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## THESIS

FINANCIAL MANAGEMENT TRAINING FOR  
NAVY ASHORE COMMANDS

by

Dean M. Kiyohara

June 1990

Thesis Advisor:                      Glenn D. Eberling

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Financial Management Training for Navy Ashore Commands

by

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requirements for the degree of

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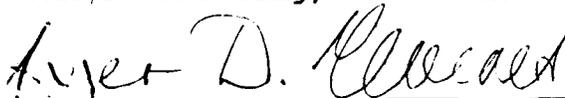


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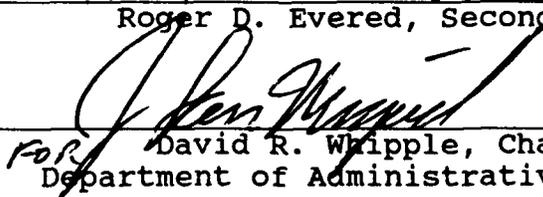
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ABSTRACT

This thesis discusses the formal training courses and programs which are currently available to Operations and Maintenance, Navy (O&M,N) funded ashore command financial management accounting and budgeting personnel. It examines and analyzes the importance of training with respect to job performance and discusses the types of formal training programs which are needed to meet the job responsibilities of financial management accounting and budgeting personnel. In addition, the thesis reviews the current working environment of Navy ashore financial management personnel. The results of the research indicates a lack of formal Navy financial management training courses, insufficient numbers of qualified instructors and the need for additional financial management training materials. The study identifies recommendations for specific problem areas and recommends a financial management curriculum review.



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## I. INTRODUCTION

### A. PURPOSE

The purpose of this research is to analyze and evaluate the formal training programs which are currently available to Operations and Maintenance, Navy (O&M,N) funded Navy ashore command (referred to as Resource Management Systems Activities) financial management accounting and budgeting personnel. The research will evaluate and determine if additional training programs or courses should be implemented to improve the efficiency and effectiveness of job performance of Navy Comptrollers, Deputy Comptrollers, accounting technicians and budget analysts. Finally, the study will furnish areas in the Navy's financial management training programs and processes which should be improved in the future.

### B. QUESTIONS

Two primary research questions to be examined in this study are:

- What kind of formal training programs are required for Navy financial management Comptrollers, Deputy Comptrollers, accounting technicians and budget analysts to do their job effectively?
- Are the training programs currently available in the Navy sufficient to meet the job responsibilities assigned to financial management accounting and budget personnel?

Subsidiary questions to be explored in this research area include:

- How important is formal financial management training with respect to job performance?
- What formal financial management training currently exists for Navy Comptrollers, Deputy Comptrollers, accounting technicians and budget analysts?
- What are the difficulties involved in financial management training?
- What are areas in which financial management training can be improved for Navy Comptrollers, Deputy Comptrollers, account technicians and budget analysts?
- Who should be ultimately responsible for the Navy's financial management training programs?

### C. SCOPE

The major emphasis of this research is limited to Navy financial management training programs, and those inter-service programs which directly impact Navy ashore command personnel. Specific attention is given to Navy financial management personnel under the Navy's formalized Resource Management System (RMS); a system by which the Navy tracks (accounts and budgets) for financial resources provided to and employed by Navy O&M,N funded ashore commands.

To examine the training requirements of all the possible positions in the financial management field would be well beyond the scope of this thesis project. Therefore, the research will concentrate on accounting and budgeting personnel working in Navy ashore commands which constitute the majority of personnel employed in the financial management field. In this endeavor, the training of Navy Resource Management System Comptrollers, Deputy Comptrollers, account

technicians and budget analysts will be the primary billets which will be examined in this thesis.

#### D. METHODOLOGY

The method for obtaining the information for this research involved three steps. Initially, the research concentrated on a thorough review of current instructions, directives, reference materials and guidance dealing with financial management training programs and courses. Secondly, to supplement these data, a questionnaire was distributed to financial management accounting technicians, budget analysts and financial management supervisors currently working in the field to determine the importance and rate the quality of training. Finally, personal telephone interviews were conducted to assess the atmosphere and strategy of Navy financial management training.

##### 1. Literature Review

The initial source of data for this thesis was obtained through a literature review of official Navy documents and instructions. Information specifically concerned with financial management training course availability, course content, materials and currency were obtained to determine the scope and applicability to financial management accounting and budgeting personnel operating in the field. The literature review also included an examination of

previous research results and recommendations conducted in similar studies of financial management training in the Navy.

## 2. Questionnaires

A questionnaire (Appendix A) was distributed to civilian and military personnel (GS9-14, O1-6) attending the Navy Practical Comptrollership Course (PCC) at the Naval Postgraduate School. This questionnaire was designed to assess how accounting technicians and budget analysts in the field rated the importance of financial management training and allowed an opportunity to provide recommendations of training requirements in need of improvement. This questionnaire resulted in over 70 responses representing Naval activities from all Navy claimants of resource funding.

## 3. Interviews

Personal telephone interviews with key individuals responsible for financial management training programs were conducted to obtain information concerning the current financial management training program structure, and determine the relative importance given to these financial management training programs. Follow on interviews were conducted to confirm and support data gathered through the literature review and questionnaire given to the participants of the Navy's Practical Comptrollership Course. Discussions were held with representatives from the Navy Accounting and Finance Center, the Navy's Comptrollers Office, Navy Administering Offices, Fund Administering Activities, the Financial

Information and Processing Centers, and Navy instructors at the Practical Comptrollership Course and Professional Military Comptroller School.

#### E. THESIS ORGANIZATION

The following paragraphs provide a brief orientation to the remainder of this thesis and its contents.

##### 1. Background

Before discussing the requirements, availability and assessment of the financial management training for accounting and budgeting personnel, it is necessary to review the importance of training programs. In light of recent military force and subsequent budget reductions, Navy financial management personnel must be highly proficient and competent in basic fundamental financial management concepts, policies and procedures.

##### 2. The Navy's Resource Management System

This chapter reviews the Navy's Resource Management System environment in which Navy ashore command financial accounting and budget analyst personnel must work with. Here, a brief summary of the purpose of RMS, key RMS organizations, the RMS accounting and budgeting process and the various responsibilities of RMS personnel will be presented. In addition, this section highlights the current RMS environment Navy ashore command Comptrollers, Deputy Comptrollers, accounting technicians and budgeting analysts work in.

### 3. Current Financial Management Training Programs

This section discusses the major programs and courses which are currently available to Navy accounting technicians and budgeting personnel as part of the formal Department of Navy financial management training program. It will provide information including course background, content, duration, availability and applicability to accounting and budgeting personnel. This chapter will also address the current status of each of these financial management training programs.

### 4. Summary of Findings and Recommendations

In the concluding section, data obtained through the literature review, questionnaires and telephone interviews will be summarized and analyzed. Recommendations for existing courses and the addition of supplemental financial management courses will be provided.

### 5. Appendix A

Appendix A provides an example of the questionnaire provided to the financial management students in the Navy's Practical Comptrollership Course, enabling students to provide data on the importance of formal training and comments on improving existing financial management training programs.

### 6. Appendix B

Appendix B provides a list of current financial management training opportunities in the Navy.

7. Appendix C

Appendix C provides a list of current financial management entry level training in the Air Force and Army.

8. Appendix D

Appendix D is the current Practical Comptrollership Course introductory examination.

## II. BACKGROUND

### A. INTRODUCTION

Financial management of this nation's monetary resources has become one of the primary issues facing this country. From the President of the United States, Senate and House Congressional members, to constituents, lobbyists, and to military leaders, financial management of monetary resources, and efficient and effective accounting and budgeting of public funds have affected this nation's course of history. Financial management of funds will certainly affect future commitments, obligations, policies and goals. [Ref. 1:pp. 1-8]

In this era of military force and subsequent budget reductions, the Navy must similarly ensure that adequate resources are available on a continuous basis to meet the present and future demands of the large and complex Navy mission. To meet this challenge, the need for human resource development, and setting training priorities in financial management is critical to the effectiveness of Navy organizational performance.

Navy financial management personnel must be proficient in basic fundamental financial management concepts, policies, procedures and be competent in the interaction with organizations and agencies whose actions and decisions will

affect the Navy. Quality training of financial management personnel in entry, supervisory, and management levels is one measure to improve financial management practices and decision making capabilities. [Ref. 2]

## B. EDUCATION VERSUS TRAINING

Education is the process of developing the knowledge, skill, ability and personal characteristics through formal teaching and schooling [Ref. 3:p. 444]. Training is distinguished from education in that it is devoted to developing a specific proficiency of a task in a specific job or organization. Proficiency obtained through this training is usually accomplished with specialized instruction and attained in a relatively short period of time [Ref. 4:p. 164].

## C. RENEWED EMPHASIS IN FINANCIAL MANAGEMENT TRAINING

### 1. Fiscal Responsibility and Oversight

Competence and proficiency of financial management personnel in accounting and budgeting is becoming increasingly important as the Navy competes for diminishing funds with other government agencies. Once obtained, proper use of these funds is highly scrutinized by governmental leaders. Fiscal responsibility and astute management of public funds have become the watchwords for government leaders today. This growing concern over the Navy's use of funds and oversight of fund management places an increased emphasis on financial management training to produce error-free management and

supporting documentation (accounting and budgeting) of financial resources.

2. Financial Management Career Program Planning Board

The Financial Management Career Program Planning Board, chaired by the Deputy Comptroller of the Navy and comprised of senior functional managers (military and civilian financial managers), have also recognized the need to review training. Meeting at least quarterly, its tasks have included the review of financial management education and training materials, and recommending changes to the Department of the Navy financial management training program operation and procedures.

In a recent Financial Management Career Program Planning Board meeting, the board recommended a review of current financial management training programs. Specifically, the board recommended the review of the contents of entry-level financial management courses, and further assessment of the current needs of the financial management work force.

[Ref. 5:p. 1]

3. Survey of Current Financial Management Personnel

Results from a survey conducted in this study with mid-level financial management accounting technicians and budget analysts (GS-9 through GS-14) indicated that formal financial management training in the Navy is one of the most important factors in relation to job performance. In the survey, an overwhelming 92 percent of the mid-level financial

management professionals considered training as important with respect to job performance, and of these responses, over 50% considered formal financial management essential to job performance.

#### D. TRAINING IN THE PRIVATE SECTOR

##### 1. The Importance of Training

Although it is not intended in this study to compare financial management training programs between the private and public sector, it is important to note the emphasis given to training by the private sector. Today, training in career and technical skills is a \$10 billion dollar-a-year industry in the United States [Ref. 6:p. 60].

It is recognized by many in the private sector that effectively structured training programs are one of the major contributing factors in job productivity. Effective training programs can increase workers' qualifications to do their particular work, accelerate the progress of workers to assume jobs of greater responsibility or difficulty and ultimately expand their abilities to contribute to the organizations welfare and goals.

The better trained people are, the more productive they can be. An organization cannot take the training of its personnel for granted, because with time their productivity and morale can suffer. [Ref. 4:p. 164]

##### 2. Investment In Training

Despite the recognized need for training programs, some organizations have not recognized and focused on current

or future training needs (even as early as five years out). In contrast, some organizations have extensive training programs yet little idea how much real effective training is accomplished for all the money and effort spent on training.

When times get tough, and companies look for ways to reduce spending, the marginal ones--which have seen training all along as a fringe benefit often cut their training programs. By contrast, peak performing companies most often increase theirs. [Ref. 4:p. 65]

Organizations such as Merrill Lynch, and Hewlett-Packard have not just tossed money into their training programs but have carefully focused on what they need and have planned accordingly; not just to survive but to excel. "The key is to investigate top flight training in the same way we investigate any other top flight investment. In the long run, training our people may be as important as anything we do." [Ref. 4:p. 65]

### 3. Total Quality Management

The Total Quality Management training philosophy, which originated in the United States, and perfected in Japan, is significant in terms of its strong commitment to basic training. Training programs are one of the major contributing factors in the success of Total Quality Management. [Ref. 7]

The Japanese work force, many under the Total Quality Management philosophy, are fostered by a universal system of sound training programs [Ref. 8:p. 57]. Constant attention to an organization's training program for its employees is believed to be essential in maintaining optimum productivity.

The Japanese invest and devote nearly 20 percent of a company's work day for training [Ref. 9].

The competence of employees is considered the company's strength. Although recognizing a large number of employees evolved in training hurts short term productivity levels, it is offset by long term benefits. [Ref. 10]

#### E. FORMAL JOB TRAINING AND PRODUCTIVITY

An issue frequently confronted by manpower and training analysts is to determine the relative effectiveness in job productivity as a result of training programs. This quantification of productivity and effectiveness is often difficult to measure. The value and effectiveness placed on different methods of training is also a consideration and depends on several factors including training costs, job categories, timing of training and effectiveness of different training modes.

The Navy provides a considerable amount of training to its personnel in many of its warfare specialties. There is a strong commitment in training throughout an individual's career for surface, submarine and aviation warfare specialties. Much of this training is formal and takes place in the classroom, while the remainder is informal and conducted on the job. [Ref. 11:p. 18]

While additional research on training effectiveness is needed, a study by the Center for Naval Analyses concluded

that training is one of the determining factors in overall job productivity. The research when comparing and examining the effectiveness between enlisted personnel on-the-job training versus formal training, summarized that formal training was more cost effective (in terms of net productivity). [Ref. 11:pp. 13-15]

#### F. THE NEED FOR FORMAL NAVY FINANCIAL MANAGEMENT TRAINING

Discussions with Navy financial management personnel from various Navy Administering Offices, Fund Administering Activities and Financial Information Processing Centers, in addition to responses from a questionnaire given to students in the Navy Practical Comptrollership Course (PCC), have universally indicated a lack of effective formal financial management training opportunities in the accounting and budgeting field. Some mid-level financial managers added that an effective formal financial management training curriculum and associated career path was solely dependent upon local RMS activity policy and was not consistently administered throughout the Navy. Of those responding to the PCC questionnaire, only 17 percent indicated that formal internal on-the-job training was effectively conducted in their organizations. Finally, 100 percent of those surveyed indicated that there was a need for a continuing education or refresher course specifically designed to highlight new and significant changes in Navy financial management. [Ref. 12]

It was widely believed that an accessible and structured training program throughout an individual's financial management career could be the difference between sub-par and effective performance. Thus, the requirement for human resource development (by setting training priorities and adding or improving financial management training opportunities) was given added emphasis in achieving improved effectiveness of Navy financial management organizational performance. The fundamental key to efficient and effective individual job performance in Navy financial management is proper training. [Ref. 13:p. 19]

#### G. SUMMARY

There is a growing emphasis on financial management in the Navy.

