JUL 29 2002

The Honorable Bob Stump
Chairman, House Armed Services Committee
U. S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

In the Report of the House Armed Services Committee accompanying the Department of Defense Authorization Bill for FY 2003, H.R. 4546 (Report 107-436), the Committee requested a report on the management structure, including the allocation of roles and responsibilities, for developing the Defense Integrated Military Human Resources System (DIMHRS). I am pleased to transmit the report to you.

DIMHRS (Personnel and Pay) is the vehicle through which the Department will transform military personnel and pay management. It will be the modern, responsive system that supports commanders, the Services, and Service members and their families in the 21st century. DIMHRS will be built using common, reengineered processes on a Commercial Off-The-Shelf (COTS) base and will be a fully integrated, all Service, all Component military personnel and pay system.

I have reviewed the management structure of DIMHRS to ensure that our senior leadership is involved and provides adequate guidance and oversight. The report forwarded to you describes the managerial structure and how we are engaged to make this program successful.

Deployment of DIMHRS will lead to the retirement of 88 obsolete, inaccurate, and unresponsive legacy systems, with positive functional and economic benefits. Your support for continued development of DIMHRS is greatly appreciated. Specific responses to the Committee's questions are enclosed. We stand ready to provide any additional information the Congress may require.

Sincerely,

Enclosure:
As stated

cc:
The Honorable Ike Skelton
Ranking Member

Defense Integrated Military Human Resources System
(Personnel and Pay)

DIMHRS (Pers/Pay)

Report to Congress

June 2002

Introduction

This report is provided in response to the House Armed Services Committee (HASC) Report accompanying the FY 2003 Defense Authorization Act. The report is organized into seven sections.

> The first section provides an overview of the Defense Integrated Military Human Resources System for Personnel and Pay (DIMHRS (Pers/Pay)) program.
- The second section describes the roles and responsibilities assigned to the several DoD offices responsible for elements of DIMHRS.
- The third section describes the DIMHRS (Pers/Pay) Issue Resolution Process.
- The fourth section provides information on the funding appropriated and obligated since program inception.
- The fifth section provides a list of the prime contractors and describes the work that they perform.
> The sixth section describes the pay and personnel module.
> The seventh section describes the testing that will be performed and the plan for meeting user requirements.

Section 1. Overview of DIMHRS (Pers/Pay)

Much of this section of the report is taken from the Operational Requirements Document for the Defense Integrated Military Human Resources System (Personnel and Pay) and the Mission Need Statement. Both documents have been validated by the Joint Requirements Oversight Council.

DIMHRS (Pers/Pay) will be a fully integrated, all Service, all Component, military personnel and pay system that will support military personnel throughout their careers. It will provide this support across the full operational spectrum -- peacetime and war, through mobilization and demobilization, deployment and redeployment, in theaters of operation and at home bases, capturing and maintaining accurate and timely data. In order to provide this support, it will necessarily collect data on every aspect of the Service member's career. It will retain and maintain that data in a single, comprehensive record of service that will be available to the Service member. The data and information will also be available to the Service personnel chiefs, combatant commanders, military personnel and pay managers and authorized users throughout DoD and other Federal Agencies.

A fully integrated military personnel and pay system meets the following criteria: one-time entry of data that automatically triggers all personnel and pay transactions; one set

of fully automated edits per function; and, processing that does not require manual reconciliation or intermediate data entry. The user must see a single, fully integrated system, providing combined personnel and pay functionality.

The Mission Need Statement, dated February 24, 1998, specifically outlines the following five major problem areas that will be resolved with the implementation of DIMHRS (Pers/Pay):

> Combatant commanders do not have access to accurate or timely data on personnel needed to assess operational capabilities.

> OSD and joint managers and other users of data are hindered by the lack of standard data definitions and cannot make necessary comparisons across Services.

- Reservists who are called up are sometimes "lost" in the system; impacting their pay, their credit for service, and their benefits.

- Active duty personnel (and reservists) are not tracked into and within the theater.

- Linkages between the personnel and pay functions differ among the Services resulting in multiple data entry, complex system maintenance, reconciliation workload, and pay discrepancies.

The overall goal for DIMHRS (Pers/Pay) is to provide fully integrated military personnel and pay capability for all Components of the Military Services of the Department of Defense with an initial operating capability by 2004. The program's major objective is to enhance mission support to the war fighter and Service Departments by eliminating or reducing data collection burdens, solving operational problems, conserving resources, improving delivery of services, and enhancing readiness. The highest priority of DIMHRS (Pers/Pay) is to provide timely, accurate, and easily understood functional information for the Service members, commanders in the field, and Service headquarters.

An overarching goal of DIMHRS (Pers/Pay), due to new operational mission requirements, will be to support all-Service information on individuals for joint and multi-service units. The commanders of these units should have the ability to access personnel information on all members assigned to their units regardless of Service. The system must be robust enough to meet changing operational concepts and requirements to the individual (vice unit) level for mobilization, activation, contingency operations, assignment actions, etc. Military personnel processes have been analyzed to ensure that DIMHRS (Pers/Pay) addresses major deficiencies in the delivery of military personnel and pay services. The deficiencies identified are the direct result of the inability of myriad current systems with multiple, complex interfaces to fully support current business process requirements. These deficiencies continue to hinder operations and reduce the overall quality of service provided to Service members, and must be corrected to ensure that they receive timely and accurate personnel and pay support to include: correct pay, accurate credit for service, and appropriate benefits.

The high-level requirements have been validated through business process reengineering, involving all Services and Components, the Joint Staff, and the Defense Finance and Accounting Service, for the full scope of the military personnel life cycle. Business process reengineering has demonstrated the need for changes to both policy requirements and processes within the personnel and pay functional arena. The military personnel and pay policy experts in OSD, the Joint Staff and the Military Service Departments review policy changes for personnel and pay policy implications and validation. DIMHRS (Pers/Pay) will support the Title 10, Title 32, and Title 37 USC, responsibilities and requirements of the individual Military Service Departments.

