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An Unreliable Chart of Accounts Affected Auditability
of Defense Enterprise Accounting and Management
System Financial Data

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Acronyms and Abbreviations

COA	Chart of Accounts
DDRS	Defense Departmental Reporting System
DEAMS	Defense Enterprise Accounting and Management System
DFAS	Defense Finance and Accounting Service
ERP	Enterprise Resource Planning
FISCAM	Federal Information System Controls Audit Manual
FMO	Functional Management Office
OFFM	Office of Federal Financial Management
OUSDC(C)	Office of the Under Secretary of Defense (Comptroller)
PMO	Program Management Office
QRM	Quick Reaction Memorandum
SAF/FM	Assistant Secretary of the Air Force for Financial Management and Comptroller
SFIS	Standard Financial Information Structure
USAF	U.S. Air Force
USSGL	United States Standard General Ledger
USTRANSCOM	U.S. Transportation Command



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

September 28, 2012

MEMORANDUM FOR COMMANDER, U.S. TRANSPORTATION COMMAND
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)

SUBJECT: An Unreliable Chart of Accounts Affected Auditability of Defense Enterprise Accounting and Management System Financial Data
(Report No. DODIG-2012-140)

We are providing this report for your information and use. Unless the deficiencies identified in this report are corrected, the Defense Enterprise Accounting and Management System's data reliability problems will likely impair DoD and U.S. Air Force abilities to meet their FY 2014 and FY 2017 audit readiness goals.

We considered management comments on a draft of this report when preparing the final report. The Principal Deputy Assistant Secretary of the Air Force (Financial Management and Comptroller) provided comments and responded for the Functional Manager, Defense Enterprise Accounting and Management System Functional Management Office. The Principal Deputy Assistant Secretary of the Air Force (Financial Management and Comptroller) comments conformed to the requirements of DoD Directive 7650.3; therefore, additional comments are not required.

We appreciate the courtesies extended to the staff. Please direct questions to me at (703) 604-8938 (DSN 664-8938).

A handwritten signature in black ink, reading "Richard B. Vasquez", is positioned above the printed name.

Richard B. Vasquez, CPA
Acting Assistant Inspector General
Financial Management and Reporting



Results in Brief: An Unreliable Chart of Accounts Affected Auditability of Defense Enterprise Accounting and Management System Financial Data

What We Did

The U.S. Air Force's (USAF) auditability is dependent on successfully deploying the Defense Enterprise Accounting and Management System (DEAMS). The current DEAMS life-cycle cost estimate is \$2.1 billion. As of March 31, 2012, DEAMS expenditures totaled approximately \$322.2 million.

We determined whether the DEAMS fulfilled selected functional capabilities needed to generate accurate and reliable financial management information.

What We Found

DEAMS lacked critical functional capabilities needed to generate accurate and reliable financial management information. DEAMS managers did not maintain an adequate Chart of Accounts (COA). In addition, DEAMS did not report Standard Financial Information Structure (SFIS) financial data directly to the Defense Departmental Reporting System (DDRS). These occurred because:

- Functional Management Office (FMO) personnel did not monitor changes to the COA and document policies and procedures for modifying the COA, and
- DoD and USAF management initially decided not to report financial data directly to DDRS until fourth quarter FY 2016.

DEAMS data lacks validity and reliability. Unless the unauthorized changes and inconsistencies in the DEAMS COA are corrected, DoD and USAF management cannot rely on DEAMS information to make sound business decisions. Further, DEAMS management cannot ensure updates to the DEAMS COA are performed correctly and consistently. In

addition, the approved plan for reporting directly to DDRS may challenge the USAF's ability to obtain audit readiness for the Statement of Budgetary Resources before the end of FY 2014. Further, unforeseen delays with reporting SFIS financial data directly to DDRS may impede USAF's ability to achieve audit readiness on the remaining financial statements by FY 2017.

On November 14, 2011, we issued a Quick Reaction Memorandum discussing the unauthorized changes to the DEAMS COA.

What We Recommend

We recommend that the Assistant Secretary of the Air Force for Financial Management and Comptroller perform validations of the corrective actions for the unauthorized changes and inconsistencies in the DEAMS COA before further deployment to ensure the corrective actions are operating as intended.

The Functional Manager, DEAMS FMO, should implement monitoring controls to identify inconsistencies in the DEAMS COA data, determine whether inconsistencies in the account data affected any other areas of the system, and document policies and procedures for modifying the DEAMS COA.

Management Comments and Our Response

The Principal Deputy Assistant Secretary of the Air Force (Financial Management and Comptroller), provided comments and agreed to the recommendations for the Assistant Secretary of the Air Force (Financial Management and Comptroller) and the Functional Manager, DEAMS FMO. Therefore, no additional comments are required. Please see the recommendations table on the back of this page.

Recommendations Table

Management	Recommendations Requiring Comment	No Additional Comments Required
Assistant Secretary of the Air Force for Financial Management and Comptroller		1
Functional Manager, Defense Enterprise Accounting and Management System Functional Management Office		2.a, 2.b, 2.c

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Introduction

Audit Objective

Our overall objective was to determine whether the Defense Enterprise Accounting and Management System (DEAMS) fulfilled selected functional capabilities needed to generate timely, accurate, and reliable financial management information. The criteria related to the functional capabilities we reviewed did not require testing of the timeliness of the financial data. Consequently, we did not determine whether DEAMS provided DoD management with timely financial information. See Appendix A for the scope and methodology and prior audit coverage. See the glossary for definitions of technical terms.

DoD and USAF Audit Readiness

According to the Office of the Secretary of Defense, auditable statements are needed to facilitate decision-making, to comply with the law, and to reassure the public that DoD personnel are good stewards of their funds. DoD management plans to achieve audit readiness for the Statement of Budgetary Resources before the end of FY 2014. They also plan to meet the legal requirement to achieve full audit readiness for all DoD financial statements by FY 2017. The U.S. Air Force's (USAF) auditability is dependent on establishing an audit ready systems environment that includes successfully deploying Enterprise Resource Planning (ERP) systems, including DEAMS, and interfacing them with other business and financial systems.

USAF's audit readiness faces challenges, such as the lack of a transaction-based general ledger and the inability to trace financial transactions from the business event to the financial statements and back. The problem is a direct result of a legacy accounting system based on 1960s' accounting processes and procedures. USAF management expects the deployment of its target financial management systems and validation of the systems for compliance with the Federal Financial Management Improvement Act to correct a weakness with its financial management systems.