One of the greatest changes in the Department of the Navy in recent years has been the growing recognition of the importance of financial management....Command at all levels is giving more attention to developing and utilizing the tools of financial management for decision making. [Ref. 14:p. 1-1]

With the added emphasis on fiscal responsibility and fund utilization oversight by governmental officials and leaders, the significance of highly trained, skilled and competent financial management accounting technicians and budget analyst becomes increasingly important. Financial managers, entrusted with fiduciary responsibility for managing these public funds must be prepared to bear this scrutiny. [Ref. 15:p. 16]

The Financial Management Career Program Planning Board, the private sector and those surveyed in this study have all indicated that formal financial management training is one of the major contributing factors towards job performance. The remainder of this study will examine what kind of formal training programs are required for Navy Comptrollers, Deputy Comptrollers, accounting technicians and budget analysts and whether the training programs currently available in the Navy are sufficient to meet the job responsibilities of these personnel.

### III. THE NAVY'S RESOURCE MANAGEMENT SYSTEM

#### A. INTRODUCTION

Financial management of the Navy's resources is an extremely complex task, involving nearly every facet of the Navy organization. Without efficient and effective management of financial resources, the Navy would be unable to accomplish its mission. Today, the federal government allocates approximately \$100 billion a year to the Navy [Ref. 16:p. A-5]. Before discussing the training required for ashore command personnel who are assigned to budget, and account for these funds, this chapter will provide a brief overview of the Navy's Resource Management System (RMS), its key players, the RMS accounting and funding process, the responsibilities of RMS accounting and budgeting personnel and the current RMS environment.

#### B. THE RESOURCE MANAGEMENT SYSTEM (RMS)

The Navy's RMS, implemented in 1966, is designed to account for funds authorized in support of the Navy's mission and provides a means to ensure funds are used in a manner prescribed by Congress. It is a formalized system enabling Navy ashore commands to track and account for financial resources. Through the implementation of the RMS, the Navy can trace the results of ashore activity manager decisions

throughout budgeting, accounting and implementation phases. In addition, the RMS can provide useful financial data to assist in future budgeting decisions of Navy programs and activity expenditures.

The RMS improves management throughout the Navy by providing managers of funds the ability to obtain and control resources they require to accomplish their mission. In essence, managers obtain funds and then control and monitor the use and cost of their measurable resources (personnel, materials, services, and dollars) needed for their assigned mission. Within the Navy, a resource manager may be either a military or civilian individual in the organization, and their decisions have a significant impact on the resources to be used.

Financial managers at the ashore activity level maintain accounting and budgeting records as a means to ensure financial management information is accurately reported into the RMS. Thus, the RMS system is the primary method in which financial management information is provided to middle- and upper-level management. The objectives of the RMS include the following [Ref. 16:p. D-25]:

1. To provide managers at all levels within the Department of Defense with information that will assist them in assuring that resources are obtained and used effectively and efficiently in the accomplishment of Department of Defense objectives.
2. To provide information that is useful in the formulation of objectives and plans.

3. To provide data to support program proposals and request for funds.

4. To provide a means of assuring that statutes, agreements with congressional committees, and other requirements relating to resources are complied with.

C. KEY PLAYERS IN THE RESOURCE MANAGEMENT SYSTEM

1. The Navy's Comptroller Office (NAVCOMPT)

The Navy Comptroller Office (NAVCOMPT) is responsible for the overall financial management of the Navy. Among the numerous tasks of NAVCOMPT include: prescribing Navy budget policies and procedures, reviewing the financial requirements and justification of Navy programs, maintaining detailed accounting ledgers, preparing official reports, and approving the formulation of Navy budget estimates.

Funding authorization to support the Navy's mission is provided to NAVCOMPT via the Department of the Treasury, Office of Management and Budget (OMB) and the Department of Defense (DOD).

2. Administering Offices

Although responsibility and authority for financial management in the Navy is centralized in NAVCOMPT, certain operations are decentralized to various headquarter commands. These headquarters and Navy systems commands (referred to as Administering Offices) are the level between NAVCOMPT and the ashore field activities. Administering Offices are responsible to NAVCOMPT for the proper budgeting, accounting and reporting of funds received, and have the ultimate

responsibility to monitor and maintain the proper budgeting and accounting of funds given to each ashore field activity. It is this reason that Administering Offices were at one time referred to as Major or Sub Claimants. (Examples of Administering Offices are provided in Table 1.)

TABLE 1

ADMINISTERING OFFICES (MAJOR CLAIMANTS)

CINC, U.S. Atlantic Fleet	CINC, U.S. Pacific Fleet
CINC, U.S. Naval Forces Europe	Naval Air System Command
Naval Sea Systems Command	Naval Facilities Engineering Command
Chief of Naval Education and Training	Office of the Chief of Naval Research
Naval Supply Systems Command	Naval Oceanography Command
Naval Military Personnel Command	Naval Telecommunications Command
Naval Medical Command	Space and Naval Warfare Systems Command
Naval Intelligence Command	Naval Security Group Command
Chief of Naval Operations (OP-09BF)	Strategic Systems Project Office
Command, Naval Reserve Force	Headquarters, U.S. Marine Corps
Assist for Administration, Office of the Undersecretary of the Navy	

EXAMPLES OF SUB ALLOCATION HOLDERS (SUB CLAIMANTS)

COMNAVAIRPAC	COMNAVAIRLANT
COMNAVSURPAC	COMNAVSURFLANT
COMNAVSUBPAC	COMNAVSUBLANT

Source: [Ref. 16:p. B-9]

3. Fund Administrators (FAA) (Ashore Activity Comptroller)

The ashore field activities (referred to as Fund Administering Activities) have the flexibility to tailor its comptroller organization according to its needs. It may divide the functions into specialized organizational units, or combine them if the activity is small.

The Comptroller of a Fund Administrative Activity provides the Commanding Officer (CO) of that activity with technical advise and guidance concerning laws, policies, regulations and directives in financial matters. The Comptroller also is the key staff member for the Commanding Officer of the FAA who provides guidance on budget formulation and execution, program analysis, accounting, internal control systems and periodic financial reviews.

The officer or civilian assigned as the Comptroller has broad experience in Navy financial management or an educational background in the financial management field. The Comptroller Department organizational structure is varied depending on ashore activity size, scope and complexity of financial operations but normally encompass two main divisions; budgeting and accounting.

#### 4. Cost Center

A Cost Center is a subdivision of a Fund Administrator. This is the lowest level in which financial accounting records are maintained. Records are kept at this level to maintain a Cost Centers current balance of funds, to ensure that its authorized spending levels are not exceeded, and to provide accurate data for Comptroller requirements and corresponding records held at the Financial Information Processing Center (to be discussed in the next section).

A Cost Center is designated to allow for identification of specific costs relating to its particular

service functions, processes, product lines, or technical skills. Cost Center personnel assigned to keep track of accounting information are normally Navy military disbursing clerks.

5. Financial Information Processing Center (FIPC)

A Financial Information Processing Center (FIPC) is a financial services organization which has two major roles in the Resource Management System for Navy ashore commands: financial accounting and disbursement. The FIPC maintains the official accounting records of FAAs and Cost Centers for use by Administering Offices and NAVCOMPT.

Some of the financial services a FIPC provides to these ashore commands include accounting services and the generation of periodic reports, disbursement of funds (payment of bills for services and supplies), civilian payroll functions, and financial reporting of cash transactions. There are 15 FIPC's in the Navy.

D. THE ACCOUNTING PROCESS: OVERVIEW

1. Introduction

Accounting is an information system. Although it does not provide all the information needed to manage an organization, it can provide reliable past and present information and data concerning the economic resources controlled by an organization. Through proper accounting of

resources, this information can be analyzed by financial managers to make decisions about future resource allocations.

Accounting consists of the collection and systematic recording of financial data for use both internally and externally to the organization. Data are normally stored in ledger accounts according to specified categories, and are processed and reported both manually and electronically using extensive computer systems. Presently, the Navy uses a number of different accounting systems because the financial support requirements of major commands varies widely [Ref. 15:pp. 90-91].

## 2. RMS Accounting System

Initiation of the Resource Management System requires the integration of accounting and reporting of resources through the use of an expense accounting system. The expense accounting system allows the Navy to properly charge measurable expenses to the programs or activities that incur them.

The basic component of the Navy's RMS accounting system is the account. The account is a principle mechanism in which funds can be provided and designated for particular purposes of an activity. When provided to ashore activities, these accounts allow the activity to log individual transactions in activity accounting records to ensure funding authorization is not exceeded.

There are three different sets of accounting data and records which are maintained to keep higher levels of Navy management apprised of the status of local activity level funding commitments, obligations, receipts and expenditures. The FIPC is responsible for the official/legal accounting records and reports which are forwarded to upper echelons of Navy management. The Comptroller of a FAA maintains a set of memorandum, or unofficial records which provide a check and balance on the official records maintained by the FIPC. Financial information from the comptrollers records provide the basis for resource management at the ashore activity level. Finally, the Cost Center also maintains a set of memorandum, or unofficial accounting records similar to that held by the activity Comptroller.

The flow of accounting data begins at the cost center level. The following events briefly describe how accounting information enters the Navy's accounting system. [Ref. 17:pp. 4-9]

A. The cycle begins when a Cost Center initiates a need for material or services. The fund manager of the Cost Center must then authorize the purchase of the item or service. This requisition obligates the activity's funds needed for the purchase. The transaction is entered into the Cost Center's account ledger as an obligation (which is a legal reservation of funds when an order is placed).

B. Requisitions are then passed to the Fund Administrator Comptroller Department. Here the transaction is entered as Cost Center obligation into both the Comptroller's local memorandum records and also forwarded to the official records held by the FIPC. Any price changes occurring after the item or service have been ordered are submitted to the Comptroller by Cost Center personnel.

C. When the item or service is received by the Cost Center, the supplier bills the government with an invoice to the Cost Center. When the invoice is properly certified, payment to the supplier is made by the disbursing section of the FIPC. At this time the payment information is matched to the Cost Centers original obligation, is liquidated and is reflected as an expenditure in the official records.

D. At times some transactions are not properly reconciled at the Comptroller or Cost Center levels. Therefore, each month the FIPC produces a set of official accounting reports indicating a list of Cost Center transactions. The Comptroller compares and reconciles its locally maintained memorandum records with those provided by the FIPC. The Comptroller similarly issues a report to its Cost Centers to update and reconcile their records.

These monthly reports ensure accounting information is correctly and not erroneously charged, serve to make primary price or cancellation adjustments if required and ensure obligations in the official records held by the FIPC are accurate.

#### E. THE BUDGETING PROCESS: OVERVIEW

##### 1. The Planning, Programming, and Budgeting System (PPBS)

The Planning, Programming and Budgeting System is the Department of Defense's formal process for making resource allocation decisions to meet the nation's strategic security requirements. The goal of the PPBS is to provide the most effective allocation of resources to the services to meet the challenges of national defense.

PPBS begins with joint planning activities by the Joint Chiefs of Staff, Office of the Secretary of Defense, intelligence agencies, and the services to develop a strategy to meet the anticipated threat to national security. Once the strategy is developed, requirements are estimated and programs are developed to fulfill the strategy to counter the

anticipated threat. Finally, the costs for approved programs are budgeted and submitted (as the DOD's budget submission) through the Secretary of Defense, Office of Management and Budget, and to the President, for review and approval. Once approved by the President this DOD budget submission is incorporated into the President's budget which is submitted to the Congress. Execution of the budget as approved and passed by the Congress completes the PPBS process.

## 2. The Funding Process

The budget process requires passage by Congress of two separate pieces of legislation. One piece is the authorization bill and the second piece is the appropriation bill.

Through Congressional Authorizing Committees, Congress legally authorizes all federal programs including defense and sets maximum program spending levels. The authorization bill permits the Executive Branch to undertake the type of activity contained in the budget request. Once programs have been authorized, appropriation legislation commences which provides the funds for these federal programs. Typically a program that will extend over several years may be authorized, but it is funded only on an annual basis. When the Appropriation Act is enacted by Congress and signed by the President, appropriations which are assigned to defense are apportioned to DOD and later re-apportioned to the Secretary of the Navy

and the Comptroller of the Navy (NAVCOMPT). NAVCOMPT then allocates these funds to Administering Offices.

The major source of funding provided to Administering Offices come under the following headings; Operations and Maintenance, Navy (O&M,N) for general daily naval operations, Other Procurement, Navy (OP&N) for investment type purchases, and reimbursable funding to support specific needs of other Department of the Navy needs provided by that Administering Office, or Fund Administrator.

Upon receiving funds via NAVCOMPT and the Chief of Naval Operations Fiscal Management Division (OP-82) the Administering Offices then allocate these funds to their respective subordinate activities (Fund Administrators) for their Cost Center daily operations. This distribution of funds to Cost Centers are known as Operating Targets (OPTARS).

The Administering Offices control the annual amount of funding given to each FAA, and funds are normally issued on a quarterly basis. This allows the Administering Office the ability to oversee the use of funds by an FAA, and monitor the its performance (funding use) with respect to the FAA's prescribed budget. The Commanding Officer of a FAA is responsible for the management of funds received by the Administering Offices, and is subject to legal proceedings and disciplinary actions if federal laws with respect to proper financial management are violated.

The FIPC maintains the official financial records, tracks the status of funding commitments, obligations and expenditures. Any errors in these records may result in the inefficient allocation of financial resources, delays or loss of any future additional funds which become available.