Shortcomings in the legacy systems can be summarized as follows:

- Personnel and Pay Inefficiencies. The lack of integration between personnel and pay functions and processes which provide data to the Defense Finance and Accounting Service (DFAS) for pay computation and disbursement causes delays and errors in pay (both underpayments and overpayments), the need for data reconciliation and correction, losses due to overpayments, and costs to recoup overpayments. On average, the Defense Joint Military Pay System input error range is between five and fifteen percent, depending on the personnel system sending the input or the proficiency of field site personnel. This error range includes both accuracy and timeliness of submissions. Late inputs create customer service delays and increase the need for complex retroactive computations and debt processing. Recent DFAS statistics indicate that four to seven percent of entitlement transactions are transmitted to DFAS two to five months after the event occurred and one percent of the transactions are transmitted six or more months after the event occurred. Service members are impacted by losses or delays in pay and benefits and must go to different places for pay and personnel support, which contributes to the high cost of manning the current process.

- Inability to Track Active, Guard, and Reserve Status Changes. Guardsmen and Reservists who are called up are sometimes "lost" in the system with consequent risks to their pay, their credit for service, and their benefits.

- Lack of a Single, Comprehensive Personnel and Pay Record of Service. Fragmentary documentation of military service across Components causes Service members difficulty in ensuring that they receive full credit for all service performed and places them at risk of losing benefits to which they are entitled.

- Inconsistent Processes and Data. Because the Services do not collect consistent data, combatant commanders and other users in DoD and other Federal agencies must apply different business rules, processes, data and systems to obtain personnel data and perform analyses. The selection and implementation of best practices is inhibited. In addition, inconsistent processes and data prevent a personnel specialist from one component or Service of a joint organization from servicing a member from another component or Service.

- Inability to Track Personnel in Theater. Military personnel (Active, Reserve and Guard), as well as DoD civilians, specified foreign nationals, and contractor personnel are not consistently tracked into, around, or departing the theater of operations. Service members thus have difficulty documenting potential exposures to environmental and other hazards of the theater and the Department cannot respond promptly and effectively to problems such as the illnesses of personnel who served in the Persian Gulf War.

- Redundant Data Capture (automated data entry and forms). Redundant data entry restricts efficiency and accuracy and results in disparities among non-integrated systems.

- Multiple, Redundant Systems Support Personnel and Pay. Modernizing, modifying and maintaining legacy systems may not be cost-effective and may in fact prohibit effective business process reengineering. It is difficult to differentiate fully between the savings expected from the elimination of multiple future starts and the savings expected from the need to maintain only one system. DFAS has documented significant savings from consolidation of financial systems to date. Similarly, the experiences of the Marine Corps in consolidating and integrating their systems suggest the potential for significant savings.

- Lack of Security. None of the Services' systems currently meets the new DoD security standards. Government-wide requirements for information assurance and interoperability would be difficult and expensive to satisfy even if adequate numbers of technical personnel were available.

Section 8147 of the Fiscal Year 1999 Defense Appropriations Act mandated the establishment of a defense reform initiative enterprise pilot program for military manpower and personnel information; to include all functions and systems currently included within the scope of DIMHRS (Pers/Pay) and all appropriate systems within the enterprise of personnel, manpower, training, and compensation. To ensure a specific identity for the current initiative it has been titled DIMHRS (Pers/Pay). This initiative is bounded by the functionality supported by the legacy systems identified in the Baseline Functional Matrix and the Baseline Cost Collection Report. Future efforts will be initiated for DIMHRS (Manpower) and DIMHRS (Training).

The capabilities and key performance parameters required within the DIMHRS (Pers/Pay) are described in Section 4 of the Operational Requirements Document. It is important to emphasize that while DIMHRS (Pers/Pay) will provide automated support to the military personnel and pay processes, the system will not impede, conflict with, or alter any of the authorities and responsibilities of the Services under Title 10 or 32, USC.

DIMHRS (Pers/Pay) is a multi-dimensional project that must blend the following perspectives: Mission support to the war fighter and Service Departments that enhances readiness, Personnel and Pay functional requirements and "best business" practices, technical requirements, and costs, into the overall development strategy, and must deliver

a system that optimizes technology and incorporates improved business practices for the Department of Defense.

The DIMHRS (Pers/Pay) Operational Requirements Document was developed in conjunction with the Joint Integration Group (JIG), which includes representatives from OSD offices, the Joint Staff (J1), all Services and Components, the Defense Finance and Accounting Service (DFAS), and the Defense Manpower Data Center. In recognition of the need to integrate the personnel and pay functions, processes and data, DFAS has been involved with each step of the DIMHRS (Pers/Pay) process.

The PeopleSoft product was selected through full and open competition as the Commercial Off-The Shelf (COTS) basis for DIMHRS (Pers/Pay) in March of 2001. The Department is engaged in a full, comprehensive analysis to ensure that the product can support the military requirements with minimal modification. The scope of DIMHRS (Pers/Pay) is fully described in the Operational Requirements Document. The PeopleSoft product includes additional capabilities that were not defined in the Operational Requirements Document, but will be available to users as part of the package. There are expected to be some DIMHRS (Pers/Pay) requirements which cannot be met by the COTS product because the Department has some mission requirements that are unique to its warfighting mission. Section 3 of this report discusses how gaps will be handled.

In recent years, the Department has made several attempts to streamline their business processes and to take advantages of COTS. DIMHRS (Pers/Pay) is building on lessons learned from the success stories as well as the failures in both DoD and the private sector. Major lessons learned that are being addressed in DIMHRS (Pers/Pay) include the following.

