, the Navy ERP initiation date is August 2004. Program officials further stated that the July 2003 initiation date reported in [GAO-11-53](#) represents the date that the Navy ERP program received its acquisition category designation.

^bAs previously reported by DOD and described in [GAO-11-53](#).

^cAccording to program officials, the Navy ERP's current scheduled date of full deployment slipped two years as a result of 2005 Base Realignment and Closure recommendations that realigned and merged depot and intermediate maintenance activities, causing a reorganization of the Navy's maintenance community in 2006.

^dAccording to program officials, this life-cycle cost estimate was later revised in August 2004 to \$2.0 billion.

^eAccording to program officials, Navy ERP's current life-cycle cost estimate increased due to (1) the 2 year schedule slippage; (2) an increase in demand for on-site support and stabilization activities; and (3) the addition of new compliance requirements, such as evolving business enterprise architecture requirements.

Program Owner

Assistant Secretary for Research, Development, and Acquisition, Navy

Functionality

GCSS-MC is intended to provide the deployed warfighter with enhanced capabilities in the areas of warehousing, distribution, logistical planning, depot maintenance, and improved asset visibility.

Annual Dollar Value Intended to Control and Account

Program officials stated that GCSS-MC is not the Marine Corps' official financial system and as such does not control financial transactions.

Enclosure III

Global Combat Support System-Marine Corps (GCSS-MC)

DOD's Reported Status as of December 31, 2011

Program timeline	
• Initiation date	September 2003
• Original scheduled date of full deployment	November 2009 ^a
• Current scheduled date of full deployment	Not yet determined ^b
Program costs	
• Original life-cycle cost estimate	\$126 million ^{a,c}
• Current life-cycle cost estimate	\$1.1 billion ^d
• Amount expended	\$466 million
Program deployment details	
• Current number of system users	Approximately 18,000
• Expected number of system users at full deployment	33,000
• Current number of locations using system	5
• Expected number of locations at full deployment	6
• Legacy systems to be replaced	4
• Annual cost of legacy systems	\$4.5 million
• Number of system interfaces	37

Source: DOD's GCSS-MC Program Management Office and historical data as reported in [GAO-11-53](#).

Note: These data have not been validated.

^aAs previously reported by DOD and described in [GAO-11-53](#).

^bThe program manager stated that the current scheduled date of full deployment will not be determined until the planned full deployment decision—the final decision made by DOD officials to authorize an increment of the program to deploy software for operational use—in December 2012.

^cAccording to program officials, the original life-cycle cost estimate was revised in 2010 and updated to \$1.0 billion.

^dThe program manager stated that the current life-cycle cost estimate for GCSS-MC consists of Increment 1 only. The increase in the life-cycle cost estimate is primarily attributed to the difficulty of developing a technical solution for GCSS-MC use in a deployed environment and changes in DOD logistics policies that resulted in fielding additional requirements.

Program Owner

Chief of Naval Operations, Navy

Functionality

IPPS-Navy is intended to provide an integrated personnel and pay system for the Navy.

Annual Dollar Value Intended to Control and Account

Program officials did not provide the annual dollar value the system is intended to control and for which it is intended to account.

Enclosure III

Integrated Personnel and Pay System-Navy (IPPS-Navy)¹

DOD's Reported Status as of December 31, 2011

Program timeline <ul style="list-style-type: none"> Initiation date Original scheduled date of full deployment Current scheduled date of full deployment 	September 2009 ^a Fiscal year 2017 ^a Not yet determined ^b
Program costs <ul style="list-style-type: none"> Original life-cycle cost estimate Current life-cycle cost estimate Amount expended 	\$1.3 billion ^a Not yet determined ^b Not yet determined ^b
Program deployment details <ul style="list-style-type: none"> Current number of system users Expected number of system users at full deployment Current number of locations using system Expected number of locations at full deployment Legacy systems to be replaced Annual cost of legacy systems Number of system interfaces 	Not yet determined ^b Not yet determined ^b Not yet determined ^b Not yet determined ^b Not yet determined ^b Not yet determined ^b Not yet determined ^b

Source: DOD's IPPS-Navy Program Management Office and historical data as reported in [GAO-11-53](#).

Note: These data have not been validated.

^aAs previously reported by DOD and described in [GAO-11-53](#).

