

# **The Air Force Financial Management Strategic Plan**

**FY03–08**



**Office of the  
Assistant Secretary of the Air Force  
(Financial Management and Comptroller)  
SAF/FM**

*“Financing the Fight”*





## Foreword

If strategic planning is the brain of any successful organization, and a talented workforce the heart, then **superb financial management** is the lifeblood of a dynamic, world-class enterprise.

*The Honorable James G. Roche, Secretary of the Air Force*

This is an era of unlimited potential. What if today we were fully integrated with all of our space, manned and unmanned platforms? What if they conversed? What if we didn't have to go through stovepipes and tribal representatives to get the information from one tribe to another? What if the machines had the opportunity to do this for us? We should be doing that today . . . .

*General John Jumper, Chief of Staff of the Air Force*

[The financial managers of the future will be] strategic partners recognized as the ultimate source for financial and management information, a world-class team providing high-quality, customer-focused decision support and financial services.

*Extracted from "A Vision for Financial Management Leadership and Strength," April 2002*

Sound and sophisticated financial management is a critical enabler for all Air Force operations; therefore, it must be as good as, or better than, the Air Force is at large. *That is what this plan is about*—positioning Air Force Financial Management to help shape the future of the best air and space force in the world. To achieve the vision and objectives contained here, we will have to leverage our budget, cost estimating, and financial operations capabilities and deliver integrated services. More importantly, we must jettison our transaction orientation and embrace a decision support mindset that proves to key leaders that the FM community has the sound analysis and consulting capability they need to make informed decisions.

Great organizations align their values and visions with their actions and results. *That is also what this plan is about.* The Air Force Financial Management Strategic Plan communicates clearly what we intend to do; it links our initiatives to our goals; and it serves as a coordinating mechanism to minimize redundancy and check for the omission of requirements.

These are exciting and demanding times, as everyone in the Air Force and the Department of Defense is transforming and operating—at the same time! *This is yet another reason for this plan*—not to give people “more work,” but to provide greater clarity about our key priorities so that we are all on the “same page.” The Financial Management Vision Statement expresses our great ambition; this plan provides the steps to get there and stay on track and highly focused.



I continue to be impressed and moved by the extraordinary commitment and accomplishment each of you in Air Force Financial Management gives the Air Force and the Nation. This Strategic Plan builds on that legacy and provides a path forward on which we can deliver the contribution and support our Air Force needs now and into the future. I challenge you to get involved, get informed, know your roles and responsibilities, and get going to step up and reach your potential to contribute even more.



*Financing the Fight!*  
*Michael Montelongo*

MICHAEL MONTELONGO  
Assistant Secretary of the Air Force  
(Financial Management and Comptroller)



# **The Air Force Financial Management Strategic Plan**



**This page intentionally left blank.**



Table of Contents

Section Page
Executive Summary .....1
Section 1 – Introduction .....3
1.1 Purpose .....3
1.2 Drivers of the Strategic Plan.....3
1.2.1 Congress and the Executive Branch .....3
1.2.2 Department of Defense and Other Federal Agencies .....3
1.2.3 Air Force Guidance.....4
1.3 Strategic Planning Approach.....4
1.4 Organization of the Document .....5
Section 2 – Air Force Financial Management Strategic Plan .....6
2.1 Mission, Values, Vision, and Goals .....7
2.1.1 Mission.....7
2.1.2 Values .....7
2.1.3 Vision.....7
2.1.4 Goals .....9
2.2 Strategic Themes .....10
2.3 Air Force Financial Management Perspectives .....11
2.4 Strategic Objectives.....11
2.5 Strategic Initiatives .....14
Section 3 – FM Strategic Planning Management.....19
3.1 Governance.....19
3.1.1 Sponsorship and Leadership .....19
3.1.2 FMT PMO and Initiative Leaders.....20
3.2 Business Plans and Action Plans for Initiatives .....20
3.3 Progress and Monitoring Success.....20
3.3.1 Annual Strategic Planning Cycle .....21
3.3.2 Quarterly Sessions (November, February, May, August).....21
3.3.3 Meeting Agenda and Preparation.....22
Section 4 – Executing the Plan and Institutionalizing the Planning Process.....23



## List of Appendices

<i>Section</i>	<i>Page</i>
<b>Appendix A – Strategic Planning Guidance.....</b>	<b>A-1</b>
A.1    President’s Management Agenda .....	A-1
A.2    Governing Authorities and Guidance .....	A-1
A.2.1    Requirement for a Financial Management Strategic Plan .....	A-1
A.2.2    Congressional and Agency Authorities .....	A-1
A.3    Air Force Mission, Vision, and Values .....	A-3
<b>Appendix B – Financial Management Vision Statement.....</b>	<b>B-1</b>
<b>Appendix C – Balanced Scorecard Framework.....</b>	<b>C-1</b>
C.1    Air Force Financial Management Approach .....	C-1
C.2    Overview of Balanced Scorecard (BSC) .....	C-1
C.3    Balanced Scorecard Perspectives .....	C-1
C.4    Strategic Themes and Objectives .....	C-3
<b>Appendix D – Details of Strategic Objectives, Measures, Targets and Initiatives .....</b>	<b>D-1</b>
<b>Appendix E – List of Acronyms.....</b>	<b>E-1</b>



## Executive Summary

We developed the Air Force Financial Management Strategic Plan to translate our Financial Management Vision into actions and responsibilities so that we can realize and achieve the Financial Management Vision.

What if we had no Strategic Plan? We would still accomplish the routine work, but the actions to achieve the vision would be haphazard or nonexistent, uncoordinated, and disconnected. For real change to occur, organizations must overcome the status quo and the human tendency to resist change because doing what we always do is comfortable, predictable, and safe. We have a powerful vision that is very much supported by, and integrated with, the vision of the Air Force, Department of Defense, and the President’s Management Agenda; however, we need a detailed roadmap that brings this vision to fruition. Furthermore, we must motivate our people to be dissatisfied with the status quo and be inspired to use their discretionary effort toward building something even greater and more effective and efficient. When faced with choices of how we use our limited time, the Strategic Plan should provide the guidance necessary for how we should use this time toward action that achieves our vision.

You will note that we have 17 strategic objectives to accomplish. The Balanced Scorecard Framework operationalizes the Strategic Plan and groups and aligns these objectives into themes and across perspectives. The perspectives represent the enabling elements of human resource development (People) and operational efficiencies (Internal Processes) that support customer requirements and demands (Customer) and result in achieving financial and mission imperatives (Financial and Mission). The themes provide a convenient way to focus our work on a select set of top priorities. The strategic themes, strategic objectives, and perspectives are shown in the figure at the right.

**Financial Management Strategy Map**

		Strategic Themes		
		Warfighter Support	Strategic Resourcing and Cost Management	Information Reliability and Integration
Strategic Perspectives	Financial / Mission	1.1 Improve Services and Service Delivery	2.1 Maximize Resource Effectiveness, Increase Cost Efficiency	3.1 Achieve an Unqualified Audit Opinion
	Customer	1.2 Provide Financial Support to Commanders and Timely and Accurate Service to Members and Vendors	2.2 Improve Cost Visibility and Financial Analysis to Commanders and Managers for Decision-making	3.2 Provide Integrated, Relevant, and Reliable Management Information
	Internal Processes	1.3 Develop Reliable Processes and Systems that Support Home Station and Deployment Operations	2.3 Implement a Performance and Capabilities Based Planning, Programming, and Budgeting Process 2.4 Leverage Traditional and Nontraditional Resourcing Strategies	3.3 Improve Internal Controls and Processes 3.4 Develop a DoD- and AF-Consistent FM Architecture
	People – Learning and Growth	1.4 Develop an Expeditionary-Focused Workforce 1.5 Enhance FM Workforce Capabilities	2.5 Instill Culture of Cost and Performance Awareness and Innovation 2.6 Enhance FM Workforce Capabilities	3.5 Create a Culture that Embraces Decision Support and Analysis 3.6 Enhance FM Workforce Capabilities



Each of these strategic objectives is achieved by completing one or more associated strategic initiatives. We have prioritized the initiatives to ensure that the plan is focused, properly sequenced, and executable from a resources standpoint.

Leadership for each initiative has been assigned to an individual in the Air Force (HQ, MAJCOMs, Wings, etc.). The initiative leaders should mobilize a team, work the initiative, and report progress monthly to the Strategic Planning and Transformation Program Management Office. The Assistant Secretary (Financial Management and Comptroller) will chair quarterly strategy meetings to assess how the FM community is moving toward the achievement of its vision.

The planning cycle for the Strategic Plan comprises a continuing assessment of not only progress toward the vision but how the vision and plan should change as the Air Force changes as well. By including a look forward at quarterly meetings, immediate course corrections will be made, and the annual update of the plan will formalize and document these changes.



## Section 1 – Introduction

### 1.1 Purpose

The purpose of the Air Force Financial Management Strategic Plan (the Strategic Plan) is to provide a roadmap that translates the lofty aspirations of the vision into concrete, actionable, and measurable steps. It communicates priorities, focuses our effort, and serves as a filter to help determine where to invest our time.

### 1.2 Drivers of the Strategic Plan

We developed the Strategic Plan as a companion to our Vision Statement. It answers the question, “How do we make our vision a reality and, in the process, make Air Force Financial Management fundamentally better than it is now?” In addition, it fulfills our statutory, regulatory, and policy commitments. (Appendix A contains a detailed discussion of the broad guidance that shaped the Strategic Plan, including requirements and guidance from Congress, the Executive Branch, Department of Defense, other Federal agencies, and the Air Force.)

#### 1.2.1 Congress and the Executive Branch

Federal law requires the Air Force to have a financial management strategic plan (10 U.S.C. Part D, 8022C). This plan should be consistent with the overarching message of the President’s Management Agenda (PMA), August 2001. The PMA identifies five broad government-wide initiatives:

- Strategic management of human capital
- Competitive sourcing
- Improved financial performance
- Expanded electronic government
- Budget and performance integration

Other laws emphasize financial management reform, including the Chief Financial Officers Act of 1990, the Government Performance and Results Act of 1993, the Government Management Reform Act of 1994, and the Federal Financial Management Improvement Act of 1996.

#### 1.2.2 Department of Defense and Other Federal Agencies

The Department of Defense and other Federal agencies issue regulations that shape Air Force financial management and outline the particular requirements that should be addressed in the Strategic Plan: Joint Financial Management Improvement Program (JFMIP) systems requirements, Department of Defense Financial Management Regulations (FMR), Office of Management and Budget (OMB) circulars, various U.S. Treasury financial management regulations and titles, and the Department of Defense Business Management Modernization Program (BMMP), among others.



### 1.2.3 Air Force Guidance

Air Force long-range planning builds the strategy that provides the foundation for transformation and prepares for future military requirements. This strategy results from systematic examination of future demands the Air Force will face as a member of America’s total military force. The Air Force Financial Management Strategic Plan is shaped by the need for FM to be a strategic partner within the Air Force, as well as with other segments of the military, in addressing these future needs.

### 1.3 Strategic Planning Approach

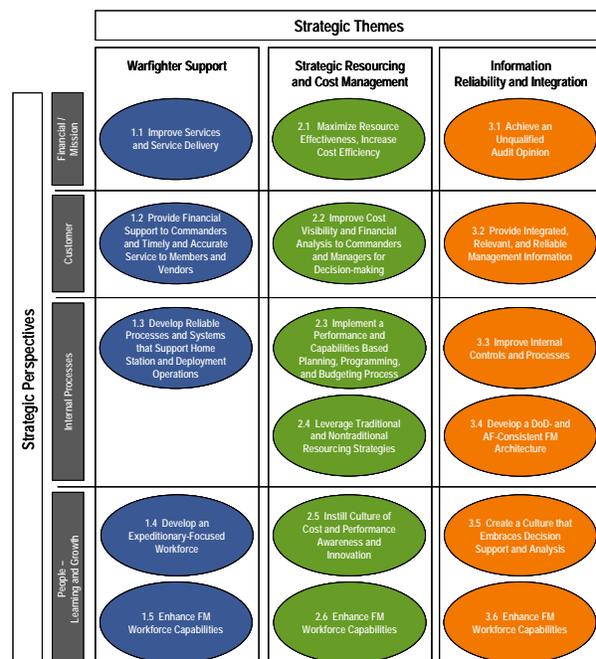
In creating the Strategic Plan for FY03–08, the Assistant Secretary of the Air Force (Financial Management and Comptroller), SAF/FM, has adopted a process methodology designed to ensure that the Strategic Plan addresses all parts of the Financial Management organization. The aim is to institutionalize this new approach to strategic planning for the FM community.

We developed this Strategic Plan over the course of several strategic summits attended by all of the FM senior leaders across the Air Force. The strategic summits and interim meetings established a common understanding of existing transformational efforts across FM, developed a shared focus for our future, and outlined the path for the journey to achieve this vision. (Appendix B contains a more detailed description of the planning approach.)

The Strategic Plan employs the Balanced Scorecard (BSC) Framework to operationalize the plan and make it actionable and measurable. It is designed for easy communication and focused execution. The BSC groups and aligns the plan’s 17 strategic objectives into themes and across perspectives. The perspectives represent the enabling elements of human capital development (People) and operational efficiencies (Internal Processes) that support customer requirements and demands (Customer) and result in achieving financial and mission imperatives (Financial and Mission).

The themes provide a convenient way to focus our work and communicate a select set of top priorities. These themes are shown in the figure at the right. Within the three broad strategic themes (and across the perspectives), this Strategic Plan arrays the 17 strategic objectives that describe outcomes key to the future success of FM. Progress on achieving the outcomes of the strategic objectives is achieved by executing the associated strategic initiatives. Although most of the strategic objectives have more than one strategic initiative, we have prioritized the initiatives to ensure that the Strategic Plan is executable from a resources standpoint.

