



DEFENSE FINANCE AND ACCOUNTING SERVICE
1851 SOUTH BELL STREET
ARLINGTON, VA 22240-5291

DEC 14 2005

MEMORANDUM FOR PRESIDENT, AMERICAN FEDERATION OF GOVERNMENT
EMPLOYEES, COUNCIL 171, ATTN: MS. KELLEY DULL

SUBJECT: Realignment of the Defense Finance and Accounting Service Organization Structure

This memorandum provides notification that the Defense Finance and Accounting Service (DFAS) will realign its structure from a command and control perspective, effective January 8, 2006. The command and control realignment will be followed by the traditional reorganization of personnel and resources later in FY 2006. As part of the agency's transformation, this realignment organizes work along functional lines, implements Centers of Excellence (COEs) where appropriate, and structures work along service mission lines to retain focus on clients and customers. This action postures DFAS for the workload realignments that will occur beginning later in FY 2006 and beyond that are associated with the Base Realignment & Closure (BRAC) 2005 initiative.

This realignment will result in minimal changes for bargaining unit employees, primarily affecting only the top to mid-level supervisory chain of command and have no adverse impact on personnel. Employees will be performing the same work in the same location and will experience no change in grade or pay. Attachment 1 depicts DFAS's current structure. Attachment 2 depicts the overall realigned structure on January 8, 2006, and the end state structure in FY 2009, respectively. Attachment 3 depicts the operations summary at the enduring sites in FY 2009. The following summarizes the changes and describes the new structure:

DFAS Structure. The proposed DFAS structure abolishes the Accounting Services, Military/Civilian Pay Services, and Commercial Pay Services Business Lines, retains the product lines, and establishes the Deputy for Operations and Deputy for Strategic Business Management. The Director and Deputy Director, DFAS will now have two organizational direct reports: Deputy for Operations and Deputy for Strategic Business Management. The Deputy Director, DFAS will have direct reports including: Business Intelligence, Client Executive Team, Corporate Resources/Chief Financial Officer, Acquisition Management Office/Component Acquisition Executive, Information Technology/Chief Information Officer, General Counsel, Internal Review, and Chief of Staff. The People and Performance organization will be disestablished. The Human Resources and the Equal Employment Office will be realigned under the Corporate Resources organization.

Deputy for Operations. This organization will be responsible for accomplishing DFAS's core mission, implementing new systems and processes, and standardizing operations across product lines. This organization is comprised of Director, Standards and Compliance and the Directors of the Cleveland, Columbus, Denver, Indianapolis, and Kansas City sites.

DFAS Business Lines. The Accounting Services, Commercial Pay Services and Military & Civilian Pay Services Business lines will be abolished. However, all existing operational functions (product lines) will be maintained and continued at all locations. The newly established Corporate Accounting organization will manage

www.dfas.mil

Your Financial Partner @ Work

defense-wide Financial Reporting and Analysis and the Military Departments/Defense Agencies Financial Improvement Plans. Command and control for the product lines will fall under the Deputy for Operations.

Standards and Compliance. The Standards and Compliance organization will be established concurrently when the business lines are abolished. Standards and Compliance will be responsible for horizontal oversight of the operations mission ensuring DFAS provides customer service using standard processes and procedures.

BRAC Enduring Sites. Enduring sites under BRAC (Cleveland, Columbus, Indianapolis, Limestone and Rome) will be restructured into the Accounting High Performing Organization (HPO). The HPO structure will be organized around the core functions of Accounts Payable, Accounts Receivable, Accounts Maintenance and Corporate Accounting. Enduring Site Directors will be responsible for the command and control of all operational functions to include current Administrative Services functions (Facilities and Logistics) effective January 8, 2006. The COEs will be incorporated into the structure at the enduring sites. Specific COEs include: Retired and Annuitant Pay and Garnishments at Cleveland; Acquisition Accounting at Columbus; Security Assistance Accounting at Indianapolis; Transportation Working Capital Fund Accounting at Limestone; and Medical Accounting and Special Operations Accounting at Rome.

BRAC Closing Sites. Closing sites will not be restructured into the HPO. At closing sites, the command and control for operations including Corporate Resources personnel at field locations will be realigned to the site directors effective January 8, 2006.

Deputy for Strategic Business Management. This organization will be responsible for transformation/transition initiatives within DFAS; standardization and integration of functional requirements; integration and operationalization of new systems, policies and procedures into DFAS business processes; and business integration initiatives. This organization is comprised of the Office of Strategic Management; Director, Policy and Performance Management; Director, Business Requirements and Integration; and Director, Transformation. The Deputy for Strategic Business Management is comprised of functional and staffing elements incorporated from Corporate Plans, People and Performance, and Policy and Requirements.

