

8. PERFORMANCE IMPROVEMENT

8.1 INTRODUCTION

Purpose

This chapter satisfies the requirements of the Government Performance and Results Act of 1993 (GPRA), the GPRA Modernization Act (GPRAMA) of 2010, and Office of Management and Budget (OMB) Circular A-11 — which call for integration of annual performance goals and results with congressional budget justifications. This chapter complements the appropriation-specific budget justification information that is submitted to Congress by providing:

- A performance-focused articulation of the Department’s strategic goals and objectives; and
- A limited number of Department-wide performance improvement priorities for senior level management attention in the current and budget year.

The Department looks forward to working with the Administration and Congress to meet the challenge of creating more effective and efficient operations while delivering a high-value return for the American taxpayer’s investment in the Defense Department.

DoD Performance Plan and Report

The FY 2016 DoD Annual Performance Report (APR) provides a summary of the Department’s prior year performance results. This chapter presents an excerpt from the full report, available at: <http://dcmo.defense.gov/Publications/AnnualPerformancePlanandPerformanceReport.aspx>.

8.2 FY 2016 DOD ANNUAL PERFORMANCE REPORT

Executive Summary

The U.S. Department of Defense Annual Performance Report (APR) for Fiscal Year (FY) 2016 presents progress the Department is making towards achieving strategic objectives and performance goals in FY 2016. The report provides an overview of the Department’s reviews and assessment capabilities to include FY 2016 Quarterly Performance Reviews as well as annual FedStat and Strategic Reviews. The report also provides an overview of the future enterprise performance management activities, goals, measures, and targets.

Capturing the breadth and scope of the Department’s world-wide responsibilities and management efforts requires far more than 53 performance measures included in this report. In fact, the Department and its Components employ hundreds of performance measures to track and assess progress in many key areas, such as acquisition performance, military readiness, audit readiness, business process improvement, and the overall wellbeing of the force. Specific, detailed performance-related information is provided through a wide range of reports to Congress as well as in Defense budget exhibits. Moreover, significant efforts in many areas, to include military readiness, cyber security, and insider threat cannot be fully represented in this or future public performance reports due to the sensitivity of the information involved. This report represents only a partial picture of DoD’s overall management efforts and progress. As we endeavor to improve our enterprise performance management analysis and oversight capability, a more comprehensive representation of the dynamic performance monitoring and assessment capability will be available.

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The performance plan results included in this report demonstrate that the Department maintained solid performance in supporting the operational force in the field, while reducing unnecessary overhead. The Department's priority goal of ensuring service members have a smooth transition to veteran status continues to exceed its performance target, and there are improvement opportunities in the areas of acquisition reform, financial management audit readiness, and civilian hiring timelines. The Department Better Buying Power initiative continues to make progress with overall improved acquisition performance. Progress toward achieving a Department-wide audit shows progress, with the Under Secretary of Defense (Comptroller) and the Office of the Deputy Chief Management Officer (ODCMO) working with the Military Departments and Defense Agencies to implement plans to put the Department on track toward achievement of initial overall audit readiness by October 2017.

The Department also undertook significant management improvements that are not fully reflected in the performance measures included in the Agency Strategic Plan (ASP) or in this report. For example:

- **Force of the Future.** The Department continued to evolve the Force of the Future initiative. With its implementation, this initiative will change how we manage both military and civilian personnel, and how we may best access and retain new skill sets required to meet future needs.
- **Innovation and Technological Excellence.** The Department continued its efforts to tap into the innovative potential of the commercial sector, as well as bolster more traditional sources of technological innovation. We continued to expand Defense Innovation Unit Experimental, or DIUx, establishing a presence in Austin, Texas, in addition to locations in Silicon Valley and Boston. The Strategic Capabilities Office, in partnership with the military Services, is taking existing defense capabilities and exploring how to apply these capabilities for different requirements. The Under Secretary of Defense for Acquisition, Technology, and Logistics is tracking a number of performance measures to assess the implementation of these initiatives.
- **Cyber Security.** The Department continued to address challenges associated with ongoing cyber threats. One initiative conducted this past year was "Hack the Pentagon," an effort to help test the security of our data systems. The Chief Information Officer of the Department of Defense uses a broad Cybersecurity scorecard to help the Department track and manage implementation of a number of key initiatives in the cyber arena.
- **Other Business Operation Efforts.** During FY 2016, the DCMO team continued to lead a Department-wide effort to identify concrete, measurable management reforms in areas such as Defense-Wide retail sales; reduction in the size of major headquarters; reductions in the number and cost of services contracts; and efficiencies in the provision of information technology support to the Department.

