

GAO Highlights

Highlights of [GAO-22-103636](#), a report to congressional committees

Why GAO Did This Study

The Air Force is currently modernizing and migrating its financial management systems as part of a broader effort to improve financial management operations and prepare auditable financial statements. Successful system migration is key to the Air Force addressing weaknesses that financial statement auditors have identified.

The Government Management Reform Act of 1994 includes a provision for GAO to audit the U.S. government's consolidated financial statements. This report examines the extent to which the Air Force is (1) following leading practices for its financial management system migration and (2) planning to address the financial management system-related issues that auditors identified.

GAO reviewed guidance on system migration leading practices; observed DEAMS program operations; reviewed documentation related to the Air Force's migration efforts and strategy, financial statement audit results, and efforts to resolve system deficiencies; and interviewed cognizant officials.

What GAO Recommends

GAO is making four recommendations to the Air Force, including that it develop a migration plan to more timely transition to its target core accounting systems and develop a comprehensive strategy that includes all of its financial management systems modernization efforts. The Department of Defense agreed with all four recommendations and described actions taken or planned to address them.

View [GAO-22-103636](#). For more information, contact Asif A. Khan at (202) 512-9869 or khana@gao.gov.

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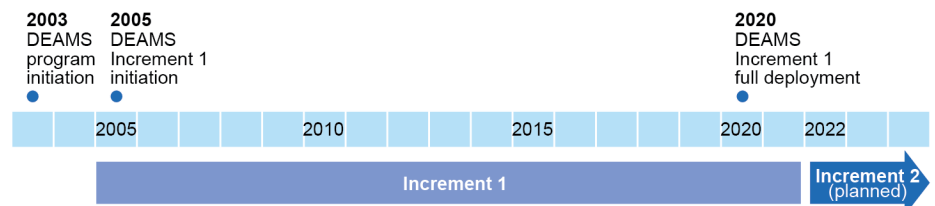
DOD FINANCIAL MANAGEMENT

Air Force Needs to Improve Its System Migration Efforts

What GAO Found

The Air Force relies on its financial management systems to help manage department operations and support core accounting activities, such as maintaining financial records and making payments. Its environment is complex and consists of multiple systems that are not fully integrated, preventing Air Force management from obtaining timely, accurate, and reliable information on the results of its business operations. To address these issues, the Air Force has been migrating from its legacy, or aging, financial management systems to more modern target systems. One such key target is the Defense Enterprise Accounting and Management System (DEAMS), which is to be the Air Force's core accounting and finance system. DEAMS has been deployed incrementally to Air Force users since 2005, and the Air Force plans to expand its use in the future (see figure).

Air Force's Defense Enterprise Accounting and Management System (DEAMS) Timeline



Source: GAO analysis of Air Force documents. | GAO-22-103636

The Air Force has not followed leading practices, such as developing a migration plan to guide its transition from the existing legacy system to DEAMS. Instead, the Air Force decided to pursue a dual processing policy in which the legacy and target systems would both continue to operate for at least the next 10 years. The continued use of the legacy system means that resolution of its deficiencies would be delayed for many years. Further, associated internal control weaknesses would also persist.

Auditors have identified numerous issues related to the Air Force's broader financial management systems, including DEAMS. For fiscal year 2020, auditors reported deficiencies including nonintegrated Air Force financial systems, an insufficient financial reporting process, and a lack of controls in the design of information systems. While the Air Force has some efforts under way to address financial management system-related deficiencies, it does not have a comprehensive strategy encompassing the entirety of its financial management systems modernization efforts. Without such a comprehensive financial management system strategy, it will be more difficult for the Air Force to report accurate and reliable financial information. Moreover, the Air Force will continue to face difficulties developing and fully implementing Air Force-wide corrective action plans to address the system-related issues that auditors identified. These issues have led to the Air Force not being able to provide sufficient, appropriate audit evidence to support the reported amounts in its financial statements.