F. RESPONSIBILITIES OF ACCOUNTING AND BUDGETING PERSONNEL  
IN THE RESOURCE MANAGEMENT SYSTEM

1. Introduction

Depending upon which RMS organization (Administering Office, Fund Administrator or Cost Center) the accounting and budget personnel work in, specific accounting and budgeting activities can vary. Many ashore activity accounting and budgeting duties are arranged by divisions according to assigned tasks, while smaller activities usually have a less formal organizational structure. [Ref. 16:p. K-25]

2. Accounting Technicians/Accountants

The responsibilities of accounting technicians and accountants in the RMS organizational structure include the following duties [Ref. 16:pp. K 25-26]:

A. General accounting responsibilities

1. maintaining required accounting records, including records of obligations and expenditures against allotments
2. preparing accounting reports for local management and for submission to higher authority
3. maintaining activity plant property account records and stores inventory ledgers and records, and submitting all property returns
4. conducting cost accounting operations
5. supervising and conducting timekeeping operations

6. maintaining civilian pay, leave and retirement records, and preparing civilian payroll duties

B. Timekeeping accounting

1. supervise clocking stations and timecard racks
2. collect and process payroll timecards and verify with labor distribution cards
3. maintain employees' service and leave records
4. maintain internal controls to insure accurate reporting of the distribution of labor

C. Payroll accounting

1. prepare and maintain records of civilian payrolls, earnings and deduction
2. maintain retirement records and prepare reports in connection with civilian payrolls
3. prepare payroll tax and other required reports

D. Cost reports

1. maintain records or charges and credits to appropriations
2. maintain all official fund resources ledgers and records, including those for accounts receivable, commitments, obligations and expenditures
3. maintain cost records and prepare associated reports
4. maintain activity plant property account records and prepare plant property account returns
5. coordinate and supervise the compilation of data in connection with the physical inventory of plant property
6. maintain internal controls to insure accuracy of records and propriety of charges

E. Inventory accounting

1. maintain records of material carried in stores accounts
2. prepare financial inventory reports
3. prepare appropriation adjustment documents

3. Budget Analysts

The responsibilities of budget analysts in the RMS organizational structure include the following duties [Ref. 16:pp. K 25-26]:

A. General budgeting responsibilities

1. providing guidance and instruction for preparation of activity budget estimates
2. reviewing budget estimates submitted by departments, and recommending approval, revision or disapproval of items or estimates to higher authority
3. preparing activity budget estimates and justifications to higher authority
4. preparing operating budgets reflecting approved program plans and schedules
5. controlling fund authorization to the activity, and recommending revision, modifications or reprogramming as appropriate to higher authority
6. recommending distribution of civilian personnel resources to departments and programs within the activity
7. reviewing program performance against the activities funding plans, analyzing overhead variances and other deviations and recommending remedial action where appropriate
8. preparing and maintaining Inter Service Support Agreements (support provided by one federal agency or subdivision to another federal agency, when at least one of the participating agencies is the Department of Defense or DOD component)

B. Budget progress reporting and budget statistics

1. develop and/or coordinate within the activity reporting systems from which data are derived as a basis for quantitative analysis of performance against approved programs, budget plans, and schedules
2. maintain records on the budget plans and schedules, examine trends and programs status, and report variances from the plans to responsible levels of management at the activity
3. provide a central coordination point primarily for all budgetary and fiscal statistical data released from the activity and for such other reports as may be specifically assigned
4. develop instructions and guides to assist offices within the activity in reporting data
5. prepare recurring progress reports for top management for all major programs administered by the activity as related to the financial plan, highlighting unusual situations
6. perform special statistical analyses as required.

## G. RMS ENVIRONMENT

### 1. Introduction

To fully appreciate the varied job skills, requirements and responsibilities of accounting and budgeting personnel described earlier, it is important to address the current working environment in the Resource Management System. The RMS climate is both challenging and complex, and financial management personnel are faced with a dynamic Navy accounting and budgeting system.

### 2. Proliferation of Accounting Systems

There are numerous accounting and payroll support software systems presently in place in the Navy, which makes standardization extremely difficult. Many of these software systems were developed locally by each activity in reaction to the increased availability of the personnel computer. Over the past few years, the Navy has distributed the Zenith 248 computer, but has failed to provide the training necessary to exploit all of the possible uses of the computer. The introduction of the PC's into the naval workplace has led to a software explosion, as commands have adopted different types of software to accomplish virtually the same tasks. [Ref. 18:p. 133]

In 1984, in the Navy financial management field, there were 182 existing and planned local activity accounting support systems. Many of these support systems were incompatible. Although the reduction of accounting support

systems has decreased in the last five years, by the end of 1990, there are still estimated to be 66 accounting support systems in place [Ref. 19]. This proliferation of accounting and payroll systems makes standardization between activities increasing difficult to attain.

Standardization has long been an issue in Navy financial management. The integration of accounting and disbursing support systems at the FIPCs has been an objective as early as October 1974, and by 1980 the emphasis shifted to a standard Navy accounting and reporting system called the Integrated Disbursing and Accounting Financial Management System (IDAFMS). However, during the development of IDAFMS, in order to accomplish all of the objectives of integrating resource management systems, it was necessary to further expand the scope of the accounting support system. This new project was subsequently retitled as the Integrated Disbursing and Accounting Information Processing System (IDAFIPS).

Although IDAFIPS was intended to be operational in all 15 FIPCs by 1993, its implementation was suspended, pending the analysis of a DOD-wide accounting and disbursing system [Ref. 16:p. D-42]. This movement by the Secretary of Defense to install and implement a compatible tri-service DOD accounting network further complicates the issue of integrating accounting support packages.

### 3. High Personnel Turnover Rates

An additional concern of RMS activities is the increased rate of personnel turnover at many of its locations. Many RMS activities are losing their well-trained civilian workforce. Personnel turnover and mobility of the financial management workforce is especially evident at both the civilian entry level and more senior Comptroller positions. Of those responding to the PCC survey, nearly 70 percent indicated that personnel turnover was a real problem with respect to job performance [Ref. 12].

Civilian personnel turnover rates are especially high in the larger, more economically affluent west and east coast metropolitan areas. The abundance of entry-level job opportunities in these metropolitan areas (many offering higher salaries) has subsequently increased the rate of movement of the entry-level workforce away from the public sector. Other personnel simply shift jobs and are hired by other governmental agencies within the same geographical location (i.e., the San Francisco Bay Area). [Ref. 20]

Military financial management personnel are also faced with constant turnover. Navy Comptrollers, for example, remain in the job for as little as two years, and usually no more than three. Much of this time is spent acquiring knowledge and skills through informal means at the activity.

Finally, another consideration which complicates the RMS environment is the inability to hire additional personnel,

despite retirements or transfers, due to civilian workforce hiring freezes in effect.

4. More Line Officers in Financial Management Billets

In recent years, there has been an increased rise of mid and senior grade line officers (primarily trained in other warfare specialties like aviation and surface warfare) replacing Navy Supply Corps officers in financial management positions. This is especially true in more senior financial management positions of the Navy. It can be seen that the majority of Navy comptrollers of Administering Offices and Fund Administrating Activities are now headed by line officers. Not surprisingly, the financial management assignments of some of these line officers are the first such assignments in the financial management field. Therefore, support, knowledge, experience and utmost reliance of the civilian financial management workforce is essential. [Ref. 2]

5. Dynamic Nature of Navy Accounting and Budgeting Procedures

A fourth element in the RMS activity environment which demonstrates the need for timely and effective financial management training is the dynamic nature of Navy accounting and budgeting procedures. The financial management field is not unlike any of the naval warfare specialties in this area; undergoing constant change. This can be readily seen by:

- numerous new accounting and operating systems (i.e., FAST DATA and NAVSCIPS systems)

- financial management policy and guidance modifications (i.e., NAVCOMPT manual revisions and updates)
- accounting and budgeting terminology changes (i.e., Fund Administering Activities versus Responsibility Centers)
- movement towards standardization of Department of Defense accounting and budgeting procedures (i.e., a standardized DOD accounting system as outline in recent Defense Management Reports by the Secretary of Defense).

#### H. SUMMARY

To efficiently and effectively allocate and utilize financial resources within the Department of the Navy, accurate and timely information is required at all levels of Navy management. Proper financial accounting records allow Responsibility Centers and Cost Centers to monitor and stay within spending limits authorized by Administering Offices. Inaccurate accounting procedures and poor management of data may lead to insufficient fund management, the possibility of a reduction of funding in future periods, or violations of federal regulations.

With diminishing funds anticipated in the future, responsibilities for budget analysts will similarly increase in complexity and importance. Administering Offices, FAAs and Cost Centers must not only be proficient in budget analysis but must also be updated with the latest information concerning budget data interpretation, planning and program analysis in order to recommend key policy decisions for Commanders and Commanding Officers.

Today, in the Navy, there are a number of complicated and sophisticated local activity accounting systems in effect. The complex and often incompatible accounting support systems encountered by accounting technicians significantly add to the difficulties in maintaining accurate accounting records for local use and reports generated for higher authority. This lack of systems standardization hampers the effective accounting and budgeting links and communication dialogue between respective Administering Offices, Fund Administrators and FIPCs.

This is compounded by the dynamic and fluid nature of Navy accounting and budgeting systems and the highly mobile financial management workforce. The competition for and challenge of recruiting qualified personnel to occupy these Navy financial management positions at local RMS activities is becoming increasingly difficult. Additionally, local accounting and budgeting guidance, operating procedures, and working terminology are often in a continual state of flux. Frustration, poor job performance and lack of job satisfaction are not uncommon.

This complexity in the Navy financial management field further illustrates the importance and need for effective and up to date training sources and materials.

#### IV. FINANCIAL MANAGEMENT TRAINING PROGRAMS AND COURSES FOR ACCOUNTING AND BUDGETING PERSONNEL

##### A. INTRODUCTION

The Department of the Navy, federal and joint service programs in the Department of Defense offer both financial management training and educational opportunities. They range from entry-level correspondence courses, to formal graduate-level education. In addition to these formal Navy financial management training courses and programs, professional organizations such as the American Society of Military Comptrollers (AMSC) offer additional opportunities for career development.

This chapter will discuss the formal training courses, programs and educational opportunities available for Navy accounting and budgeting personnel. It will summarize the contents of each training opportunity, and indicate the target population intended for each program. In addition, this chapter will examine the current status of each of these training courses and programs.

##### B. ENTRY LEVEL COURSES AND PROGRAMS

###### 1. Chief of Naval Education and Training Command (NAVEDTRA) Correspondence Courses

There are currently three Navy self-instructional correspondence courses which are applicable and available to

accounting and budgeting personnel. These correspondence courses are prepared and maintained by the Chief of Naval Education and Training Program Development Center (Administrative Support and Health Care Branch) with the technical assistance of the Comptroller of the Navy, and the Naval Audit Service. Each course is supplemented with a textbook and course reading assignments and questions. These assignments are intended to summarize the key points, concepts and procedures to achieve fundamental knowledge in the course textbook.

The courses are primarily requested by junior officers, senior enlisted personnel in the supply and disbursing fields and by civilians in entry-level financial management positions. The advantage of the correspondence courses is the ability to provide fundamental financial management training material to a large number of students with minimum relative costs. As many as 2500 requests per course are received annually [Ref. 21]. The following paragraphs summarize the course content of the three NAVEDTRA correspondence courses applicable to accounting and budgeting personnel.

a. NAVEDTRA 10984-B2, Appropriation and Cost Accounting

This course provides an overview of the types of accounting procedures under the guidelines promulgated by the Comptroller of the Navy. The course presents information

concerning the identification of appropriation, cost, and property accounting procedures applicable to Navy financial transactions.

b. NAVEDTRA 10976-C, Disbursing

The NAVEDTRA course on disbursing provides an introduction to the functions and organizations of disbursing offices and the regulations and instructions which regulate procurement, disbursement, and use of funds and related accounting functions; civilian payrolls, preparation and payment of vouchers, records, and reports. It is primarily intended for Navy Disbursing Clerks.

c. NAVEDTRA 10742-D, Financial Management in the Navy

This text presents an overview of the current financial management practices in the Navy. The course highlights the basic Navy financial management organization and their relationships with other government agencies. The text includes discussion of the major phases of government legislation and regulations governing performance of financial management in the Navy. It is not designed or intended to be a procedural manual [Ref. 14].

d. Current Status of the CNET Correspondence Courses

One of the main problems of any correspondence course is keeping material content current in addition to incorporating text revisions. Due to a lack of subject matter experts in this area (i.e., an experienced Comptroller) and

revision priorities set at CNET, correspondence courses for enlisted personnel rating advancement are given first precedence for manual revisions. Therefore, courses for financial management are not as frequently updated as desired [Ref. 21].

A review of the three correspondence course texts revealed that they are extremely out of date. Although the text Appropriation and Cost Accounting is currently in the final stages of revision, the text has been off the shelf for several years, with the last edition dated in 1981. The remaining two texts Disbursing Part I and Financial Management in the Navy are similarly outdated, last revised in 1982 and 1981 respectively.

2. Department of the Navy (DON) Financial Management Training Programs

There are three entry-level DON financial management training programs which are available to Navy accounting and budgeting personnel. The three courses which are applicable for use by Comptrollers, accounting and budgeting personnel are "Introduction to Financial Management and Accounting," "Principles of Navy Budgeting" and "Introduction to the Navy Industrial Fund." These courses are primarily designed for entry-level employees as part of the DON Civilian Financial Management Career Program, but are also useful to entry level personnel and junior military officers. They are also a good

source of review for fundamental financial management concepts for intermediate level financial managers. [Ref. 22]

The courses are "officially" taught at 12 sites in the continental United States (Alameda/Oakland, CA; Charleston, S.C.; Jacksonville, FL; Newport, R.I.; Norfolk, VA; Pearl Harbor, HI; Pensacola, FL; Philadelphia, PA; Point Magu, CA; San Diego, CA; Seattle/Bremerton, WA; and Washington D.C.).

The DON financial management training program is designed to be held in a formal classroom setting (lecture format with approximately 30 classroom hours), with guest speakers, and discussion sessions. Questions are encouraged throughout the course to orient students to particular local financial management operations. Course convening dates vary depending on course location, instructor availability and local area course demand. [Ref. 23]

The courses are also designed in such a way that course material can be obtained and completed through self study. In fiscal year 1989, a total of 381 civilians and 18 military personnel have received certificates of completion through formal and self-study training methods [Ref. 24].

Course material is reviewed annually by the Navy Accounting and Finance Center, Career Management Directorate. The printing of new course material occurs when major revisions are required, but usually every two to three years. The course "Introduction to Navy Financial Management and Accounting" was last revised in May 1988; "Principles of Navy

Budgeting" was revised in February 1989, and "Introduction to the Navy Industrial Fund" was revised in January 1989. The following sections briefly outline the contents of the three courses.

a. Introduction to Financial Management and Accounting

"Introduction to Financial Management and Accounting" consists of six units which include the following sections: introduction to financial management, overview of accounting in the Navy, Resource Management Systems, the Navy Stock Fund, the Navy accounting system, and automated data processing. In summary, this course is designed to provide information on shore activity accounting and budgeting, funding documents, ledgers, worksheets, postings, accounts receivable, accounts payable, reconciliation, document validation, reimbursables and reports. [Ref. 25]

b. Principles of Navy Budgeting

"Principles of Navy Budgeting" is designed to provide a general overview of the Department of the Navy budgeting process. The course material is divided into units which address specific portions of the PPBS systems and include sections on the general overview of budgeting, key figures in the budget process, the individual components of PPBS, budget formulation and review, and budget execution. [Ref. 26]

c. Introduction to the Navy Industrial Fund

"Introduction to the Navy Industrial Fund" provides an overview of Navy Industrial Fund concepts and operations and associated general accounting principles. The course material is divided into three units which address general accounting principles, cost accounting and billing, and budgeting procedures required for the Navy's Industrial Fund. The course also contains several written exercises and a case study. [Ref. 27]

d. Current Status of the DON Financial Management Training Program

In recent years, the program has been primarily administered as a correspondence course, and is the most frequent method of delivering course material to students. At the present time, for all intents and purposes, this program has become a self-paced, self-study training program. Although the program was initially developed and envisioned to be taught in a formal classroom environment (instructor facilitated with guest speakers, discussion sessions, and case studies), classroom training has been virtually discontinued at many locations.