**Financial Management Strategy Map**

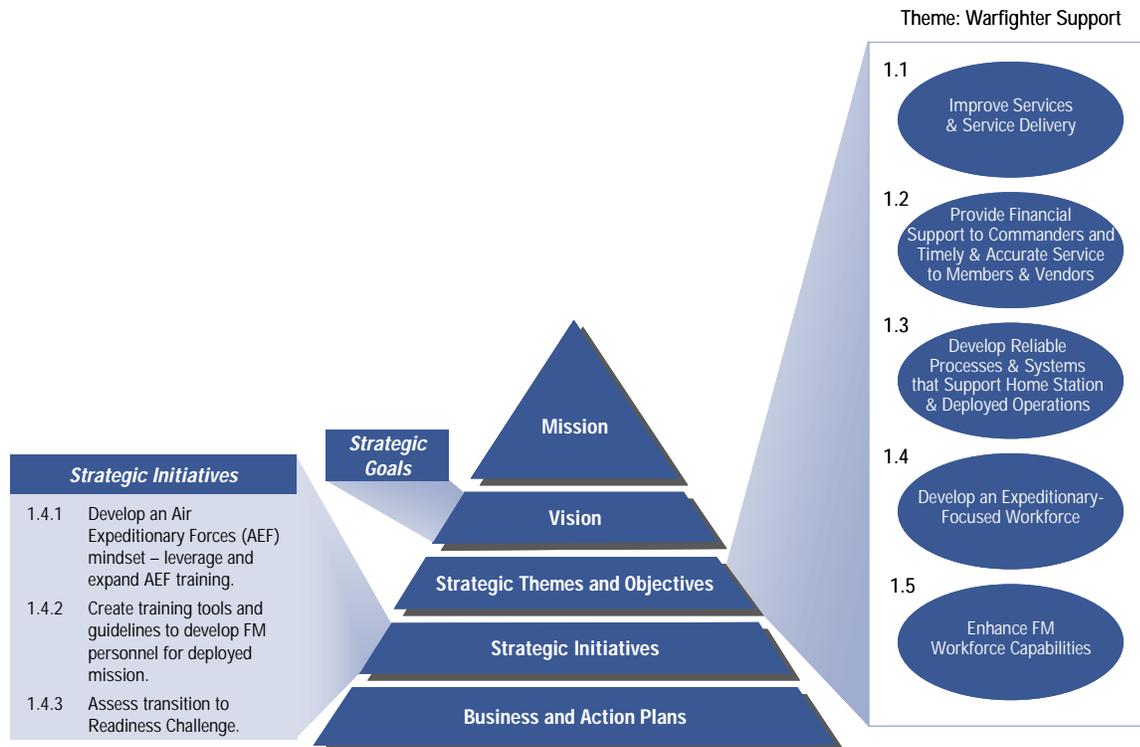




### 1.4 Organization of the Document

Section 2 of this document contains the essential elements of the Strategic Plan: the FM community’s mission, values, vision, and goals and its strategic themes, objectives, and initiatives. (Business and action plans for the individual strategic objectives and initiatives will be developed, but are not included in this document.)

#### Essential Elements of the Strategic Plan



Section 3 addresses the management and execution of the Strategic Plan. It includes a discussion of the governance structure for execution, an approach for monitoring progress, the annual planning cycle, and the relationship of periodic and quarterly meetings to the annual Strategic Plan update.

Appendix A contains details on key strategic planning guidance that informed the Strategic Plan. Appendix B contains the Air Force Financial Management Vision Statement. Appendix C provides details about how the plan was developed, particularly the relationship of the BSC to strategic planning. Appendix D contains the details about the strategic objectives, measures, targets and initiatives that are summarized in Section 2. Appendix E is a list of acronyms used in this document.



**This page intentionally left blank.**



## Section 2 – Air Force Financial Management Strategic Plan

### 2.1 Mission, Values, Vision, and Goals

#### 2.1.1 Mission

An organization's strategy flows from its mission and core values. A mission articulates the overarching reason for the organization's existence and its role within the larger enterprise. Values reflect the beliefs that serve as the foundation for behavior and internal and external interactions. The refined Air Force Financial Management (FM) mission is:

*“Deliver global financial services, manage Air Force resources, and help Air Force leaders be effective and efficient resource stewards and make informed resource decisions to defend the United States and protect its interests through air and space power.”*

#### 2.1.2 Values

FM shares the Air Force's core values:

- Integrity First – *Integrity is a character trait. It is the willingness to do what is right, even when no one is looking. It is the “moral compass”—the inner voice; the voice of self-control; the basis for the trust imperative in today's military.*
- Service Before Self – *tells us that professional duties take precedence over personal desires.*
- Excellence In All We Do – *directs us to develop a sustained passion for continuous improvement and innovation that will propel the Air Force into a long-term, upward spiral of accomplishment and performance.*

#### 2.1.3 Vision

Mission and values statements typically remain fairly stable over time. In contrast, a vision statement is usually more frequently modified to reflect changing internal and external conditions, as well as mission imperatives. Visions should paint the picture of the future state, clarify the direction of the organization, and help individuals understand why and how to support the organization.

The Financial Management Vision, dated 16 April 2002, discusses the future state that the Air Force Financial Management community should strive to achieve through strategic and transformational efforts. The Financial Management Vision frames the future where FM assumes its new role as a key strategic partner in Air Force decision-making. The complete text of the Financial Management Vision can be found in Appendix B and on the SAF/FM website:

<http://www.saffm.hq.af.mil>



The Financial Management Vision can be summarized as follows to reflect the future of the FM community:

***“Strategic partners recognized as the ultimate source for financial and management information; a world-class team providing high-quality, customer-focused decision support and financial services”***

For FM professionals, this means a cultural shift from managers to strategists, business partners, and top advisors. This means a change in emphasis in the roles of comptroller or financial manager from transactions toward decision support. The consequences and benefits of the FM vision are summarized in these extracts from the Financial Management Vision:

*[The Financial Management Vision] . . . paints a picture of where we want to be when we “grow up,” a picture of hope, professional respect, greater relevancy, and increased involvement in shaping the future of the Air Force. This is a world where we have the tools and skills that we need to complete our work with optimal efficiency. This is an FM where broad professional and personal growth and development are integral to our jobs. This is an FM whose processes are streamlined, free of rework, rekeying, and manual intensity. This is an FM free of data calls because financial and feeder systems are fully integrated, compatible, and interconnected in an end-to-end enterprise architecture.*

*This is an FM where our professionals, enabled by enhanced skills, efficient processes, and flow-through systems now have the time to perform the highly valuable analysis that our commanders want and need to support the warfighter. That’s what I mean by more decision support and less transaction processing. This capability will be as sophisticated and leading-edge as the weapon systems and warfighting concepts of tomorrow. And to get there, we will reduce the cost of delivering our services so that we can offer more decision support. This, my fellow FMers, is where we’re going, where we must be, and I believe we can make this dream a reality.*

Each step toward realizing the Financial Management Vision will reveal new opportunities to improve support to the Air Force—that is, deliver great service at the lowest possible cost—and sharpen the skills critical to delivering decision support. As Financial Management executes its strategy and sharpens its analysis and decision support skills, we will transform our role by proving our value as trusted financial advisors to Air Force commanders. The people in Financial Management are critical and are the heart of the success of the Financial Management strategy. With this understanding, Financial Management professionals will continually develop individually through training, self-study and developmental assignments and organizationally through appropriate alignment to strategic objectives and goals.

From the perspective of the overall Air Force and FM’s customers, the vision might be described like this:

*Imagine an Air Force operating at peak effectiveness and efficiency . . . where every dollar strikes the correct balance between supporting the mission, maintaining the infrastructure, and taking care of our people.*



... Where the key leadership knows the true costs of its major processes and can make the proper trade-offs when confronted with unforeseen requirements.

... Where Air Force people can take care of all their pay requirements from their phone or computer, without a trip to Finance.

... Where the status of vendor payments is transparent, and where connections with DFAS are seamless.

In this Air Force, the comptroller is a key member of the senior staff, and financial managers spend time analyzing options instead of working on complaints.

Now, imagine an Air Force where this level of performance is achieved throughout all levels.

This is what the world will be like for the comptroller of the future, and it is not a fantasy... in fact, it is right around the corner. With new focus on people, processes, and technology, we will bring about the necessary transition.

The Financial Management Vision is congruent with and fully supports the Air Force vision. The Air Force vision sets forth the Service’s core competencies and the command and control through which they are employed through innovation and adaptation in the face of the changing and emerging security environment. In January 2003, the Secretary of the Air Force defined the Air Force competencies as: Developing Airmen, Technology-to-Warfighting, and Integrating Operations. The Air Force Financial Management Strategic Plan (the Strategic Plan) supports these competencies in the following ways:

- Developing Airmen – supported by the strategic objectives in the People: Learning and Growth perspective of the Financial Management Strategic Plan
- Technology-to-Warfighting – supported by the strategic objectives in the Warfighter Support and Information Reliability and Integration themes of the Financial Management Strategic Plan
- Integrating Operations – supported by the strategic objectives in the Information Reliability and Integration themes and the Strategic Resourcing and Cost Management themes of the Financial Management Strategic Plan

(Additional information on the Air Force mission, vision, and values can be found in Appendix A, Section A.3.)

### 2.1.4 Goals

Five strategic goals help bring the Financial Management Vision into clearer focus. These strategic

### Strategic Goals

**FINANCIAL MANAGEMENT VISION  
STRATEGIC GOALS**

1. Become a partner in strategic Air Force decisions
2. Recruit, prepare, and retain a well-trained and highly educated professional team for today and tomorrow
3. Make processes efficient and effective to produce accurate and relevant financial information complemented by sophisticated decision support
4. Reduce our cost structure by employing leading-edge technologies that continuously streamline financial management processes and increase capabilities
5. Provide our customers with world-class financial services



goals, shown at right, describe outcomes necessary for the vision to become a reality. The strategic themes and goals are expressions of the change needed to achieve the vision: the themes are focus areas for action; these actions drive realization of the goals. The relationship between the strategic themes and the five strategic goals is illustrated below.

### Relationship Between Strategic Goals and Strategic Themes

STRATEGIC GOALS	STRATEGIC THEMES		
	Warfighter Support	Strategic Resourcing and Cost Management	Information Reliability and Integration
1 Strategic partner		●	●
2 Well-trained, highly educated professional team	●	●	●
3 Efficient processes, accurate financial information, sophisticated decision support	●	●	●
4 Reduce costs	●	●	
5 World-class service	●		●

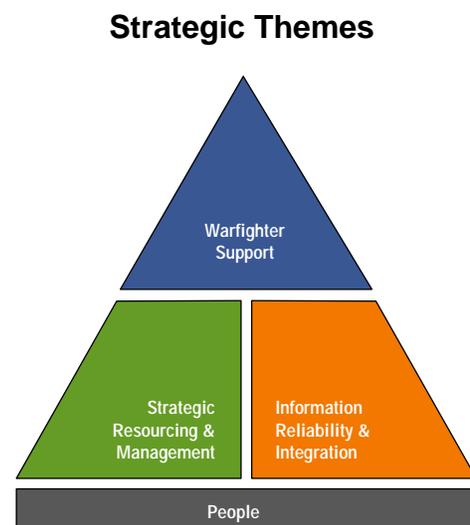
011A USAF FM SP

To continue this journey toward realizing the future state described in the Financial Management Vision, we have identified strategies and actions that begin to transition the vision into reality. These are the strategic themes, objectives, initiatives, and actions that make up this plan.

## 2.2 Strategic Themes

Three strategic themes provide a convenient way to categorize our strategic objectives and initiatives and focus our work on a select set of priorities:

- Warfighter Support:** FM will be an expeditionary-focused workforce, ready to deploy, support those deployed, and maintain effective home-station operations. This means providing the most cost-effective financial services to airmen around the world. The FM community, as a strategic partner to the warfighter, will provide quality, timely, and accurate services to support commanders and other senior leaders.
- Strategic Resourcing and Cost Management:** FM will maximize resource effectiveness and cost efficiencies by linking systems, activities, and resourcing strategies to outputs and performance. The work under this theme includes linking programming and budgeting processes to performance and capabilities (to create a performance management structure) and identifying and pursuing innovative resourcing strategies. These efforts benefit the





warfighter by providing the optimal mix of resources for Air Force operations, FM operations, service delivery, and cost management.

- **Information Reliability and Integration:** Work undertaken as part of this theme will produce relevant, accurate, and timely financial information that is seamlessly integrated into the financial environment so that all the information needed to perform business analysis is readily available. This theme addresses the information needs of our commanders and senior leadership and satisfies the regulatory requirements for sound financial management at all levels within the Air Force.

The three themes are built upon the foundation of “People,” symbolizing the importance of the Financial Management workforce to the successful execution of the Strategic Plan.

## 2.3 Air Force Financial Management Perspectives

The Balanced Scorecard approach applies a standard set of perspectives to organize, align, and measure multiple dimensions of an organization. The Air Force FM leadership has adopted the following perspectives for FM:

- **Financial and Mission:** Support the warfighter by providing timely and relevant financial management information for informed decision-making and world-class service across the Air Force. Provide financial analysis that supports traditional and innovative resourcing and accurate costing of Air Force operations.
- **Customer:** Serve commanders and managers as trusted advisors. Partner by providing robust and reliable financial analysis to support timely, accurate decision-making. Deliver world-class financial service and support to internal and external customers.
- **Internal Processes:** Develop effective, efficient processes and IT solutions to optimize financial management performance. Focus on core FM processes (accounting, programming, budgeting, costing) and financial services (vendor pay, personnel pay, travel reimbursement) that support warfighters, commanders, and managers.
- **People – Learning and Growth:** Build a workforce with capabilities to deliver world-class FM services. Create a work environment that balances quality of life and work, and promotes diversity, rewards, incentives, and training. Attract and retain the best financial people, both military and civilian (including support contractors).

