

## Why GAO Did This Study

The Department of Defense (DOD) has stated that successful implementation of its enterprise resource planning (ERP) systems is critical to DOD's auditability goals. An ERP is an automated system that performs a variety of business-related functions. The National Defense Authorization Act for Fiscal Year 2010 mandates that DOD be able to validate its financial statements as audit ready by September 30, 2017. GAO has previously reported that DOD has not effectively employed acquisition management controls to help ensure that the ERPs deliver the promised capabilities on time and within budget. GAO was asked to determine issues being encountered by the Army and the Air Force in the implementation of selected ERPs. GAO reviewed independent assessments and reports and interviewed the systems' users and program management office officials.

## What GAO Recommends

GAO is making five recommendations to the Secretary of Defense to ensure the correction of system problems prior to further system deployment, including user training. DOD concurred with four and partially concurred with one of the recommendations and described its efforts to address them.

## DOD FINANCIAL MANAGEMENT

### Implementation Weaknesses in Army and Air Force Business Systems Could Jeopardize DOD's Auditability Goals

## What GAO Found

DOD has invested billions of dollars and will invest billions more to develop and implement its ERPs. The ERPs play a key role in DOD's goal of audit readiness by fiscal year 2017. Furthermore, in light of the Secretary of Defense's decision that the Statement of Budgetary Resources is to be audit ready by fiscal year 2014, it is critical that DOD effectively implement the ERPs to support its auditability goals.

Assessments by independent agencies of the Army's General Fund Enterprise Business System (GFEBS) and the Global Combat Support System and the Air Force's Defense Enterprise and Accounting Management System (DEAMS) and Expeditionary Combat Support System identified operational problems, such as deficiencies in data accuracy, inability to generate auditable financial reports, and the need for manual workarounds. Further, according to DFAS users, GFEBS and DEAMS did not provide all expected capabilities in accounting and decision support. For example:

- Approximately two-thirds of invoice and receipt data must be manually entered into GFEBS from the invoicing and receiving system due to interface problems. Army officials explained that the primary cause of the problem is that the interface specification that GFEBS is required by DOD to use does not provide the same level of functionality as the interface specification used by the legacy systems. At the time of our review, Army officials stated that they are working with DOD to resolve the problem, but no time frame for resolution had been established.
- DEAMS cannot produce the monthly accounts receivable aging report as intended. The DEAMS Financial Management Office is aware of the problems and is in the process of resolving them. However, at the time of our review, no timetable had been set for the problems' resolution.

DOD oversight authority has limited the deployment of GFEBS and DEAMS based upon the results of the independent assessments. Continued monitoring of DOD ERPs is essential to identify system weaknesses and to help ensure that the systems provide the promised capabilities. Without timely and effective corrective action, the department is at risk of making investment and system deployment decisions that may not provide the desired results—improvements in the department's business operations.

According to DFAS personnel, the training they received for GFEBS and DEAMS did not fully meet their needs. DFAS personnel informed us that the training focused on an overview of GFEBS and DEAMS and how the systems were supposed to operate. While this was beneficial in identifying how GFEBS and DEAMS were different from the existing legacy systems, the training focused too much on concepts rather than the skills needed for DFAS users to perform their day-to-day operations.