Of the 12 training locations "advertising" to have the DON financial management training program in place (encompassing the three courses), only Washington D.C., and Pensacola, Florida routinely offer all three courses in a classroom environment. In a survey conducted in May 1990, to

determine the current availability of the courses (instructor facilitated in formal class sessions), the following data were obtained:

Location	<u>Course</u>		
	Intro to Financial Management and Accounting	Principles of Navy Budgeting	Navy Industrial Fund
Alameda/ Moffett Field	Not offered	Not offered	Not offered
Charleston	Not offered	Not offered	Not offered
Jacksonville	Once a year	Not offered	Not offered
Newport	Not offered	Not offered	Information unavailable
Norfolk	Not offered	Not offered	Not offered
Pearl Harbor	Not offered	Information unavailable	Twice a year
Philadelphia	Not offered	Not offered	Not offered
Point Magu	Not offered	Not offered	Once a year
San Diego	Not offered	Not offered	Not offered
Seattle	Once a year	Once a year	Not offered
Washington, D.C.	Four times a year	Four times a year	Three times a year
Pensacola	Once a year	Twice a year	Twice a year

Through this survey, it was found that training sites such as Norfolk, Charleston, San Diego and Alameda have not offered classroom training in the last three years. Additionally, although other sites such as Point Magu, Pearl Harbor, and Jacksonville have offered the course within the

past year and a half, they are not anticipating to hold formal instruction of the courses this year. Finally, four locations (Philadelphia, Norfolk, Pearl Harbor, Moffett Field) were found to offer the material for self-paced study only and did not have formal classroom instruction available.

The primary cause of program degradation is universally attributed to the lack of sufficient numbers of qualified instructors. The majority of instructors are volunteers, often unable to devote valuable spare time to provide formal classroom training. Additionally, many instructors were found to be unavailable to teach the courses, due to retirement, or changes in job location. Although instructor replacements are actively sought for, it is difficult to find qualified instructors with the experience level required to teach in this field.

### 3. Office of Personnel Management Courses

The Office of Personnel Management (OPM) offers civilian employees numerous courses in general governmental financial management (accounting and budgeting) at the entry and intermediate levels. OPM courses are designed to provide civilian personnel from any governmental (federal, state or local) agency, a curriculum with a broad range of training opportunities. Course offerings vary according to geographical regions, and are offered at various locations within the region or can be taught at the activity requesting training. Courses are normally two to four days, depending

on the topic and cost between \$200 and \$400 per person. [Ref. 28:pp. 3-8]

a. Overview of Available Courses

The San Francisco OPM Regional Training Center (serving federal, state and local governmental agencies in Alaska, California, Hawaii, Idaho, Nevada, Oregon, Washington, Japan, Guam, Korea and the Philippines) provides the following courses in accounting and budgeting at the entry level [Ref. 28:pp. 63-78]:

- Accounting:

- a. Accounting Orientation
- b. Governmental Bookkeeping and Accounting I
- c. Data Handling for Budget and Accounting Technicians
- d. Introduction to Voucher Examination
- e. Workshop for Imprest Fund Cashiers

- Budgeting:

- a. Introduction to Federal Budgeting
- b. Budget Formulation
- c. Budget Execution.

b. Current Status of OPM Courses

OPM can provide training courses to supplement the basic skills and knowledge gained through correspondence courses and formal and on-the-job training. These courses are sufficient for financial accounting and budgeting fundamentals at the basic entry level, but are not generally intended to provide Navy specific knowledge in more intermediate levels.

Several students from the PCC survey indicated that the OPM courses were often too generic, and lacked real-world applications to be of use for specific Navy accounting and budgeting responsibilities. On the other hand, feedback from students attending tailored OPM courses (designed for the specific needs of the local activity) responded with high praise, indicating that the courses had been excellent. Finally, like the Department of Navy training program, the recruitment of sufficient numbers of experienced instructors in the field is difficult [Ref. 29].

4. Comparison of Navy Entry-Level Training with Other Services

At this time, it is interesting to note the additional emphasis both the U.S. Air Force and Army place in formal entry-level training in comparison to the Navy. The Air Force and Army appear to have a stronger fundamental commitment towards a more centralized, and formalized accounting and budgeting training program. Both the Air Force and the Army have set aside a great deal of resources to implement basic fundamental training from the onset, to supplement on-the-job training received at the local activity level.

All Air Force and Army entry-level financial management courses are taught in a formal classroom setting. Course materials for both services are reviewed continuously by course facilitators, especially prior to each course offering. In general, texts are updated once a year. Changes

not modified in course texts are pointed out during class sessions.

When comparing the formal entry-level financial management training programs of the Air Force and Army, the Navy entry-level training programs appear to be significantly deficient in number. The following courses listed below for entry-level Air Force and Army personnel suggest the emphasis of formalized training and stronger commitment of centralized basic accounting and budgeting training. (A complete description of these course is listed in Appendix C.)

A. Air Force

1. Accounting/Accountants

"Accounting and Finance Officer Course (9 weeks)

"Non-Appropriated Funds Financial Management Officers Course" (7 weeks)

"Subject Matter Area Courses"

- Financial Management Specialist (10 weeks)
- Accounting Control (2 weeks)
- Commercial Services (2 weeks)
- Material (3 weeks)
- Civilian Pay (2 weeks)
- Military Pay (2 weeks)
- Travel (2 weeks)

2. Budget Analyst

"Budget Officer Course" (8 weeks)

"Introduction to Acquisition Management" (2 weeks)

B. Army

1. Accounting/Accountants

"Military Accounting" (4 weeks)

"Army Management and Accounting and Analysis" (2 weeks)

"Military Accounting for Supervisors" (Correspondence)

- Army Fiscal Code
- General Fund Accounting
- Expenditure Accounting

- Reimbursement Accounting
  - Miscellaneous Accounting
  - Army Stock Fund Accounting
  - Basic NAF Accounting
- "Military Accounting Technician Course (Correspondence)  
 "Special Civilian Intern Program"
- Intern Leadership and Development Course (1 week)
  - Technical Writing (2 days)
  - Briefing Techniques (3 days)
  - Professional Image Course (4 days)
  - Personnel Computer (1 week)
  - Introduction to Resources Management and Military Accounting course (4 weeks)
  - Army Installation Course (1 week)
  - Army Management and Accounting Analysis (2 weeks)
  - Army Systems Training (4 weeks)

2. Budget Analysts

- "Resource Management Introductory Course" (1 week)
- "Planning, Programming, Budgeting and Execution System" (2 weeks)
- "Resource Management Budget" (2 weeks)
- "Resource Management--Tactical" (1 week)

C. MID-CAREER-LEVEL TRAINING PROGRAMS

1. Career Financial Management Training Program (CFMTP)

a. Overview

The CFMTP is designed to provide the Navy with highly-qualified future mid-level, college caliber trainees into the civilian workforce. The program provides recruitment, funding, hiring and management of trainees in the accounting, auditor, and budget analyst fields, through centralized administration by NAVCOMPT. Trainees are centrally hired into the program by NAVCOMPT at a minimum pay grade of GS-5, and then may be promoted to the next level upon completion of the two-year program and performance evaluation.

Program implementation is primarily in-house and locally administered, and is based upon anticipated personnel turnover and retirement. Each local activity determines the number of personnel to designate into the program to fill these vacancies. Local activities desiring to participate in the program must then develop a trainees' development plan, provide supervision, training and placement. Training prerequisites include the successful completion of the DON financial management training program courses described earlier, and job rotation amongst various accounting and budgeting duties within the local activity. Thus, this program is designed to provide comprehensive cross-training and experience to meet the target job responsibilities at the end of the two year program. [Ref. 30]

b. Status of the Navy Career Financial Management Program

The Department of Navy Career Financial Management Program was started in 1973 to ensure an adequate number of intermediate-level civilian financial management employees in the workforce. The program currently has 210 trainees in the workforce. Its success is highly dependent on the quality and availability of formal training courses and programs available at the entry- and mid-level career positions, in addition to skills gained while rotating positions on-the-job. Local activities must provide comprehensive input to a trainee's two-year training plan and development.

The Financial Management Career Program Planning Board recommended that the present two-year training period for developing trainees in the Career Financial Management Training Program (CFMTP) remain essentially intact. [Ref. 5]

2. The Practical Comptrollership Course

a. Overview

The idea of a practical Navy Comptrollership Course was developed in 1976 and then implemented in 1977 by the Assistant Secretary of the Navy (Financial Management). It is designed to provide a practical, hands-on training session for intermediate-level (major claimant and shore activity level) financial management personnel in the Department of the Navy. The Practical Comptrollership Course (PCC) is two weeks in duration (nine classroom days) and is conducted at the Naval Postgraduate School in Monterey, California. The course is attended by both civilian and military financial personnel from all facets of mid-career level financial management personnel (i.e., ranging from GS-9 to GS/GM-14 and O-1 to O-6), and it is currently offered seven times a year. A typical class has 35 students; 40 percent military and 60 percent civilian, and approximately 245 students attend per year. The course is sponsored/funded by NAVCOMPT, specifically the Navy Accounting and Finance Center Office of Career Management [Ref. 31:Encl. 2, p. 2].

A wide array of practical financial management topics are covered in the two-week course with an emphasis on

current real-world applications and skills that would be directly applicable to the student's job. Topics in the course include the following:

- Navy Headquarters Financial Organization
- Appropriation Law
- PPBS
- Budget formulation and review
- POM issue paper writing
- flow of funds
- Navy accounting system
- Accounting terminology, classifications and reports
- Critical aspects of budget execution
- Reimbursable accounting
- Interservice Support Agreements
- Prompt payment act
- Commercial activities contracts
- Non-appropriated funds
- Navy Stock Fund accounting
- Navy Industrial Fund accounting
- Plant property accounting
- Managing to payroll
- Activity and Claimant Comptrollership
- Audit and Management Control Program.

Classroom lectures, discussion sessions, and course-developed texts are supplemented with guest lecturers from various fields of Navy financial management, which

provide subject matter expertise and additional points of view. They include the following:

Regularly scheduled

- Naval Audit Service
- Management Control Program
- Non-Appropriated Fund/Moral Welfare and Recreation
- FIPC Operations
- Activity Level, Subclaimant, and Claimant Comptrollership
- PPBS
- Manage to Payroll
- Navy accounting issues

Scheduled as available

- Appropriation Law
- Budget exhibit preparation
- Accounting reports
- Congressional budget review
- NAVCOMPT budget formulation and review
- Navy Industrial Fund Accounting.

Course material is currently updated every six months and the PCC textbook, and lecture slides are supplemented with a practical hands-on "bottom line" course guide.

b. Current Status of the PCC

The Navy Practical Comptrollership Course has consistently received high praise from those who have attended. Nearly 100 percent of those personnel responding

to the PCC survey rated the Practical Comptrollership Course as being an excellent and worthwhile learning experience. The demand for the PCC course is especially significant. The PCC is so popular and in such high demand that classes fill up early and many students are turned away [Ref. 2]. It is also interesting to note that no other formal training course or program consistently received similar high praise (in the survey) [Ref. 12].

The course is taught by one Navy faculty member of the Administrative Sciences department of the Naval Postgraduate School. Unlike the Professional Military Comptrollership School (to be discussed in the next section), the PCC is facilitated by just one instructor to manage the administrative support (i.e., textbook, course revisions, and guest speaker invitations) and actual instruction of the course.

One of the current training difficulties seen in the Practical Comptrollership Course is the wide range of student financial management backgrounds (fields of expertise), and varying skill and knowledge levels. Some lack of fundamental knowledge (i.e., basic definitions and concepts such as what is an obligation, allotment, and reconciliation) which should have been obtained earlier in one's career, results in a considerable amount of course review at the basic entry level. Therefore, the course length is often insufficient to cover intermediate topics.

In addition to instructing the PCC, this instructor concurrently instructs the Naval Postgraduate School Administrative Science course "Financial Management in the Armed Forces course," MN 4154 (which is similar in content to the PCC), and manages up to ten graduate thesis projects per academic year.

MN 4154 is taught by this instructor in the fall and spring quarters of the academic year. There are three sections per quarter, each with an average enrollment of 35 students. This course is designed primarily for financial management graduate students and is the only course in their curriculum geared towards practical comptrollership training. The completion of this course by Naval Postgraduate School financial management students completes the students' requirements for obtaining a Navy sub-speciality code in financial management.

### 3. The Professional Military Comptroller School (PMCS)

#### a. Overview

The Professional Military Comptroller School was started in 1968 by the Air Force to educate civilian and Air Force financial managers. In 1973, student enrollment was opened to all Department of Defense personnel. Today, the PMCS is a tri-service (Air Force, Army and Navy/Marine Corp) school developed specifically to train civilian personnel and military officers who have been selected to serve as comptrollers or other mid-career financial management

positions (i.e., deputy comptrollers, accounting officers, budget officer, senior auditor, or senior internal review officer). The course is offered four times a year, is eight weeks long and is conducted at Maxwell Air Force Base, Alabama at the Air University Center For Professional Development. Attendees are civilian and military officers (ranging from GS-12 and above or O-4 and above). There are 65 students in each class from all services and agencies of the Department of Defense. Like the Navy's Practical Comptrollership course, the class participants are 40 percent military and 60 percent civilian. The Navy receives approximately 36 quotas per year [Ref. 32].

Course content is taught at the graduate level and is accredited for graduate credit by the American Council on Education and also approved for continuing education credit for Certified Public Accountants. Unlike the practical hands-on approach in the Navy's PCC course, the Practical Military Comptrollership School is designed to allow students to broaden professional horizons in an educational sense. Course content is primarily geared at the macro Comptroller level (i.e., the major claimant level and above). The PMCS course is designed to provide the student with theoretical concepts of major contemporary problems, issues, and national policies which contribute to the decision making process in the efficient and effective allocation of resources of the Department of Defense. Education is stressed rather than

training [Ref. 33]. The PMCS course schedule includes the following topics:

Applied Comptrollership

- Financial Management at the Executive Level
- Comptrollership in the Operating Activities
- Comptrollership in the Acquisition and Support Activities

Comptroller Arts and Sciences

- Information Management
- Analysis for Resource Management
- Executive Communication
- Economics for Resource Management
- Leadership and Management
- Executive Stress and Fitness

Administration and Evaluation Activities

- Administration/Orientation
- Evaluation/Critique
- Electives.