^bAccording to Navy Deputy Chief Management Office (DCMO) officials, this program is still working on refining its initial system solution and creating a strategy for acquiring the solution. According to Navy DCMO officials, IPPS-Navy is currently conducting business process reengineering efforts and has not yet been authorized to proceed with the planning and development of the system technology.

¹ Originally, IPPS-Navy was a part of the Defense Integrated Military Human Resources System (DIMHRS) and was intended to provide a joint, integrated, standardized personnel and pay system for all military personnel departmentwide. Each military service is now responsible for developing its own integrated personnel and pay system.



Program Owner

Assistant Secretary for Financial Management and Comptroller, Air Force

Functionality

DEAMS is intended to provide the entire spectrum of financial management capabilities, including collections, commitments and obligations, cost accounting, general ledger, funds control, receipts and acceptance, accounts payable and disbursement, billing, and financial reporting for the general fund.

Annual Dollar Value Intended to Control and Account

On an annual basis, DEAMS is intended to control and account for \$148 billion in spending.

Enclosure III

Defense Enterprise Accounting and Management System (DEAMS)

DOD's Reported Status as of December 31, 2011

Program timeline	August 2003 Fiscal year 2014 ^a Fourth quarter fiscal year 2016 ^b
<ul style="list-style-type: none"> Initiation date Original scheduled date of full deployment Current scheduled date of full deployment 	
Program Costs	
<ul style="list-style-type: none"> Original life-cycle cost estimate Current life-cycle cost estimate Amount expended 	\$1.1 billion ^a \$1.6 billion ^c \$334 million
Program deployment details	
<ul style="list-style-type: none"> Current number of system users Expected number of system users at full deployment 	1,053 30,000
<ul style="list-style-type: none"> Current number of locations using system Expected number of locations at full deployment 	2 170
<ul style="list-style-type: none"> Legacy systems to be replaced Annual cost of legacy systems 	8 \$56 million
<ul style="list-style-type: none"> Number of system interfaces 	84

Source: DOD's DEAMS Program Management Office and historical data as reported in [GAO-11-53](#).

Note: These data have not been validated.

^aAs previously reported by DOD and described in [GAO-11-53](#).

^bAccording to program officials, data is for increment 1 only. They further stated that schedule delays have resulted from the complexity of reengineering business processes; and designing, developing, and testing reports, interfaces, conversions, extensions, and workflow (RICEW) objects.

^cAccording to program officials, data is for increment 1 only. They further stated that the increase in the life-cycle cost estimate was primarily due to schedule changes. The estimate also increased due to evolving technical requirements. Other factors that affected the cost estimate were changes in (1) the methodology used for estimating software development of RICEW objects; (2) the approach for design, development, and operations and support; and (3) the pricing methodology and rates used to determine Defense Information Systems Agency related costs.



Program Owner

Deputy Chief of Staff for Logistics, Installation, and Mission Support Headquarters, Air Force

Functionality

ECSS is intended to provide capabilities in the areas of product support and engineering; supply chain management; expeditionary logistics command and control; acquisition and procurement; and maintenance, repair, and overhaul.

Annual Dollar Value Intended to Control and Account

On an annual basis, ECSS is intended to control and account for (1) \$13 billion of working capital fund budgetary authority,¹ and (2) approximately \$33 billion of general fund budgetary authority² for logistics.

Enclosure III

Expeditionary Combat Support System (ECSS)

DOD's Reported Status as of December 31, 2011

Program timeline <ul style="list-style-type: none"> Initiation date Original scheduled date of full deployment Current scheduled date of full deployment 	January 2004 Fiscal year 2012 ^a September 2017 ^b
Program costs <ul style="list-style-type: none"> Original life-cycle cost estimate Current life-cycle cost estimate Amount expended 	\$3 billion \$5.2 billion ^b \$899 million
Program deployment details <ul style="list-style-type: none"> Current number of system users Expected number of system users at full deployment Current number of locations using system Expected number of locations at full deployment Legacy systems to be replaced Annual cost of legacy systems Number of system interfaces 	225 250,000 6 186 240 \$325 million 564

Source: DOD's ECSS Program Management Office and historical data as reported in [GAO-11-53](#).

Note: These data have not been validated.

^aAs previously reported by DOD and described in [GAO-11-53](#).

^bAccording to program officials, schedule delays have resulted from program restructuring, changes in leadership, and other factors. Further, officials indicated that the increase in the life-cycle cost estimate is based on gaining a more detailed understanding of the program in areas such as data cleansing, reports, interfaces, conversions, extensions, and fielding.