DEAMS Overview

DEAMS is an ERP initiative between USAF, the U.S. Transportation Command (USTRANSCOM), and the Defense Finance and Accounting Service (DFAS). Its purpose is to support the warfighter with timely, accurate, and reliable financial information enabling efficient and effective decision-making. DEAMS development is under the direction of the Office of the Secretary of the Air Force for Financial Management and Comptroller, and the Office of the Secretary of Defense Finance Accounting Operations and Financial Management Domain. DEAMS will generally improve financial management capabilities with Oracle Federal Financials commercial-off-the-shelf software. DEAMS is scheduled to replace at least 10 USAF financial legacy systems. The current life-cycle cost estimate is \$2.1 billion. As of March 31, 2012, DEAMS expenditures totaled approximately \$322.2 million.

DEAMS' deployment schedule includes two increments. Deployment of the first increment began in July 2007 and is scheduled to end in FY 2016. DEAMS' second increment is scheduled for deployment from FY 2016 through FY 2017. At the time of our review, the full deployment date for DEAMS was scheduled for the third quarter of FY 2017. A portion of DEAMS

Increment 1 was deployed to at least 1,200 USAF, USTRANSCOM, and DFAS users. When fully deployed, approximately 30,000 personnel will use DEAMS. See Appendix B for the current deployment sites and deployment schedule.

Financial Systems Requirements

DoD Components are required to follow the Office of Federal Financial Management (OFFM) regulation, OFFM-NO-0106, “Core Financial System Requirements,” January 2006, when developing financial systems. OFFM-NO-0106 requires financial systems to have the ability to provide consistent, standardized information for program managers, financial managers, agency executives, and oversight organizations. The regulation also requires core financial systems to provide automated functionality to:

- capture additions, modifications, and cancellations, including the date, time, and user identification; and
- generate an audit trail of all accounting classification structure additions, changes, and deactivations, including effective dates of changes.

The Federal Information System Controls Audit Manual (FISCAM), February 2009, states master data serves as the basis for transaction processing. Master data policies and procedures require data owners to be responsible for the creation, deletion, and changes of master data and changes to data characteristics. Further, master data provides the basis for ongoing business activities and includes the General Ledger Account Structure and chart of accounts (COA). It is critical that controls exist to ensure the integrity and quality of the data.

Office of the Under Secretary of Defense (Comptroller) (OUSD[C]) Memorandum, “DoD Standard Chart of Accounts in Standard Financial Information Structure (SFIS),” August 13, 2007, directs the use of a DoD Standard COA in Component target general ledger accounting systems. The COA aggregates transaction activity into account balances and reports those balances to departmental reporting and other accounting systems. The DoD Standard COA is comprised of United States Standard General Ledger (USSGL) accounts and DoD standard account extensions to provide the detail required for budgetary, financial, and management reports.

Roles and Responsibilities

The Assistant Secretary of the Air Force for Financial Management and Comptroller (SAF/FM) is responsible for exercising the comptroller and financial management functions of the Air Force, which include preparing the Air Force budget; directing cost and economic analysis programs; and overseeing accounting and finance operations, systems, and reporting. The DEAMS Functional Management Office (FMO), which is comprised of personnel from USAF, USTRANSCOM, and DFAS,¹ defines functional requirements. They also record, vet, and formalize the requirements before delivering them to the DEAMS Program Management Office (PMO).

¹ From this point forward, when using “DEAMS FMO” or “FMO,” we are referring to the entity comprised of personnel from USAF, USTRANSCOM, and DFAS.

Internal Controls Not Effective for Maintaining an Adequate COA

DoD Instruction 5010.40, “Managers’ Internal Control Program (MICP) Procedures,” July 29, 2010, requires DoD organizations to implement a comprehensive system of internal controls providing reasonable assurance that programs operate as intended and evaluate the effectiveness of controls. We identified internal control weaknesses related to maintaining an adequate COA. Specifically, DEAMS management was not monitoring updates to the COA or documenting policies and procedures for modifying the COA. We will provide a copy of the report to the senior official responsible for internal controls in the Air Force.

Finding. DEAMS Financial Data Reliability Challenges

DEAMS lacked critical functional capabilities needed to generate accurate and reliable financial management information. Specifically, DEAMS managers did not maintain an adequate DEAMS COA. In addition, DEAMS did not report SFIS financial data directly to the Defense Departmental Reporting System (DDRS). These conditions occurred because:

- FMO personnel did not monitor updates to the COA as recommended by the FISCAM,
- FMO personnel did not have documented policies and procedures for modifying the COA, and
- DoD and USAF management initially decided not to report financial data directly to DDRS until fourth quarter of FY 2016.

As a result, DEAMS COA data lacks validity and reliability. Unless the unauthorized changes and inconsistencies in the DEAMS COA are corrected, DoD and USAF management cannot rely on DEAMS information to make sound business decisions. Further, DEAMS management cannot ensure updates to the DEAMS COA are performed correctly and consistently. In addition, DEAMS' approved plan for reporting directly to DDRS may challenge the USAF's ability to obtain audit readiness for the Statement of Budgetary Resources before the end of FY 2014. Further, unforeseen delays with reporting SFIS financial data directly to DDRS may impede USAF's ability to achieve audit readiness on the remaining financial statements by FY 2017 and could result in increased cost and schedule growth.

On November 14, 2011, we issued a Quick Reaction Memorandum (QRM) that discussed unauthorized changes to the DEAMS COA and related audit trail deficiencies (see Appendix C for the QRM). SAF/FM and DFAS provided responses to the QRM (see Appendix D for SAF/FM response and Appendix E for the DFAS response).

FMO Personnel Did Not Maintain an Adequate COA

FMO personnel did not maintain an adequate COA. Specifically, the DEAMS COA contained unauthorized changes and inconsistencies in account data. The FISCAM states that it is critical for controls to exist over the integrity and quality of the data in the COA. In addition, the COA provides the basis for ongoing business activities and should be carefully controlled. Each general ledger account in the DEAMS COA includes several data fields, such as "Creation Date," "Updated By," and "Last Update." These fields are important for maintaining the audit trail for DEAMS accounts. The DEAMS COA also includes an "Enabled Flag" data field, which indicates whether general ledger accounts in DEAMS are active and available for posting transactions. However, the DEAMS COA was inadequate because FMO personnel were not monitoring additions, deletions, or changes to COA data. Further, FMO personnel did not document policies and procedures for modifying the DEAMS COA.