Corporate Organizations. Corporate Organizations consist of Acquisition Management Office/Component Acquisition Executive, Business Intelligence, Chief of Staff, Client Executive Team, Corporate Resources/Chief Financial Officer, General Counsel, Information Technology/Chief Information Officer, and Internal Review.

Acquisition Management Office/Component Acquisition Executive (AMO/CAE). AMO/CAE will consist of Acquisition Strategy & Policy, Contracting Services, Program Executive Officer, and Program Control.

Business Intelligence. This organization is responsible for increasing the competitive advantage for internal and external DFAS customers by intelligent use of available data in decision making. Resources to support this mission will be realigned from Accounting Services.

Chief of Staff. Status Quo.

Client Executive Team. SES personnel currently supporting military service and defense agency customers.


Corporate Resources/Chief Financial Officer. The realigned Corporate Resources organization includes the following elements: Corporate Budget, Financial Management Improvement Plan, Chief Financial Officer Advisory office, Program Analysis and Evaluation, Federal Managers Financial Integrity Act, Human Resources, Equal Employment Office and Support Services. A small number of personnel from Support Services will be realigned to the transformation effort under the Director for Strategic Business Management.

General Counsel. Status quo.

Information Technology/Chief Information Officer (IT/CIO). IT/CIO will consist of Technology Services, Enterprise Services and Systems Management. DFAS legacy systems resources will be realigned from the Acquisition Management organization to the IT/CIO.

Internal Review. Internal Review will consist of Systems Audits, Performance Audits, Investigations, Financial Integrity Support Team and Data Mining, Operations Accounting, Operations Military and Civilian Pay, Transformation, and HQ Operations.

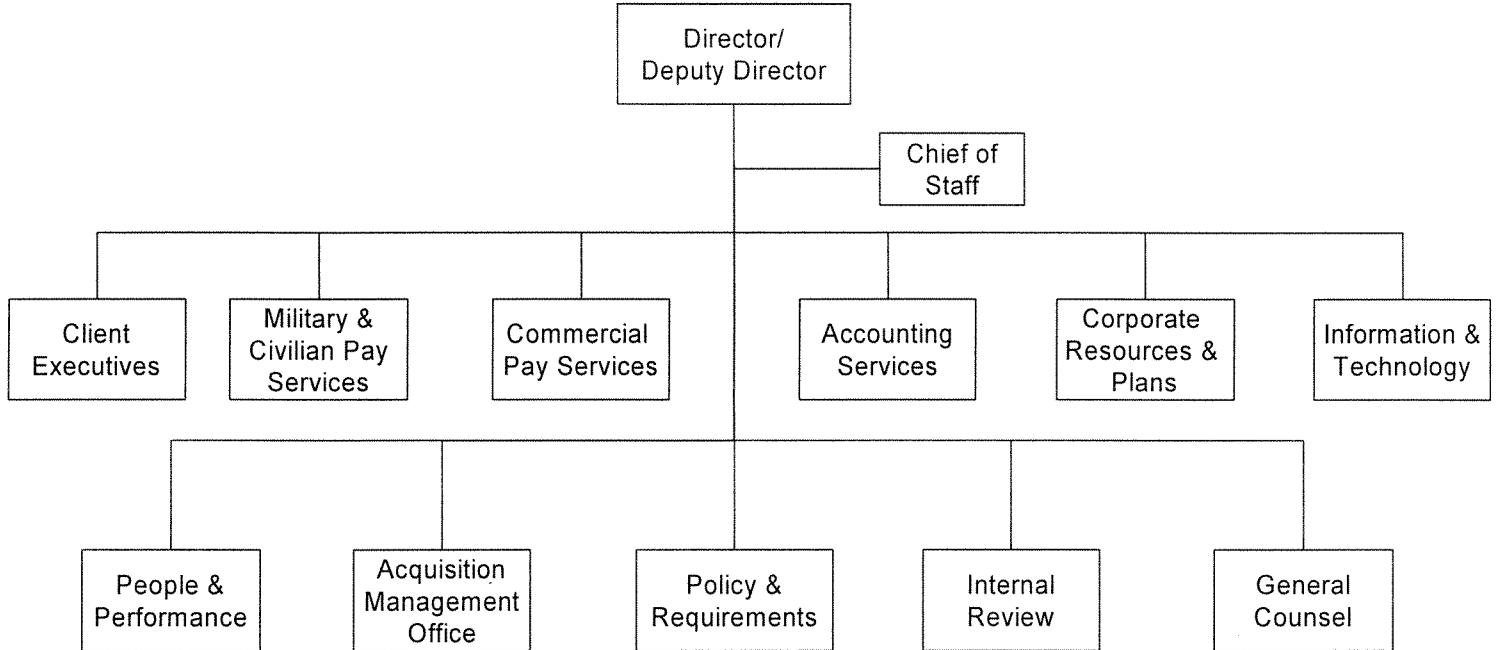
Questions regarding this action should be directed to Lee Krushinski at (216) 522-5511.