- Control of Requirements. One of the factors that leads to system cost explosion and system failure is the tendency for requirements to grow during the development process. Program Managers are often inundated by requests for additional functionality throughout the development process. DIMHRS (Pers/Pay) has a strong and formal process in place to control requirements creep. This is especially a danger for joint programs and has led to the failure of several. The Under Secretary of Defense (Personnel and Readiness), the functional proponent for DIMHRS (Pers/Pay), has put in place an office to control requirements. The DIMHRS (Pers/Pay) Program Manager receives requirements from a single source. All issues are resolved through the Joint Requirements and Integration Office, working with the Services and DFAS. The DIMHRS (Pers/Pay) issue resolution process is described in Section 3 of this report.

- Understanding the Business Rules. Over recent years, the Department has tried several times to select existing systems (often systems that worked well in one Service) and implement them in other Services without a full understanding of the impact on the business processes. A well-known example of this was the Defense Joint Military Pay System. This had been the Air Force pay system and had worked

very well in the Air Force. When it was implemented in the Army in 1992, it did not work because the Air Force business rules that were imbedded in the system did not work in the Army. In some cases, the Army could have changed their business rules and in other cases, the system could have changed its processing rules, but without a full understanding of the imbedded rules, this cannot be successfully carried out. The Defense Joint Military Pay System is now fully and successfully operational in the Navy, but similar problems were experienced when it was turned on in the Navy in 1998. The Under Secretary of Defense (Personnel and Readiness) has put in place a process to thoroughly examine business rules and their impact on the Department. A series of review and testing will ensure that the final product meets our requirements while improving our mission capability, efficiency, and support to Service members and their families.

- Business Process Reengineering and Change Management. It is expected that business rules will be changed to improve mission performance, efficiencies, and service to Service members and their families. There will also be business rule changes that are needed to successfully implement the COTS package. The Department must be willing to adopt the COTS capabilities and processes as long as the changes do not result in inefficiencies or adversely effect mission or Service members and their families. Streamlined, best practices must be implemented to ensure that the Department gets best value from our systems and reduces the overhead burden of carrying outdated processes. This takes the commitment of the leadership. The DIMHRS (Pers/Pay) governance process includes the participation and support of the leadership in the military personnel and pay communities. In many cases, the Services have to get ready for DIMHRS (Pers/Pay) just as DIMHRS (Pers/Pay) has to get ready for them. The Services are fully engaged in this process.

Section 2. Roles and Responsibilities

DIMHRS (Pers/Pay) is a single, fully integrated, all Service, all Component personnel and pay system. The management and governance structure of the program is designed to reflect the authorities of the DoD organizations and the system requirements. The Under Secretary of Defense (Personnel and Readiness) is the functional proponent for personnel and pay in the Department and is therefore the functional proponent for the program. The system must be a single, seamless, fully integrated system, with a single program management authority fully responsible for the delivery of the integrated system. The governance structure provides an opportunity for all stakeholders to fully participate in both the definition of requirements and the acquisition of the system.

Office of the Under Secretary of Defense (Personnel and Readiness), OUSD(P&R)

- The **Under Secretary of Defense (Personnel and Readiness), (USD(P&R))**, is the functional sponsor of the program and oversees all functional aspects of the program.

- The **Deputy Under Secretary of Defense (Program Integration)**, DUSD (PI), is the delegated authority responsible for oversight of all functional matters pertaining to the program and keeping the USD(P&R) apprised of overall program status.

- The **Director, Joint Requirements and Integration Office**, JR&IO (in the Defense Human Resources Activity), supports the DUSD(PI) in the oversight of all functional aspects of the program. In conjunction with the Services and the Defense Agencies, as well as other Federal Agencies, JR&IO defines and documents the requirements for DIMHRS (Pers/Pay). JR&IO supports the priorities of the USD(P&R), the Services, and the military personnel and compensation community. JR&IO provides the single source for functional requirements. Specific responsibilities include:

  - Define the functional requirements and performance characteristics for DIMHRS (Pers/Pay), in coordination with the Services.
  - Incorporate functional and policy decisions into the program and act as the point of contact for clarification of functional matters with the Joint Program Manager.
  - Manage all functional issues and maintain records of all functional decisions.
  - Provide functional oversight for implementation and maintenance of DIMHRS (Pers/Pay).
  - Define the functional architecture for DIMHRS (Pers/Pay), in coordination with the Services.
  - Provide the functional oversight of the Joint Program Management Office (JPMO).
  - Produce and maintain the functional portions of the program management documentation required by the Principal Staff Assistant activities in DoD acquisition Directives, DoD guidelines, and legislative requirements.
  - Working with the Services and Defense Agencies, review and validate products developed to support the military personnel and pay functions.

Department of the Navy

- The **Assistant Secretary of the Navy (Research, Development and Acquisition)**, ASN(RD&A) serves as the Component Acquisition Executive for the Department of the Navy and represents the Department to the Under Secretary of Defense (Acquisition, Technology, and Logistics) on all matters relating to the acquisition of DIMHRS (Pers/Pay). The ASN(RD&A) is responsible for establishing acquisition policies and procedures in accordance with DoD Directives and guidelines. In fulfilling these responsibilities, the ASN(RD&A) is responsible for chartering the Program Executive Office (Information Technology).

- The **Program Executive Office for Information Technology, PEO(IT)**, is assigned responsibility for the acquisition and in-service support and management accountability for DIMHRS (Pers/Pay) and for ensuring that the program is conducted within technical, funding, schedule, and supportability constraints approved by the milestone decision authority. Specific responsibilities include:

Provide program management, technical, and acquisition support throughout the system life cycle. The PEO(IT) is responsible for the programmatic, technical architecture, and technical direction to the Joint Program Management Office (JPMO), and for the technical integration functions for the system.

Charter and provide oversight of, and support to, the Joint Program Manager in accomplishing the program management responsibilities in accordance with all applicable DoD directives and instructions.

In coordination with the Director, JR&IO, provide reports to the Milestone Decision Authority.