## 2.4 Strategic Objectives

Strategic objectives are the desired outcomes that focus efforts toward the achievement of goals and, ultimately, the vision. The strategic objectives arrayed in each of the theme areas can be aligned with the strategic perspectives described in Section 2.3 to form a strategic map. This map, found at the end of this section, illustrates how the 17 strategic objectives fit into a balanced and coordinated plan. The major features of each strategic objective are described briefly below.



**Warfighter Support** – These strategic objectives are aimed at developing an expeditionary-focused FM workforce (military and civilian), trained and prepared to support deployed commanders and members:

- Improve traditional FM services (pay, travel, and procurement, for example); add new and innovative ones (such as the use of debit cards in deployed locations); deliver all services in more automated ways.
- Provide financial support in a deployed environment to deployed commanders; deliver timely and accurate service to members and vendors through improved deployed operations training for FM personnel and by providing more off-site support.
- Develop reliable processes and systems that support home-station and deployed operations, including automated travel and pay systems.
- Develop an expeditionary-focused workforce by expanding Air Expeditionary Forces (AEF) training and creating tools and guidelines for deployed operations.
- Enhance FM workforce capabilities by identifying needed skills and competencies and providing training to develop those skills.

**Strategic Resourcing and Cost Management** – These strategic objectives are designed to maximize resource effectiveness and cost efficiency by linking systems and resourcing strategies to measurable performance:

- Review the resource management process and develop an expense management plan that maximizes resource effectiveness and increases cost efficiency.
- Reengineer processes and develop new tools to improve cost visibility and financial analysis to provide commanders and managers the data they need to make informed decisions.
- Incorporate performance and measures linked to goals and objectives into the planning, programming, and budgeting process to create performance-based/capabilities-based budgets.
- Investigate and implement ways to use traditional and nontraditional resourcing methods, such as use of private-sector resources.
- Provide training and tools to financial managers to instill a culture of cost and performance awareness and innovation.
- Enhance FM workforce skills by improving recruiting, retention, and training, as outlined in the Workforce Management Strategic Plan.

**Information Reliability and Integration** – These strategic objectives help financial managers provide relevant and reliable information that supports decision-making:

- Achieve an unqualified (“clean”) audit opinion each and every time, signifying that our books are in order and enhancing public trust.
- Provide relevant and reliable financial information by reengineering processes and improving tools.



- Improve internal controls by upgrading processes and building appropriate controls into new and existing processes.
- Develop a Department of Defense- and Air Force-consistent FM architecture for FM systems.
- Develop a culture that embraces decision support by providing the skills and capabilities to perform financial analysis and enhanced decision support.

### Financial Management Strategy Map

Help USAF Make Better Decisions and Be an Effective and Efficient Steward of Resources  
 “Deliver Great Service for Less Cost”

		Strategic Themes		
		Warfighter Support	Strategic Resourcing and Cost Management	Information Reliability and Integration
Strategic Perspectives	Financial / Mission	1.1 Improve Services and Service Delivery	2.1 Maximize Resource Effectiveness, Increase Cost Efficiency	3.1 Achieve an Unqualified Audit Opinion
	Customer	1.2 Provide Financial Support to Commanders and Timely and Accurate Service to Members and Vendors	2.2 Improve Cost Visibility and Financial Analysis to Commanders and Managers for Decision-making	3.2 Provide Integrated, Relevant, and Reliable Management Information
	Internal Processes	1.3 Develop Reliable Processes and Systems that Support Home Station and Deployment Operations	2.3 Implement a Performance and Capabilities Based Planning, Programming, and Budgeting Process	3.3 Improve Internal Controls and Processes
			2.4 Leverage Traditional and Nontraditional Resourcing Strategies	3.4 Develop a DoD- and AF-Consistent FM Architecture
People – Learning and Growth	1.4 Develop an Expeditionary-Focused Workforce	2.5 Instill Culture of Cost and Performance Awareness and Innovation	3.5 Create a Culture that Embraces Decision Support and Analysis	
	1.5 Enhance FM Workforce Capabilities	2.6 Enhance FM Workforce Capabilities	3.6 Enhance FM Workforce Capabilities	



## **2.5 Strategic Initiatives**

More than 50 separate strategic initiatives have been identified to accomplish the strategic objectives. All strategic objectives have more than one initiative, with some having six or more. These initiatives may require several years to complete, but all have measurable outcomes and designated performance targets. As initiatives are executed and progress is measured, the results of progress measurements can be integrated using the Balanced Scorecard to ensure that the FM community is making progress uniformly and consistently.

To carry out many of these initiatives, the FM community will reach out to other communities and build collaborative relationships across functional boundaries. This means that FM must work with warfighters, resourcers, acquirers, and others to carry out many initiatives.

The following Balanced Scorecard matrices provide a summary of the strategic objectives, associated measures and targets for those objectives, and specific initiatives for each strategic objective. Additional detail can be found in Appendix D.

Please note the following as you review the Balanced Scorecard matrices:

- Blue shading in the Initiatives column denotes current Financial Management Transformation Initiatives, grey shading denotes planned Financial Management Transformation Initiatives, and non-shaded denotes other strategic initiatives identified to achieve the strategic objectives.

The following notation is used for objective measures and targets:

- Unless otherwise noted, Target (SO) uses FY03 as a baseline.
- Measures are denoted using “M1”, “M2”, “M3” etc. for each strategic objective.
- Targets are denoted using “T1”, “T2”, “T3”, etc. for each strategic objective.
- The numerical notations for measures and targets are aligned; that is the specific target for M1 is designated T1.

Targets denote achievement of the measure using FYs. These FY notations reflect fiscal year ends. “TBD” (to be determined) designations contained in these Balanced Scorecard matrices table will be updated during Q1 FY04.



**Theme 1: Warfighter Support**

	Strategy Map	Strategic Objective	Measure (SO) *	Target (SO) *	Initiatives *
Financial / Mission		1.1 Improve services and service delivery.	1.1.M1. Customer Satisfaction Survey scores 1.1.M2. "First call" resolution 1.1.M3. Fully operational Finance and HR office; pay and entitlements merged into single office	1.1.T1. 80% customer satisfaction w/in a year; 95% by FY05 1.1.T2. 75% w/in 24 hours; 100% w/in 72 hours by FY05 1.1.T3. 100% operationally ready by FY06	1.1.1 Complete FMT 02-1 Customer Service Concept. Phase 1 1.1.2 Initiate FMT 02-1 Customer Service Concept. Phases 2+
Customer		1.2 Provide financial support to deployed commanders, timely and accurate service to deployed members, and payments to vendors in a deployed environment.	1.2.M1. 100% qualified Comptroller available to support deployed locations	1.2.T1. 100% by FY05	1.2.1 Complete FMT 03-3 Combat Comptroller Concept. Phase 1 1.2.2 Initiate FMT 03-3 Combat Comptroller Concept. Phases 2+
Internal Processes		1.3 Develop reliable processes and systems that support home-station and deployed operations.	1.3.M1. Reliability of financial systems 1.3.M2. Effectiveness of processes 1.3.M3. Reduced interest penalty payments 1.3.M4. Reduction in lost discounts	1.3.T1. 25% improvement per year in composite reliability 1.3.T2. Effectiveness of processes as % of established baseline(s) 1.3.T3. 50% reduction (dollar value) by FY05; 75% reduction by FY07 1.3.T4. 50% reduction (dollar value) by FY05; 75% reduction by FY07	1.3.1 Complete FMT 02-2 Vendor/Commercial Pay. Phase 1: WAWF AF-wide 1.3.2 Initiate FMT 02-2 Vendor/Commercial Pay. Phases 2+: eGov 1.3.3 Implement various travel and order writer systems. 1.3.4 Capture and incorporate lessons learned from deployed operations.
People -- Learning and Growth		1.4 Develop an expeditionary-focused workforce.	1.4.M1. Percentage of FM personnel available to deploy per SORTS 1.4.M2. Percentage of eligible pool graduating from Silver Flag 1.4.M3. Percentage of deployed FM personnel attending predeployment training 1.4.M4. Validate % trained, as reported in ARTS 1.4.M5. Number of returned personnel from AOR as "not capable"	1.4.T1. 70% by FY04; 85% by FY05; 100% by FY06 1.4.T2. Enlisted target: 100% officer target: TBD 1.4.T3. 15% increase annually from FY03 to FY05 1.4.T4. Validation > 96% by FY05 1.4.T5. Not capable < 2% by FY05	1.4.1 Develop Air Expeditionary Forces (AEF) mindset/expand training. 1.4.2 Create training tools and guidelines to prepare FM personnel for deployed mission. 1.4.3 Assess and plan transition to Readiness Challenge.
		1.5 Enhance FM workforce capabilities.	1.5.M1. Percentage of FM workforce trained in decision support 1.5.M2. Percentage of workforce meeting SAF/FM Professional Development guidelines	1.5.T1. 50% by FY06; 75% by FY08 1.5.T2. 20% by FY06; 50% by FY08	1.5.1 Complete TDD 02-2 Establish SAF/FM HR Office. 1.5.2 Develop and implement Workforce Management Strategic Plan.

\* For pages 15 through 17, please refer to the notations on Page 14 for detailed explanations.



### Theme 2: Strategic Resourcing and Cost Management

	Strategy Map	Strategic Objective	Measure (SO) *	Target (SO) *	Initiatives *
Financial / Mission		2.1 Maximize resource effectiveness and increase cost efficiency.	2.1.M1. Percentage of cost reduction of operations from baseline year 2.1.M2. Application of nontraditional sources to AF TOA	2.1.T1. At least 10%-15% over FYDP 2.1.T2. Three new sources (at least \$1M each) by FY06	2.1.1 Complete FMT 03-1 Reengineer O&M Decision Support. Phase 1 2.1.2 Initiate FMT 03-1 Reengineer O&M Decision Support. Phases 2+ 2.1.3 Develop and implement Expense Mgmt. Plan.
		2.2 Provide improved cost visibility and financial analysis for decision-making to commanders and managers.	2.2.M1. Availability of standardized cost data for each program 2.2.M2. Use of earned value analysis for all major weapon system programs	2.2.T1. 75% by FY05; 100% by FY07 2.2.T2. 75% by FY05; 100% by FY07	2.2.1 Complete FMT 03-2 Reengineer Acquisition Decision Support. Phase 1 2.2.2 Initiate FMT 03-2 Reengineer Acquisition Dec. Spt. Phases 2+ 2.2.3 Expand cost modeling for use in new programs and budget development. 2.2.4 Define and implement a uniform confidence level for acquisition program cost estimates (AQ Eagle Look 6-3a).
Customer		2.3 Design and implement a performance- and capabilities-based planning, programming, and budgeting process.	2.3.M1. Percentage of programs and budget, expressed in performance or capability terms 2.3.M2. Implementation of performance-based budgets as a percentage of TOA 2.3.M3. Creation/ implementation of performance measures by percentage of TOA	2.3.T1. 20% for FY05 APOM; 100% by FY08 2.3.T2. 60% by 2005; 100% by 2008 2.3.T3. 60% by 2005; 100% by 2008	2.3.1 Develop architecture and data structure for information transparency. 2.3.2 Redesign the resourcing process to ensure that strategy, performance, and metrics are integrated to achieve a performance-based budget. 2.3.3 Implement additional activity-based costing/ management (ABC/M) projects Air Force-wide. 2.3.4 Revise Air Force planning, programming, and budgeting practices to maximize stability of acquisition funds (AQ Eagle Look 6-2b). 2.3.5 Implement changes that will better support evolutionary acquisition and spiral development (AQ Eagle Look 10-4b).
Internal Processes		2.4 Leverage traditional and nontraditional resourcing strategies.	2.4.M1. Dollars of private-sector funds invested in AF activities 2.4.M2. Future costs avoided because of leveraged resources	2.4.T1. \$1B/year, starting FY06 2.4.T2. \$0.5B/year, starting FY06, against an FY03 baseline	2.4.1 Leverage private-sector and other resources to generate investment-type funding. 2.4.2 Adapt and adopt private-sector business processes and concepts.
		2.5 Instill culture of cost and performance awareness and of innovation.	2.5.M1. Number of FM people trained in cost and performance management 2.5.M2. Number of functionals trained in cost and performance 2.5.M3. Percentage of FM community as members or leaders of Communities of Practice	2.5.T1. 100% by end FY07 2.5.T2. 100% by end FY07 (for selected professionals) 2.5.T3. 25% FM community participation in FY04; 50% in FY05; 90% in FY06	2.5.1 Raise awareness of the value of performance-based budgeting. 2.5.2 Adopt and adapt expertise and capabilities from private-sector financial management leading practices. 2.5.3 Provide training in advanced financial analysis. 2.5.4 Develop standardized decision support toolkit for HQ/Base/Wing levels of FM operations. 2.5.5 Expand awareness of applications of cost modeling.
People -- Learning and Growth		2.6 Enhance FM workforce capabilities	Please refer to Strategic Objective 1.5 and the initiatives contained there.		