There are 11 faculty members (ten officers; one Army, one Navy, eight Air Force and one civilian). Forty percent of the course is conducted through guest speakers, half of whom are the rank of flag or general. [Ref. 33]

b. Current Status of the PMCS

The Navy Accounting and Finance Center issues a survey to all PMCS graduates to provide feedback concerning the quality of education received at the Professional Military Comptrollership School. As with the PCC, the PMCS has

received accolades for course content. Some common criticism of the school, however, was the lack of Navy participation in the guest lecture series, and the small number of quotas available per year for Navy personnel [Ref. 34].

#### 4. Office of Personnel Management Courses

Similar to the courses provided at the entry level, OPM offers advanced courses for mid-grade financial managers. OPM governmental accounting and budgeting courses available at the intermediate level include the following [Ref. 28:pp. 65-80]:

##### Accounting:

- Governmental Bookkeeping and Accounting II
- Practice Problems in Governmental Accounting
- Cost Accounting
- Establishing Internal Controls To Avoid Fraud, Waste and Abuse

##### Budgeting:

- Writing Effective Budget Justifications
- Federal Appropriations Law
- Advanced Budget Analysis
- Budget Planning With Microcomputers.

D. FORMAL EDUCATIONAL FINANCIAL MANAGEMENT PROGRAMS

1. Secretary of the Navy Fellowships in Financial Management

a. Overview

The primary educational program that is available to civilian financial managers is the Secretary of the Navy's Civilian Career Fellowships in Financial Management. This civilian education program was originally designed to parallel graduate education offered for military financial managers. The program allows civilian financial management employees to increase knowledge in their specialized area by attending full-time graduate level courses for up to one academic year (two consecutive semesters or three consecutive quarters). Each applicant designs and proposes their individual curriculums. The fellowship normally pays for tuition and book expenses (administered by the Office of Civilian Personnel Management) and the selectee continues to receive his or her salary (from the selectee's activity). Financial management personnel (GS-9 through GS/GM-15) are eligible for the program. [Ref. 35]

Criteria for selection include: a minimum of three years of employment as a civilian in Navy financial management, demonstrating potential for advancement in the financial management field, achieving a high degree of professional competence, reaching a point in their career where a greater level of knowledge is required necessitating

a comprehensive program of study, and meeting all of the requirements established by an accredited college or university. The program receives an average of 25 applicants per year. In fiscal year 1988, six applicants were awarded fellowships and in fiscal year 1989 the number of applicants awarded fellowships decreased to only three [Ref. 24].

b. Current Status of the Secretary of the Navy Fellowship Program

At this time, the financial management fellowship program is under review by the Career Management Directors of the Navy Accounting and Finance Center and is currently in limbo. The primary concern of the program is funding, which is currently provided outside the Department of Navy. Despite the increased number of nominations every year, funding for tuition and books is often unavailable from the central pool of funds provided by the Civilian Personnel Management for fellowship nominees.

The second concern about the program is that many Navy activities are often reluctant and unable to nominate their most deserving personnel for the fellowship program. These organizations cannot afford to lose, without replacement, individuals at the supervisory or management level. Not surprisingly, it has been historically the most knowledgeable, reliable and influential financial managers of an organization which desire to attend graduate education. Program redesign and funding alternatives are presently being

discussed and proposed by the Navy Accounting and Finance Center to the Comptroller of the Navy [Ref. 24].

## 2. Naval Postgraduate School

### a. Financial Management Curriculum

The Naval Postgraduate School offers a financial management curriculum (#837) to prepare officers and selected civilian employees for business and financial management positions relating to accounting, budgeting, internal control, auditing and within the Navy. The financial management program is an accredited program offered in Monterey, California, and is 18 months long. An average of 70 students per year graduate from the Naval Postgraduate School in financial management. Graduate level courses include the following topics [Ref. 31:pp. 42-43]:

- Financial Management in the Armed Forces
- Financial Management Control Systems
- Financial, Managerial, and Cost Accounting
- Financial or Operational Auditing
- Public Expenditure, Policy and Analysis
- Public Policy Processes
- Economic Decision Making and Microeconomic Theory
- Systems Acquisition and Project Management
- Managerial Communications
- Mathematics for Management
- Statistical Analysis for Management
- Various curriculum options.

Upon completion of the program, graduates of the curriculum are awarded a Master's of Science degree in Management and will have acquired the following skills:

- Comprehensive understanding of all aspects of the DON budget cycle
- The ability to identify, analyze and prepare effective and economic program alternatives
- The ability to manage and control funds
- The ability to develop, review, analyze financial reports, and make alternative plans
- A comprehensive knowledge of the principles of financial and business management
- The ability to develop and use internal review and audit procedures
- An understanding of the Department of Defense acquisition process.

In summary, the financial management curriculum at the Naval Postgraduate School provides the fundamental background knowledge for the preparation of officers for assignment in Navy budgeting, accounting, business and financial management. Often, however, graduates do not proceed directly to a financial management billet upon graduation. Junior officers, in particular at the 0-3 to 0-4 level may have an interim billet for between four to ten years before returning to the financial management field [Ref. 37:pp. 24-27]. Therefore, there is a need for maintaining the professional currency for graduates of the financial management field [Ref. 37:pp. 49-50].

b. Continuing Education Correspondence Courses

The Naval Postgraduate School Correspondence Course program is under review and is currently not available. The accounting courses which were once available (Financial Accounting #MN 2150 and Managerial Accounting #3161) were primarily intended for incoming Naval Postgraduate School financial management students. The courses provided a study of fundamental accounting principles and was not a vehicle to gain or maintain specific currency within the Navy financial management field. [Ref. 38]

E. PROFESSIONAL ORGANIZATIONS: AMERICAN SOCIETY OF MILITARY COMPTROLLERS (AMSC)

The American Society of Military Comptrollers is a nonprofit, educational and professional organization supported by DOD for both military and civilian personnel involved in military comptrollership. The main purpose of the ASMC is to promote education and training of its members, and to support the development and advancement of the profession of military comptrollership, that includes fields such as accounting, finance, budgeting, programming, auditing, cost and price analysts. It is designed to bring together not only the personnel who perform day-to-day financial management but high level officials for the exchange of information. [Ref. 39:p. 3]

AMSC sponsors research in military comptrollership, publishes its results in a quarterly Armed Forces Comptroller

journal, and encourages exchange of new techniques, approaches and problem solving within the financial management field. ASMC also supports local chapter meetings and regional professional development conferences to keep members abreast of current events in military comptrollership in addition to providing liaison with professional societies in private industry [Ref. 39:pp. 3-5].

The 1990 AMSC Professional Development Institute is sponsored by the Golden Gate and Forty-Niner region and is scheduled to meet in the end of May in San Francisco. It is an approved DOD training forum featuring training workshops and keynote speakers. Depending on local activity funding levels, attendees can receive funds to defray the costs to attend the AMSC Professional Institute. The 1990 Professional Institute is anticipating 2500 attendees. It is considered one of the best vehicles for information exchange and financial management continuing education [Ref. 40]. A wide array of excellent continuing educational training workshop modules are available to Navy accounting technicians and budget analysts and include [Ref. 41]:

- Financial Management
  - a. Accounting policy proposed changes
  - b. DOD Budget workshop
  - c. Budget policy and procedures
  - d. Budget execution
  - e. Financial Management for First Timers

- Program Management
  - a. Cost analysis and control
  - b. Training--The workforce of the 90's
  - c. Management Controls
  - d. Inventory Control
- Comptrollership
  - a. Dynamics of Comptrollership
  - b. Design making for Comptrollers
  - c. Comptroller self-audits
  - d. Leadership
  - e. Ethics.

Other training modules available for senior level financial managers at the AMSC professional institute include the following:

- Skills through education, training and career development
- Management information systems
- Communications, personnel and office administration
- Planning for the 21st Century
- In-depth Seminars.

#### F. SUMMARY

This chapter has reviewed the various financial management programs and courses currently available for Navy Comptrollers, accounting and budgeting personnel as they progress through their careers from entry-level assignments towards mid-level professional responsibilities. It also

described the current status of the Department of Navy financial management training programs.

Despite formal training courses in effect, there are several limitations and problem areas in the training of RMS accounting and budgeting personnel. Training programs in financial management are basically decentralized and highly dependent on local RMS activity career training policies. At the present time, training opportunities for entry- and intermediate-level to gain fundamental financial management knowledge and skills appears to be somewhat limited in availability.

Entry-level financial management training for Navy personnel can be characterized as significantly deficient (especially in comparison with the other services) in scope, material content and currency. Centralized entry-level formal classroom training is virtually non-existent. It is a program primarily comprised of correspondence courses.

Formal mid-level training essentially consists of two major programs; the Navy Practical Comptrollership Course and the Professional Military Comptrollership School. A lack of quota availability, broad audience experience level and insufficient administrative support (especially in the PCC) appear to hamper training effectiveness. Opportunities for graduate education for RMS personnel are particularly limited at this time.

The final chapter will reexamine the Navy's financial management major training problem areas, look at the Navy's strategy for accounting and budgeting personnel training, furnish some recommendations, and conclude with recommendations for additional studies.

## V. SUMMARY OF FINDINGS AND RECOMMENDATIONS

### A. INTRODUCTION

The necessity and importance of effective formal financial management training programs throughout an individual's career, has been universally agreed upon by senior Navy financial management leaders, supervisors, and financial management personnel working in the accounting and budgeting field. Proper training from the start of an individual's career can very often pay dividends in the future. With well-established training programs in effect, valuable time spent correcting errors in accounting or preparing activity budget estimates can be diminished and eliminated.

### B. SUMMARY OF FINDINGS

Although some formal Navy financial management courses and programs are available for accounting and budgeting personnel, the effectiveness of these programs are suspect. The majority of training courses provide only a general overview of financial management concepts, and are not sufficient to meet the job responsibilities assigned to financial management accounting and budgeting personnel. Most financial management courses have been found to be limited in scope, and applicability.

Training for financial management personnel was found to lack the incorporation of specific job-related skills and practical information necessary for real-world applications. In addition, the examination of the training programs in Navy financial management in the previous chapter have found numerous areas in need of improvement. They ranged from scarce numbers of qualified instructors, infrequent course material revisions, insufficient local area course availability and poor administration by local activities.

Training programs for Navy Comptrollers, Deputy Comptrollers, accounting technicians and budget analysts should be more formalized and centralized, emphasizing a strategic plan for career development. The remainder of this chapter highlights the specific problem areas in financial management training and offers recommendations to improve financial management training in the future.

1. Major Problem Areas in Navy Financial Management Training

- a. Lack of Overall Financial Management Training Strategy

One of the most significant and glaring inadequacies found throughout the Navy's management of financial management training is the lack of an overall training strategy, vision or outlook into the future.

Strategy is the pattern of decisions...that determines and reveals its objectives, purposes, or goals, produces the principle policies and plans for achieving those goals, and defines the range of business...to pursue, the kind of economic and human organization it is or intends to be, and

the nature of contribution it intends to make.... [Ref. 42:p. 43]

NAVCOMPT appears to be confident that the existing training programs are adequate to meet the current and future needs of the Navy. Despite the overwhelming response for more training in the accounting and budgeting fields, there appears to be no firm efforts to supplement existing programs.

In all fairness, however, this lack of a training strategy can be largely attributed to the uncertainties of future Navy accounting and budgeting systems. There is a concerted move to a formalized and standardized Department of Defense-wide management information system to meet DOD agency accounting functions. Various Defense Management Report decision papers by the Secretary of Defense office suggest it is essential to use more effective systems and concurrently realize savings.

b. Financial Management Training is Decentralized

Navy financial management training efforts are decentralized and primarily the individual responsibility of local activities. A lack of commitment on the part of local administrations is a major contributing factor to training unavailability. The attitude towards formal training appears very passive. For example, it is hard to understand why the San Diego and Norfolk areas, with their large concentration of Navy activities do not currently provide the DON training programs in a classroom environment.

In the real world of the accounting and disbursing technicians, management by exception is the rule. As a result, training programs go by the wayside or are administered haphazardly....The Basic underlying cause of declining expertise stems from a lack of training in basic Navy accounting principles and standards. Most technicians and a number of entry level supervisors have no formal training covering the NAVCOMPT manual, basic Navy accounting principles, and the formulation of required financial reports. Old line accounting technicians with the knowledge and ability to conduct meaningful training programs are few in number and most have been attracted to larger activities. (Organizations) are particularly deficient if a workforce experiences high turnover. [Ref. 43:p. 154]

Activities which administer local financial management training courses and programs should be commended. Some of these local training efforts could be of great benefit to other similar activities in the Navy. Unfortunately, there is little centralized coordination of these valuable training efforts. For example, there are several resident classroom courses which could be of great interest to other activities:

<u>Course</u>	<u>Location</u>
Economic Analysis	NAVSCOL, Port Hueneme, CA
Economic Analysis Seminar	Washington, D.C.
Financial and Supply Management Training Course	NSHCA, Bethesda
Senior Line Managers Course	Washington, D.C.
Shore Station Management Training Program	Washington, D.C.
Planning Programming and Budgeting System	Washington, D.C.
DOD Graduate Level Financial Management Program	American University, Washington Metro area only

There is also a lack of frequent curriculum review by NAVCOMPT and the Navy Accounting and Finance Center of the courses and programs currently available. For example, despite providing instruction for over 200 mid-level accounting and budgeting personnel every year, the PCC course has not had a curriculum review in recent memory [Ref. 2], and the CNET correspondence texts were last revised in the 1980's.

c. Lack of Sufficient Numbers of Qualified Instructors

One of the major contributing factors seen in the downfall of formal classroom instruction of the DON Financial Management Training Program is the lack of sufficient numbers of qualified instructors. It has been increasingly difficult to recruit volunteer instructors for the program. The inability of local area coordinators to find experienced field level personnel willing to facilitate the courses on a continuous basis has resulted in the course to be administered in a self-paced, self-study format. Discussions with local area program coordinators, and facilitators of the courses revealed the following significant problems:

- Instructors are all volunteers, and must coordinate and free up time in their own schedules to teach the course.
- There is little administrative support by the local area to administer the courses. The "volunteered" instructor must do all the coordinating (i.e., quota control, obtaining course materials, reproducing course handouts, reserving classrooms, obtaining support equipment such as overhead projectors, and coordinating guest speakers with subject matter expertise).

- Workload "at home" does not diminish. Despite spending time out to instruct the course, instructors must still return to their desks and do their regularly assigned job. In other words, their workload does not reduce and may in fact be compounded as they return to their regular duties.
- There is virtually no incentive to teach the course other than personal satisfaction and individual motivation. There are no rewards nor any recognition in being an instructor.
- Instructors are not educational specialists, and therefore have not received proper training in effective teaching and oral communication skills. Instructors have not gone through a formal educational training curriculum. Good "operators" are not necessarily the best educators.
- Instructors are not necessarily the most experienced individual in the field they are facilitating and most rely on guest speakers to assist in the instruction of the course. Experienced, knowledgeable and top-performing individuals are usually not those chosen from an activity to administer the training.

d. The Content of Training Material is Too Broad and Lacks Attention Concerning Important Concepts

The majority of the entry-level training material provides only a broad overview of financial management concepts [Ref. 2]. A review of the training the Navy provides reveal a lack of specifics necessary for real-world applications at the entry level. Most courses have been found to be limited in scope and often too generic in nature. The common theme of responses received from the questionnaire given to the PCC class echo this sentiment. "Navy financial management courses provide a good overview, but are too broad in scope to be of any value."