Unauthorized Changes to Accounts Reduced the Reliability of DEAMS Financial Data

Unauthorized changes to the “Last Update” and “Enabled Flag” fields occurred in 1,101 of 4,207 general ledger accounts. After we brought these unauthorized changes to FMO personnel’s attention on September 8, 2011, they investigated and found that DEAMS identified AUTOINSTALL, which is a default user account in the Oracle E-Business Suite, as the last user to update approximately 25 percent of DEAMS’ total general ledger accounts. According to FMO personnel, that many general ledger accounts should not have been updated by the user AUTOINSTALL. After continuing their research through September 30, 2011, FMO personnel determined that AUTOINSTALL was not updating the accounts. Rather, a data coding error was incorrectly changing and deleting the correct general ledger account data and its audit trail. This caused any changes to these accounts to be untraceable. Specifically, the coding error changed:

A data coding error was incorrectly changing and deleting the correct general ledger account data and its audit trail.

- “Updated By” user to “AUTOINSTALL,”
- “Last Update” date to “December 15, 2001,” and
- “Enabled Flag” to “Y.”

Based on discussions with the DEAMS FMO, DFAS determined the coding error was a DEAMS “systematic issue.”

According to FMO personnel, they received a patch from the system integrator to fix the coding error that was incorrectly changing account data. FMO personnel stated that this patch would correct the majority of the inconsistencies in the DEAMS COA. However, FMO personnel tested the patch and determined the patch was not operating correctly. Therefore, FMO personnel rejected the patch and requested the system integrator develop another patch to resolve the data integrity problem. On March 16, 2012, more than six months after we initially notified FMO personnel of the unauthorized changes, FMO personnel received a patch from the system integrator to correct the data coding error. According to FMO personnel, the patch is working as intended.

Inconsistencies in COA Data Affected the Validity and Reliability of DEAMS Data

The May, June, and August 2011 DEAMS COAs included three types of inconsistencies in the creation date and last update fields. FMO personnel did not identify these inconsistencies until we brought them to their attention during the audit. Specifically, the inconsistencies in the account data were:

- last update dates occurred before creation dates,
- the COA did not reflect all update dates, and
- last update dates were replaced by older update dates.

The first type of inconsistency involved two general ledger accounts in the May, June, and August 2011 COAs that showed last update dates occurring before the account’s creation date in

DEAMS. An example is budgetary account 4550.900030², which summarizes allotment data. According to the DEAMS COA, this account's creation date was in October 2009. However, its last update date listed was August 2009. Therefore, according to DEAMS' COA, account 4550.900030 was updated two months before it was created. Because an account cannot be updated before it is created, there should not be any update dates occurring before the creation date. Table 1 shows the two accounts' creation dates and last update dates that appeared in the DEAMS COA.

Table 1. Accounts With Creation Dates After the Account's Last Update Dates

Account Number	May 2011 COA		June 2011 COA		August 2011 COA	
	Creation Date	Last Update Date	Creation Date	Last Update Date	Creation Date	Last Update Date
4550.900030	10/21/2009	8/10/2009	10/21/2009	8/10/2009	10/21/2009	8/10/2009
6000	3/31/2010	8/26/2009	3/31/2010	6/13/2011	3/31/2010	8/26/2009

The second type of inconsistency involved two general ledger accounts in the August 2011 COA with last update dates that were not identified in the May and June 2011 COA. An example is budgetary account 4900.900090³, which summarizes the total expended balance. In the August 2011 COA, this account showed a last update date of March 2011. However, the May and June 2011 COA showed a last update date of August 2009. If an update occurred in March 2011, as the August 2011 COA showed, then the May and June 2011 COAs should also have reflected the March 2011 date. Table 2 shows the two accounts in the August 2011 COA with last update dates that should have appeared in May and June 2011 COA.

Table 2. Last Update Dates That Should Have Appeared in Earlier COAs

Account Number	Last Update Date		
	May 2011 COA	June 2011 COA	August 2011 COA
4610.900033	1/13/2011	5/21/2011	2/14/2011
4900.900090	8/28/2009	8/28/2009	3/21/2011

The third type of inconsistency involved general ledger accounts in the August 2011 COA with last update dates that preceded the last update dates found in one or both of the May or June 2011 COA. Specifically, four general ledger accounts in the August 2011 COA had a last update date that was before the last update date in the June 2011 COA. For example, budgetary account 4610.900033⁴, which relates to allotments and realized resources, had a last update date of May 21, 2011, in the June 2011 COA. However, in the August 2011 COA, the last update date was February 14, 2011, which predates the last update in the June 2011 COA by more than three months. FMO personnel emphasized that last update dates for accounts should never change to an older date. Therefore, there was an error in the account data because the

² The title of DEAMS account 4550.900030 is "AnnAllotTargetCtl."

³ The title of DEAMS account 4900.900090 is "Total Expended Balance."

⁴ The title of DEAMS account 4610.900033 is "Allotments – Realized Resources – SubAllotments ReProgramming."

August 2011 COA should not show a last update date that is older than the date in the May or June 2011 COA. Table 3 shows the four accounts, along with their last update dates that appeared in the May, June, and August 2011 COAs.

Table 3. Older Update Dates Replaced Newer Update Dates in the August COA

Account Number	Last Update Date		
	May 2011 COA	June 2011 COA	August 2011 COA
1010.011	5/13/2011	5/13/2011	9/3/2009
4550.900033	10/21/2009	6/14/2011	10/21/2009
4610.900033	1/13/2011	5/21/2011	2/14/2011
6000	8/26/2009	6/13/2011	8/26/2009

On January 31, 2012, DEAMS personnel explained that they had not determined the root causes for the remaining inconsistencies in the DEAMS COA. Therefore, they decided to develop controls to mitigate the risk of additional inconsistencies, which included:

- developing standard operating procedures for General Accounting Configuration,
- developing internal controls for code and Global Combat Support System-Air Force Field Assistance Service Ticket review, and
- identifying anyone capable of applying scripts to the DEAMS application and restricting this ability to identifiable logins that track to specific team members.

According to the National Institute of Standards and Technology, “Guide for Assessing the Security Controls in Federal Information Systems and Organizations,” June 2010, controls similar to those identified in the bullets above should have already been implemented. Therefore, these actions should have already been implemented before the inconsistencies in the DEAMS COA were identified.

FMO Personnel Did Not Monitor the COA Data

FMO personnel were not monitoring additions, deletions, or changes to COA data as recommended by the FISCAM. Effective controls and oversight procedures over the COA

Unauthorized changes and inconsistencies caused actual audit data to be lost.

would have highlighted the unauthorized changes and inconsistencies in the COA data to allow for timely investigation by FMO personnel. These undetected changes demonstrate a lack of oversight and monitoring of the DEAMS COA data. According to information provided by

FMO personnel, the unauthorized changes and inconsistencies caused actual audit data to be lost. Therefore, unless the unauthorized changes and inconsistencies are corrected, DoD and USAF management cannot make sound business decisions because of DEAMS’ lack of an adequate COA. In addition, DEAMS COA data may not be valid and reliable.