### Theme 3: Information Reliability and Integration

	Strategy Map	Strategic Objective	Measure (SO) *	Target (SO) *	Initiatives *
Financial / Mission		3.1 Achieve an unqualified audit opinion.	3.1.M1. % of critical feeder systems deemed to be substantially compliant 3.1.M2. % of critical feeder systems interfaced with DFAS-DE accounting systems 3.1.M3. % of General Fund Financial Statement lines ready for internal review 3.1.M4. % of Working Capital Financial Statement lines ready for internal review 3.1.M5. % of General Fund Principal Statements (5) ready for external audit 3.1.M6. % of Working Capital Principal Statements (5) ready for external audit 3.1.M7. % of AF CFO Reporting Entity Financial Statements receive an opinion	3.1.T1. TBD 3.1.T2. TBD 3.1.T3. TBD 3.1.T4. TBD 3.1.T5. TBD 3.1.T6. TBD 3.1.T7. TBD	3.1.1 Develop and execute a detailed and comprehensive CFO Compliance Action Plan.
Customers		3.2 Provide integrated, relevant, and reliable management information.	3.2.M1. Number of primary and feeder systems required to support financial reporting 3.2.M2. Single source of real-time data 3.2.M3. Percentage of transactions requiring manual interventions after initiation of transaction 3.2.M4. Reduce total FM operating costs by employing leading-edge technologies	3.2.T1. Reduce number of systems 50% by 2004; 100% by 2008 3.2.T2. Single source of real-time data by 2008 3.2.T3. 10% reduction per year 3.2.T4. 10% per year	3.2.1 Complete TDD 02-1 Establish SAF/FM IT Office. 3.2.2. Complete TDD 03-1 Establish Automated Tools Forum 3.2.3 Deploy processes and systems to achieve interim and intermediate capability with Wide Area Work Flow (WAWF) and FIRST. 3.2.4 Stand up robust financial support organizations at major Product/Logistic Centers. 3.2.5 Develop integrated functional and financial systems.
Internal Processes		3.3 Improve internal controls and processes.	3.3.M1. Number of documented uncorrected material weaknesses 3.2.M2. Number of core processes mapped, reengineered, and standardized	3.3.T1. Achieve zero documented uncorrected material weaknesses by FY07 3.2.T2. 100% by FY04	3.3.1 Complete TDD 03-2 End-to-End Governance Review. Phase 1 3.3.2 Initiate TDD 03-2 End-to-End Governance Review. Phases 2+ 3.3.3 Complete FMT 03-4 Reengineer AF/DFAS Relationship. Phase 1 3.3.4 Initiate FMT 03-4 Reengineer AF/DFAS Relationship. Phases 2+ 3.3.5 Complete FM Core Competency Review. 3.3.6 Improve USAF Management Control Program. 3.3.7 Revise AF funds mgmt. (AQ Eagle Look 6-1b).
		3.4 Develop FM architecture consistent with AF and DoD Business Management Systems Integration (BMSI) enterprise arch.	3.4.M1. Number of legacy systems (not included in final EA) still in operation 3.4.M2. Number of key processes operating under the EA 3.4.M3. Ready-to-serve reliability measures	3.4.T1. Achieve 100% reduction from baseline of unconnected and nonintegrated systems in operation by FY08 3.4.T2. All key processes AF-wide by FY08 3.4.T3 TBD	3.4.1 Partner with AF CIO to develop AF/FM architecture; participate in OSD and AF BMSI projects. 3.4.2 Partner with DFAS to develop and deploy cost accounting system. 3.4.3 Reengineer and standardize core processes (MicroBAS, COARS, CRIS, Resource Tracking System, etc.).
People -- Learning and Growth		3.5 Create a Culture That Embraces Decision Support and Analysis.	3.5.M.1. Improvement in survey of customers/ commanders re: FM culture 3.5.M.2. Improvement in employee attitudes re: FM culture	3.5.T1. 5%-10% improvement by FY05 3.5.T2. 5%-10% improvement by FY05	3.5.1 Deploy and sustain FMT 03-5 FM Knowledge Management (KM) Concept. Phase 1 3.5.2 Initiate FMT 03-5 FM KM Concept. Phases 2+ 3.5.3 Sustain TDD 03-3 Transformation Training. 3.5.4 Work with SAF/AQ on AQ Eagle Look 4-3. 3.5.5 Redesign institutional educational/training curricula.
		3.6 Enhance FM workforce capabilities.	Please refer to Strategic Objective 1.5 and the initiatives contained there.		



**This page intentionally left blank.**



## **Section 3 – FM Strategic Planning Management**

### **3.1 Governance**

Governance and the governance structure created and used by senior leaders provide the comprehensive framework for managing an organization and its work. One of the principal tasks of governance is to communicate with everyone in the organization about the direction the organization is taking.

The governance process for the Air Force Financial Management Strategic Plan (the Strategic Plan) includes setting strategic objectives, establishing and monitoring key relationships, managing and monitoring progress, reporting results, and maintaining communications among all who are executing the Strategic Plan. Governance is effective when there is:

- Clear accountability
- Clarity of purpose
- Transparency and openness to resolve issues
- Effective stewardship

#### **3.1.1 Sponsorship and Leadership**

The Air Force Financial Management Strategic Plan is sponsored by the Assistant Secretary of the Air Force (Financial Management and Comptroller), SAF/FM. The Assistant Secretary and the Principal Deputy Assistant Secretary exercise executive sponsorship of the Strategic Plan through personal involvement in creating the Strategic Plan and participation in regularly scheduled meetings to review progress. The Strategic Planning and Transformation Program Management Office (FMT PMO) supports SAF/FM in monitoring the Strategic Plan, with the FMT PMO Director serving as the personal representative of the SAF/FM. Through effective leadership, role modeling, and definition of clear roles and responsibilities, SAF/FM creates a shared commitment to the vision, mission, and strategy for Air Force FM.

The Financial Management advisory board provides advice and counsel to the Assistant Secretary regarding financial matters, including the Strategic Plan. The Assistant Secretary chairs the quarterly meetings of the board, which is comprised of senior leaders from the Air Force FM community and other Air Force communities. The diversity of thought that comes from this interaction enriches the input that the board can provide to the Assistant Secretary. The charter for the board is under development and will be available from the FMT PMO.

Leadership for the strategic objectives and initiatives portions of the Strategic Plan is assigned throughout the Air Force FM community, with two groups having specific responsibilities at the strategic objective and initiative levels:

- The Deputy Assistant Secretaries (FMB, FMC, and FMP) each have responsibility for the strategic objectives assigned in accordance with their functional responsibilities.
- Leadership for individual initiatives has been (or will be) assigned to senior financial managers. Initiative leads are responsible for, among other things, mobilizing resources,



creating business plans, and reporting to the FMT PMO. They work with their initiative teams to address the challenges the FM community faces in moving into the future.

### **3.1.2 FMT PMO and Initiative Leaders**

The FMT PMO is based at Air Force Headquarters and reports to the Assistant Secretary for Financial Management and Comptroller. The FMT PMO has the following responsibilities:

- Linking strategy to the initiative teams and the MAJCOMs
- Engaging with the initiative teams to ensure the appropriate execution of the Strategic Plan
- Tracking progress and working with SAF/FM to refine direction, as needed
- Auditing performance through agreed-upon measures
- Coordinating and communicating with the initiative teams, MAJCOMs, and the FM community
- Providing training and skills development (PM, methods, etc.) for initiative teams, as needed
- Scheduling and organizing progress meetings

Initiative leads have the following responsibilities:

- Developing business plans for their respective initiative(s)
- Resourcing initiative teams
- Developing and delivering communications about their respective initiative(s) (in coordination with the FMT PMO)
- Managing stakeholder engagement (with FMT PMO)
- Executing the initiatives
- Providing reports to the FMT PMO
- Participating in quarterly progress meetings, as required

## **3.2 Business Plans and Action Plans for Initiatives**

The initiative leads will be responsible for Business Plans and Action Plans (work breakdown schedule) for each initiative. Some of these initiatives may require several years to complete, and the action plans for them could be quite detailed. For this reason, neither the Action Plans nor the Business Plans are included here, but may be obtained from the FMT PMO upon request.

## **3.3 Progress and Monitoring Success**

Without effective monitoring, work on initiatives will inevitably fall prey to the press of operational duties, regularly scheduled meetings, preparation of reports, etc. An effective process for monitoring progress will keep the work of the initiative teams on track, but should not be inflexible or bureaucratic. Progress on the Strategic Plan will be measured in two ways: through regular reporting and quarterly meetings. In addition to regular progress reports, the Assistant



Secretary will chair quarterly strategy meetings. At these sessions, leadership will assess how the FM community is progressing toward the vision. These meetings will include a brief review of monthly progress and will focus on those initiatives requiring specific guidance; however, most of the quarterly progress assessment will focus on strategic objectives and assessing progress against the measures associated with these objectives. At these meetings, we will identify overlapping initiatives, reduce duplication of effort, and reinforce common, shared objectives.

### 3.3.1 Annual Strategic Planning Cycle

A good strategic plan is not a static document. Once created, the plan must be constantly reviewed and revised—not because the vision has changed, but because the organization discovers the situation has changed. The planning cycle for the Air Force Financial Management Strategic Plan, shown below, is based on a continuing assessment of progress and proposed actions to achieve the objectives. By performing such assessments at the quarterly progress meetings, FM leadership can make immediate course corrections.



The Initialize and Finalize phases for strategic planning FY03–08 shown above are complete. The Implement phase will initiate the quarterly reporting calendar. The annual update of the Strategic Plan (required by law) will occur in 2004 to incorporate required revisions to the Strategic Plan that account for completed initiatives and other changes.

### 3.3.2 Quarterly Sessions (November, February, May, August)

The quarterly planning sessions are designed as one-day meetings. Attendees include the FM advisory board members and other selected FM leaders. The first part of each meeting will be devoted to a review of progress of strategic initiatives. The purpose of these reviews will be to put in place actions, as necessary, to assist the initiative team (e.g., scope, schedule, resources). The second part of each meeting will be devoted to focus areas suitable for engaging the FM leadership. The focus areas are summarized below:



**Quarter 1 (Nov 03): Business and Action Plans** – This session will include a review of Business and Action Plans submitted by the initiative leads and an assessment of the feasibility of the plans. This review will include the first assessment of progress using the strategic objective measures.

**Quarter 2 (Feb 04): Critical Factors** – This session will include a review by initiative leads of the factors they see as critical to success in their initiative(s) and the specific strategic objective(s) their initiative supports. Based upon these inputs, FM leadership will work to identify factors critical to the success of the Strategic Plan. This will be the second meeting at which progress of strategic objectives is assessed using the strategic objective measures.

**Quarter 3 (May 04): Behaviors** – At this session, FM leadership will work to identify behaviors that contribute to (or impede) the success of the Strategic Plan. Behavior assessments are particularly important because several of the strategic objectives deal with changing the culture in the FM community. This will be the third meeting at which progress of strategic objectives is assessed using the strategic objective measures.

**Quarter 4 (Nov 04): Measures** – At this session, the FM leadership will examine the measures that have been used during the first year of the Strategic Plan. Drawing upon the assessment of the usefulness and reliability of these measures, FM leadership will suggest improvements or additional measures that relate to real progress. This will be the fourth meeting at which progress of strategic objectives is assessed using the strategic objective measures.

### **3.3.3 Meeting Agenda and Preparation**

The FMT PMO will schedule and conduct the virtual monthly progress meetings and will prepare and distribute meeting minutes to SAF/FM, the Deputy Assistant Secretaries, and members of the advisory board.

The FMT PMO will develop the agenda for each of the quarterly meetings, with input from the advisory board and SAF/FM. The FMT PMO will prepare materials and arrange for meeting support (facilitators, subject matter experts, etc.), as needed.



## **Section 4 – Executing the Plan and Institutionalizing the Planning Process**

As the FM community executes the Air Force Financial Management Strategic Plan (the Strategic Plan), FM leadership must maintain a constant view of where the Air Force is headed and identify changes necessary to remain a vital strategic partner in Air Force leadership. This requires that the Strategic Plan not be treated as a static document but be examined critically on a regular basis. This examination will ensure that the Strategic Plan is responsive to current guidance and direction from the Air Force and other stakeholders and remains relevant. By continually making these assessments, the advisory board can evaluate progress and use the annual update process of the Strategic Plan to document what has been observed throughout the year.

Each step in executing the Strategic Plan will reveal new opportunities to improve support to the Air Force and sharpen the skills critical to delivering decision support. As FM executes its strategy and transforms its role, its relevance will increase, opening many opportunities for synergy across key business and operational areas. The people in Financial Management are critical to the success of the FM strategy. With this understanding, Financial Management professionals are encouraged to commit themselves to continually develop individually through training, self-study and developmental assignments as well as organizationally through appropriate alignment with strategic objectives and goals.



**This page intentionally left blank.**



# Appendices



**This page intentionally left blank.**



## Appendix A – Strategic Planning Guidance

### A.1 President’s Management Agenda

The Air Force’s financial management strategy efforts are informed by the vision in the President’s Management Agenda (PMA), August 2001, the Administration’s key document addressing government reform. At its highest level, the PMA declares that government should be citizen-centered, not bureaucracy-centered; results-oriented; and market-based, actively promoting innovation through competition.

In addition to these sweeping principles, the President’s Management Agenda identifies five broad government-wide initiatives:

- Strategic management of human capital
- Competitive sourcing
- Improved financial performance
- Expanded electronic government
- Budget and performance integration

The Air Force Financial Management Strategic Plan is squarely focused on achieving the kind of improvements in performance cited in the President’s Management Agenda. In assessing broad thematic areas for its strategies, combined with specific initiatives and transformation efforts, FM is closely aligning its efforts with the five PMA areas. For more information on the PMA, please visit the following web site:

<http://www.whitehouse.gov/omb/budget/fy2002/mgmt.pdf>

### A.2 Governing Authorities and Guidance

#### A.2.1 Requirement for a Financial Management Strategic Plan

The Air Force is required by law to have a Financial Management Strategic Plan. In accordance with 10 U.S.C. Part D, 8022C:

**“The Assistant Secretary shall maintain a five-year plan describing the activities the Department of the Air Force proposes to conduct over the next five fiscal years to improve financial management. Such plan shall be revised annually.”**

The Air Force Financial Management Strategic Plan for FY03–08 meets this requirement and is the foundation for the ongoing strategic management process.