D. Lee Evans
Chief of Staff

Attachments:
As stated

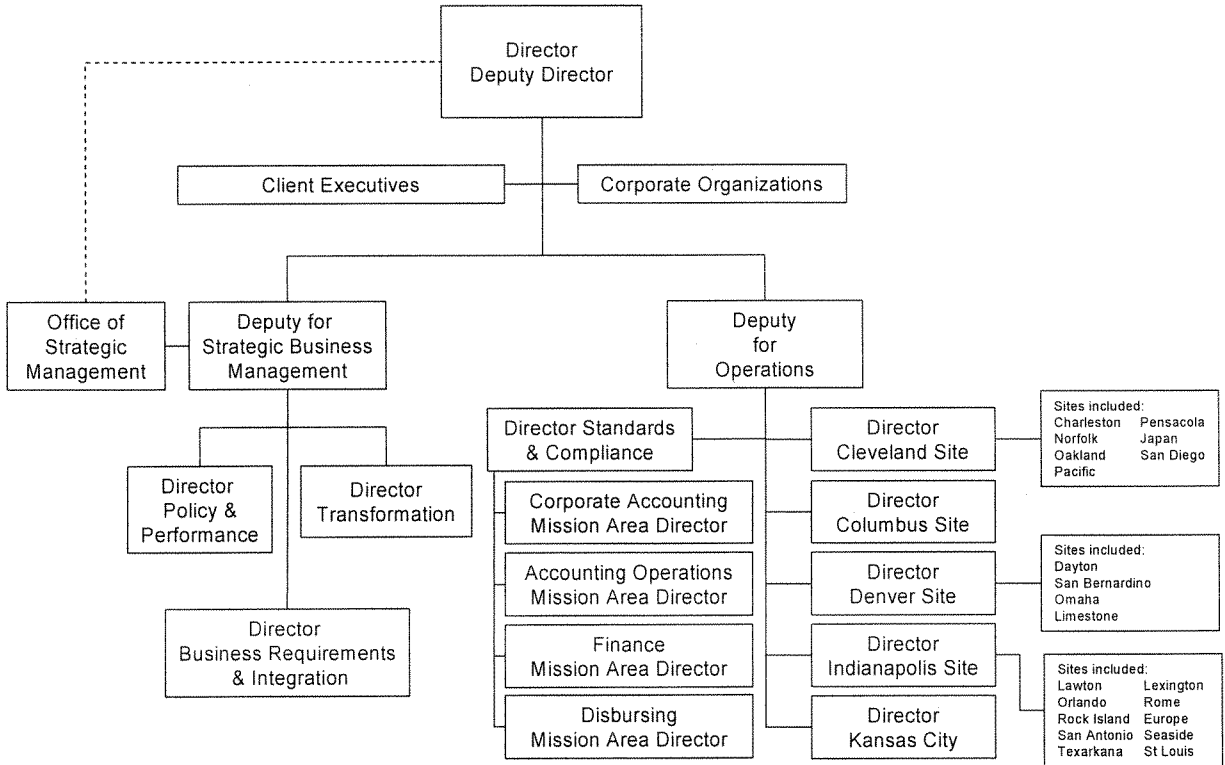
Attachment 1

Current Structure as of December 14, 2005

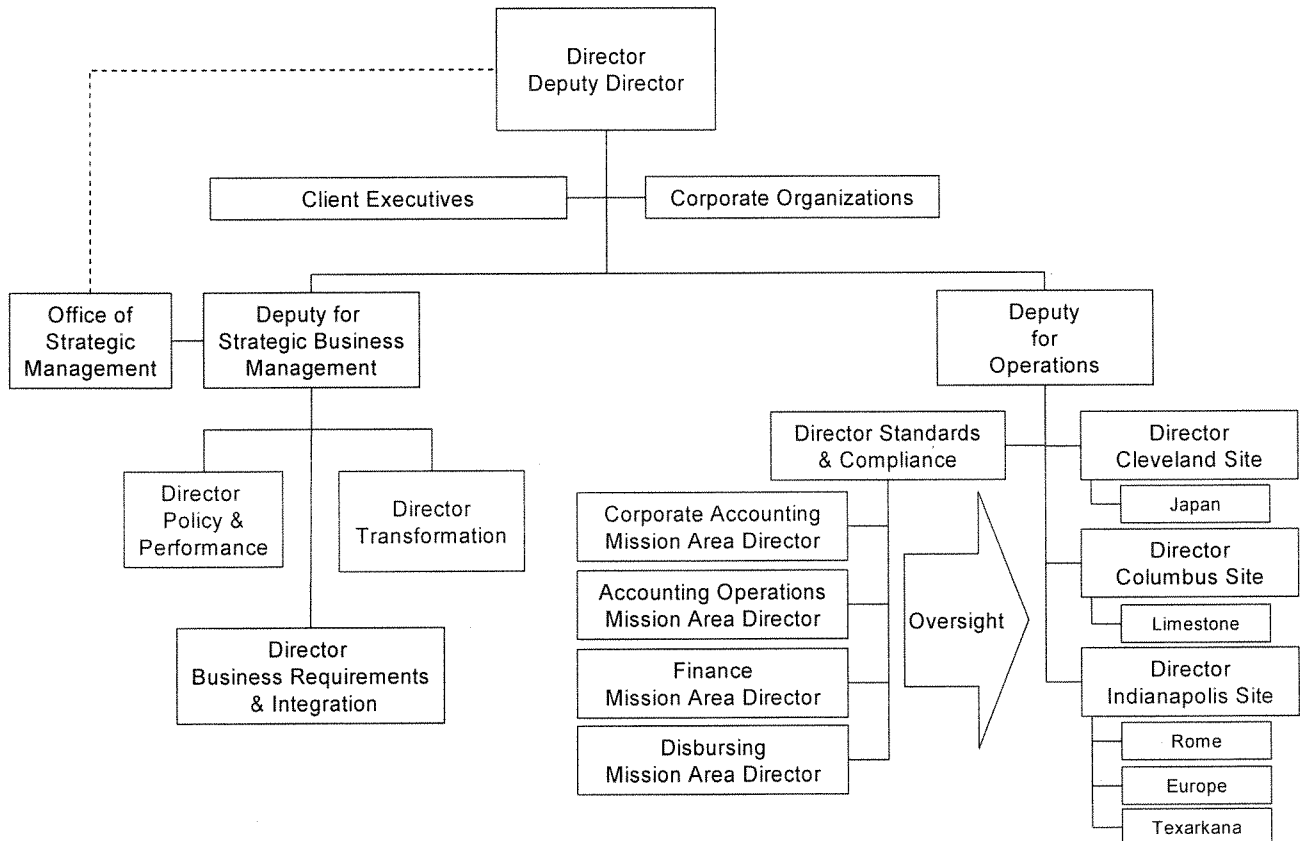


Attachment 2

DFAS Organization Structure - January 8, 2006



DFAS Organization Structure - Fiscal Year 2009



Attachment 3

DFAS Operations – Fiscal Year 2009

Cleveland
Vendor Pay (Accounts Payable)
Navy Field Accounting
Marine Corps Field Accounting
Navy/Marine Corps Active & Reserve Pay
Disbursing
Civilian Pay
Corporate Organizations
Strategic Business Mgmt

**Centers of Excellence
Cleveland**

Retired and Annuitant Pay
Garnishments

Columbus
Vendor Pay (Accounts Payable)
Air Force Field Accounting
Defense Agencies Accounting
Disbursing
Corporate Organizations
Strategic Business Mgmt

**Center of Excellence
Columbus**

Acquisition to
include Contract Pay

Indianapolis
Vendor Pay (Accounts Payable)
Army Field Accounting
Classified Accounting
Corporate Accounting
Disbursing
Army/Air Force Active & Reserve Pay
Trust Fund Accounting
Civilian Pay
Transportation Payments
Travel Pay
Out of Service Debt
Corporate Organizations
Strategic Business Mgmt

**Centers of Excellence
Indianapolis**

Security Assistance Accounting

Limestone
Vendor Pay (Accounts Payable)
Air Force Field Accounting
Corporate Organizations

**Center of Excellence
Limestone**

Transportation Working
Capital Fund Accounting

Rome
Vendor Pay (Accounts Payable)
Army Field Accounting
Classified Accounting
Corporate Organizations

**Centers of Excellence
Rome**

Medical Accounting
Special Ops Accounting