In accordance with DoD Instruction 5000.02, “Operation of the Defense Acquisition System,” December 8, 2008, hardware and software alterations that materially change system performance, including system upgrades and changes to correct deficiencies, should undergo

Operational Test and Evaluation. The fundamental purpose of test and evaluation is to provide knowledge to assist in managing the risks involved in developing, producing, operating, and sustaining systems and capabilities. Therefore, USAF management should perform a validation of the corrective actions for the unauthorized changes and inconsistencies in the DEAMS COA before further deployment to ensure they are operating as intended. FMO personnel should implement procedures to monitor DEAMS COA data. Further, FMO personnel need to determine whether inconsistencies in the account data affected any other DEAMS functional areas.

FMO Personnel Did Not Have Documented Policies and Procedures for Modifying the COA

DEAMS FMO personnel did not document policies and procedures for modifying the DEAMS COA. Although FMO personnel could explain the process to modify the COA, they did not have the process documented. According to the National Institute of Standards and Technology, “An Introduction to Computer Security: The NIST Handbook,” October 1995, documentation of all aspects of computer support and operations is important to ensure continuity and consistency. Formalizing operational practices and procedures with sufficient detail helps to eliminate security lapses and oversights, gives new personnel sufficiently detailed instructions, and provides a quality assurance function to help ensure that operations are performed correctly and efficiently. FMO personnel stated they had not documented the processes for COA changes because the individual performing the changes had received training. Further, the individual performing the changes knew how to perform the updates to the DEAMS COA. However, because the processes were not documented, continuity and consistency of operations would be affected if FMO has a change in personnel responsible for COA updates. As a result, DEAMS management cannot ensure that operations to update the DEAMS COA will be performed correctly and efficiently. FMO personnel should document policies, procedures, and controls for modifying DEAMS COA data to ensure those operations are performed correctly and efficiently.

FMO personnel stated they had not documented the processes for COA changes because the individual performing the changes had received training.

DEAMS Did Not Report SFIS Financial Data Directly to DDRS

DEAMS did not report SFIS financial data directly to DDRS⁵. This occurred because DoD and USAF management initially decided not to report the financial data in DEAMS directly to DDRS until the fourth quarter FY 2016. Public Law 111-84, “National Defense Authorization Act for Fiscal Year 2010,” October 28, 2009, requires DoD to assert that the financial statements are ready for audit by no later than September 30, 2017. The Secretary of Defense’s memorandum, “Improving Financial Information and Achieving Audit Readiness,” October 13, 2011, directs DoD management to achieve audit readiness for the Statement of Budgetary Resources before the end of 2014. OUSD(C) Memorandum, “Standard Financial Information Structure (SFIS)

⁵ DDRS produces the official financial statements and budgetary reports for the Military Services and DoD agencies.

Implementation Policy,” August 4, 2005, requires systems containing financial information to provide the ability to capture and transmit the SFIS data or demonstrate a cross-walking capability to the SFIS format.

If DoD and USAF management continue with their approved plan for reporting directly to DDRS, USAF may face challenges in achieving its audit readiness goal for the Statement of Budgetary Resources by the end of FY 2014.⁶ In addition, the plan may not give DoD and USAF management sufficient time to ensure DEAMS reports SFIS financial data accurately to DDRS before the start of FY 2017. Unforeseen delays in reporting SFIS financial data directly to DDRS may impede DoD and USAF abilities to achieve audit readiness by FY 2017 and could result in increased cost and schedule growth.

In response to the Secretary of Defense’s memorandum and our audit, USAF management is evaluating alternatives to accelerate development and implementation of DEAMS to meet the FY 2010 National Defense Authorization Act’s FY 2017 auditability mandate and the Secretary of Defense’s Statement of Budgetary Resources auditability requirement. According to DEAMS FMO personnel, they developed a tentative plan for DEAMS to report directly to DDRS beginning in April 2013. However, this tentative plan has not been formally approved. Since USAF management is in the process of evaluating alternatives for reporting directly to DDRS in April 2013, we did not make any recommendations.

SAF/FM Management Actions

We issued a QRM, dated November 14, 2011, that discussed unauthorized changes to the DEAMS COA and related audit trail deficiencies (see Appendix C for the QRM). SAF/FM and DFAS provided responses to the QRM (see Appendix D for SAF/FM response and Appendix E for the DFAS response). According to the comments, SAF/FM intends to complete the following corrective actions in FY 2012:

- The Oracle E-Business Suite default user account AUTOINSTALL has been disabled. The FMO is working with the developer on a new application interface script to facilitate proper loading of changes to the COA.
- Change and Configuration Management processes and procedures are under review. The DEAMS FMO and PMO have been directed to make no changes to the DEAMS baseline configurations without approval from the DEAMS Change Control Board. The DEAMS Change Control Board and SAF/FM are implementing industry standard Information Technology Lifecycle Management processes.
- Controls for software quality are under review. Attention is directed to controls that ensure appropriate reviews are being performed for software code (including scripts), audit logs, and system-wide scans to detect malicious code and other vulnerabilities.
- Evaluation of tools to perform automated detection of any changes to baseline configuration items and other settings is being conducted.

⁶ USAF’s ERPs, including DEAMS, will not be fully deployed by 2014. As a result, USAF will rely on manual controls and legacy system enhancements to meet the FY 2014 goal of audit readiness for the Statement of Budgetary Resources.

- A FISCAM review of DEAMS began on October 31, 2011, and will be completed before the end of FY 2012.

Conclusion

Unauthorized changes and other COA inconsistencies reduced the reliability of DEAMS' COA data, eliminated critical audit trails, and may have affected other DEAMS functional areas. FMO personnel did not monitor additions, deletions, or changes to the COA and did not document the procedures needed to modify the COA. Unless the unauthorized changes and inconsistencies in the DEAMS COA are corrected, DoD and USAF management cannot rely on DEAMS information to make sound business decisions.

DEAMS' approved plan for reporting directly to DDRS may not allow USAF to achieve its audit readiness goal for the Statement of Budgetary Resources before the end of FY 2014. In addition, unforeseen delays with reporting SFIS financial data directly to DDRS may impede DoD and USAF abilities to achieve audit readiness by FY 2017, and could result in increased cost and schedule growth.

Recommendations, Management Comments, and Our Response

1. We recommend that the Assistant Secretary of the Air Force for Financial Management and Comptroller perform validation of the corrective actions for the unauthorized changes and inconsistencies in the Defense Enterprise Accounting and Management System chart of accounts before further deployment to ensure the corrective actions are operating as intended.

