

Starting from Scratch: The Fiscal Construct

By

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THE OPENING SCENE

Arriving at the Joint U.S. Military Assistance Group (JUSMAG) Philippines in mid-July 1985 with the opportunity to serve as the Fiscal Officer for security assistance funded programs was the beginning of an unexpected but welcomed challenge. Serving four prior tours in other security assistance related assignments reduced the unusually significant pre-arrival high anxiety levels. However, the opening scene cast new light on the stage. To begin, the previous Fiscal Officer had detached three months prior to the incumbent's arrival. As such, there was no corporate knowledge available for transfer, little insight into the fiscal management of the JUSMAG, and no fiscal system in place to capture, monitor, or analyze security assistance funded program data. In short, the fiscal officer function consisted of one officer and a field-stripped desk.

ACT I - WHERE ARE THE FILES?

The good fortune of having prior security assistance experience helped greatly in directing efforts to develop a fiscal management system. First recourse was to the Foreign Military Sales (FMS) files.

To digress (purposely) for a moment, a short insight into the JUSMAG Philippines organization structure is helpful. The current JUSMAG configuration is much like most other field-level Security Assistance Organizations (SAOs)--a Joint Programs Division, separate Military Service Divisions, and Support/Administrative Divisions. The major management distinction at JUSMAG Philippines is that all FMS cases and case management data are centrally coordinated by the Joint Programs Division. As such, a centralized FMS case file system permits countrywide logistics and fiscal management from a single office. This is both a blessing and a burden. A blessing in that all information is located in a central environment, and a burden in that the workload is intensified for the logistics and fiscal officer functions.

Getting back to the central theme, it became obvious that compiling fiscal information from approximately 300 FMS case files, each file containing a multiple of documents, would be manually tedious if at all accurate and possible in a timely manner. Moreover, a one-time extraction of data would not provide a *system* for continuing fiscal management of the total JUSMAG Philippines program.

ACT II - WHAT IS THE PROGRAM?

Having initially approached the problem from the classical files extraction syndrome, another tack was in order. What really was the nature of the fiscal "quantum"? First, it was essential to identify the fiscal program by its elements. This was reasonably easy: (1) FMS credit, (2) MAP merger funds, and (3) Philippine cash funded FMS cases are the fund sources for the program. Second, how were these fund sources applied? That is, how could these sources of funds be tracked for management information purposes to best serve the needs of the SAO, the DOD, and the Armed Forces of the Philippines (AFP)? This was not so easy. Third, what extra-organization support could be garnered to help establish and maintain the program? This could be determined.

ACT III - MAKE IT HAPPEN

The beginning of this act is set in the JUSMAG Chief's Office. The Chief (a U.S. Army brigadier general) directed an "on-line" system to manage the fiscal program. Having earlier identified the program elements, the next step was to identify the data elements within the program which could provide a financial management information system (FMIS) base and the resources available at the JUSMAG to both develop an FMIS base and maintain it over time.

Scene I was an "eyeball" survey of manpower available. The fiscal officer is a stand-alone billet, provided administrative support through division shared secretaries. Scene II was an identification of mechanical devices for activating and manipulating a data base. A Wang word processor was the only candidate. Scene III was a search for an existing fiscal data base which could be tailored for local requirements. The Defense Security Assistance Agency (DSAA) case description report and loan commitment report served this purpose.

ACT IV - MIXING THE INGREDIENTS

This act is analogous to baking a cake--taking the resource ingredients set out, mixing them just so, and baking until done. Beginning with the DSAA fiscal products, the basic data elements were loaded into the Wang, i.e., U.S. implementing agency, case designator, implementation date, FY credit, MAP merger or cash funds applied, authorization levels, commitments, and balances. The Wang proved to be a very basic mixing machine and the initial set of products achieved the purpose of displaying total financial data by fiscal year in the format desired. Beyond the basics, other FMIS requirements began to emerge. The grouping of FMS cases by functional category--for local management purposes--turned out to be: equipment, supplies and maintenance, communications, and training. Identifying ground, air, and sea related FMS cases was also achieved. Grouping and subgrouping as mentioned were made by line item coding for machine sort purposes. The end of this act brings us to the point of obtaining a basic but intrinsically important set of tools for beginning the management process.