Examples of important areas insufficiently covered in introductory texts and in need of amplification include:

- budgeting strategies/key concerns for financial managers/ do's and don'ts
- monitoring budget execution performance indicators/ specific and significant line items in budgeting reports
- strategies for effective/efficient reconciliation of financial transactions
- review process of unfunded requirements/liquidated obligations
- ramifications of appropriations law: Title 31 violations
- importance of major claimancy relationships
- relationship with FIPCs.

According to the instructor of the PCC course, a great majority of the financial management personnel taking the course do not know the fundamentals and basics of Navy accounting and budgeting. Examinations given on the first day of the PCC course reveal that at least 50 percent of entry-level concepts are answered incorrectly (Appendix D contains the current PCC examination). Examples include:

- basic accounting and budgeting terms (such as obligations, expenditures, undelivered orders, gross adjusted obligations)
- appropriation law; ramifications of Title 31 codes for improperly using funds or overspending or overobligating allocated funds
- other associated financial management subjects (i.e., revolving funds, reimbursables, plant and property accounting).

e. Course Material is Outdated

As was seen in the previous chapter, keeping course material current and relevant to the needs of the user is paramount. One of the main problems of any correspondence course is keeping material content current and incorporating text revisions. CNET correspondence course texts were significantly outdated, last revised in the early 1980's. Similarly, one must consider whether a two to three year interval between text revisions for the DON Financial Management Training Program is sufficient. It is interesting to note that the PCC text and course materials are updated and reprinted every six months to keep up with the dynamics of the Navy and DOD accounting and budgeting fields.

f. Formal Training at the Lowest Levels

Not only is it important to effectively train the newest entry-level accounting and budgeting personnel, attention needs to be considered to provide training at the lowest levels of the Navy organization. RMS Cost Center training needs to be improved to ensure that requisitions, purchase authorizations, expenditure records and reconciliations are handled correctly. Poor management of funds at this level only compound problems at the FIPC and Fund Administering Activities.

### C. THE MOVE TOWARDS IMPROVING FINANCIAL MANAGEMENT TRAINING

Even simple systems take some amount of time to learn. Thus, a formal training program should be designed with particular purposes or goals in mind. It should be implemented so each individual in the organization understands the context and importance of his or her job in relation to the effective performance of the organization. Training of financial management personnel should occur more than once. It should occur throughout an individual's career path to avoid people from operating inefficiently, or worse yet, unknowingly conducting a procedure incorrectly.

To successfully train financial management accounting technicians and budgeting analysts, improve productivity and reduce errors, at a minimum, the following must occur in the formal Navy financial management training program:

- Senior personnel responsible for Navy financial management policy must:
  - a. Continue to recognize and stress the importance of financial management training. Emphasis in this area should include a continual assessment of current financial management training availability, review of course material, content and applicability, instructor availability and competency, survey from the field, resulting in an identification of shortcomings in need of improvement.
  - b. Develop a financial management training strategy and long-term outlook, which reviews the strengths, weaknesses and risks together with available resources at hand. The value of different methods of training civilian and military financial managers depends on both their costs and effectiveness. Without such information, proper training methods and choices would be difficult to evaluated objectively.

- Develop training programs to include the following:
  - a. Stimulate personnel into being interested in learning. Special care must be taken to choose appropriate financial management instructors, with excellent teaching and communication skills, knowledge of course material and motivation.
  - b. Adjust the training program or course to the specific needs of the people being trained (i.e., accounting technicians, budget analysts, or supervisors).
  - c. Financial management managers or supervisors should insist on the completion of training prerequisites and direct or supervise the progress and completion of training activities available.
  - d. The amount of time and type of training should be consistent with the person's ability to absorb the material. Training courses should be designed to be adapted and relevant to personnel in the program.
  - e. Personnel will respond best to a well-organized, planned and scheduled training program adapted to their particular career path. The training program should be evaluated on a systematic basis, to review applicability, currency, and content.
  - f. Develop practical handbooks and desk guides to supplement training programs. Desk guides should be clear (i.e., written with the user in mind, explaining difficult concepts, with illustrating examples), concise (i.e., specific information with index and tabs for easy reference) and comprehensive (providing references where applicable).
  - g. A schedule of refresher training sessions should be conducted to keep financial management personnel at an optimum knowledge and performance level. In this way, senior personnel can provide up-to-date and accurate information to junior personnel under his or her guidance.

#### D. RECOMMENDATIONS

There is a need for the improvement of financial management training courses currently in place as well as courses to fill the voids. The future development of these

financial management training improvements for accounting and budgeting personnel should be carefully designed and implemented. Training programs should continue to receive the highest attention by financial management training policy makers. Based upon discussions with civilian and military financial management professionals, as well as the data reviewed in this research, the following recommendations are offered.

1. Department of the Navy Financial Management Training Courses

Fully implement the Department of Navy Financial Management Training Courses as listed in DON financial management literature in a formal classroom environment. Classroom instruction should be the primary method of teaching accounting and budgeting fundamentals. Training materials in a correspondence course format should be the secondary method of instruction. In this endeavour, NAVCOMPT and the Navy Finance and Accounting Center should conduct a thorough curriculum review of the class availability and utilization rates of each of these training courses at the 12 locations (i.e., the last time courses were offered, how often courses are conducted per year, number of students attending, etc.). Through this official curriculum examination, the actual training value and effectiveness of this program could be measured. Revisions to the program such as determining optimum training sites (i.e., Norfolk, Virginia, or San Diego,

California as training sites and deleting other sites), and recruitment of qualified full-time instructors or compensating instructors who volunteer to teach with a reward and incentive structure could be evaluated.

2. CNET Correspondence Courses

In this area of financial management training NAVCOMPT should provide qualified subject matter experts to support the Chief of Naval Education and Training in its efforts to update and revise course material and texts. The large number of entry-level personnel, senior enlisted and junior officers in the financial management field who obtain these correspondence manuals, indicates the need to provide up-to-date accounting and budgeting fundamentals.

3. Navy Practical Comptrollership Course

Although the Navy Practical Comptrollership Course has consistently received high praise from its students, the time is right for the Navy Accounting and Finance Center to conduct a course curriculum review. No single practical hands-on course affects so many of the Navy's financial accounting and budgeting personnel. This course provides annual training for nearly 245 of the Navy's mid- and supervisory-level financial managers from all major claimants. Despite the popularity of this course, ironically, the PCC course is taught by one single individual with minimal administrative support. In other words, one individual provides the subject matter expertise for a large portion of the financial management

community. The current success of the PCC is largely a measure of the dedication of this instructor. Conversely, it can be seen that the "wrong" instructor placed in this position can possibly result in severe consequences in effective financial management training.

The curriculum review of the PCC could examine items such as course content and guest speaker invitation, but more importantly the review could investigate the macro level such as the need for an additional (second) PCC instructor. At this time, due to PCC course structure and Naval Postgraduate School commitments, the sole PCC instructor can not attend professional development programs such as those offered by the ASMC. In addition, there are virtually no contingencies if the PCC instructor is unable to teach (i.e., ill or emergency leave, etc.). A second instructor can not only provide assistance in the administration and instruction of the course, but this instructor overlap would ensure PCC course continuity for the future.

With the addition of a second instructor, the possibility opens up to provide the course at alternate sites (i.e., travel to various locations) and allows greater exposure of the material throughout the country.

4. The Secretary of the Navy Civilian Fellowship Program in Financial Management

It has been argued that there are two primary reasons this program has not been fully implemented as intended. One

of which is program funding and the second concern is the inability of allowing top performers the opportunity to be released from work to attend graduate education. The issue of funding can not be fully addressed here, other than the decision which senior leadership must make when deciding the value placed on this program. However, consideration should be given to modify the program to fully fund and allow fellowship awardees the option to attend graduate classes on a part-time basis. In this way, valued financial managers could work half days or weeks on the job, in addition to attending graduate-level education.

5. Alternative Accounting and Budgeting Training Programs

Besides the recommendations provided for the training courses and programs currently in place, an alternative financial management training measure is to redesign the training core course structure.

a. Centralized Financial Management Instructor Corps

NAVCOMPT could consider implementing a Navy-wide financial management instructor program, recruiting highly qualified (full-time) instructor trainees from the current workforce. Similar to the Navy's Centralized Financial Management Career Program currently in effect, NAVCOMPT could provide centralized recruitment, funding, hiring and training management of top-rated selectees. This structured training program would not only include the incorporation of work experience gained by selectees, but would add and emphasize

the professional educational instruction techniques which the current financial management training system lacks. The professional team of accounting and budgeting instructors at NAVCOMPT would be responsible for the administration of the Navy's financial management training program responsibilities.

b. Account Technicians/Accountants

One possible financial management training structure for accounting technicians would be to incorporate the utilization of the professional expertise within the 15 Financial Information Processing Centers. As with the NAVCOMPT instructor trainees, the program could similarly recruit full-time professional instructors to coordinate and provide instruction to its Fund Administering Activities and Cost Centers. Since most accounting documentation ultimately requires FIPC processing, local FIPC could provide local activity training, particular to the needs of their customers. This training could provide both basic fundamental skills and knowledge plus the added benefit of providing tailored, and specific, real-world applications. Figure 1 highlights the training organizational structure and responsibilities.

Training programs for Administering offices, Fund Administering Activities and Cost Centers could be administered by the FIPC at four levels, thus providing a logical transition from the entry-level account technician towards full-time professional Navy accountants:

ORGANIZATION

RESPONSIBILITIES

NAVCOMPT TRAINING  
DIVISION

- TRAINING PROGRAM ADMINISTRATION
- CENTRAL RECRUITMENT, HIRING,  
PLACEMENT
- ADMINISTRATION OF TRAINING  
MATERIALS, TEXTBOOKS, COURSES
- DEVELOP AND ADMINISTER  
QUALIFICATION  
STANDARDS/ CARDS
- PROVIDE INITIAL AND FOLLOW-ON  
TRAINING INSTRUCTION FOR  
FIPC INSTRUCTORS
- PUBLISH FINANCIAL MANAGEMENT  
NEWSLETTERS

FINANCIAL INFORMATION  
AND PROCESSING CENTER  
(FIPC)

- FULL-TIME TRAINING OFFICER
- ADMINISTER FIPC AND FAA TRAINING  
PROGRAM
- PROVIDE BASIC AND FOLLOW-ON  
TRAINING FOR FIPC PERSONNEL
- PROVIDE BASIC AND FOLLOW-ON  
TRAINING FOR FAA INSTRUCTORS
- ADMINISTRATION OF LOCAL TRAINING  
MATERIALS, FIPC AND FAA LOCAL AREA  
DESK GUIDES, QUALIFICATION RECORDS
- PUBLISH LOCAL NEWSLETTER

FUND ADMINISTERING  
ACTIVITY (FAA)

- PART TIME/FULL TIME TRAINING  
OFFICER
- ADMINISTERS FAA AND COST CENTER  
TRAINING PROGRAM
- PROVIDE BASIC AND FOLLOW-ON  
TRAINING FOR FAA AND COST CENTER  
PERSONNEL
- ADMINISTRATION OF LOCAL TRAINING  
MATERIALS, COMPTROLLER AND COST  
CENTER LOCAL AREA DESK GUIDES,  
QUALIFICATION RECORDS

COST CENTER

- PART-TIME TRAINING COORDINATOR
- ADMINISTER COST CENTER TRAINING AS  
NECESSARY

Figure 1. Accounting Training Structure

- A basic accounting and financial management fundamentals course for the entry-level, newly-reporting account technician
- An advanced entry-level accounting course, specifically designed for users of local computer support accounting systems and instruction in document preparation and unique local area accounting reports. It should be a practical hands-on course
- An account supervisors short course, designed for mid-management. This course could highlight managerial techniques required for further career development. The Office of Personnel Management could provide suggested guidance in this area.
- Finally, a fourth course should be implemented to provide refresher training, primarily highlighting revisions in Navy accounting procedures (i.e., an annual what's new in accounting approach). A formal textbook would not be needed, but revisions and changes could be provided in single or multiple page handouts.

Although these courses are taught at the local level, administrative support for textbooks, course material, generic fundamental examinations and instructor recruitment would be provided by NAVCOMPT or the NAFC as is currently done with the DON's Financial Management Training Programs.

An additional method of supplementing this training could be to establish local FIPC training assistance teams which travel to various local ashore activities.

#### c. Budget Analysts

Training for Budget Analysts could be similarly implemented, providing training at three levels: entry, mid-management/supervisory and refresher (update) training. The current Department of Navy Financial Management Training Program could be modified to provide this three tier training.

Courses could be sponsored by NAVCOMPT, and provided on a regional basis throughout the country. It could be implemented with a training team that travels (on the road) throughout the designated sites or by a training cadre of instructors recruited from the local regional sites. Once again, formalized training administered by NAVCOMPT, provides progress towards jobs of increased responsibility.

#### E. ADDITIONAL AREAS OF STUDY

In researching the status of financial management training for account technicians and budgeting analysts, numerous questions have been raised which would appear to warrant further study:

- What should be the strategy for financial management training?
- Is there a need to implement additional financial management training courses?
- How does the Navy training of financial management personnel compare with other services? Is financial management training for Navy personnel deficient?
- What is the cost effectiveness of financial management training in the long-run?
- Which financial management training method is the most cost effective?

APPENDIX A

FINANCIAL MANAGEMENT SURVEY QUESTIONNAIRE

The following is a summary of the data received in the questionnaire.

I. PROFILE

A. Number of years of Navy Financial Management Experience:

<u>Years</u>	<u>Numbers</u>
0-2	13
3-5	15
6-8	19
9-11	11
12-15	8
>15	6

B. Grade/Status: Ranged from GS-9 to GM-14; 0-2 to 0-5

C. Type of Activity where you work:

Audit	<u>3</u>	Major/Sub Claimant	<u>15</u>	NSF	<u>3</u>
FIPC	<u>8</u>	NAVCOMPT	<u>5</u>	Ship/Squadron	<u>5</u>
FMS	<u>2</u>	NIF	<u>10</u>	RMS	<u>10</u>
Other	<u>11</u>				

D. Type of Position you hold:

Accounting	<u>18</u>	Budgeting	<u>30</u>	Disbursing	<u>0</u>
Audit/Review	<u>3</u>	Comptroller/Deputy	<u>12</u>	Other	<u>9</u>

=====  
II. QUESTIONNAIRE

A. How important is formal Navy financial management training with respect to job performance?

72 Responses were received:

Essential 35 Very important 23  
Important 10 Somewhat important 4  
Not very important 0

- B. 1. What external (to your activity) formal DOD/  
Navy financial management training exists that  
you are aware of?