#### A.2.2 Congressional and Agency Authorities

Overall, the execution of the Strategic Plan will be governed and guided by a universe of requirements promulgated by the General Accounting Office (GAO), the Office of Management



and Budget (OMB), the Federal Accounting Standards Advisory Board (FASAB), the Air Force Audit Agency, the Defense Finance and Accounting Service (DFAS), and the Office of the Under Secretary of Defense (Comptroller), among other entities. These requirements include, but are not limited to:

- Public Law 101-576, Chief Financial Officers Act of 1990
- Public Law 103-62, Government Performance and Results Act of 1993
- Public Law 103-356, Government Management Reform Act of 1994
- Public Law 104-208, Federal Financial Management Improvement Act of 1996
- Joint Financial Management Improvement Program systems requirements
- Department of Defense Financial Management Regulation
- Various U.S. Treasury financial management regulations and titles

In its discussion of strategy and world-class financial management operations, the GAO emphasizes the need to focus on value-adding activities:

“The reforms laid out by the CFO Act and subsequent related legislation, when effectively implemented, will place the federal government on par with private sector corporations and state and local governments that have already made the necessary investment in financial management. While many agencies have made great strides toward generating more accurate and reliable annual financial statements, the process of preparing financial statements and subjecting them to independent audit is only the first step toward satisfying the requirements of the legislation. To reap the full benefits of financial reform, federal finance organizations must go beyond the audit opinion toward (1) establishing seamless systems and processes, (2) routinely generating reliable cost and performance information and analysis, (3) undertaking other value-added activities that support strategic decision-making and mission performance, and (4) building a finance team that supports the agency’s mission and goals.”

*[GAO Report Title: “Creating Value Through World-class Financial Management” – April 2001]*

The GAO has addressed the need for Department of Defense modernization of its financial operations:

“Effectively managing such a large and complex endeavor requires, among other things, a well-defined and enforced blueprint for operational and technological change, commonly referred to as an enterprise architecture. Such architecture provides a clear and comprehensive picture of an entity, whether it is an organization (e.g., Federal department, agency, or bureau) or a functional or mission area that cuts across more than one organization (e.g., financial management or combat identification). This picture consists of three integrated components: a snapshot of the enterprise’s current operational and technological environment, a snapshot of its target environment, and a capital investment road map for transitioning from current to target environment.”

*[GAO Report Title: “Architecture Needed to Guide Modernization of DoD’s Financial Operations” – May 2001]*



These Department of Defense efforts to modernize business operations and rules and to develop an enterprise architecture have a direct and significant impact on Air Force Financial Management operations and technical infrastructure.

Similarly, the OMB has provided guidance and directives on many matters directly related to FM operations. Below are some key bulletins related to financial statements and audits:

- Policies for Federal Credit Programs and Non-Tax Receivables, OMB Circular A-129, revised 11 January 1993
- Financial Accounting Principles and Standards, OMB Circular A-134, 20 May 1993
- Management Accountability and Control, OMB Circular A-123, revised 21 June 1995
- Audit Requirements for Federal Financial Statements, OMB Bulletin 93-06, revised to adjust to FFMIA in Bulletin 98-04, 16 January 1998; revised as OMB Bulletin No. 98-08, 24 August 1998
- Form and Content of Agency Financial Statements, OMB Bulletins Nos. 93-02 (22 October 1992), 94-01 (13 November 1993), and 97-01 (24 October 1996), with technical amendments (20 November 1998)
- Financial Management Systems, OMB Circular A-127, Transmittal Memorandum #2, 10 June 1999
- Audit Requirements for Federal Financial Statements, OMB Bulletin 01-02, 16 October 2000
- Instructions on Budget Execution, OMB Circular A-34, Transmittal Memorandum #16, 03 November 2000

### **A.3 Air Force Mission, Vision, and Values**

Key guiding principles for the Air Force Financial Management Strategic Plan appear in the overarching Mission Statement, Vision Statement, and Strategic Plan of the Air Force. The Air Force Mission Statement is:

*“To defend the United States through control and exploitation of air and space.”*

The Air Force Vision Statement is:

*“Air Force people building the world’s most respected Air and Space Force . . . global power and reach for America.”*

The Air Force core values (and what they mean) are:

- Integrity First – Integrity is a character trait. It is the willingness to do what is right, even when no one is looking. It is the “moral compass”— the inner voice; the voice of self-control; the basis for the trust imperative in today’s military.
- Service Before Self – tells us that professional duties take precedence over personal desires.



- Excellence In All We Do – directs us to develop a sustained passion for continuous improvement and innovation that will propel the Air Force into a long-term, upward spiral of accomplishment and performance.

An expansion to the Air Force’s vision is contained in the Air Force Strategic Plan, which broadly outlines strategic and transformational goals. The vision sets forth the Service’s core competencies and the command and control through which they are employed through innovation and adaptation in the face of the changing and emerging security environment. In January 2003, the Secretary of the Air Force defined the Air Force competencies as:

- Developing Airmen
- Technology-to-Warfighting
- Integrating Operations



**Appendix B**  
**Financial Management Vision Statement**  
**16 April 2002**



**This page intentionally left blank.**



MEMORANDUM FOR ALL FINANCIAL MANAGERS

SUBJECT: A Vision for Financial Management Leadership and Strength

Our Air Force is in the midst of a profound, exciting, and critical transformation. Warfighters, acquirers, maintainers, trainers, and testers are coming together in new and unprecedented ways to ensure that when our people go in harm's way—5, 10, 15, 20+ years from now—they will have the training, equipment, and support they need to assure decisive victory.

Sound financial management is at the core of this transformation and in all successful organizations. My visits to bases worldwide convince me that you understand the need to improve financial management capabilities and services to keep pace with this dynamic change and that the time to take action is now. So during the term of my appointment, we will implement and institutionalize a vision for Financial Management that will make us the leadership's strategic partner for decision-making and make us the example others follow for delivering high quality, customer-focused services.

My goal in this memo is to lay out for you the general direction for change, motivate you to take action, and help coordinate the actions of many people (so you can figure out what to do without constantly checking with others). I challenge all of us to work together to make this vision a reality.

***Our Shared Vision: Strategic Partnership and High Quality, Customer-Focused Financial Services***

“This is an era of unlimited potential. What if today we were fully integrated with all of our space, manned, and unmanned platforms? What if they conversed? What if we didn't have to go through stovepipes and tribal representatives to get the information from one tribe to another? What if the machines had the opportunity to do this for us? We should be there today. We should be doing that today...”

General John Jumper, CSAF,  
March 16, 2002

Imagine an Air Force wing operating at peak effectiveness and efficiency...one where every dollar strikes the correct balance between supporting the mission, maintaining the infrastructure, and taking care of our people. Imagine a wing where the key leadership knows the true costs of its major processes and can make the proper trade-offs when confronted with unforeseen requirements. Imagine a wing where Air Force people can take care of all their pay requirements from their phone or computer without a trip to Finance, where status of vendor payments is transparent, and where connections with DFAS are seamless. In this wing, the comptroller is a key member of the senior staff and financial managers spend time analyzing options instead of working on complaints. Imagine an Air Force where all wings achieve this level of performance and where our consolidated financial statements are both auditable and meaningful. This is what the world will be like for the comptroller of the future and it is not a fantasy...in fact, it is right around the corner. With new focus on people, processes and technology, we can bring about the necessary transition.



“If strategic planning is the brain of any successful organization, and a talented workforce the heart, then superb financial management is the lifeblood of a dynamic, world-class enterprise. Whether our financial professionals are conducting essential accounting and budgeting tasks or broader, value-added management innovations, their efforts will enable the Air Force to achieve its transformational goals and remain the best managed entity in government.”

Dr. James Roche  
SECAF, April, 2002

This vision is simple. We want our financial managers to be strategists—business partners, top advisors—to our Commanders with the single-minded purpose of serving the warfighter’s needs. Air Force financial managers will be integral members of the Commander’s team to *help leadership make the right strategic choices while making existing operations more effective and efficient*. Success in the first part will be measured by the accuracy and timeliness of financial information; success in the second part by quality of service, timeliness, and cost. The benefits will be seen in terms of improved Air Force management and decision-making processes, quality and timely information, quality of service, and less manual intensity in service delivery.

Becoming the Commander’s strategic partner means going far beyond our traditional budget, accounting, and processing functions and calls us to “re-vector” the role of the comptroller or financial manager toward decision support and greater involvement in developing strategy. To do that we must:

- Further develop our skills in finance and sound business practices and create an environment that attracts, retains, and rewards high-caliber individuals.
- Be more efficient and effective in our fundamental tasks—better services at less cost.
- Improve and expand our ability to provide innovative, insightful, and actionable financial analysis and decision support (in the early stages of the decision cycle) that will inform and speed Air Force transformation.
- Reengineer or redesign our processes and “fix” our systems.

Over time, we will make significant improvements in decision-making that will maximize warfighting capability and positively alter the internal and external perception of financial managers. In this exciting future, financial managers will help shape the future of our Air Force. But make no mistake. We must earn our seat at this table. We will do that by providing agile and insightful analysis at every opportunity. We must be bold. We must be the people who tell leadership “how we can,” not “why we can’t.”

### ***How We Will Do It: People First***

Our people are the key to success. I have no doubt that you are up to the challenge and eager to get on with it.

The demographics of our work force, however, present us with a challenge and an opportunity. Our civilian workforce is aging. Over the next five years nearly half of that workforce becomes eligible to retire. The collective experience and wisdom of that huge group of professionals is invaluable and we must act now to capture it. (In other ways, we face comparable and formidable challenges in our uniformed ranks.)

As difficult as losing all this talent will be, it presents an opportunity we must not miss to refresh and rejuvenate ourselves. We must act now to create a work environment—including compensation, quality of life and work, diversity, rewards, incentives, and training—that will attract



the best financial people in the country, uniformed and civilian, to come work for us. I am convinced that the sense of satisfaction and accomplishment that come from meaningful, mission-oriented public service is one of our greatest recruiting assets. We must find a way to convey that powerful message.

Once we recruit the best, we must offer them a world-class work environment in which their ideas are valued, they are constantly trained, and their performance is rewarded not only with bonuses (as applicable) and other incentives, but also with increasing responsibility and authority. Training must be meaningful and go beyond teaching “our processes.” We must train our managers to innovate, think, and lead. Individually, we must all become more informed, customer-focused leaders, managers, and analysts, by understanding the strategic and operational issues of the Air Force and the most difficult problems facing our warfighters and commanders. Finally, those of us with experience must become mentors.

**How We Will Do It: Challenge Everything We Do**

The need to expand the financial management role beyond the traditional bounds in no way minimizes the importance of what we do now. The Air Force spends more than \$80 billion in public funds each year. We must never lose sight that it is our responsibility to ensure the funds are accounted for. However, we can—indeed we must—meet that goal while expanding our capabilities and performing our more traditional work with improved quality, responsiveness, and efficiency.

Real change means making our processes more efficient. Any step in the process that does not add value must be eliminated. We will focus on our financial processes, but also serve as change agents in evaluating other processes within our commands. We must put aside parochial thinking (and encourage others to do the same), and accept real changes to “the way things were done before.” We must leverage technology, particularly the Web, to improve the timeliness and accuracy of information to our customers and reduce the cost of doing what we must do.

Change also requires being open to new ideas and approaches to doing our business. I believe effective organizations value diversity and the power of new ideas. I will lead the way by seeking inputs from all levels of our organization and from industry. My goal is to create a process whereby creative ideas are encouraged, advanced, evaluated, and implemented.

“Just as we must transform America’s military capability to meet changing threats, we must transform the way the Department of Defense works and what it works on. We must build a Department where each of the dedicated people can apply their immense talents to defend America—where they have the resources, information and freedom to perform. Our challenge is to transform not just the way we deter and defend, but the way we conduct our daily business.”

Secretary Donald Rumsfeld  
SECDEF, Sep 10, 2001

Finally, we must be willing to take risks. I want an environment in which we can experiment and leaders have the authority to make informed decisions, confident that their seniors will provide support for their choices. Not everything we try will work. That’s okay. We’ll learn from the failures, too.

**Why We Must Do This: Maintaining Relevance in the 21st Century**

Some may question the need to change; why we need to raise the urgency level. The short answer is that if we don’t, we will become irrelevant. The challenge the Air Force faces over the coming years (e.g., to leverage advanced technologies, focus on capabilities-based Concepts of Operation, and harness innovative



organizational changes) will require much more sophisticated financial analysis and breadth of expertise than we are universally asked to provide or are capable of delivering even if asked. Indeed, (although exceptions exist) for a host of reasons (some institutional, cultural, and organizational), today we focus our energies on and consequently are increasingly defined by and limited to execution year and processing activities. If allowed to persist, I fear this will spiral and diminish or marginalize the strategic resource management capability we can bring to bear to help our Air Force develop and implement sound strategic choices to increase combat power.

Meanwhile, in industry, CFO organizations are meeting comparable challenges by leveraging technology and reengineering processes to drive change and provide more timely information directly to decision-makers—thus increasing their stock and relevancy within their companies. We will do the same.

“We have to admit that we are in ruts. We are in stovepipes. We have been taught to think one way. We have been taught to defend our prerogatives... We’ve got to break out of that ... We’ve got to be prepared to bust bureaucracies.”