The **DIMHRS (Pers/Pay) Joint Program Manager**, is the single acquisition executive responsible and accountable for managing the DIMHRS (Pers/Pay) program and delivering the required capability to satisfy the functional responsibilities. Specific responsibilities include:

Responsible to the PEO(IT) for program cost, performance, and schedule as well as other responsibilities outlined in the Joint Program Manager charter.

Responsible to the Director, JR&IO, for implementing functional requirements, providing analysis of cost, schedule and performance impact of alternative strategies, and other responsibilities as defined in program documentation.

Acquire, through contract or use of government provided resources, capabilities required to fulfill DIMHRS (Pers/Pay) requirements.

Manage all technical and acquisition issues and maintain records of all technical and acquisition decisions.

Produce all portions of the program management documentation required of designated acquisition activities in accordance with DoD Directives, DoD guidance, and legislative requirements, including the requirements of the Clinger Cohen Act and the Under Secretary of Defense (Comptroller) Financial Management Modernization Program initiative.

Participate as required in program-wide integration activities sponsored by the functional oversight authority, including issue resolution meetings and presentations at meetings of the Joint Integration Group and the Executive Steering Committee.

Office of the Assistant Secretary of Defense (Command, Control, Communications, and Intelligence), OASD(C3I)

The Assistant Secretary of Defense (Command, Control, Communications, and Intelligence) is the principal staff assistant to the Secretary of Defense for the development, oversight and integration of DoD policies and programs relating to the strategy of information superiority for DoD. The ASD(C3I) is the designated Milestone Decision Authority for DIMHRS (Pers/Pay) and as such is the arbiter of any acquisition issues and provides acquisition approval for the program.

The Services and the Defense Finance and Accounting Service (DFAS)

OSD representatives, the Joint Staff, the Services and DFAS fully participate in every aspect of the DIMHRS (Pers/Pay) program. There are six main avenues for participation.

Functional Requirements, Validation, and Issues. The Services and DFAS continue to provide full-time personnel to the JR&IO to fully participate in the definition of requirements, the identification of issues, and the validation of products. Representation at JR&IO includes: four personnel from each active component, two personnel from each reserve and Guard component, and four personnel from DFAS. These people work full-time on all functional aspects of DIMHRS (Pers/Pay).

Subject Matter Experts. OSD representatives, the Joint Staff, the Services and DFAS participate in periodic focused workshops of subject matter experts that develop business process reengineering recommendations, review requirements, and validate products.

Acquisition and Technical Support to the JPMO. The Services and DFAS continue to provide full-time personnel to the JPMO to fully participate in the technical and acquisition aspects of DIMHRS (Pers/Pay) development and deployment.

Joint Integration Group. The Director, JR&IO chairs the Joint Integration Group, a group of senior managers from the military personnel and compensation communities in the Department. Included are representatives from the Service military personnel offices (active, reserve and Guard), the Service military financial offices, DFAS, Comptroller, Reserve Affairs, Force Management Policy, Joint Staff, and the Defense Manpower Data Center. The Joint Integration Group meets monthly to monitor the program, resolve issues, and provide comments on all program documentation. Issues that cannot be resolved by the Joint Integration Group are referred to the Executive Steering Committee. (Current Joint Integration Group membership is at Appendix A.)

Executive Steering Committee. The DUSD (PI) chairs the Executive Steering Committee, a group of flag level and SES representatives from the military personnel and compensation communities in the Department. Included are representatives from the Service military personnel offices, the Service military financial offices, DFAS, Comptroller, Reserve Affairs, Force Management Policy, Joint Staff, and the ASD (C3I). The Executive Steering Committee meets quarterly or at the call of the chair to monitor the program, resolve issues, and provide advise on all program documentation. Issues, which cannot be resolved by the Executive Steering Committee, are referred to the USD(P&R) for decision. (Current Executive Steering Committee membership is at Appendix A.)

Integrated Product Teams. The Services and DFAS participate in the various integrated product teams established by the Joint Program Manager in accordance with DoD Directives and Guidance. These include: cost team; logistics team; test and evaluation team; security team; document team; and acquisition team.

Joint Requirements Oversight Council

Since DIMHRS (Pers/Pay) is a joint program, the Joint Requirements Oversight Council reviews and validates the functional requirements documented in the Operational Requirements Document for DIMHRS (Pers/Pay).

Reporting Relationships

Functional reporting:

The Director, JR&IO reports directly to the DUSD (PI). The DUSD(PI) reports directly to the USD(P&R).

Acquisition reporting:

As documented in statutes and implemented in the DoD 5000 series, the PEO(IT) is responsible to the ASD(C3I) on acquisition matters and keeps the Navy Acquisition Executive apprised of program activities and status. The Joint Program Manager participates in all functional decisions pertaining to the program and keeps the JR&IO informed of potential program issues and status pertaining to functional implementation of the program throughout its life cycle.

Section 3. Issue Resolution Process for Functional Issues

This section provides a high-level overview of the DIMHRS (Pers/Pay) issue resolution process. The process is fully documented in the DIMHRS (Pers/Pay) Issue Resolution Process document. Issues are identified through COTS Analysis, Workshops with Subject Matter Experts, the Joint Integration Group and Executive Steering Committee discussions, as well as from other sources. All issues identified are addressed through the same review process.

Issue Identification. All issues are fully documented to ensure an audit trail of recommendations, comments, and decisions. Some issues may be documented that need not be analyzed for review and resolution. These include: issues where there is consensus among the Services and no policy impact; process changes where all Services concur; Service-unique requirements with no impact to policy; and working-level requirement definition issues. However, all issues identified under this process are documented to provide traceability to the requirements.

An issue is documented when

- There is an inconsistency between the law and the execution of the law in DoD/Service policy.

- There is an inconsistency between the DoD policy and implementation of the policy in Service Regulations.

- Analysis indicates there is a potential difference between Department functional requirements and the law.

- A change to DoD military personnel/pay process would significantly improve a DoD business practice.

- A change to DoD military personnel/pay process would significantly simplify implementation of COTS with no negative impact on mission or resources.