Office of Personnel Management Courses  
DON Financial Management Courses  
Practical Comptrollership  
Professional Military Comptrollership School  
Naval Postgraduate School  
SECNAV Fellowship Program  
CNET Correspondence Courses

2. How easy it is to obtain a quota for these  
courses listed above?

Difficult: 46%  
Adequate: 21%  
Easy: 33%

3. Of the above, circle those financial  
management courses you have attended.

The Practical Comptrollership and the courses  
offered by the Office of Personnel Management  
were the primary courses personnel had  
attended. Several personnel listed the  
completion of the Department of Navy  
correspondence courses.

4. In terms of being a worthwhile learning  
experience, how would you rate the above  
courses you attended?

54 responded that the PCC was either excellent  
or outstanding.

6 responded that the OPM courses were too  
generic.

4 responded that the OPM courses were  
outstanding.

5. Is personnel turnover a problem with respect to job performance? (I.e. are you losing well-trained personnel?)

This question was asked of 40 individuals.

Yes 28      No 12

- C. Which of the following Navy financial management areas would you like to see formal training offered?:

Budget Analyst	<u>55</u>	Plant Property	<u>45</u>
Accounting technician	<u>52</u>	Records Keeping	<u>23</u>
NIF Accounting	<u>18</u>	ISSA's	<u>17</u>
NSF Accounting	<u>17</u>	A-76 Contracts	<u>17</u>
FMS Accounting	<u>19</u>		
Disbursing	<u>15</u>	PPBS	<u>15</u>
OPTAR Records keeper	<u>32</u>	Interfund Billing	<u>13</u>
Payroll Processing	<u>33</u>		
Cost Center Supervisor		Accounting Technician	
FM Training	<u>45</u>	Supervisor Trng	<u>51</u>
Navy Financial		Comptroller level	
Management		FM Training	<u>53</u>
Fundamentals	<u>62</u>		
Budget Analyst			
Supervisor	<u>37</u>		

- D. 1. Does your activity offer/conduct internal formalized Navy financial management training?

72 responded to this question.

Yes 12      No 60

2. How effective is it and why?

- effectiveness depends primarily on the activity sponsoring the training (4 respondents)
- internal training is under development (1 respondent)
- training is very effective, with specific hands-on training (3 respondents)

- E. Is there a need for a continuing education financial management refresher course (highlighting) new and significant changes in Navy financial management?

72 responded to this question

Yes 72 No 0

- F. In terms of training manuals/materials, how would you evaluate them?

66 out of 72 responded to this question

	In Need of Improvement	Good	Adequate
- Range of material	<u>41</u>	<u>31</u>	<u>22</u>
- Depth (how much detail)	<u>43</u>	<u>24</u>	<u>31</u>
- Currency of material (well written?)	<u>43</u>	<u>24</u>	<u>27</u>
- Material content	<u>39</u>	<u>29</u>	<u>26</u>
- Material accessibility	<u>38</u>	<u>20</u>	<u>38</u>

- G. In your opinion, what are the major shortfalls in the area of Navy financial management training?

The following is a summary of comments received:

- There is a lack of training
- Training is not available for lower GS levels
- Not enough specialized training courses
- Training needs to be practical and applications oriented; it is currently too broad
- Material needs review/outdated
- There is no coordination nor consistency
- Activity personnel are not updated on financial management changes
- Lack of standardization in Navy financial management
- Training does not keep pace with FIPC personnel turnover
- No formal financial management training path
- Lack of refresher training
- Not enough cross training between accountants and budget analysts

H. List any recommendations you have concerning Navy financial management training.

- Establish more practical training courses/unique to job requirements
- Need structured and coordinated training beginning from the Major Claimant and below
- Set up regional training centers
- Recommend career paths and training coordination for financial management
- Place more emphasis on recruitment of instructors for financial management
- Have the PCC taught regionally
- Update correspondence courses
- Set up a 1-800 telephone number to respond to inquiries/or use of video tapes
- Provide more funding and attention to financial management training
- Use of standardized qualification cards similar to Navy warfare specialties/PQS or PARS system
- Incorporate use of "travelling" instructors to various locations

APPENDIX B

LIST OF FORMAL FINANCIAL MANAGEMENT  
TRAINING PROGRAMS

DON FINANCIAL MANAGEMENT CURRICULUM

<u>Program/Course</u>	<u>Location</u>	<u>Attendance</u>
Graduate Program with Financial Management option	Naval Postgraduate School, Monterey, California	U.S. Navy officers, and civilian employees of the U.S. government
<u>DON Financial Management Training Program</u>		
Introduction to Financial Management and Accounting	Twelve locations in the United States, and selected overseas locations. Also available in self-study format	Entry level, GS-5 and above. Also intended for professional employees in occupational series (501, 505, 511, and 560); Junior officer O-1 through O-3, and intermediate level GS-9 and GS-11
Principles of Navy Budgeting		
Introduction to Navy Industrial fund		
Practical Comptroller-ership Course	Naval Postgraduate School, Monterey, California	O-2 through O-4 and GS-9 through GS-13
Professional Military Comptroller School	Maxwell Air Force Base, Alabama	O-4 and above, GS-12 and above

Other Resident  
Classroom Courses

Senior Line Managers Institute	Washington, D.C.	CO's, prospective CO's and XO's and civilian managers GM-13 and above
Shore Station Management Training Program	Washington, D.C.	Prospective CO's and XO's
Economic Analysis	NAVSCOL, CEC Officers, Port Hueneme	CEC officers, facilities mgmt personnel
DOD Graduate Level Financial Management Program	American University	GS-9 and above in Washington, D.C. areas only
Economic Analysis Seminar	Washington, D.C.	Officers and civilians
Financial and Supply Management Training Course	NSHCA, Bethesda	O-1 and O-2 not assigned in financial management billet, health care personnel
Financial Management	Norfolk and San Diego	SK3 and above
SECNAV Fellowship in Financial Management	College of choice	GS-9 through 15; three years of continuous Navy civil service
Navy Department Planning and Management Systems Course	Washington, D.C.	O-4, GS-12 and above
Disbursing Clerk, Class A	NAVTECHTRACEN Meridian	Enlisted
Disbursing Clerk, Class C1, Financial Returns Course	Norfolk and San Diego	Enlisted
Disbursing Clerk, JUMPS, Pay Entitlement and Procedures Class C	Norfolk and San Diego	Enlisted

Disbursing Clerk Class C1, Travel Payment Course	Norfolk and San Diego	Enlisted
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Self-Instructional and  
Correspondence Courses

Appropriation and Cost Accounting	CNET	Officers and civilians
Disbursing Clerk 2 and 3	CNET	Enlisted
Financial Management in the Navy	CNET	Officers and civilians
Military Pay Technician Training	NAVFINCEN	Enlisted and civilians
Disbursing Part I and II	CNET	Enlisted
Navy Travel	CNET	Military and civilians
Disbursing Clerk 1 and 2	CNET	Enlisted

Source: Compiled by Navy Accounting and Finance Center,  
Washington, D.C., Career Management Directorate

APPENDIX C

LIST OF ARMY AND AIR FORCE ENTRY-LEVEL  
FINANCIAL MANAGEMENT COURSES

Quotas: A fixed number of quotas for each course offering is given to each major command. Interns (trainees) are given preference to attend courses.

Job Series: Budget Analyst, GS-560-5/7

<u>Course</u>	<u>Location</u>
1. "Resource Management Introductory Course" 1 week course All entry-level budget analysts must take this course.	Finance School U.S. Army Soldier's Support Institute Ft. Ben Harrison, IN.
2. "Planning, Programming, Budgeting and Execution System: 2 week course An expanded "Resource Management" course. Must be a GS-7	Finance School
3. "Resource Management Budget: 2 week course Specifically for budget analysts and must be a GS-7. Course content includes budgeting from the installation level to the Department of the Army level.	Finance School
4. "Resource Management--Tactical" 1 week course Must have take the previous three courses. Course content includes Resource Management of Army Divisions and associated forces.	Finance School

Job Series: Accountant, GS-560-5/7

<u>Course</u>	<u>Location</u>
1. "Military Accounting" 1 month course Course content includes Army accounting systems such as stock fund and reimbursement accounting.	Finance School
2. "Army Management and Accounting and Analysis: 2 week course Course highlights making and writing analysis of accounting reports	Finance School
3. "Military Accounting for Supervisors" A Correspondence Course Designed for accounting supervisors	Finance School
<u>A Series of subcourses</u>	
- Army Fiscal Code	
- General Fund Accounting	
- Expenditure Accounting	
- Reimbursement Accounting	
- Miscellaneous Accounting	
- Army Stock Fund Accounting Parts I, II, III	
- Basic NAF Accounting	
4. "Military Accounting Technician Course" A Correspondence Course Contains the same series of courses as above except NAF Accounting	Finance School

Job Series: Accountant, GS-510-7

A special civilian intern program that is part of the Standard installation Accounting organization. The purpose is to provide the Army with a group of trained individuals to field the Army's accounting systems. Fifty interns are hired annually.

<u>Course</u>	<u>Location</u>
1. "Intern Leadership and Development Course" 1 week Harrison, IN	U.S. Army Finance and Accounting Center, Ft. Ben
2. "Technical Writing: 2 days	
3. "Briefing Techniques" 3 days	
4. "Professional Image Course" 4 days	
5. "Personal Computer: Enable, DOS, and DBASE III" 1 week	
6. "Introduction to Resources Management" and "Military Accounting Course" 4 weeks	
7. "Army Installation Management Course" 1 week	
8. "Army Management and Accounting Analysis" 2 weeks	
9. "Army Systems Training" 4 weeks	

FINANCIAL MANAGEMENT COURSES FOR U.S. DEPARTMENT  
OF AIR FORCE

Quotas: A fixed number of quotas for each course offering is given to each major command. Interns (trainees) are given preference to attend courses.

Job Series: Budget Analyst, GS-560-5/7

<u>Course</u>	<u>Location</u>
1. "Budget Officer Course" 8 weeks Course contains methods and procedures of preparing operating budgets and financial plans, administration of funds, resource management systems, financial reporting and analytical procedures.	Shephard Technical Training Center Shephard AFB, TX.
2. "Introduction to Acquisition Management" 2 weeks Designed for budget analysts working in the weapons systems command.	Air Force Institute of Technology Wright Patterson AFB, OH.

Job Series: Accountants, GS-510-5/7

<u>Course</u>	<u>Location</u>
1. "Accounting and Finance Officer Course" 9 weeks Course includes knowledge and skills necessary to perform as accounting and finance officers. Topics include: organizing, managing and coordinating activities for disbursing, collecting, and accounting for funds	Shephard Technical Training Center, Shepard AFB, TX.
2. "Non-Appropriated Funds Financial Management Officers Course" 7 weeks Designed for accountants in Non-Appropriated Funds field.	Keesler AFB, MS.

3. "Subject Matter Area Courses"

Shephard Technical  
Training Center,  
Shepard AFB, TX.

- "Financial Management  
Specialist"  
10 weeks
- "Accounting Control"  
2 weeks
- "Commercial Services"  
2 weeks
- "Material"  
3 weeks
- "Civilian Pay"  
2 weeks
- "Military Pay"  
2 weeks
- "Travel"  
2 weeks

Source: Compiled by Navy Accounting and Finance Center,  
Washington, D.C., Career Management Directorate

APPENDIX D

PRACTICAL COMPTROLLERSHIP COURSE EXAMINATION

NAME \_\_\_\_\_

PCC EXAM I

1. An Obligation is:
  - a. An Administrative Reservation of Funds
  - b. A Legal Reservation of Funds
  - c. An Actual Payment of Funds
  - d. None of the Above
  
2. The Obligational availability period for the O&MN; O&MNR; O&M, MC, O&M, MCR; appropriation is:
  - a. one year
  - b. two years
  - c. three years
  - d. five years
  
3. What prohibits authorizing an obligation in excess of the amount available in an appropriation or subdivision thereof:
  - a. Title 31 US Code (Sec 1301)
  - b. Title 31 US Code (Sec 1517)
  - c. Title 57 US Code (Sec 1715)
  - d. None of the above
  
4. Upon lapse of annual and multi-year appropriation, the obligated but unexpended balances merge or transfer into the:
  - a. Surplus Account
  - b. Reimbursable Funds Account
  - c. Supplemental Account
  - d. Appropriations Successor "M" Account
  - e. None of the above
  
5. Violators of Title 31 could be subject to:
  - a. Suspension without pay
  - b. Removal from office
  - c. A monetary fine
  - d. Imprisonment
  - e. Any of the above
  
6. What document is utilized to indicate approval of a Naval Activity's operating budget?
  - a. DD 1348-1
  - b. NAVCOMPT Form 2168-1
  - c. DD 1144
  - d. NAVCOMPT Form 2275

7. Emergent requirements and program deficiencies are reviewed in terms of overall spending availability and year-to-date execution experience at the
  - a. Apportionment Review
  - b. NAVCOMPT Budget Review
  - c. Mid-year Budget Review
  - d. OSD Budget Review
  
8. Once the obligational availability period ends, the expenditure availability period for all appropriations is:
  - a. one year
  - b. two years
  - c. three years
  - d. five years
  
9. Responsibilities of a Financial Information Processing Center (FIPC) include what services for their customers?
  - a. Military payroll
  - b. Minor Property Accounting
  - c. Exercise controls over financial resources
  - d. Plant Property Accounting
  - e. b and c and d only
  - f. None of the above
  
10. The Payment Cycle for Commercial billings normally begins:
  - a. When the material ordered is received or services performed
  - b. When the material/service is accepted
  - c. When an invoice is received by the receiving activity
  - d. On the date of the dealer's invoice
  
11. What type of reimbursable order is normally used to finance the request of routine services?
  - a. Project order
  - b. Request for contractual procurement
  - c. Requisition
  - d. Economy Act order
  - e. ISSA
  
12. In a Host/Tenant situation, the Host is responsible for \_\_\_\_\_
  - a. The Tenant's expenses
  - b. ensuring that alterations needed by the Tenant are made and funded by the host
  - c. Costs incurred for the preservation of the facility
  - d. the availability of designated parking spaces
  - e. None of the above

13. An example of a common service is \_\_\_\_\_
- a. Providing new furniture
  - b. Travel funds
  - c. Fuel
  - e. Medical and dental care
14. Federal agencies are normally required to pay interest penalties when payments are made after: \_\_\_\_\_
- a. 15 days
  - b. 25 days
  - c. 30 days
  - d. 45 days
  - e. 60 days
15. The best way to describe Gross Adjusted Obligations is:
- a. The sum of all obligations and expenditures
  - b. The sum of all outstanding obligations and UDO's
  - c. The sum of all gross disbursements
  - d. The sum of all liquidated and unliquidated obligational
16. A good POM issue paper should:
- a. be at least 10 pages long in order to adequately document all requirements
  - b. should address the current and budget year
  - c. should be written specifically to recover a prior cut
  - d. All of the above
  - e. None of the above
17. (True/False) When items are issued from the Navy Stock Fund to user activities, the user's financing appropriation reimburses the stock fund for the items drawn.
18. (True/False) The Appropriated Purchases Account contains a relatively large number of very low cost assets.
19. (True/False) General/Administrative overhead costs, including the cost of military personnel salaries are charged to NIF DOD customers.
20. (True/False) Wage grade employees are assigned annual salaries.
21. (True/False) Navy Industrial Fund Activities attempt to operate on a non-profit basis.
22. (True/False) In practice, Title 31 (1517) constraints have not been placed on the doorsteps of either individual NIF Activities or Activity Group Commander.