¹The working capital fund can be defined as an intragovernmental revolving fund that operates as a self-supporting entity that conducts a regular cycle of business-like activities. These funds function entirely from the fees charged for the services they provide consistent with their statutory authority.

²The general fund can be defined as the fund into which receipts are deposited, except those from specific sources required by law to be deposited into other designated funds and from which appropriations are made by Congress to carry on the general and ordinary operations of the government.



Program Owner

Program Executive Office and Service Acquisition Executive, Air Force

Functionality

The AF-IPPS is intended to provide a comprehensive, web-based solution to integrate many existing personnel and pay processes into one self-service system. It is intended to support the Active, Reserve, and Air National Guard components.

Annual Dollar Value Intended to Control and Account

On an annual basis, AF-IPPS is intended to execute, track, and report on the disbursement of funds related to compensating Active, Reserve, and Air National Guard service members in the following amounts:

- Active - \$29.5 billion
- Reserve - \$1.7 billion
- Air National Guard - \$3.1 billion

Enclosure III

Air Force - Integrated Personnel and Pay System (AF-IPPS)¹

DOD's Reported Status as of December 31, 2011

Program timeline	
• Initiation date	September 2009
• Original scheduled date of full deployment	April 2018 ^a
• Current scheduled date of full deployment	Fourth quarter fiscal year 2016
Program costs	
• Original life-cycle cost estimate	\$1.7 billion
• Current life-cycle cost estimate	\$1.7 billion
• Amount expended	\$46 million
Program deployment details	
• Current number of system users	0
• Expected number of system users at full deployment	Approximately 550,000
• Current number of locations using system	0
• Expected number of locations at full deployment	150
• Legacy systems to be replaced	31
• Annual cost of legacy systems	\$120 million
• Number of system interfaces	148

Source: DOD's AF-IPPS Program Management Office and historical data as reported in [GAO-11-53](#).

Note: These data have not been validated.

^aAs previously reported by DOD and described in [GAO-11-53](#).

¹Originally, the AF-IPPS was a part of the Defense Integrated Military Human Resources System (DIMHRS) and was intended to provide a joint, integrated, standardized personnel and pay system for all military personnel departmentwide. Each military service is now responsible for developing its own integrated personnel and pay system.



Program Owner

Defense Logistics Agency

Functionality

The DAI system is intended to modernize the defense agencies' financial management processes by streamlining financial management capabilities and transforming the budget, finance, and accounting operations. When DAI is fully implemented, it is expected to have the capability to control and account for all appropriated working capital and revolving funds at the defense agencies implementing the system.

Annual Dollar Value Intended to Control and Account

Program officials did not provide the dollar value that DAI is intended to control and account for on an annual basis.

Enclosure III

Defense Agencies Initiative (DAI)

DOD's Reported Status as of December 31, 2011

Program timeline <ul style="list-style-type: none"> Initiation date Original scheduled date of full deployment Current scheduled date of full deployment 	January 2007 Fiscal year 2012 ^a September 2016 ^b
Program costs <ul style="list-style-type: none"> Original life-cycle cost estimate Current life-cycle cost estimate Amount expended 	\$209 million ^a Not yet determined ^b \$193 million
Program deployment details <ul style="list-style-type: none"> Current number of system users Expected number of system users at full deployment Current number of locations using system Expected number of locations at full deployment Legacy systems to be replaced Annual cost of legacy systems Number of system interfaces 	Approximately 8,000 93,980 10 29 15 \$35 million 36

Source: DOD's DAI Program Management Office and historical data as reported in [GAO-11-53](#).

Note: These data have not been validated.

^aAs previously reported by DOD and described in [GAO-11-53](#).

^bDAI program officials did not provide a reason for the slippage in full deployment dates. Further, according to program officials, as of December 2011, the life-cycle cost estimate for DAI had not been finalized.

Enclosure IV

GAO Contact and Staff Acknowledgments

GAO Contact

Asif A. Khan, (202) 512-9869 or khana@gao.gov

Staff Acknowledgments

In addition to the contact named above, Cynthia Jackson, Assistant Director; Michael LaForge, Assistant Director; Beatrice Alff; Bruce David; LaTasha Freeman; Patrick Frey; and James Kernen made key contributions to this report.

(197114)

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