- There is an inconsistency between DoD Policy and another Department or Agency in the application of a law or policy.

- There is a gap in the ability of the COTS product to support functional requirements.

Issue Review Process Action Offices/Groups. There are four groups associated with the Issue Review Process. The offices are:

- **Joint Requirements and Integration Office (JR&IO):** The JR&IO staff consists of GS Civilians and Service personnel who are personnel/pay generalists. The Service personnel are complemented by Subject Matteer Experts from all Services, Components and DFAS. The JR&IO uses the Subject Matter Experts to provide in-depth expertise necessary to specify detailed requirements.

- **Joint Integration Group:** The Joint Integration Group, a committee of senior military personnel and pay policy experts within OSD, Joint Staff and Military Service Departments, provides high-level review and coordination of the Operational Requirements Documentination and on all JR&IO products and recommendations. Issues are resolved by the Joint Integration Group if possible. Issues which cannot be resolved by the Joint Integration Group are elevated to the Executive Steering Committee for resolution. Joint Integration Group members are briefed regularly and kept informed of DIMHRS (Pers/Pay) program milestones and status. The Joint Integration Group meets monthly.

- **Issue Focus Groups:** The Issue Focus Groups are convened by JR&IO to review complex issues that require analysis prior to resolution. They are ad-hoc groups and may consist of Subject Matter Experts with varying expertise depending on the issue to be considered. The Issue Focus Groups review the issue and associated documentation and make recommendations.

- **Executive Steering Committee:** The Executive Steering Committee is made up of senior leaders from OSD, Joint Staff and Military Service Departments. The Executive Steering Committee provides a final review and coordination on all

program products and recommendations. Issues which cannot be resolved by the Joint Integration Group are forwarded to the Executive Steering Committee for resolution. Even issues which are resolved by the Joint Integration Group are forwarded to the Executive Steering Committee for final confirmation and discussed on an "exception" basis if any member wants to further discuss any issue. If appropriate, issue documentation is forwarded to the appropriate internal staffing organizations within the Department as received from the Joint Integration Group to expedite the review and staffing of the recommendations. Issues which cannot be resolved by the Executive Steering Committee are forwarded to the USD(P&R) for decision. Decision packages for USD (P&R) include statements of varying positions.

The Issue Review Process. The issue review process follows a five-step procedure.

1   The first step is an initial assessment of the issue by the JR&IO staff in terms of the issue type (change to the law, DoD or Service policy or Regulation, functional process, or issue stemming from COTS analysis).

> For complex issues, the JR&IO convenes Issue Focus Groups to develop alternatives for resolution of the issue.

2.   The second step is to document the issue in the Issue Resolution Report. Updates of the report are sent to the Joint Integration Group at least 10 days before each Joint Integration Group meeting. Issues are also prioritized for resolution by the following criteria:

- Critical Path Functional Issues. An issue is designated as a critical path functional issue if it must be resolved to move the program forward. Critical path issues are suspensed for resolution as quickly as possible, with an Issue Focus Group convening within one week of the identification of the issue as critical. The total time from identification as critical to resolution should not exceed one month.

- NonCritical Path Functional Issues. An issue is designated as a noncritical path functional issue if it must be resolved, but it is not in the critical path for the program and does not warrant a quick review. Noncritical path issues are suspensed for a more relaxed review cycle, with resolution to be completed through the normal Joint Integration Group cycle. The total time from identification to resolution should not exceed six months. (Noncritical issues would become critical if closure is required to proceed with program design and development.)

- Issues with Law Implications. An issue is designated as an issue with a law implication if the Department is constrained in streamlining a business process or developing a more efficient process because of a legal requirement for the existing process. These issues are identified and gathered into packages for bi-annual submission to Congress for consideration and relief. OSD staff will

prepare ¡ staff the packages and report back to the Joint Integration Group on progress.

- COTS Gap Issues. An issue is designated as a COTS Gap Issue if the COTS analysis has identified a gap between the capabilities of the COTS product and the requirements of the Department. If these gaps can be resolved by changing a DoD business process without impact on mission or efficiency, that route will be considered in categories one or two above. COTS Gap Issues are those gaps that represent valid requirements that cannot be addressed by the COTS product. These issues are identified and gathered into a package for consideration by the JPMO after the completion of the major business areas of the Comprehensive Analysis. In order to assure COTS Gap Issues are resolved consistently and to ensure that the total impact of all gaps is fully understood, these gaps are not resolved on a one-by-one basis. For each gap, the JPMO will provide alternatives for meeting the requirement. These alternatives may include: modification of the COTS product; extension of the COTS product; interface to a Government Off-The-Shelf capability or other COTS product; negotiation with the vendor to include a new capability in the commercial product; or other alternative. The JPMO will also provide information on the cost, schedule and performance impact of the various alternatives offered.

3. The third step is to provide the Joint Integration Group with the opportunity to comment on the issue. All comments are maintained in the Issue Matrix. Military Joint Integration Group members are asked to provide a single, consolidated response for each Service.

  - If the issue is resolved by the Joint Integration Group, the decision is incorporated into program analysis and products and forwarded to the Executive Steering Committee for confirmation.

  - If the issue cannot be resolved by the Joint Integration Group, but the Joint Integration Group determines that sufficient information exists for the Executive Steering Committee to reach a decision, the issue is forwarded to the Executive Steering Committee for decision

  - Finally, if the Joint Integration Group cannot resolve the issue and insufficient information exists, then the following actions occur:

    - An Issue Focus Group is scheduled before the next Joint Integration Group meeting based on input from the Joint Integration Group. Similar issues are grouped to leverage the time of the Issue Focus Group in reviewing issues simultaneously.

    - The Issue Focus Group reviews the issue and supporting ⅂ to include the recommendation. The Issue Focus

Group produces a recommendation and may also request additional information to support its analysis. Minority opinions are documented.