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

The Principal Deputy Assistant Secretary of the Air Force (Financial Management and Comptroller), responded on behalf of the Assistant Secretary of the Air Force (Financial Management and Comptroller). She agreed and stated they had completed the following corrective actions:

- Disabled the Oracle E-Business Suite default user account, "AUTOINSTALL;"
- Directed the DEAMS PMO and FMO to make no changes to the DEAMS baseline without approval from the DEAMS Executive Change Control Board;
- Developed and implemented an interim manual control review process for the COA; and
- Developed long-term strategy to perform automated detection of any changes to baseline configuration items using the Oracle Governance Risk and Compliance module, which will be implemented in the DEAMS environment for Release 2.

She also stated they have initiated a FISCAM review with an estimated completion date of September 2012.

Our Response

Comments from the Principal Deputy Assistant Secretary of the Air Force (Financial Management and Comptroller) were responsive, and no additional comments are required.

2. We recommend that the Functional Manager, Defense Enterprise Accounting and Management System Functional Management Office:

a. Implement monitoring procedures to identify inconsistencies in the Defense Enterprise Accounting and Management System chart of accounts data.

Defense Enterprise Accounting and Management System Functional Management Office Comments

The Principal Deputy Assistant Secretary of the Air Force (Financial Management and Comptroller), responded on behalf of the Functional Manager, DEAMS FMO. She agreed and stated DEAMS FMO had implemented additional manual internal controls to identify inconsistencies in the COA data. She also stated SAF/FM directed all changes to the DEAMS COA be documented and approved prior to configuration changes. She added DEAMS FMO started reviewing audit logs and providing them to SAF/FMP for oversight on a recurring basis. Further, she stated the Governance Risk and Compliance tools will subsume the manual controls with systemic controls and will require systemically routed approvals for all changes to the DEAMS COA. The Governance Risk and Compliance tools will be implemented by February 2013.

b. Determine whether the inconsistencies in the account data affected any other Defense Enterprise Accounting and Management System functional areas.

Defense Enterprise Accounting and Management System Functional Management Office Comments

The Principal Deputy Assistant Secretary of the Air Force (Financial Management and Comptroller), responded on behalf of the Functional Manager, DEAMS FMO. She agreed and stated, based on a DEAMS FMO assessment of the DEAMS COA, none of the unauthorized changes made to the COA impacted the financial records or account balances.

c. Document policies and procedures for modifying the Defense Enterprise Accounting and Management System chart of accounts.

Defense Enterprise Accounting and Management System Functional Management Office Comments

The Principal Deputy Assistant Secretary of the Air Force (Financial Management and Comptroller), responded on behalf of the Functional Manager, DEAMS FMO. She agreed and stated DEAMS FMO and PMO updated the configuration and maintenance of DEAMS in the DEAMS Sustainment Plan. She also stated the DEAMS FMO and DFAS will publish an internal standard operating procedure to address continuity and consistency of operations, including policies and procedures for modifying the DEAMS COA. The estimated completion date is September 2012.

Our Response

Comments from the Principal Deputy Assistant Secretary of the Air Force (Financial Management and Comptroller) on Recommendations 2.a, 2.b, and 2.c were responsive, and no additional comments are required.

Appendix A. Scope and Methodology

We conducted this performance audit from January 2011 through July 2012 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

We reviewed COA information, criteria related to SFIS, and DEAMS transaction data. Specifically, for the COA, we examined the FY 2011 Reporting USSGL COA; FY 2011 DoD Standard COA updated in August 2010 and April 2011; and DEAMS COAs updated in March 2011, May 2011, June 2011, and August 2011. During our SFIS review, we examined the SFIS Business Rules (Version 7.0 and 8.0). We also examined the posted DEAMS transaction data from the first quarter of FY 2011.

We conducted site visits to the DEAMS FMO; DEAMS PMO; and DFAS offices in Limestone, Maine, and Columbus, Ohio. In the National Capital Region, we visited the OUSD(C), Office of the Deputy Chief Management Officer, and SAF/FM.

To determine whether DEAMS provided DoD management with accurate and reliable financial management information, we compared the DEAMS COA to the USSGL COA and the DoD Standard COA to identify any differences between the account titles and normal balance indicators for accounts in the DEAMS COA, and the corresponding accounts in the USSGL COA and DoD Standard COA. Additionally, we obtained the USAF and USTRANSCOM trial balances from DDRS for September 2010 and March 2011. We reviewed the USAF's and USTRANSCOM's trial balances for accounts not included in the DEAMS COA. Once we identified the accounts in the USAF's and USTRANSCOM's trial balances that were not in the DEAMS COA, we reviewed the FY 2011 DoD Standard COA to identify if those specific accounts were reported in the DoD Standard COA.

While comparing the May 2011, June 2011, and August 2011 DEAMS COA to each other, we identified inconsistencies with the account data. Based on the inconsistencies identified, we performed additional comparisons between the three versions of the DEAMS COA. We met with DEAMS FMO personnel to discuss the potential inconsistencies with the accounts' dates. We observed the accounts within DEAMS and discussed them with FMO personnel. Based on the inconsistencies, we could not rely on the data from DEAMS to report on the results of our testing. Specifically, we were unable to rely on the testing related to:

- comparing the DEAMS COA to the USSGL and DoD Standard COA, and
- identifying accounts in the USAF and USTRANSCOM trial balances not in the DEAMS COA.

In our review of SFIS, we conducted meetings with FMO and Business Transformation Agency personnel to determine whether DEAMS included all applicable SFIS business rules and whether DEAMS complied with these business rules. We conducted meetings with FMO personnel and obtained screenshots to determine whether DEAMS implemented mandatory SFIS data elements

required by the SFIS Transaction Library for items in the posted DEAMS transaction data from the first quarter of FY 2011. We also compared the SFIS Oracle Standard Configuration Guide to the SFIS business rules and identified any differences or contradictions. Finally, we reviewed the SFIS business rules to identify if any of the rules were vague, made general statements rather than recommending specific approaches, or required the use of criteria that had not been established. Based on the inconsistencies found during the COA review, we were unable to rely on the testing to determine whether DEAMS implemented all mandatory SFIS data elements.

Use of Computer-Processed Data

We used DEAMS COA and transaction posted data from the first quarter of FY 2011. While reviewing the DEAMS COA to determine whether it complied with DoD requirements, we identified inconsistencies in account data. As a result, the computer-processed data were not sufficiently reliable to support the findings and conclusions for testing USSGL and SFIS compliance. We discuss the data reliability issues in the finding.

Prior Coverage

During the last 5 years, the Government Accountability Office (GAO), the Department of Defense Inspector General (DoD IG) and the Air Force Audit Agency (AFAA) issued six reports related to DoD Business Transformation and DEAMS. Unrestricted GAO reports can be accessed over the Internet at <http://www.gao.gov>. Unrestricted DoD IG reports can be accessed at <http://www.dodig.mil/audit/reports>. AFAA reports can be accessed from .mil domains over the Internet at <https://afkm.wpafb.af.mil/community/views/home.aspx?Filter=OO-AD-01-41> by those with Common Access Cards.