ACT V - KEEPING CURRENT

Having established the base for the FMIS, the next step was to keep the base current and "on-line" with DSAA and MILDEP records. As noted earlier, the fiscal officer is one-deep, but functioning in a central FMS system. This is critical to capturing all FMS case financial information and maintaining the FMIS on-line. All DD Forms 1513, 1513-1, and 1513-2 are both in and out processed to and from the JUSMAG by the fiscal officer. Reconciliation between the JUSMAG FMIS and DSAA reports are made periodically to assure confidence limits. This process permitted development of a subsystem to identify all pending DD Forms 1513, 1513-1, and 1513-2 which require follow up action with Armed Forces of the Philippines (AFP) counterparts. Keeping current requires continuing communications between the fiscal officer and the Wang operator. This is accomplished by utilizing a locally developed "Transaction Voucher" which is prepared by the fiscal officer identifying the data base changes necessary to update the FMIS. The transaction vouchers provide an audit trail for each transaction.

ACT VI - HEADING UPSTREAM

With a developed and maintained data base, the next effort was to capture the salmon headed upstream--identify the Host Country FMS requirements which are in-process and considered candidates for the commitment of funds. This is important for any discussion of prospective program funds utilization. Generating this product draws on continuous coordination with the Joint Programs Division logistics officer who manages the front end of the FMS cycle in "letter of request" management. The basic resources to provide the FMS in-process listing are the same.

The data elements are developed by the fiscal and logistics officer. The results are realistic, short-term projections for both fiscal and material management.

ACT VII - THE PRODUCTS

A summary of products available through the JUSMAG Philippines FMIS is listed in Table 1 below. A full product run consumes approximately one manday and six machine hours (utilizing the Wang). Current cases entered in the base approximate 300. A full product run is generated once a month or more often, as necessary.

Table 1

JUSMAG Philippines JPPD-F FMIS Products

- A. AFP Program Summaries:
 - I. MAP Commitments.
 - II. Credit Commitments.
 - III. Cash Commitments.
 - IV. Cash/Credit/MAP Commitments.
 - V. FMS In process - LOA not signed.

- B. AFP Program by Functional Category:
 - I. Cash/Credit/MAP (Case Level).
 - II. Cash/Credit/MAP (Summary).
 - III. Cash/Credit/MAP (Ground/Air/Sea Related).
 - IV. FMS In Process (Case Level).
 - V. FMS in Process (Summary).

- C. Pending DD Forms:
 - I. List of DD Forms pending AFP action.

ACT VIII - THE BENEFITS

Rapid changes in the Philippines' political, economic, and military structures have placed a demand on the JUSMAG for current, reliable information. Funds utilization and funds available for commitment and projected requirements are products of the FMIS and available for discussion. FMIS serves as the basis for the country team discussions, briefings to the Ambassador, and most recently, presentation to President Reagan's special envoy to the Philippines, Mr. Philip Habib.

FINALE

The finale is not yet written. JUSMAG Philippines is currently in the process of planning for an equipment upgrade to the Z-150 computer. With enhanced storage capability and ease of data manipulation and control, it is anticipated that the FMIS can be expanded and better targeted for all FMS managers. This is particularly timely in view of recent political events in the Philippines and the increased need for management information, program changes, and enhancements based on prospective funding levels.

The author will be pleased to discuss any aspect of the JUSMAG Philippines Financial Management Information System (FMIS) upon request. Address: JUSMAG Philippines, APO San Francisco CA 96528-5000; AUTOVON through Clark Air Base 315-860-1110 to JUSMAG extension 6134 (0).

ABOUT THE AUTHOR

Lieutenant Commander Philip A. Kellner, SC, USNR, is a TAR (Training and Administration of Reserves) officer currently assigned as the Fiscal Officer, JUSMAG Philippines. His previous assignments related to security assistance have included: the Chief of Naval Operations (CNO/OP-63) staff as a country action officer; the Joint U.S. Military Mission for Aid to Turkey as a Navy FMS plans/action officer; the Joint U.S. Military Assistance Group-Korea, as a Navy FMS logistics officer; and the U.S Air Force Institute of Technology, as an instructor in International Logistics. LCDR Kellner holds a Bachelor's degree in Business Administration from the City College of New York and a Master's degree (Business Administration) from Northwestern University.