The results of the Issue Focus Group are forwarded to the Joint Integration Group members prior to the next Joint Integration Group meeting for their review and validation

4. The fourth step is for those cases when the Joint Integration Group cannot make a decision and the issue must be elevated to the Executive Steering Committee. A package is prepared for the Executive Steering Committee which provides the issue documentation, the Joint Integration Group comments, the results of the Issue Focus Group (if there was one) and any dissenting views. The Executive Steering Committee reviews the issue and chooses one of the following three options:

- Provide a decision.
- Return the issue to the Joint Integration Group for more information.
- Forward the packet to USD (P&R) for decision.

If the Executive Steering Committee is unable to provide a decision on an issue submitted for the second time, the Issue Resolution Report and Matrix are forwarded to the USD (P&R) for a decision. Response timeframes are determined for each issue depending on the perceived complexity of the issue and the criticality of resolution.

5. When the policy decision adjudication process is completed, the issue recommendation and the final decisions are returned to the JR&IO, documented in the issue resolution report, and incorporated in the DIMHRS (Pers/Pay) functional requirements. This further updates functional requirements that have been or will be transferred to the Joint Program Management Office for incorporation into the DIMHRS (Pers/Pay) documents.

As of May 15, 2002, forty-two issues have been closed, three require additional analysis before they can be closed (based on Executive Steering Committee questions), twenty are in-process (noncritical), and twenty have been identified as potential gaps that must be evaluated by the developer/implementer contractor. There was one critical issue that was quickly resolved.

Section 4. Funds Appropriated and Obligated

DIMHRS (Pers/Pay) Funds. Table 1 below provides a history of all funds appropriated and obligated for DIMHRS (Pers/Pay) since its inception. All funds are in thousands of then-year dollars.

Table 1: DIMHRS (Pers/Pay) Appropriated and Obligated Funds, Inception through FY 2002

	FY1998	FY1999	FY2000	FY2001	FY2002
Appropriation					
O&M, Defense Wide (JR&IO/DHRA)	21,600	12,267	17,571	20,565	13,068
O&M, Defense Wide (JPMO)	15,000	30,700	5,500	6,800	
O&M, Navy					6,744
Procurement, Defense Wide				10,000	
Other Procurement, Navy					
RDT&E, Defense Wide			41,200	20,000	
RDT&E, Navy					46,746
DWCF, DFAS					
Total	36,600	42,967	64,271	57,362	74,558
Obligated					
O&M, Defense Wide (JR&IO/DHRA)	21,600	12,267	17,020	19,687	12,805
O&M, Defense Wide (JPMO)	15,000	30,700	5,445	6,510	
O&M, Navy					6,744
Procurement, Defense Wide				9,845	
Other Procurement, Navy					
RDT&E, Defense Wide			41,009	19,746	
RDT&E, Navy					46,746
DWCF, DFAS					
Total	36,600	42,967	63,474	55,788	

NOTE: Obligated funds are the Appropriated funds minus "fair share" of Department reductions. Through 2001, the total JR&IO DIMHRS (Pers/Pay) funding included funding for the P&R Information Management program as well as DIMHRS (Pers/Pay) funding. Also through 2001, all funding for DIMHRS (Pers/Pay) was in the JR&IO appropriation and funds were transferred to the Navy for execution. Beginning in FY 2002, DIMHRS (Pers/Pay) program funds are identified separately both in the Navy and in JR&IO. As of FY2002, the Navy receives their DIMHRS (Pers/Pay) funding directly. *FY 2002 funds in the DFAS Defense Working Capital Fund Budget to be contributed to support the DIMHRS COTS license and the Developer/Implementer contractor.

Section 5. DIMHRS (Pers/Pay) Prime Contractors

This section lists the prime contractors working on the DIMHRS (Pers/Pay) program any time during FY 2002 and briefly defines their work.

Dates	Contractor	Nomenclature of item/service
Contractors supporting the DIMHRS (Pers/Pay) JPMO		
Sep 1999 - present	Booz-Allen Hamilton	Project Management, Acquisition, Technical and Cost Analysis Oversight Support
Mar 2001 - present	PeopleSoft USA, Inc.	COTS HR product – DoD Enterprise License
Aug 2001 - present	Immix Technology – RUP Tool Suite	Object-Oriented Analysis and Design TOOL SUITE
Sep 2001 – FY 2002	Science and Engineering Associates (SEA) through the Space and Naval Warfare Information Technology Center (SPAWARITC)	System engineering and system architecture; cost analysis; document preparation and control; metrics.
Sep 2001 - present	SES through the Space and Naval Warfare Information Technology Center (SPAWARITC)	IV&V for DIMHRS work products; strategic and performance management; program management support; engineering and technology support.
Contractors supporting the JR&IO		
Sep 1996 – May 2002	FEDSIM-GSA: Systems Research and Applications Corporation	Systems Requirements Analysis, Business Process Re-Engineering, Data Management, and Information Management
April 2002 – present	FEDSIM-GSA: Booz Allen and Hamilton Inc.	Comprehensive Analysis, Business Process Re-Engineering, Data Management
Dec 2000 – present	KSJ & Associates, Inc.	Life Cycle Benefit Analyses, Economic Analyses, Performance Measurement
June 1998 – present	Institute for Defense Analyses	Strategic Analyses, Independent Analyses of Program Alternatives, Costs, and Schedule

Section 6. DIMHRS (Pers/Pay) Personnel and Pay Module

The Defense Integrated Military Human Resources System (Personnel and Pay) (DIMHRS (Pers/Pay)) is a joint services program with the overall objective to provide a single, fully integrated military personnel and pay system for all Components of the Military Services. DIMHRS (Pers/Pay) will enhance mission support by eliminating or reducing data collection burdens, solving operational problems, and improving delivery of services.