GAO

GAO Report No. GAO-11-53, “DoD Business Transformation: Improved Management Oversight of Business System Modernization Efforts Needed,” October 2010

GAO Report No. GAO-08-866, “DoD Business Transformation: Air Force's Current Approach Increases Risk That Asset Visibility Goals and Transformation Priorities Will Not Be Achieved,” August 2008

GAO Report No. GAO-08-462T, “Defense Business Transformation: Sustaining Progress Requires Continuity of Leadership and an Integrated Approach,” February 2008

DoD IG

DoD IG Report No. D-2011-015, “Insufficient Governance Over Logistics Modernization Program System Development,” November 2010

Air Force

AFAA Report No. F2010-0010-FB2000, “Defense Enterprise Accounting and Management System Accounting Conformance,” August 2010

AFAA Report No. F2009-0004-FB2000, “Defense Enterprise Accounting and Management System Controls,” February 2009

Appendix B. DEAMS Deployment Schedule

DEAMS Release Title	Deployment Site	Projected Release Date
Scott Air Force Base Tech Demonstration	Scott Air Force Base	3 rd Quarter, FY 2012
Increment 1, Release 1	Scott Air Force Base and Air Mobility Command Sites without Transportation Working Capital Fund	3 rd Quarter, FY 2013
Increment 1, Release 2	Air Mobility Command Sites with Transportation Working Capital Fund and MacDill	1 st Quarter, FY 2014
Increment 1, Release 3	Major Upgrade to Oracle R12	2 nd Quarter, FY 2014
Increment 1, Release 4	USTRANSCOM and Surface Deployment and Distribution Command	4 th Quarter, FY 2014
Increment 1, Release 5	Air Force Sites in the Continental United States	2 nd Quarter, FY 2016
Increment 1, Release 6	Pacific Air Forces and U.S. Air Forces in Europe	4 th Quarter, FY 2016
Increment 2, Release 1	Air Force Materiel Command and Air Force Space Command	1 st Quarter, FY 2017
Increment 2, Release 2	Foreign Military Sales and Contingency Operations	3 rd Quarter, FY 2017

Source: DEAMS Business Case, January 5, 2012.

Appendix C. Quick Reaction Memorandum



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
4800 MARK CENTER DRIVE
ALEXANDRIA, VIRGINIA 22350-1500

November 14, 2011

MEMORANDUM FOR UNDER SECRETARY OF DEFENSE (COMPTROLLER)/CHIEF
FINANCIAL OFFICER
DEPUTY CHIEF MANAGEMENT OFFICER
COMMANDER, U.S. TRANSPORTATION COMMAND
ASSISTANT SECRETARY OF THE AIR FORCE (FINANCIAL
MANAGEMENT AND COMPTROLLER)
DIRECTOR, DEFENSE FINANCE AND ACCOUNTING SERVICE

SUBJECT: Audit of the Defense Enterprise Accounting and Management System
(Project No. D2011-D000FH-0097.000)

During the subject audit, we identified unauthorized¹ changes to the DEAMS Chart of Accounts (COA), which resulted in changes to financial accounts that directly impact financial reporting. DEAMS Functional Management Office (FMO) personnel could not explain the nature or cause of the changes, nor did they know whether similar changes occurred throughout DEAMS. FMO personnel investigated the changes and identified additional data changes within the DEAMS COA. Because of the unauthorized changes and the inadequate audit trail, there is no assurance that transactions posted to the correct general ledger accounts, thereby reducing the reliability and accuracy of reported financial information.

Our audit objective was to determine whether DEAMS fulfilled selected functional capabilities needed to generate timely, accurate, and reliable financial management information. This memo only discusses unauthorized changes to the COA and related audit trail deficiencies. It also focuses on the reliability of financial data related to data values unexpectedly changing within DEAMS.

Audit Trail Requirements

DoD Components are required to follow the Office of Federal Financial Management (OFFM) regulation, OFFM-NO-0106, "Core Financial System Requirements," January 2006, when developing financial systems. OFFM-NO-0106 requires financial systems to have the ability to provide consistent, standardized information for program managers, financial managers, agency executives, and oversight organizations. It also requires core financial systems to provide automated functionality to:

¹ "Unauthorized" refers to the system changing data files without FMO's approval rather than individuals gaining unauthorized access to the system.

- capture additions, modifications, and cancellations, including the date, time, and user identification; and
- generate an audit trail of all accounting classification structure additions, changes, and deactivations, including effective dates of changes.

According to DoD Financial Management Regulation, volume 1, chapter 7, “United States Standard General Ledger,” the COA identifies and defines budgetary, proprietary, and memorandum accounts that agencies should use in federal accounting systems. OUSD(C) Memorandum, “DoD Standard Chart of Accounts in Standard Financial Information Structure (SFIS),” August 13, 2007, requires the use of a DoD Standard COA in target² general ledger accounting systems to aggregate transaction activity and perform departmental reporting.

Unauthorized Changes Within the DEAMS Chart of Accounts

We identified unauthorized changes to the status indicator and last update dates in the DEAMS COA. According to FMO personnel, a status indicator identifies whether accounts are enabled (active) or disabled (inactive). Because DEAMS does not allow users to delete accounts that are no longer needed for reporting, it relies on the status indicator to track general ledger accounts available for posting. Between May and June 2011, FMO personnel increased the number of accounts that were disabled in the COA. However, in the August 2011 COA, most of the previously disabled general ledger accounts were enabled.

Additionally, the August COA showed changes in the update date field. Specifically, the August COA showed that some general ledger account’s last update dates preceded and others succeeded the last update dates in the May and June versions of the COA. Additionally, accounts in the May, June, and August 2011 versions of the COA had update dates that preceded the creation dates of the account. When we brought these changes to their attention, FMO personnel stated that they were not aware of the data changes and could not provide a justification for them. Further, they speculated that the changes could be the result of a program running in the background that may be randomly updating system data. However, FMO personnel stated that they have not been able to identify what caused these changes.

During September 2011, DEAMS FMO personnel investigated and found that DEAMS identified AUTOINSTALL³ as the last user to update approximately 25 percent of the accounts. FMO personnel stated that the AUTOINSTALL user should not have updated so many accounts. On September 15, 2011, FMO personnel submitted a Remedy (Help Desk) ticket for immediate investigation and resolution of the AUTOINSTALL issue. FMO personnel attributed the changes to an error in DEAMS’ coding that changed the user name to AUTOINSTALL. In addition, the error in coding changed the last update date to the programmed default date.