General John Jumper  
CSAF, March 16, 2002

To be sure, adopting relevant industry practices parallels the warfighting and business transformation initiatives of the Air Force and the Financial Management Modernization and Workforce Development initiatives of the Department of Defense. Specific change initiatives are coming into focus throughout the Air Force. Whether it is the warfighting community’s Global Strike Task Force concept, or the acquisition community’s Collaborative Spiral Development, or the personnel community’s efforts to attract and retain skilled people, we must step forward and offer our help, expertise, and guidance. We must be ready and eager to enable change.

“We must promote a more entrepreneurial approach to developing military capabilities -- one that encourages people to be proactive, not reactive, and to behave less like bureaucrats and more like venture capitalists...”

Secretary Donald Rumsfeld SECDEF,  
January 2002

These trends are clear. They point to an increasing need by the Air Force for value-added activities that support decision-making and strategy. That is the future—full of possibilities and opportunities; but we must first increase our ability to pursue them. It requires our financial analysis and expertise and service delivery to be as advanced as the weapons systems and warfighting concepts we support. We need to become less like accountants of an industrial age and more like consultants (or even *e-accountants*) for an information/knowledge age.

Will this be easy? Absolutely not. Will we succeed? We have no choice.

### ***What I Want Us To Do We Must Work Together***

This vision began as an initial set of ideas that I shared with a coalition of senior leaders and advisors, in and out of FM, and many of you during my visits. I incorporated the feedback with large doses of thinking and dreaming to produce a direction for the future that is *desirable* (appeals to “customers” and our workforce and captures the mind and heart); *feasible* (realistic and attainable); *focused* (clear); *flexible* (allows initiative); and *conveyable* in five minutes or less (easy to communicate).

I invite each of you to join me in this vision of making our financial management community a more effective and relevant partner in helping the Air Force shape its future. Very soon, I will outline my specific priorities and goals and metrics in greater detail. They will form the framework for focused initiatives regarding our people, processes, and technology systems.



Through it all, we will remain grounded in the core values that have served us so well: integrity, service, and excellence. These tenets are a reservoir of strength we can tap while charting our new course.

“The Air Force was born from a new technology that transformed the world’s concepts of warfare, and which resulted in sweeping organizational changes in the US Defense structure--most significantly in 1947. Our Air Force culture embraces constant change and transformation--airmen thrive on innovation and are proud that flexibility is a key arrow in our quiver.”

Dr. James Roche  
SECAF, April 2002

Finally, know this. I have tremendous respect for your knowledge and experience. You are the ones who understand how things work on the ground; what works and what does not. In order to make this vision a reality, everyone in our community must work as a team. I will provide the vision, leadership, available resources, and topcover. You must provide your best, unvarnished advice on how to best accomplish parts of the vision. Then, when we decide on a course, you must follow through. Together we will develop a realistic plan, execute it, and then celebrate!

The Air Force, born of change, is relatively young. When we empower our people, they embrace change and exceed expectations. The overwhelming success of the Air Force is a testament to the dedication and talent of its people, including the financial management community. For more than 50 years, our financial managers have supported a growing, evolving Air Force and earned a reputation for professionalism, dedication, and experience. Now, another critical transformation is underway, with intense focus on agile, rapid response, analytical rigor, and strategic decision-making. The financial management community will be a full partner. Let’s get started.

A handwritten signature in black ink that reads "Michael Montelongo".

MICHAEL MONTELONGO  
Assistant Secretary of the Air Force  
(Financial Management and Comptroller)

***“Strategic partners recognized as the ultimate source for financial and management information; a world-class team providing high quality, customer-focused decision support and financial services”***



**This page intentionally left blank.**



## Appendix C – Balanced Scorecard Framework

### C.1 Air Force Financial Management Approach

The Air Force Financial Management Strategic Plan is designed using the Balanced Scorecard approach created by Robert Kaplan of Harvard Business School and David Norton in the early 1990s. The Balanced Scorecard provides a framework to describe and communicate strategy in a consistent and insightful way, makes strategy actionable and measurable, and provides a mechanism for managing the implementation of the strategy.

### C.2 Overview of Balanced Scorecard (BSC)

At the highest level, the Balanced Scorecard approach is a **framework** that helps organizations **translate strategy** into **operational objectives** that drive both **behavior** and **performance**. Strategy maps and Balanced Scorecards are the architectural cornerstones of this framework. Strategy maps depict the cause-and-effect interrelationships among the strategic objectives of an organization. The Balanced Scorecard facilitates the measurement of objectives that involve both tangible and intangible sources of value creation—financial, quality, customer, process, capabilities, people, and systems. Traditionally, organizations have focused strategic success on the quantitative and readily measurable results; however, more recently, organizations have recognized that value creation and success derive from qualitative and less tangible assets as well, such as intellectual assets, knowledge assets, and quality programs. The cause-and-effect linkages in the strategy maps describe the path by which improvements in the performance of intangible assets get translated into tangible mission, financial, or customer outcomes.

The Balanced Scorecard integrates a performance measurement system into a management system; when used for developing and executing strategy, the BSC approach provides the organizing framework for managing execution against strategies and initiatives.

### C.3 Balanced Scorecard Perspectives

The Balanced Scorecard uses four perspectives for evaluating value creation in an organization: Financial/Mission, Customer, Internal Processes, and Learning and Growth. Typically, the Financial/Mission and Customer perspectives are more tangible and measurable in financial and quantitative terms. A brief description of each perspective follows:

- **Financial/Mission:** The strategy for mission and operational readiness and related risk viewed from the perspective of the stakeholder or commander. (Although financial measures provide accountability to shareholders in the private sector, an agency’s mission is usually the equivalent proxy in the public sector.) The components of the financial or mission perspective are the key levers that drive financial or mission performance.
- **Customer:** The strategy for creating value and differentiation from the perspective of the customer—the person whom the FM community serves. This perspective reflects the value

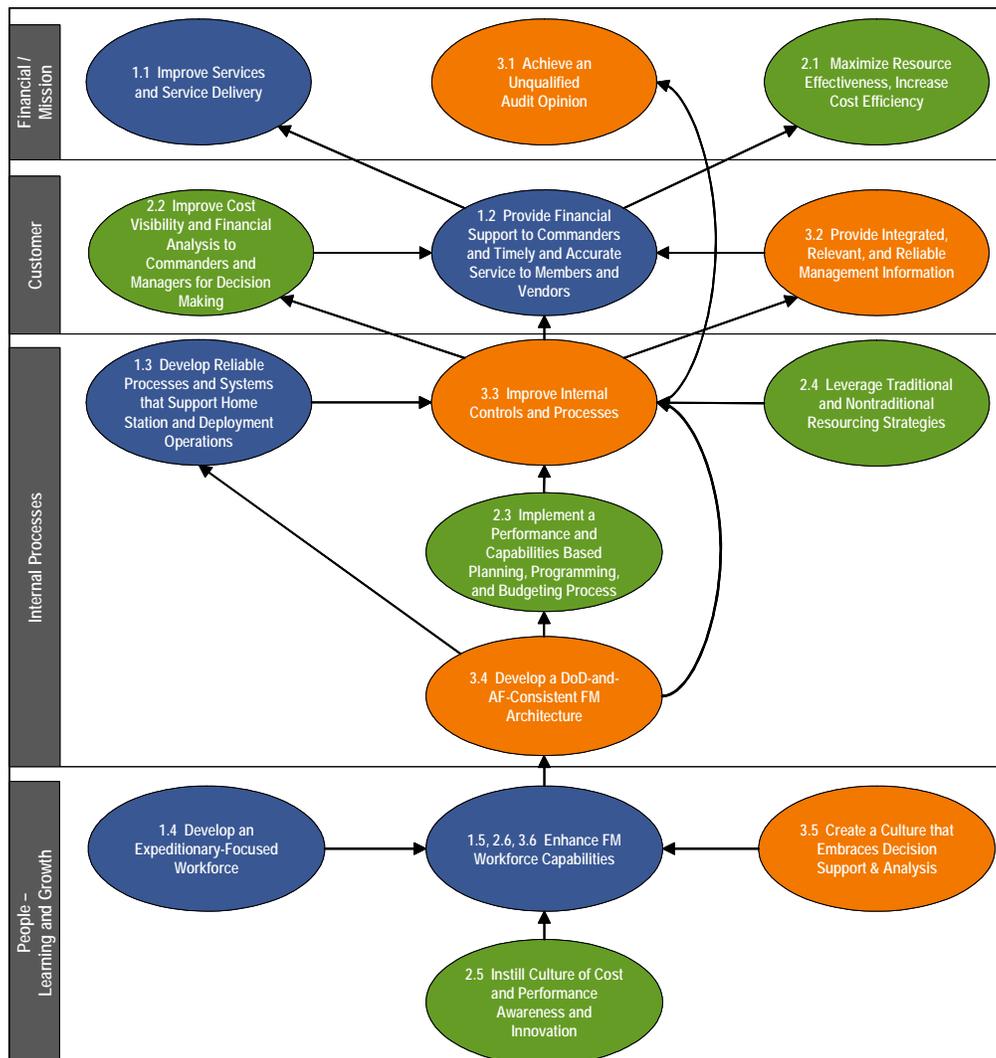


proposition for target customers—who could be an airman with a pay issue, a MAJCOM dealing with O&M challenges, or a Program Manager in a major acquisition.

- **Internal Processes:** The strategic priorities for various business processes and IT solutions, which create customer and shareholder satisfaction. This perspective reflects the value chain of the core business processes such as accounting, PPBES, or cost estimating.
- **Learning and Growth:** The priority is to create a climate of learning and growth for members of the FM community. These are the critical enablers for performance improvement, change, and learning.

The perspectives represent the enabling elements of human capital development (People) and operational efficiencies (Internal Processes) that support customer requirements and demands (Customer) and result in achieving financial and mission imperatives (Financial and Mission). This is illustrated in the diagram below.

**Financial Management Strategy Map (with Cause and Effect Notation)**





## C.4 Strategic Themes and Objectives

To communicate their strategies simply, many organizations segment them into **strategic themes** that can be considered the “pillars” for the strategy and array the strategic objectives into related areas for execution and measurement. Typically comprising several strategic objectives, themes organize them into management shorthand to highlight the few critical focus areas (or priorities) of the strategy.

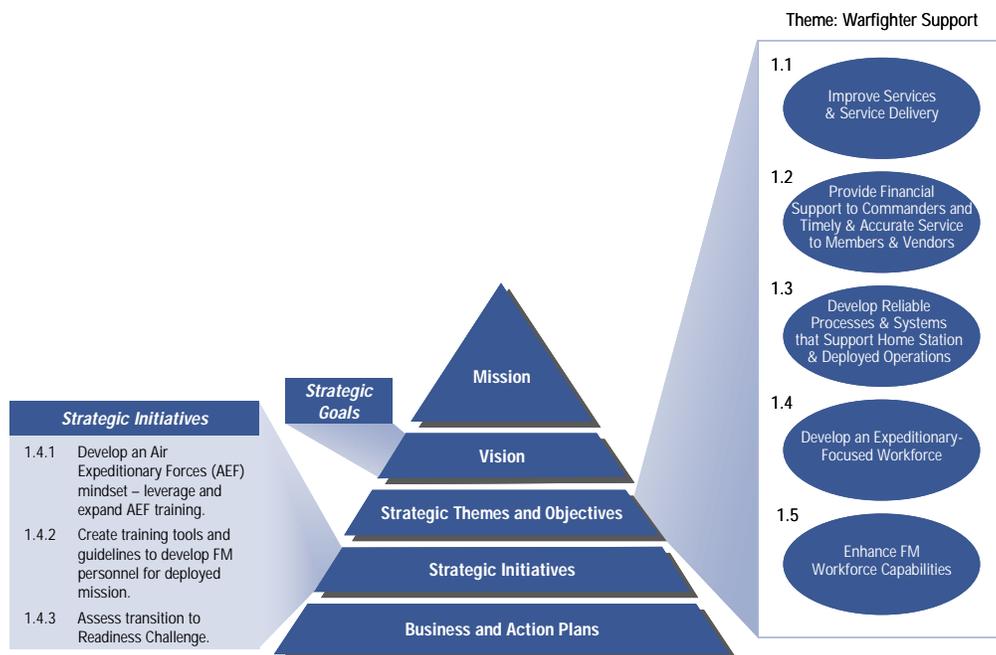
In the Air Force Financial Management Strategic Plan, for example, the comprehensive themes are Warfighter Support, Strategic Resourcing and Cost Management, and Information Reliability and Integration.

At the next level, **strategic objectives** should describe what the organization must achieve to succeed in realizing its vision. Strategic objectives should be simply stated and made understandable by the members of the organization who will be responsible for leading the execution of plans supporting those objectives. In addition, and more broadly, members of the organization and those external to the organization who are actively participating in initiatives should clearly understand how their activities contribute to achieving strategic objectives.

Finally, to make strategic objectives actionable, organizations typically delineate objectives into smaller units or constructs called **strategic initiatives**. The initiative level serves to focus activities in concrete terms and refine measurements to manageable, quantifiable components. Business plans can be developed at either the strategic objective or initiative level.

In the Air Force Financial Management Strategic Plan, each strategic objective is decomposed to the initiative level.

### Essential Elements of the Strategic Plan





**This page intentionally left blank.**



## **Appendix D – Details of Strategic Objectives, Measures, Targets and Initiatives**

The Balanced Scorecard matrices in Section 2 summarized the strategic objectives, measures, targets and initiatives. The following tables provide additional details regarding strategic objectives, associated measures and targets for those objectives, and specific initiatives for each strategic objective.