The full scope of DIMHRS (Pers/Pay) is described in the Operational Requirements Document. The scope includes core functionality required by all Services and any Service specific functionality required to turn off their legacy systems. The set of Service specific functionality is very small - - but there is also Service specificity within the core requirements. Examples include, for instance, Service grade and rank structure, criteria for specific specialties and assignments, the organizational structure of each component, and who will have access and authorities within each Service.

A comprehensive fit/gap analysis of PeopleSoft Human Resources Management System is in process and will be completed prior to Milestone B. A major factor affecting fit is the willingness of the Department to accept changes that do not adversely impact mission, efficiencies, or Service members or their families.

DIMHRS (Pers/Pay) is structured in increments (modules). For acquisition purposes, these increments are referred to as Useful Assets, as described in the Clinger-Cohen Act. The first increment of development includes activities leading up to the Initial Operation Capability. The first increment, Useful Asset 1, will be deployed to the Army. It is comprised of the functional capabilities required to run the PeopleSoft Human Resources Management System product, the personnel and pay functionality that is common to the Services, and Army specific functionality required for the Army to successfully manage personnel and pay. Useful Asset 2 through 4 will incrementally add functionality required by the Navy, Marine Corps, and Air Force respectively. The completion and fielding of these Useful Assets will achieve DIMHRS (Pers/Pay) Full Operational Capability.

DIMHRS (Pers/Pay) will be a standard, single, military personnel and pay system, supporting core processes that will be common to all Services. Service specificity will be included when it is necessary to accomplish mission. The system will collect, store, pass, process, and report personnel and pay data for all Active, Reserve, Guard, and Retired personnel. A fully integrated military personnel and pay system meets the following criteria: one-time entry of data that automatically triggers all personnel and pay transactions; one set of fully automated edits per function; and processing that does not require manual reconciliation or intermediate data entry. The system will operate in an environment that takes best advantage of existing and emerging technologies (e.g., web-based solutions, Smartcard and other portable information carriers, Public Key Infrastructure devices, card scanners). The system will provide the capability to interface with a database management system using an appropriate front-end Graphical User Interface to perform standard and customized tasks as well as expand sufficiently and rapidly enough to support wartime scenarios. The repository of all information will be a single, logical database.

DIMHRS (Pers/Pay) will comply with Department of Defense standards for data and telecommunications provided in the DIMHRS (Pers/Pay) Command, Control, Communications, Computers, and Intelligence Support Plan. DIMHRS (Pers/Pay) will provide Joint Commanders with access to accurate and timely data on the number, characteristics, location, and status of all deployed personnel. The system will provide decision support capabilities that are predictive in nature, support personnel accounting and strength management, and provide for timely integration of personnel requirements for deployment, sustainment, and replacement operations. Strength accounting and reporting will be available by unit and location for personnel assets in-transit or scheduled for the combat theater. Reporting and tracking of non-combatants such as family members will be provided in theater. The system will be a knowledge-based system that incorporates policy rules to ensure the user is not required to make policy

determinations. With the new system, actions such as changes to personnel location, personnel status, and unit assignment updates for a member of any Service or component could be accomplished by a servicing technician from any other Service or component.

The goal of DIMHRS (Pers/Pay) is to provide military Services and their Components the capability to effectively manage their members across the full operational spectrum—during peacetime and war, through mobilization and demobilization—capturing accurate and timely data throughout. DIMHRS (Pers/Pay) will support all-Service information on individuals for joint and multi-Service units. Commanders of all units will have the ability to access personnel information on all members assigned to their units regardless of Service. DIMHRS (Pers/Pay) will be robust enough to meet changing operational concepts and requirements to the individual vice unit level for mobilization, activation, contingency operations, assignment actions, etc. The system will support the full range of personnel life-cycle activities—from accessing members, documenting factors required to ensure proper pay and benefits, and tracking service in theater, to separating, retiring, or transferring individuals to other Services or Components. By providing a simplified, one-stop support concept, the objective system will minimize duplicative work for individuals and technicians. It will also provide Service Headquarters the ability to generate standard and ad hoc reports to manage personnel and finance functions.

DIMHRS (Pers/Pay) will also enable Service members to better manage their careers. Service members will have access to their personnel and pay information and be able to change designated personal information (e.g., mailing address, telephone number) without visiting a personnel office. When in transit or during a joint assignment, Service members will be able to obtain needed support (e.g., duty status changes, pay and allowance updates) from a personnel office of any military Service.

From a technical perspective, DIMHRS (Pers/Pay) will be designed to seamlessly integrate into the DoD environment. This includes compliance with existing and evolving standards as specified in the Joint Technical Architecture, maximizing efficiency and performance in adverse environments, and seamlessly integrating/interfacing with DoD and external systems. DIMHRS (Pers/Pay) will also meet DoD security guidelines and minimize the potential for unauthorized access to data. The DIMHRS (Pers/Pay) design must include the capability for rapid implementation of system changes to support requirements including legislative and policy changes

Section 7. Testing and User Validation

DIMHRS (Pers/Pay) has not entered the development phase of the program and therefore has not yet been formally tested. However, since selection of PeopleSoft Human Resources Management System product, several analyses have been either completed or are underway that ensure that user requirements will be met. OSD representatives, the Joint Staff, the Services and DFAS fully participate in these analyses. These analyses are described below:

- Initial Analysis: A comparison task which provided an opportunity for the government (JPMO, JR&IO, the Services and DFAS) to understand the COTS

functionality in relation to a high-level set of current DoD business practices. It was not intended to validate the COTS functionality against DoD business requirements, but it did confirm that the product was a viable possibility and should be pursued through additional, more detailed analysis.

- High Level Software Analysis: The primary objectives of the analysis were to:

    Document summary functional requirements for an integrated information systems solution to meet DIMHRS (Pers/Pay) human resources, benefits and payroll processing and record-keeping requirements.

    Document functional gaps, and where feasible, suggest potential solutions

    This analysis looked at very high level functionality across the entire PeopleSoft human resources product.