It is critical that controls exist over the integrity and quality of the data in the COA because all financial transactions must post to the correct general ledger account. Therefore, FMO personnel should carefully control changes in the DEAMS COA and supporting data. Documenting the

² The target accounting systems are Federal Financial Management Improvement Act (FFMIA) compliant, configured to post transactions to an internal USSGL compliant general ledger and do not have a “sunset” plan and date.

³ AUTOINSTALL is one of the “seeded” (default) user accounts in Oracle E-Business Suite.

changes made to effective dates is an important part of a core financial system's audit trail. Undocumented changes to DEAMS data impede its ability to provide adequate audit trails. Without adequate audit trails, and because DEAMS data is used for financial reporting, DoD management cannot rely on DEAMS financial data to make informed decisions. Further, these weaknesses potentially prevent the U.S. Air Force from achieving its goal of auditability by FY 2017.

Further Actions Needed to Address Data Reliability

Based on the results of our audit to date, you may want to further assess the extent of these inconsistencies to have a better understanding of the full impact they may have on the system and determine what correct actions, if any, are needed to address these inconsistencies.

We performed this audit in accordance with generally accepted government auditing standards and are now providing these interim results so management will take appropriate corrective actions. We will include the above concerns and any corrective actions taken as a result of this memo in our draft report. Therefore, we request that you apprise us of all corrective actions you take or have taken to address these weaknesses by December 14, 2011. If you have questions regarding this matter, please contact [REDACTED] at [REDACTED].



Patricia A. Marsh, CPA
Assistant Inspector General
Financial Management and Reporting

Appendix D. U.S. Air Force Memorandum Comments



DEPARTMENT OF THE AIR FORCE WASHINGTON, DC

OFFICE OF THE UNDER SECRETARY

MEMORANDUM FOR DODIG

SUBJECT: Audit of the Defense Enterprise Accounting and Management System (Project No. D2011-D000FH-0097.000)

This responds to Quick Reaction Memorandum (QRM) dated 14 Nov 11 on the above referenced subject. DODIG requested to be apprised of all corrective actions completed or planned to address the weakness identified in the QRM by 14 Dec 11. Also suggested was an assessment to be performed of those changes to the DEAMS Chart of Accounts (COA). First, I will address the assessment, and second the corrective actions.

A careful assessment of the DEAMS system Chart of Accounts (COA) was performed by the DEAMS Functional Management Office (FMO). None of the unauthorized changes made to the COA was found to have an impact on the financial records. Account balances were not affected. The changes were determined to be made only in the "status indicator" and "updated date" fields of the affected accounts.

The primary root cause of these unauthorized changes is traced to an application interface script used to automatically execute downward-directed changes to the COA configurable values. When manually executed, the application interface script, in addition to making the desired changes to the COA, also re-set the "status indicator" and "date updated" fields to default settings established when the DEAMS COA was initially loaded and brought into production. Several weaknesses have been identified with the development and continued execution of the script.

SAF/FMP is taking action to address the control weaknesses. Corrective actions to automatically capture all value changes (additions, modifications, and cancellations, including the date, time and user identification) and generate an audit trail of those changes in accordance with OFFM-NO-0106 will be incorporated. The following corrective actions have or will be completed in FY 2012:

- a) The Oracle E-Business Suite default user account AUTOINSTALL has been disabled. The FMO is working with the developer on a new application interface script to facilitate proper loading of changes to the COA.
- b) Change and Configuration Management processes and procedures are under review. The DEAMS FMO and Program Management Office (PMO) have been directed to make no changes to the DEAMS baseline configurations without approval from the DEAMS Change Control Board. The DEAMS CCB and SAF/FMP are implementing industry standard Information Technology Lifecycle Management processes.

- c) Controls for software quality are under review. Attention is directed to controls which ensure appropriate reviews are being performed for software code (including scripts), audit logs, and system-wide scans to detect malicious code and other vulnerabilities.
- d) Evaluation of tools to perform automated detection of any changes to baseline configuration items and other settings is being conducted.
- e) A FISCAM review of DEAMS began on 31 October 2011 and will be completed by the end of FY 2012.

We are committed to implementing rigorous system and procedural controls to ensure DEAMS complies with DoD and AF information assurance policies and statutory audit requirements. Please contact me directly at [REDACTED] if you require further information.



MICHAEL V. SORRENTO, SES
Chief Information Officer
Assistant Secretary of the Air Force
Financial Management and Comptroller

Appendix E. Defense Finance and Accounting Service Memorandum Comments



DEFENSE FINANCE AND ACCOUNTING SERVICE
8899 EAST 56TH STREET
INDIANAPOLIS, INDIANA 46249

DEC 6 2011

DFAS-JJ/IN

MEMORANDUM FOR THE DEPARTMENT OF DEFENSE INSPECTOR GENERAL

SUBJECT: Audit of the Defense Enterprise Accounting and Management System
(DEAMS) (Project No. D2011-D000FH-0097.000)

Based on your memo dated November 14, 2011 (same subject), an assessment of the DEAMS system Chart of Accounts (COA) was completed. The Secretary of the Air Force for Financial Management (SAF/FM) determined that there was no impact on the financial records. Account balances were not affected. However, unauthorized changes were made in the "status indicator" field and in the "updated date" field for many accounts. The root cause was traced to an application interface script which was used to automatically execute downward-directed changes to the COA configurable values. The application interface script, in addition to making the desired changes to the COA, was also re-setting "status indicator" and "date updated" fields to the default settings established when the DEAMS COA was initially loaded and brought into production.

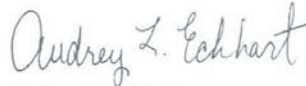
In discussions with the DEAMS Financial Management Office (FMO), the Defense Finance and Accounting Service (DFAS) has assessed that this is a DEAMS systematic issue. We have assessed that no DFAS operational corrective actions are required. In collaboration with the DEAMS FMO, DFAS agrees and concurs that the DEAMS FMO will be performing the following corrective actions to automatically capture all value changes (additions, modifications, and cancellations, including the date, time and user identification) and generate an audit trail of those changes in accordance with Office of Federal Financial Management Number 106 (OFFM-NO-106). All corrective actions will be completed in 2012.