23. (True/False) All General Schedule employees receive different pay rates based on geographic location.
24. (True/False) The funds received from charges to customers by Exchanges and Messes are non-appropriated funds.
25. (True/False) The Comptroller Department maintains the Responsibility/Center's master unofficial plant property records.
26. (True/False) Authorization Accounting Activities (AAA) maintain official Minor Property records for their Fund Administrator customers.
27. (True/False) Title 31 Violation Reports are unique when compared with routine reports in that they might be forwarded to the President of the Senate and Speaker of the House of Representatives via NAVCOMPT, OSD, OMB and the President of the United States.
28. (True/False) The Fiscal Year is designated by the calendar year in which it begins.
29. (True/False) The Military Personnel Navy (MPN) appropriation finances the cost of active duty Navy and civilian personnel.
30. (True/False) Total Obligational Authority (TOA) is the authority to incur obligations becoming newly available for a given fiscal year.
31. (True/False) Transferring funds between appropriations requires prior approval of Congress.
32. (True/False) Activity cost centers usually hold Title 31 (Sec. 1517) Responsibility and Accountability.
33. (True/False) The Joint Strategic Planning Document (JSPD) is a fiscally restrained document that contains JCS advise on what military strategy and force structure is required to attain US National Security objectives.
34. (True/False) A Budget Request is planning guidance from the top down the chain of command.
35. (True/False) Military Construction, Navy, is an example of a continuing appropriation.
36. (True/False) The President's Budget is normally submitted to the Congress in January.
37. (True/False) Reimbursable accounting seldom cross claimancy lines.

38. (True/False) The Navy uses the Job Order to account for accrued costs by relating a Job Order (code) to the various categories into which expenses are classified.
39. (True/False) All appropriations have the same rates of outlays.
40. (True/False) Management Control reviews are normally conducted by Local Activity Internal Review/Audit personnel to determine the adequacy of controls and identify/correct deficiencies and weaknesses.
41. (True/False) Undistributed Disbursements are disbursements not processed by the FIPC/AAA against obligation records.
42. (True/False) Savings for CA conversions are often incorporated in the budget.
43. (True/False) Navy Operating Forces and Shore (Field) Activities operate under one standardized accounting system.
44. (True/False) Obligations are always followed by expenditures.
45. (True/False) FIPC's usually make payment on invoices as soon as they have been properly certified so as not to risk missing processing deadlines.
46. (True/False) Major claimants are now referred to as responsible offices.
47. (True/False) Obligations become liquidated when the item/service ordered is received.
48. (True/False) Undelivered orders become expenses upon payment of dealer's bills.
49. (True/False) The lowest level at which official accounting is performed is at the fund administering activity level.
50. (True/False) A type commander (i.e., AIRPAC) is an example of a Suballocation Holder (SA).

NAME \_\_\_\_\_

PCC EXAM II

1. During Budget Formulation as opposed to Programming:
  - a. The structure for formatting data is by appropriation
  - b. High level of precision is required
  - c. More emphasis is placed on whether a program is properly scheduled and priced
  - d. All of the above
  - e. only b & c
  
2. Elements of a good Responsibility Center Budget Call to Cost Centers should include:
  - a. Department directive signed by the Comptroller
  - b. Control numbers
  - c. Historical data
  - d. A copy of NAVCOMPT Notice 7111
  - e. All of the above
  
3. What Act requires that the President's Budget not exceed specific maximum deficit levels? \_\_\_\_\_
  - a. The Budget Act of 1974
  - b. Gramm-Rudman-Hollings Act
  - c. The Smith Act
  - d. The Deficit Act of 1970
  
4. The office, bureau, systems command, or headquarters which has assigned responsibility for overall management for all programs financed by an appropriation is called:
  - a. A Responsibility Center
  - b. A Responsible Office
  - c. An Administering Office
  - d. A Major Claimant
  
5. When does an activity comptroller know for sure what the activity's total obligation authority will be?
  - a. Beginning of the Fiscal Year
  - b. At mid-year review
  - c. At the end of the Fiscal Year
  - d. At the beginning of the following Fiscal Year
  
6. OP-82 Fiscal Management Division \_\_\_\_\_
  - a. issues POM guidance
  - b. performs long-range planning
  - c. administers the Navy Budget
  - d. develops Accounting Support Systems
  - e. all of the above

7. After an Appropriation Act has been passed by the Congress and approved by the President, the \_\_\_\_\_ issues a warrant which cites the Appropriation Symbol and the amount stipulated in the Act, as well as identifies any unique restrictions imposed by Congress.
- a. Office of Management and Budget (OMB)
  - b. General Accounting Office
  - c. Treasury Department
  - d. NAVCOMPT
8. The purpose for developing a uniform chart of expense accounts is to:
- a. Facilitate comparisons and combinations of budget and accounting reports
  - b. Bring budgeting and accounting information into line with the programming part of the Five-year Defense Plan (FYDP)
  - c. Make more accurate estimates of the cost of proposed future programs
  - d. All of the above
9. The "yellow book" provides standards for audit of governmental organizations, programs, activities, and functions and is produced by the \_\_\_\_\_
- a. OMB
  - b. GAO
  - c. DOD IG
  - d. NAVAUDSVC
  - e. DCAA
10. With reference to ISSA's, military labor is \_\_\_\_\_
- a. not reimbursable between DOD customers but reimbursable by non-DOD Federal customers
  - b. not reimbursable by non-DOD Federal customers but reimbursable between DOD customers
  - c. Never reimbursed
  - d. Always reimbursed; and that is the purpose for calculating the labor acceleration rate
11. The presumptive acceptance period for interest payment is:
- a. 5 days
  - b. 7 days
  - c. 10 days
  - d. 30 days

12. Prior to the introduction to IDA
- AAA's were claimant oriented
  - There was dedicated computer hardware available
  - Commercial bill paying was accomplished at the AAA
  - There were only 15 AAA's in existence
  - None of the above
13. Unrecorded obligations are a potential problem because:
- They may lead to a possible overstatement of available balance
  - They may lead to a possible understatement of available balance
  - They may lead to a possible spending freeze
  - None of the above
14. A low obligation rate is a potential problem because:
- It may lead to a possible overstatement of available balance
  - It may lead to a possible understatement of available balance
  - It may lead to a possible recoupment of funds by higher authority
  - All of the above
15. Which of the following statements is false?
- It is essential that job order numbers be loaded on FIPC records prior to citing them on requisition documents
  - The structure complexity can affect reporting accuracy
  - The quantity of job orders available for use by an activity can affect reporting accuracy
  - Job order numbers are formulated by activity based on FIPC guidance
  - None of the above
16. The Navy's computer information system which provides and displays Navy program and cost information is called the:
- Financial Information Processing System
  - Financial Reporting System
  - Navy Cost Information System
  - The Master Control Account System
  - None of the above

17. Navy Accounting Classification codes include which of the following:
- Appropriation
  - UIC of activity obligating expending funds
  - UIC of FIPC Performing Accounting for B
  - Local Job Order Number
  - All of the above
18. The types of material purchased by the NSF include:
- Major end items, such as engines, gun directors and sonar sets
  - Repair parts and selected related depot level repairables
  - Vehicles and aircraft ground support equipment
  - All of the above
19. The majority of reimbursements for the NSF comes from:
- Operating units in the form of O&MN funds
  - Commissary and ship store receipts
  - The Navy's other working capital fund-NIF
  - MPN funds
20. Civil Service employees gain tenure and are placed in a career status after:
- one year
  - two years
  - three years
  - five years
21. Prior to disposing of an item of Class IV plant property, you must notify \_\_\_\_\_
- Navy Finance Center
  - Defense Industrial Plant Equipment Center
  - Naval Facilities Engineering Command
  - None of the above
22. Stock points normally obtain Navy ICP managed material by:
- Ordering the material directly from DLA
  - Ordering material directly from the vendor
  - Having the material pushed to them
  - All of the above
23. A metal lathe costing \$25,000 in a shipyard at Bremerton would be in what class of plant property?
- Class I
  - Class II
  - Class III
  - Class IV

24. A physical inventory of Class III plant property must be conducted at least once every \_\_\_\_\_
- a. Year
  - b. Two years
  - c. Three years
  - d. Four years
  - e. Not required
25. The responsibility for managing those items which are peculiar to the military but which are used by more than one service is given to the \_\_\_\_\_
- a. GSA
  - b. DLA
  - c. NAVSUP
  - d. None of the above
26. (True/False) The Navy Stock Fund is administered by the Navy Fleet Material Support Office.
27. (True/False) Overtime is considered as a Fringe cost.
28. (True/False) All local exchange profits go directly to a local activity to support its MWR program.
29. (True/False) The Navy Stock Fund is completely self-sustaining and receives no injection of appropriated funds.
30. (True/False) Depreciation of investment items in support of the NIF are financed by the NIF and costs are passed to NIF customers.
31. (True/False) At Naval Activities, the payroll section of the Comptroller Department disburses payroll checks each pay period.
32. (True/False) The Financial Inventory Report (FIR) is used to report the status of all Navy Stock Fund Specific Allotments held by a stock point.
33. (True/False) Station Commanding Officers are limited in the amount of appropriated fund support they may provide to certain non-appropriated activities, such as marinas and golf courses.
34. (True/False) NIF rates are revised on a quarterly basis to reflect the true cost of operations.
35. (True/False) Federal wage grade salaries are set in accordance with prevailing rates in local geographic areas.
36. (True/False) The majority of NIF costs are categorized as indirect (i.e., overhead).

37. (True/False) Operations & Maintenance, Navy (O&MN) is an example of an incrementally funded appropriation.
38. (True/False) The Budget Year refers to the budget currently under review by Congress.
39. (True/False) The Joint Program Assessment Memorandum (JPAM) contains the JCS assessment of the Defense Department's ability to execute the approved national military strategy.
40. (True/False) The Program Objectives Memoranda (POM) contains a detailed presentation of the forces and manpower needed to attain the objectives of the Defense Guidance within the fiscal limits set by the Defense Guidance.
41. (True/False) Major Claimants who are administering offices issue/OPTARS to their Responsibility Centers (Fund Administrators) who then issue Operating Budgets to their cost centers.
42. (True/False) Other Procurement Navy (OPN) is an example of an expense type appropriation.
43. (True/False) A Supplemental Appropriation is passed after the Fiscal Year expires to bring accounts back into the black.
44. (True/False) The Office of the Navy Comptroller issues Reclamas to Responsibility Centers to indicate a proposed adjustment to the Responsibility Center's budget request.
45. (True/False) Other Procurement Navy (OPN) finances the procurement of all Navy equipment with a value of at least \$15,000.00.
46. (True/False) Military activities are authorized to overobligate funds for the purpose of procuring or furnishing clothing, subsistence, forage, fuel, quarters, transportation, or medical supplies not to exceed the necessities of the current fiscal year when an emergency condition exists.
47. (True/False) Projected financial savings reflected in audit reports rarely impact on activity budgets and need not be taken seriously.
48. (True/False) To obtain the greatest benefit of audit, Department of Defense audit organizations and individual auditors must be free from personal and external impairments to independence and must be independent organizationally.
49. (True/False) Fast Pay invoices are normally mailed by the vendor directly to the FIPC for payment processing.
50. (True/False) OSD and OMB normally make a joint review of the budget submitted by the military departments.

51. (True/False) A Navy Major Claimant is a bureau/office/command/headquarters which is designated as an Administering Office who receives funding directly from OP-82.
52. (True/False) A Cost Center is an organizational unit headed by an officer who is responsible under Title 31 (1517) for the management of resources in the unit and who in most instances can significantly influence the expenses incurred in the unit, normally an activity listed in the Standard Navy Distribution List.
53. (True/False) Historically the Government has used an annual budget cycle but it was changed to a biennial or two-year cycle in the FY86 DOD Authorization Act.  
As it stands now, the President's budget reflects two years (biennial budget); however, the second year the Navy may submit an amendment to the second half of the two-year budget.
54. (True/False) Management of Real Property (MRP) funds are normally managed on a decentralized basis at most activities.
55. (True/False) In formulating an interservice support agreement, the supplying activity normally initiates the draft agreement and the receiving activity finalizes it.
56. (True/False) Resource Management System (RMS) is the formalized system by which the Navy tracks and accounts for financial resources provided to and employed by Navy Ashore Commands within the O&M,N appropriation.
57. (True/False) Expenditure information is reported to the Treasury via The Financial Reporting System (FRS) and The Centralized Expenditure Reporting Processing System.
58. (True/False) The Trial Balance Report (NAVCOMPT Form 2199) provides local management report formats used by O&M funded shore activities to provide a comparison of actual and planned detailed management data as to who spent the resources and for what purpose.
59. (True/False) Prior to IDA, AAA's prepared and paid public vouchers covering dealer's bills for supplies and services.
60. (True/False) Obligational Accounting provides information as to who spent resources and for what purpose.
61. (True/False) In a host/tenant agreement, hosts normally can't charge tenants for usage of common use facilities.
62. (True/False) Requests for contractual procurement (RCP's) are normally used to provide funds for direct citation on contracts or requisitions. These citations are of the requestor's funds vice those of the performing contracting activity.

63. (True/False) The Naval Audit Service tends to focus its attention on major programs vice local activities.
64. (True/False) Undelivered orders are always considered as outstanding obligations in that the material/services ordered have not been received nor paid for.
65. (True/False) The objective of management controls is to provide management with absolute assurance that entrusted resources will be safeguarded against waste, fraud or abuse.
66. (True/False) The GAO is the principal agency that conducts external audits of the DOD and military departments.
67. (True/False) An expired appropriation is an appropriation which is no longer available for obligation but is still available for disbursement to liquidate existing obligations.

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