- Comprehensive Analysis: A detailed fit/gap analysis in 21 different but inter-related business areas that are mapped to the functional requirements of the Operational Requirements Document. This analysis started in December 2001 and will complete in August 2002 prior to starting full development and implementation of DIMHRS (Pers/Pay). All Components of all Services (personnel and pay specialists) and DFAS personnel participate full time in this analysis.

- Service Analysis Sessions: There will be a series of two two-week sessions for each Service to have hands on experience with the PeopleSoft product to gain a better understanding of the product and how it will work for the Department. These sessions are for personnel who are not already working full time on the other analyses. The first of these two-week sessions will take place this summer before Milestone B. The second session will take place after the completion of the Comprehensive Analysis and will incorporate the finding of the Comprehensive Analysis.

- Validation Testing: After Milestone B, the Developer/Implementer contract will be awarded to support the development of DIMHRS (Pers/Pay). The contractor will design a schedule for development of a set of modules that will comprise the first Useful Asset. Each module, when developed, will be demonstrated in a validation workshop with the Service, DoD and other Subject Matter Experts to ensure that the module meets requirements.

- Formal Operational Testing of the DIMHRS (Pers/Pay) will be conducted in three phases: Phase one will consist of an Operational Assessment and will be conducted for risk mitigation purposes only. Phase two is an Operational Evaluation and will be conducted using Army data. Phase three Operational Evaluation will support a fielding decision for the Navy, Marine Corps, and Air Force. Regression testing will be conducted for the Army during Phase three. Additional operational testing will be conducted as required to verify correction of deficiencies. Using an incremental and evolutionary development strategy DIMHRS is being developed in four modules called Useful Assets. The first Useful Asset will contain the common business practices and the minimum set of functionality required to turn off Army legacy

systems. It will be fielded only to the Army. Useful Assets 2 through 4 will add functionality required to turn off legacy systems of the Navy, Marine Corps, and Air Force respectively. Each Useful Asset will be fielded to the Services already on DIMHRS as upgrades and to each new Service in turn.

Full participation of the stakeholders in the entire process from business process reengineering, definition of requirements, fit/gap analysis of the COTS product, and exhaustive testing in process and in operations before fielding will mitigate the risk of fielding a system that is not responsive to the requirements of the Department.

Appendix A

Membership Lists

of the

Executive Steering Committee

and the

Joint Integration Group

Members of the Executive Steering Committee

Member	Organization	Phone
Office of the Secretary of Defense (OSD)		
Ms. Jeanne Fites	DUSD(PI), OUSD(P&R)	703-614-3970
LTG John Van Alstyne	DASD(MPP), OASD(FMP)	703-697-4166
Mr. Ron Brooks	Director, Business Modernization and Systems Integration Directorate, OUSD(C)	703-607-5712
Mr. Edward Grysavage	Business Integration Executive, DFAS	703-607-5032
Dr. John Winkler	DASD(M&P), OASD(RA)	703-695-7306
Mr. John Landon	DASD(C3I SR & Space)	703-697-7270
Assistant Deputy Chiefs of Staff for Personnel (ADCSPERS)		
MG Sue Dueitt	USA ADCSPER	703-697-5290
Mr. Matthew Henry	USN ADCNO (Manpower & Personnel)	703-614-1101
BGen Stephen Johnson	Dir, MP Div, M&RA	703-784-9350
Mr. Roger Blanchard	USAF ADCS(Personnel)	703-697-6088
Services' Assistant Secretaries (Financial Management)		
Mr. Ernest Gregory	OASA(FM&C)	703-614-4337
Mr. Ron Haas	OASN(FM&C)	202-685-6701
Mr. John Nethery	ASAF(FO)	703-697-2905
Joint Staff		
BGen Maria Cribbs	Director, J-1	703-697-6098
Executive Secretary		
Ms. Norma St. Claire	Director, JR&IO, OUSD(P&R) PI	703-696-8710
Standing Invited Guests		
Mr. Scott Comes,	PA&E	703-697-0361
Mr. Joseph Cipriano,	PEO IT	703-602-9802
CDR Rich Hale,	J-8	703-614-9759

Members of the Joint Integration Group

	Organization Representing	Phone
Chair		
Norma St. Claire	OUSD(P&R) JR&IO	703-696-8710
Department of the Army		
Ms. Paula Davis	Army Active	703-325-3016
COL Ronald Logsdon	Army Reserves	703-601-3534
COL Reginald Geary	Army Guard	703-607-7100
COL William Landrum	Army Finance	703-693-5669
Department of the Navy		
Dr. Richard Niehaus	Navy Active	703-614-1350
CDR Doug Swanson	Naval Reserves	703-601-1804
Mr. David McDermott	Navy Finance	202-685-6719
Mr. Robert L. Brown	Marine Corps	703-784-9020
Department of the Air Force		
Mr. David Mulgrew	Air Force Active	703-697-0485
LtCol Paul Kirby	Air Force Reserves	703-588-6006
Ms. Mary McAfee	Air Guard	703-607-5925
LtCol Joseph Ward	Air Force Finance	703-614-5429
Joint Staff		
LTC Doriot Mascarich	JS/J-1, PRD	703-697-7884
<u>Coast Guard</u>		
Mr. Dave Swatloski	Coast Guard	202-267-2096
<u>OUSD(Comptroller) and DFAS</u>		
Ms. Sylvia J. Hanneken	DFAS-HQ/F	216-522-5263
Mr. Dennis Idol	OUSD(Comptroller)	703-607-5715
<u>OUSD(P&R)</u>		
Ms. Virginia Hyland	OASD(Reserve Affairs)	703-693-7490
Ms. Helen Rubin	DMDC	831-583-2400
Mr. Brad Loo	Force Mgmt Policy(MPP)	703-69506461
<u>Standing Invited Guests</u>		
Mr. Robert Marcinczyk	PA&E	703-601-0416
Ms. Mary Lawson-Hines	PEO IT	703-602-3120
CDR Rich Hale	J-8	703-614-9759