- a. Disabled the Oracle E-Business Suite default user account AUTOINSTALL. The FMO is working with the developer on a new application interface script to facilitate loading of changes to the COA.
- b. Reviewed the applicable Federal Information System Controls Audit Manual (FISCAM) controls associated with this issue, and are developing more stringent management of those controls, to include commercial-best-practice Information Technology Lifecycle Management tasks such as system integrator code quality control reviews; script and audit log reviews; and system-wide scans to ensure malicious code is not causing problems.

c. Analyzed the software automation products which will issue alerts of any changes made to the COA, as well as the individuals who made the changes, and when the changes were made.

d. Began a complete FISCAM review of DEAMS on October 31, 2011, which will help to identify gaps and validate our internal controls and lead to a Statement of Budgetary Resources (SBR) audit assertion for DEAMS by the end of FY 2012. Developed a Chief Financial Officer (CFO) systems compliance process which will be used for DEAMS and all our other financial systems and feeder systems. This process will allow us to assess the adequacy of implemented controls as we work toward a Statement of Budgetary Resources (SBR) assertion for the Air Force by 2014.

We are committed to implementing rigorous system and procedural controls to ensure DEAMS complies with statutory audit requirements. If you require further information, please contact the D/FAS's DEAMS Project Manager, [REDACTED], directly at [REDACTED].



Audrey L. Eckhart
Director, Enterprise Solutions and Standards

Glossary

Enterprise Resource Planning System – an automated system using commercial off-the-shelf software consisting of multiple integrated functional modules that perform a variety of business related tasks such as general ledger accounting, payroll, and supply chain management.

Increments – useful and supportable operational capabilities that can be developed, produced, deployed, and sustained.

Mixed System – information system that supports both financial and non-financial functions of the Federal Government or components.

Operational Test and Evaluation – used to determine the effectiveness and suitability of a system under realistic operational conditions, including joint combat operations; used to determine if thresholds in the approved Capability Production Document and critical operational issues have been satisfied; assess impacts to combat operations; and provide additional information on the system’s operational capabilities.

Patches – additional pieces of code developed to address specific problems or flaws in existing software.

Risk – level of impact on entity operations (including mission, functions, image, or reputation), entity assets, or individuals resulting from the operation of an information system given the potential impact of a threat and the likelihood of that threat occurring.

Statement of Budgetary Resources – provides, along with related disclosures, information about how budgetary resources were made available and their status at the end of the period. It is the only financial statement predominantly derived from an entity’s budgetary general ledger in accordance with budgetary accounting rules, which are incorporated into Generally Accepted Accounting Principles for the Federal Government.

Target Accounting System – a Federal Financial Management Improvement Act compliant system that is configured to post transactions to an internal USSGL compliant general ledger.

Vulnerabilities – flaws that can be exploited, enabling unauthorized access to Information Technology systems or enabling users to have access to greater privileges than authorized.

U.S. Air Force Comments



DEPARTMENT OF THE AIR FORCE WASHINGTON, DC

OFFICE OF THE ASSISTANT SECRETARY

13 AUG 2012

MEMORANDUM FOR DOD/IG

FROM: SAF/FM
1130 Air Force Pentagon
Washington, DC 20330-1130

SUBJECT: DoD IG Draft Report of Audit, An Unreliable Chart of Account Affected
Auditability of Defense Enterprise Accounting and Management System Financial Data (Project
No. D2011-D000FH-0097.000)

We concur with the Audit Results and recommendations of the Subject DoD IG Audit.
SAF/FMP did initiate corrective actions immediately after receiving the Inspector General Quick
Reaction Memorandum dated 14 Nov 2011. Specific management comments are attached.

If you have any questions or concerns with our comments, please contact [REDACTED]

A handwritten signature in cursive script, reading "Marilyn M. Thomas", is positioned above the typed name.

MARILYN M. THOMAS
Principal Deputy Assistant Secretary
(Financial Management & Comptroller)
Performing the duties of SAF/FM

Attachment:
Management Comments

Draft Management Comments for Report of Audit, An Unreliable Chart of Account Affected Auditability of Defense Enterprise Accounting and Management System Financial Data (Project No. D2011-D000FH-0097.000)

Recommendations.

(1) Recommendation 1. The Assistant Secretary of the Air Force for Financial Management and Comptroller perform validation of the corrective actions for the unauthorized changes and inconsistencies in the Defense Enterprise Accounting and Management System chart of accounts before further deployment to ensure the corrective actions are operating as intended.

Concur. SAF/FMP initiated corrective actions after receiving the Inspector General Quick Reaction Memorandum dated 14 Nov 2011:

- a. Disabled the Oracle E-Business Suite default user account "Autoinstall" (Completed Sep 11)
- b. Directed the DEAMS FMO and PMO to make no changes to the DEAMS baseline without approval from the DEAMS Executive Change Control Board. (Completed Nov 11)
- c. Developed and implemented an interim manual control review process for the COA. (Completed May 12)
- d. Developed long-term strategy to perform automated detection of any changes to baseline configuration items using the Oracle Governance Risk and Compliance (GRC) module, which will be implemented in the DEAMS environment for Release 2. (Completed)
- e. Initiated a FISCAM review of internal controls and software quality. (ECD: Sep 12).

(2) Recommendation 2. The Functional Manager, Defense Enterprise Accounting and Management System Functional Management Office:

- a. Implement monitoring procedures to identify inconsistencies in the Defense Enterprise Accounting and Management System chart of accounts data.

Concur. The DEAMS FMO has implemented additional manual internal controls to identify inconsistencies in the COA data. As directed by SAF/FM, all changes to the COA are documented and approved in advance of any configuration changes. System level detail auditing has since been implemented and audit logs are reviewed by the DEAMS FMO and provided to SAF/FMP for oversight on a recurring basis. Also, the DEAMS Executive Change Control Board approved the implementation of the GRC tools in April 2012. When GRC is implemented, the manual controls will be subsumed with systemic controls. With GRC, all changes to the COA will require systemically routed approvals. (ECD: Feb 13)

- b. Determine whether the inconsistencies in the account data affected any other Defense Enterprise Accounting and Management System functional areas.

Concur. In November 2011, the SAF/FMP issued a Memorandum for DoD IG stating: "A careful assessment of the DEAMS system COA was performed by the DEAMS Functional Management Office. None of the un-authorized changes made to the COA were found to have an impact on the financial records and account balances were not affected." This assessment was based on tracing 1,101 general ledger accounts to the DEAMS sub-ledger's and general ledger. (Complete)

c. Document policies and procedures for modifying the Defense Enterprise Accounting and Management System chart of accounts.

Concur. The DEAMS FMO and PMO have made revisions to the DEAMS Sustainment Plan which includes the configuration and maintenance of the system. The revisions were approved and finalized in March 2012. Also, the DEAMS FMO and DFAS will publish an internal standard operating procedure (SOP) to address continuity and consistency of operations by the end of FY2012 that specifically identifies the policies and procedures for modifying the DEAMS COA. (ECD: 30 Sep 12)



Inspector General Department of Defense