The following notation is used for objective measures and targets on the Balanced Scorecard matrices that follow:

- Unless otherwise noted, Target (SO) uses FY03 as a baseline.
- Measures are denoted using “M1”, “M2”, “M3” etc. for each strategic objective.
- Targets are denoted using “T1”, “T2”, “T3”, etc. for each strategic objective.
- The numerical notations for measures and targets are aligned; that is the specific target for M1 is designated T1.

Targets denote achievement of the measure using Fiscal Years (FY). These FY notations reflect fiscal year ends. “TBD” (to be determined) designations contained in these Balanced Scorecard matrices will be updated during Q1 FY04.



## Theme 1: Warfighter Support

	Strategic Objectives	Measures	Targets	Initiatives
Financial / Mission	<p>1.1. Improve services and service delivery.</p> <p><i>Services and service delivery to the warfighter span the financial management requirements of the deployed and home-base warfighter.</i></p> <p><i>Traditional FM services, such as pay, travel, procurement processing as well as budget development and execution support, will be provided to the warfighter in an increasingly automated, digital manner. The aim is to “widen the aperture” and offer the most cost-effective services anytime (24/7) and anywhere for every airman in one place (one-stop shopping).</i></p> <p><i>New and innovative FM services will be developed to help the warfighter leverage information and more effectively integrate financial insights into day-to-day activities.</i></p>	<p>1.1.M1. Customer Satisfaction Survey Scores</p> <p>1.1.M2. Percentage of “first call” resolution</p> <p>1.1.M3. Fully operational Finance and HR office with pay and entitlements support services integrated into single “office” (including website, call center, and customer service center)</p>	<p>1.1.T1. 80% Customer satisfaction w/in a year; 95% by FY05</p> <p>1.1.T2. 75% w/in 24 hours; 100% w/in 72 hours by FY05</p> <p>1.1.T3. 100% operationally ready by FY06: a. website by FY04; b. call center by FY05; c. customer service center by FY06)</p>	<p>1.1.1. Complete FMT 02-1: AF Customer Service Concept (Phase 1). This initiative includes “one-stop-shopping” customer service in a seamless integrated fashion, delivering service anytime, anywhere, by leveraging technology.</p> <p>Start: FY02 – End: FY03 Lead: PDAS (Pers Pay Council)</p> <p>1.1.2. Initiate FMT 02-1: AF Customer Service Concept (Phases 2+).</p> <p>Start: FY04 – Ongoing Lead: PDAS (Pers Pay Council)</p>
Customer	<p>1.2 Provide financial support to deployed commanders, timely and accurate service to deployed members, and payments to vendors in a deployed environment.</p> <p><i>Financial support to commanders includes delivery of quality services related to pay, travel reimbursement, procurement, and logistics.</i></p>	<p>1.2.M1. Fully qualified comptrollers available to support deployed locations</p>	<p>1.2.T1. 100% comptrollers qualified to support deployed locations by FY05.</p>	<p>1.2.1. Complete FMT 03-3: Combat Comptroller Concept (Phase 1). This initiative includes evaluating the role of FM at deployed locations and focusing on value-added tasks; evaluating services that can be provided off-site; and enhancing training for deployed personnel.</p> <p>Start: FY03 – End: FY03 Lead: ACC/FM</p> <p>1.2.2. Initiate FMT 03-3: Combat Comptroller Concept (Phases 2+).</p> <p>Start: FY04 – Ongoing Lead: MAJCOM FM (TBD)</p>



## Theme 1: Warfighter Support (continued)

	Strategic Objective	Measure	Target	Initiatives
Internal Processes	1.3. Develop reliable processes and systems that support home-station and deployed operations.  <i>Reliable processes and systems are a necessary prerequisite to improvements in support of the warfighter. Systems and processes are reliable when they are accurate, predictable, and meet functional and user requirements.</i>	1.3.M1. Reliability of financial systems	1.3.T1. 25% annual improvement from FY03 baseline reliability	1.3.1. Complete FMT 02-2: Vendor/ Commercial Pay (Phase 1): Implement Wide Area Work Flow (WAWF) Start: FY02 – End: FY04 Lead: FMP (Commercial Pay Council)
	<i>Reliability measures for systems may include networthiness, functional and user acceptance standards, and CFO Act compliance.</i>  <i>Effectiveness measures for processes address productivity, costs, labor intensity, speed, quality, among others.</i>	1.3.M2. Effectiveness of processes	1.3.T2. Effectiveness of processes as percentage of established FY03 baseline	1.3.2. Initiate FMT 02-2: Vendor/ Commercial Pay (Phase 2+) Start: FY04 – End: FY07 Lead: FMP (Commercial Pay Council)
		1.3.M3. Reduced interest penalty payments	1.3.T3. 50% reduction (dollar value) by FY05, 75% reduction by FY07	1.3.3. Work with appropriate Program Managers and AF CIO to implement various travel and order writer systems. Start: FY02 – End: FY06 Lead: FMPT
		1.3.M4. Reduction in lost discounts	1.3.T4. 50% reduction (dollar value) by FY05; 75% reduction by FY07	1.3.4. Capture and incorporate lessons learned from deployed operations. Start: Ongoing – End: Ongoing Lead: FMPW



## Theme 1: Warfighter Support (continued)

	Strategic Objectives	Measures	Targets	Initiatives
People – Learning and Growth	1.4. Develop an expeditionary- focused workforce.  <i>Be ready to deploy or support those who are deployed.</i>	1.4.M1. Percentage of FM personnel available to deploy per SORTS designation	1.4.T1. 70% by FY04; 85% by FY05; 100% by FY06	1.4.1. Develop an Air Expeditionary Forces (AEF) mindset – leverage and expand AEF training. Start: FY01 – Ongoing Lead: SAF/FMPW  1.4.2. Create training tools and guidelines to prepare FM personnel for deployed mission. Start: FY03 – End: FY04 Lead: SAF/FMPW  1.4.3. Assess and plan transition to Readiness Challenge. Start: FY04 – End: FY06 Lead: SAF/FMPW
		1.4.M2. Percentage of eligible pool graduating from Silver Flag	1.4.T2. Enlisted target: 100%; officer target: TBD	
		1.4.M3. Percentage of deployed FM personnel that completed pre-deployment training (Comptroller Contingency Familiarization Training)	1.4.T3. 15% increase annually from FY03 to FY05	
		1.4.M4. Validate percentage trained, as reported in ARTS	1.4.T4. Validation > 96% by FY05	
		1.4.M5. Number returned personnel from AOR as “not capable”	1.4.T5. Not capable < 2% by FY05	
	1.5 Enhance FM workforce capabilities.  <i>Encompasses all elements needed for a superior workforce that will provide the desired decision support for the AF.</i>  <i>Much of the work envisioned in support of this strategic objective is set forth in the FM Workforce Management Strategic Plan.</i>	1.5.M1. Percentage of FM workforce trained in decision support	1.5.T1. 50% by FY06; 75% by FY08	1.5.1. Complete TDD 02-2: Establish SAF/FM HR office. Start FY02 – End: FY03 Lead: SAF/FMP  1.5.2. Develop and implement FM Workforce Management Strategic Plan.  Start: FY03 – End: Ongoing Lead: SAF/FMPW
		1.5.M2. Percentage of people meeting SAF/FM Professional Development Guidelines	1.5.T2. 20% by FY06; 50% by FY08	



## Theme 2: Strategic Resourcing and Cost Management

	Strategic Objectives	Measures	Targets	Initiatives
Financial / Mission	<p>2.1. Maximize resource effectiveness and increase cost efficiency.</p> <p><i>FM's will be able to deliver higher-valued services at lower costs on a timely basis by focusing on resource effectiveness, cost efficiencies, and reducing labor intensity.</i></p> <p><i>Effectiveness measures the value delivered to the customer. Efficiency measures output achieved per unit of resource (labor, \$, or time).</i></p> <p><i>Labor intensity measures overall workload and the number of manual interventions and people required to sustain a process, complete task, or deliver a service.</i></p>	<p>2.1.M1. Cost reduction in operations by a percentage of baseline year, with no mission degradation</p>	<p>2.1.T1. At least 10%–15% over FYDP</p>	<p>2.1.1. Complete FMT 03-1: Re-engineer O&amp;M Decision Support (Phase 1): Wing-level end-to-end review of resource management and development of computer-based tools to enhance decision support.</p> <p>Start: FY03 – End: FY03 Lead: AMC/FM</p>
		<p>2.1.M2. Application of nontraditional sources to AF TOA</p>	<p>2.1.T2. Three new sources (at least \$1M each) by FY06</p>	<p>2.1.2. Initiate FMT 03-1: Reengineer O&amp;M Decision Support (Phases 2+).</p> <p>Start: FY04 – Ongoing Lead: MAJCOM FM (TBD)</p> <p>2.1.3. Develop and implement Expense Management Plan (Phase 1): Conduct value-added/non-value-added, cycle time, and root cause analysis of significant resource-consuming activities.</p> <p>Start: FY03 – End: FY04 Lead: AFMC/FM</p>
Customer	<p>2.2. Provide improved cost visibility and financial analysis for decision-making to commanders and managers.</p> <p><i>To become a strategic partner with other Air Force leaders, the FM community must present clear, reliable cost information and appropriate, understandable financial analysis to support them.</i></p>	<p>2.2.M1. Availability of standardized cost data for each program (historic and current)</p>	<p>2.2.T1. 75% by FY05; 100% by FY07</p>	<p>2.2.1. Complete FMT 03-2: Reengineer Acquisition Decision Support (Phase 1): End-to-end review and reengineering of the acquisition cost process in support of Milestone Reviews, annual POM/ Budget submissions, analysis of alternatives, source selections, etc.</p> <p>Start: FY03 – End: FY03 Lead: AFCAA/TD</p> <p>2.2.2. Initiate FMT 03-2: Reengineer Acquisition Decision Support (Phases 2+): Enhance the financial management capability for acquisition decision-based analysis that correctly balances warfighting requirements, available resources, and risk considerations.</p> <p>Start: FY04 – Ongoing Lead: MAJCOM FM (TBD)</p> <p>2.2.3. Expand cost modeling for use in new programs and budget development.</p> <p>Start: FY05 – End: FY07 Lead: SAF/FMB</p> <p>2.2.4. Define and implement a uniform confidence level for acquisition program cost estimates (AQ Eagle Look 6-3a).</p> <p>Start: FY04 – End: FY04 Lead: FMC</p>
		<p>2.2.M2. Use of earned value analysis (EVA) for all major weapon system programs</p>	<p>2.2.T2. 75% by FY05; 100% by FY07</p>	



## Theme 2: Strategic Resourcing and Cost Management (cont'd)

	Strategic Objective	Measures	Targets	Initiatives
Internal Processes	<p>2.3. Design and implement a performance- and capabilities-based planning, programming, and budgeting process.</p> <p><i>Linking planning, programming, and budgeting processes to capabilities will allow Air Force leaders to evaluate alternative strategies, sources, or systems with comprehensive understanding of tradeoffs and potential impact on the AF mission. The Government Performance and Results Act (GPRA) encourages this capability, and OMB Circular A-11 requires it.</i></p>	2.3.M1. Percentage of programs and budget, expressed in performance or capability terms	2.3.T1. 20% for FY05 APOM; 100% by end FY08	<p>2.3.1. Develop architecture and data structure that provide a common language (across AF and DoD) to help achieve information transparency.</p> <p style="text-align: right;">Start: FY04 – End: FY05 Lead: SAF/FMB</p>
		2.3.M2. Implementation of performance-based budgets as percentage of TOA	2.3.T2. 60% by 2005; 100% by 2008	<p>2.3.2. Redesign the resourcing process to ensure that strategy, performance, and metrics are integrated in programming, budgeting, and execution; performance should be measured against the strategic objectives established at the outset. The outcome is a performance-based or capabilities-based budget.</p> <p style="text-align: right;">Start: FY03 – Ongoing Lead: SAF/FMB</p>
		2.3.M3. Creation/implementation of performance measures by percentage of TOA	2.3.T3. 60% by 2005; 100% by 2008	<p>2.3.3. Implement additional activity-based costing/management (ABC/M) projects AF-wide, as appropriate.</p> <p style="text-align: right;">Start: FY03 – Ongoing Lead: SAF/FMC</p> <p>2.3.4. Revise [based upon the results of work on other Eagle Look recommendation (6-2a)] Air Force planning, programming, and budgeting practices (e.g., assessments) to maximize stability of acquisition funds (AQ Eagle Look 6-2b).</p> <p style="text-align: right;">Start: FY04 – End: FY04 Lead: FMBIP</p> <p>2.3.5. Implement changes [identified as a result of the work done for Eagle Look 10-4a] that will better support evolutionary acquisition and spiral development (AQ Eagle Look 10-4b).</p> <p style="text-align: right;">Start: FY04 – End: FY04 Lead: FMBIP</p>



## Theme 2: Strategic Resourcing and Cost Management (cont'd)

	Strategic Objective	Measures	Targets	Initiatives
<b>Internal Processes</b>	2.4 Leverage traditional and nontraditional resourcing strategies.  <i>Provide a strategy and the capabilities to assess and adopt nontraditional resourcing strategies (such as leasing, public/private partnerships) to augment the traditional resourcing through the AF Total Obligation Authority.</i>	2.4.M1. Dollars of private-sector funds invested in AF activities	2.4.T1. \$1B/year, starting FY06 v. FY03 baseline	2.4.1. Leverage private sector and other resources to generate investment-type funding.  Start: FY04 – End: FY06 Lead: SAF/FMB
		2.4.M2. Future costs avoided because of leveraged resources	2.4.T2. \$0.5B/year, starting FY06 v. FY03 baseline	2.4.2. Adapt and adopt private-sector business processes and concepts.  Start: FY04 – End: FY06 Lead: SAF/FMCE
<b>People – Learning and Growth</b>	2.5. Instill culture of cost and performance awareness and of innovation.  <i>Identify core methods and standard tools for costing analysis, performance-based management, activity-based costing/management, and process and financial analysis. Integrate Six Sigma and other standard industry protocols, as appropriate, into FM toolkit. Train and deploy FM community across AF to assist commanders, warfighters, and other customers.</i>	2.5.M1. Number of FM people trained in cost and performance management	2.5.T1. 100% by end FY07	2.5.1. Raise awareness of the value of performance-based budgeting.  Start: FY03 – End: FY05 Lead: SAF/FMB
		2.5.M2. Number of Functionals trained in cost and performance	2.5.T2. 100% by end FY07 (for selected professionals)	2.5.2. Adapt and adopt expertise and capabilities from private-sector financial management leading practices.  Start: FY03 – Ongoing Lead: SAF/FMB
		2.5.M3. Percentage of FM community as members or leaders of Communities of Practice	2.5.T3. 25% FM community participation in FY04; 50% in FY05; 90% in FY06	2.5.3. Provide training in cost/benefit analysis, EVA, and other financial techniques (e.g., business case analysis).  Start: FY04 – End: FY08 Lead: SAF/FMPW
				2.5.4. Develop standardized decision support toolkit for HQ/Base/Wing levels of FM operations.  Start: FY04 – End: FY04 Lead: SAF/FMC
				2.5.5. Expand awareness of applications of cost modeling for use in new programs and budget development.  Start: FY05 – End: FY07 Lead: SAF/FMB



### Theme 3: Information Reliability and Integration

	Strategic Objectives	Measures	Targets	Initiatives
Financial / Mission	3.1 Achieve an unqualified audit opinion. <i>A clean audit opinion is an indicator that financial processes and systems can produce reliable and relevant financial and management information.</i> <i>The Chief Financial Officers Act of 1990 (CFO Act) and the Government Management and Reform Act of 1994 (GMRA) established requirements for:</i>	3.1.M1. Percentage of critical feeder systems deemed to be substantially compliant	3.1.T1. TBD	3.1.1. Develop and execute a detailed and comprehensive CFO compliance action plan (to be called the Information Reliability and Integration Action Plan) to achieve clean opinion, including governance process and structure: <ul style="list-style-type: none"> <li>▪ Balance Sheet (or Statement of Financial Position):</li> <li>▪ Statement of Net Cost</li> <li>▪ Statement of Changes in Net Position</li> <li>▪ Statement of Budgetary Resources</li> <li>▪ Statement of Financing</li> </ul> Start: FY03 – End: Ongoing Lead: SAF/FMP
	<ul style="list-style-type: none"> <li>▪ Audited financial statements for agencies (e.g., DOD/AF) and revolving fund activities</li> <li>▪ IG audits of annual agency financial reports</li> </ul>	3.1.M2. Percentage of critical feeder systems interfaced with the DFAS-DE accounting systems (GFAS-R, COTS, etc.)	3.1.T2. TBD	
		3.1.M3. Percentage of General Fund Financial Statement lines ready for internal AFAA review	3.1.T3. TBD	
		3.1.M4. Percentage of Working Capital Financial Statement lines ready for internal AFAA review	3.1.T4. TBD	
		3.1.M5. Percentage of General Fund Principal Statements (5) ready for external audit	3.1.T5. TBD	
		3.1.M6. Percentage of Working Capital Principal Statements (5) ready for external audit	3.1.T6. TBD	
		3.1.M7. Percentage of AF CFO Reporting Entity Financial Statements [taken as a whole (2)] receive an opinion	3.1.T7. TBD	



### Theme 3: Information Reliability and Integration (continued)

	Strategic Objective	Measure	Target	Initiatives
<b>Customer</b>	<p>3.2 Provide integrated, relevant, and reliable management information.</p> <p><i>Financial information is <u>relevant</u> when it is timely and provides feedback on operations or helps predict future events of import. Information is <u>reliable</u> when it is accurate, verifiable, and free from bias.</i></p> <p><i>To achieve a clean audit opinion, financial processes and systems should produce reliable information.</i></p> <p><i>The annual financial statement process and audit cycle will be used as an opportunity to improve financial management, financial systems, and processes.</i></p>	3.2.M1. Number of primary and feeder systems required to support financial reporting	3.2.T1. Reduce, consolidate, or integrate 50% of systems by the end of FY04; 100% by end FY08	<p>3.2.1. Complete TDD 02-1: Establish SAF/FM IT office. Start: FY02 – End: FY03 Lead: SAF/FMT</p> <p>3.2.2. Complete TDD 03-1: Establish Automated Tools Forum. Promote sharing of locally developed automated financial management tools and assess potential of application of the tools across the AF at all levels. Start: FY03 – End: FY03 Lead: USAFE/FM</p>
		3.2.M2. Single source of real-time data	3.2.T2. Single source of real-time data by 2008	3.2.3. Deploy processes and systems to achieve interim and intermediate capability with Wide Area Work Flow (WAWF) and FIRST. Start: FY03 – End: FY05 Lead: PDAS (Comm Pay Council)
		3.2.M3. Percentage of transactions requiring manual interventions after initiation of transaction	3.2.T3. 10% reduction per year	3.2.4. Stand up robust financial support organizations at major Product/Logistics Centers. Start: FY03 – End: FY05 Lead: AFMC/FM
		3.2.M4. Reduce total FM operating costs by employing leading-edge technologies	3.2.T4. 10% per year	3.2.5. Develop partnerships and agreements with functionals to develop collaboratively integrated functional and financial systems that support Air Force decision-making and accountability; use FMandA IPT to govern, track, and enforce. Start: FY04 – End: FY07 Lead: SAF/FMPT



### Theme 3: Information Reliability and Integration (continued)

	Strategic Objectives	Measures	Targets	Initiatives
Internal Processes	3.3. Improve internal controls and processes. <i>Build control activities into financial and nonfinancial processes. This supports the integration of nonfinancial managers into operational activities and related internal controls.</i>	3.3.M1. Number of documented uncorrected material weaknesses	3.3.T1. Achieve zero documented uncorrected material weaknesses by FY07	3.3.1. Complete TDD 03-2: End-to-End Governance Review (Phase 1). Conduct an end-to-end governance review of policy, reporting requirements, funding thresholds, internal constraints, and other limitations levied on the FM community at the Headquarters, MAJCOMs, and Wing levels. Start: FY03 – End: FY03 Lead: PACAF/FM  3.3.2. Initiate TDD 03-2: End-to-End Governance Review (Phases 2+) Start: FY04 – Ongoing Lead: MAJCOM FM (TBD)  3.3.3. Complete FMT 03-4: Reengineer AF/DFAS Relationship (Phase 1). Evaluate all handoffs between AF and DFAS, reengineer processes, and determine optimal role for each throughout all stages of accounting and disbursing. Start: FY03 – End: FY03 Lead: AETC/FM  3.3.4. Initiate FMT 03-4: Reengineer AF/DFAS Relationship (Phases 2+) Start: FY04 – Ongoing Lead: MAJCOM FM (TBD)  3.3.5. Complete Core Competency Review. Start: FY04 – End: FY04 Lead: SAF/FMT  3.3.6. Improve USAF Management Control Program (Federal Managers’ Financial Integrity Act). Start: FY04 – End: FY05 Lead: SAF/FMP  3.3.7. Revise Air Force funds management practices to maximize flexibility in management of acquisition funds (AQ Eagle Look 6-1b). Start: FY04 – End: FY04 Lead: FMBIP
		3.2.M2. Number of core processes mapped, reengineered, and standardized	3.2.T2. 100% by FY04	



### Theme 3: Information Reliability and Integration (continued)

	Strategic Objective	Measures	Targets	Initiatives
Internal Processes	<p>3.4. Develop FM architecture consistent with AF enterprise architecture (EA) and DoD Business Management Systems Integration (BMSI) enterprise architecture.</p> <p><i>Establish compatibility and align with framework to develop and deploy the necessary technology systems and "tools" that will provide decision support, customer support, and accounting reports while being consistent with other DoD activities.</i></p>	3.4.M1. Number of legacy systems (not included in the final Enterprise Architecture) still in operation	3.4.T1. Achieve 100% reduction from baseline of unconnected and nonintegrated systems in operation by FY08	<p>3.4.1. Partner with AF CIO and develop AF/FM architecture; participate in OSD and AF BMSI projects.</p> <p>Start: FY03 – End: FY08 Lead: SAF/FMPT</p> <p>3.4.2. Partner with DFAS to develop and deploy a COTS accounting system.</p> <p>Start: FY03 – End: FY07 Lead: SAF/FMPT</p> <p>3.4.3. Reengineer and standardize processes and systems (MicroBAS, COARS, CRIS, Resource Tracking System) to speed the collection of information and provide more time for analysis.</p> <p>Start: FY04 – Ongoing Lead: MAJCOM FM (TBD)</p>
		3.4.M2. Number of key processes operating under the EA	3.4.T2. All key processes AF-wide by FY08	
		3.4.M3. Ready-to-serve reliability measures	3.4.T3. TBD	
People – Learning and Growth	<p>3.5. Create a culture that embraces decision support and analysis.</p> <p><i>Establish the overarching vision and direction for the FM community and focus for workforce development.</i></p> <p><i>Embed the skills and capabilities to perform financial analysis and provide decision support. Build foundation for world-class customer service in analytics and decision support.</i></p> <p><i>Transition from emphasis on transaction processing to emphasis on decision support and analysis.</i></p>	3.5.M1. Improvement in survey of customers/ commanders re: FM culture	3.5.T1. 5%–10% improvement by FY05	<p>3.5.1. Complete FMT 03-5: FM Knowledge Management Concept (Phase 1). Build a comprehensive knowledge management desk book tool for FM.</p> <p>Start: FY03 – End: FY03 Lead: AFCM/FM</p> <p>3.5.2. Initiate FMT 03-5: FM Knowledge Management Concept (Phases 2+). Expand FM KM functionality.</p> <p>Start: FY04 – Ongoing Lead: MAJCOM FM (TBD)</p> <p>3.5.3. Sustain TDD 03-3: Transformation Training. Develop concepts and training to support FM Transformation Initiative Task Forces.</p> <p>Start: FY03 – Ongoing Lead: SAF/FMT</p> <p>3.5.4. Work with SAF/AQ teams to develop a process to allow the Air Force corporate structure to prioritize Air Force acquisition programs. (AQ Eagle Look 4-3).</p> <p>Start: FY04 – End: FY04 Lead: FMBIP</p> <p>3.5.5. Redesign institutional educational/training curricula.</p> <p>Start: FY04 – End: FY05 Lead: FMPW</p>



**This page intentionally left blank.**



## Appendix E – List of Acronyms

ABC/M.....	Activity-Based Costing / Management
AEF.....	Air Expeditionary Forces
AF.....	Air Force
AOR.....	Area of Responsibility
APCS.....	Automated Purchase Card System
APOM.....	Amended Program Objective Memorandum
ARTS.....	Archival and Retrieval System
ATM.....	Automated Teller Machine
BMMP.....	Business Management Modernization Program
BMSI.....	Business Management Systems Integration
BSC.....	Balanced Scorecard
CARE.....	Customer Automation and Reporting Environment
CFO.....	Chief Financial Officer
CIO.....	Chief Information Officer
COARS.....	Command On-Line Accounting and Reporting System
COPs.....	Communities of Practice
CRIS.....	Commander’s Resource Integration System
DFAS.....	Defense Finance and Accounting Service
DIMHRS.....	Defense Integrated Military Human Resources System
DoD.....	Department of Defense
DoDEA.....	Department of Defense Enterprise Architecture
DTS.....	Defense Travel System
EA.....	Enterprise Architecture
EVA.....	Earned Value Analysis
EVM.....	Earned Value Management
FASAB.....	Federal Accounting Standards Advisory Board
FIRST.....	Financial Information Resource SysTem
FM.....	Financial Management
FM and A.....	Financial Management and Accountability
FMB.....	Deputy Assistant Secretary, Budget
FMC.....	Deputy Assistant Secretary, Cost and Economics
FMP.....	Deputy Assistant Secretary, Financial Operations
FMPW.....	Workforce Management, Deputy Assistant Secretary, Financial Operations
FMR.....	Financial Management Regulations
FMT.....	Financial Management Transformation



FY .....Fiscal Year  
GAO.....General Accounting Office  
GMRA.....Government Management and Results Act  
GPRA.....Government Performance and Results Act  
HQ.....Headquarters  
HR .....Human Resources  
IG .....Inspector General  
IMPAC.....International Merchant Purchase Authorization Card  
IPT.....Integrated Product Team, Integrated Process Team  
JFMIP.....Joint Financial Management Improvement Program  
MAJCOM .....Major Command  
MicroBAS.....Microcomputer Budget Automated System  
O&M.....Operations and Maintenance  
OMB .....Office of Management and Budget  
PMA.....President’s Management Agenda  
PMO.....Program Management Office  
POM.....Program Objective Memorandum  
PPBES.....Planning, Programming and Budget Execution System  
RA .....Resource Advisor  
RTS .....Reserve Travel System, Resource Tracking System  
ROW .....Reserve Order Writer system  
SAF/FM .....Assistant Secretary of the Air Force, Financial Management and  
Comptroller  
TBD.....To be determined  
TDD .....Transformation Direct Deposit  
TOA .....Total Obligating Authority  
USAF .....United States Air Force  
USC.....United States Code  
WAWF.....Wide Area Work Flow  
XO.....Deputy Chief of Staff, Air and Space Operations



**This page intentionally left blank.**