The Department is committed to managing towards specific, measurable goals derived from a defined mission, using performance data to continually improve operations wherever possible. DoD continued its firm commitment to continuous improvement that aims to provide the taxpayers with the best possible performance for their investment in the national defense.

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FY 2016 Agency Priority Goal (APG) Results

Pursuant to the GPRA Modernization Act of 2010, the Department established six APGs for FY 2016 and FY 2017 that were used to track the Department's progress toward achieving priorities throughout FY 2017.

The annual results and detailed narratives may be found in the "Summary of DoD Performance by Strategic Objective" section.

Please refer to performance.gov for the Department's contributions to the APGs and its progress.

Cross-Agency Priority Goals

Title 31 of the U.S. Code § 1116 requires the identification of Cross-Agency Priority (CAP) Goals in areas where increased cross-agency coordination on outcome-focused areas is likely to improve progress. Please refer to www.Performance.gov for the Defense Department's contributions to these goals.

The DoD, in partnership with OMB, currently leads the following CAP Goals:

- Cybersecurity
- Strategic Sourcing

In addition, DoD contributes to the following CAP Goals:

- Insider Threat and Security Clearance
- Service Members and Veterans Mental Health
- People and Culture
- Benchmarking
- Infrastructure Permitting and Modernization
- STEM Education
- Lab-to-Market
- Smarter IT Delivery
- Open Data
- Climate Change – Federal Actions
- Shared Services

High Risk Areas

To drive increased accountability and efficiencies in the Federal government, the Government Accountability Office (GAO) determines high risk areas across the Federal government based on vulnerability to fraud, waste, abuse, or mismanagement, and changes required to address major economic, efficiency, or effectiveness challenges. The GAO has published biennial high-risk series updates since 1990 (see <http://www.gao.gov/highrisk/overview>). The Defense Department either leads or shares responsibility for the following areas on the GAO high risk list: DoD Approach to Business Transformation

- DoD Approach to Business Transformation
- DoD Business Systems Modernization
- DoD Support Infrastructure Management

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- DoD Financial Management
- DoD Supply Chain Management
- DoD Weapon System Acquisition
- DoD Contract Management
- Strategic Human Capital Management
- Ensuring the Security of Federal Information Systems and Cyber Critical Infrastructure and Protecting the Privacy of Personally Identifiable Information
- Establishing Effective Mechanisms for sharing and Managing Terrorism Related Information to Protect the Homeland
- Managing Federal Real Property
- Ensuring the Effective Protection of Technologies Critical U.S. National Security
- Improving Management of IT Acquisitions and Operations
- Managing Risks and Improving VA Health Care
- Limiting Federal Government's Fiscal Exposure by Better Managing Climate Change Risks
- Improving and Modernizing Federal Disability Programs
- Mitigating Gaps in Weather Satellite Data

Status updates to GAO high risk areas are addressed on the GAO High Risk website at: <http://www.gao.gov/highrisk/overview>

DoD Major Management Challenges

The Office of the Inspector General (IG) works to promote efficiency, effectiveness, and integrity in the programs and operations of the Department. The DoD IG identified the following areas as presenting the most serious management and performance challenges:

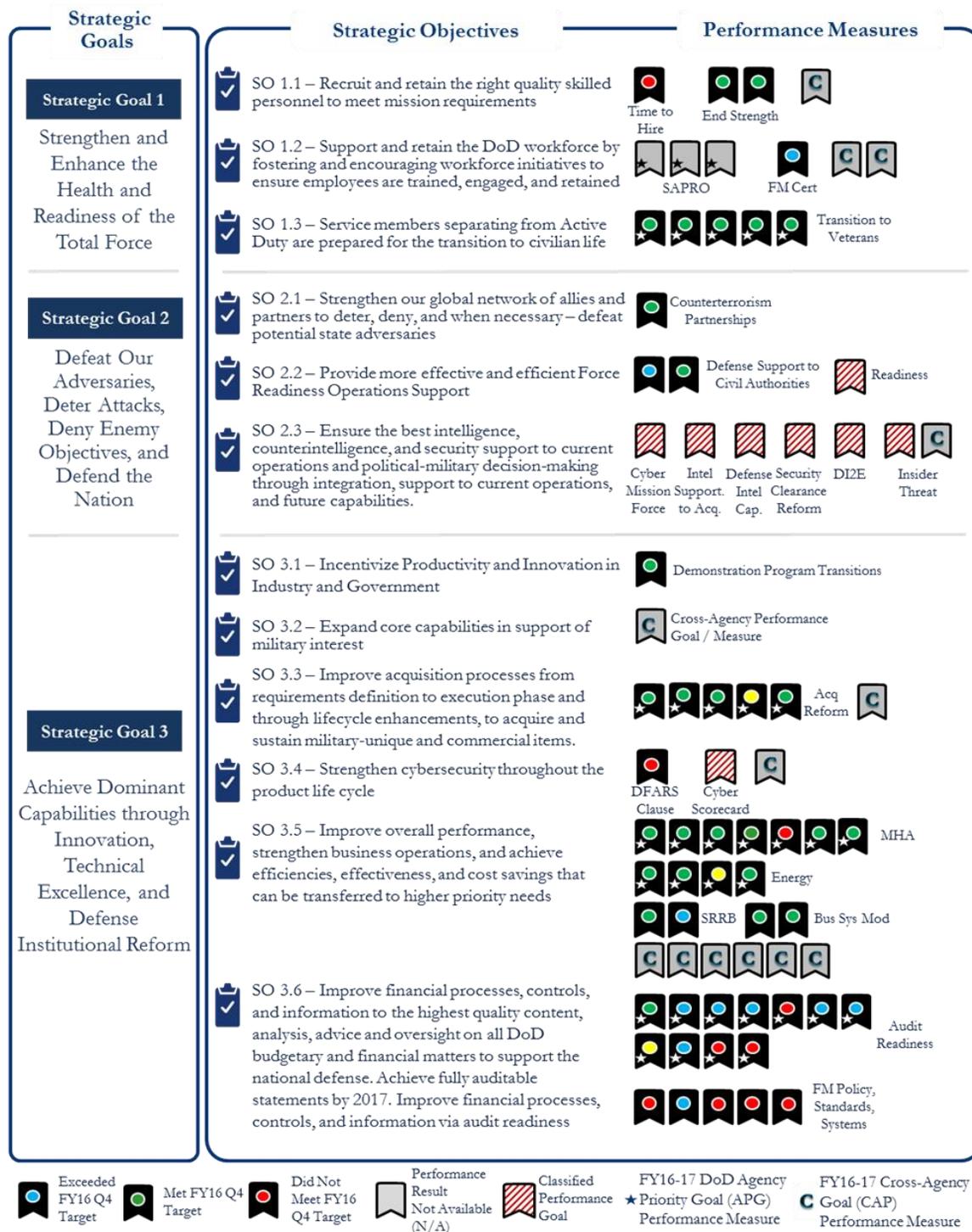
- Countering Global Strategic Challenges
- Countering the Terrorist Threat
- Enabling Effective Acquisition and Contract Management
- Increasing Cyber Security and Cyber Capabilities
- Improving Financial Management
- Protecting Key Defense Infrastructure
- Developing Full Spectrum Total Force Capabilities
- Building and Maintaining Force Readiness
- Ensuring Ethical Conduct
- Promoting Continuity and Effective Transition Management

Detailed information regarding these challenges, the IG's assessment of the Department's progress, and the Department's management response can be found with the report at <http://dodig.mil>

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Summary of Performance Results

The FY2016 APR provides a progress updates of the performance plan and shows strategic alignment and fourth quarter, FY 2016 summary results.



Exceeded FY16 Q4 Target
 Met FY16 Q4 Target
 Did Not Meet FY16 Q4 Target
 Performance Result Not Available (N/A)
 Classified Performance Goal
 FY16-17 DoD Agency Priority Goal (APG) Performance Measure
 FY16-17 Cross-Agency Goal (CAP) Performance Measure

8.3 DOD PERFORMANCE BY STRATEGIC GOAL

The following section presents FY 2016 performance results by DoD strategic goals and objective, highlighting areas of **success and** improvement from previous years, current challenges, and associated mitigation strategies.

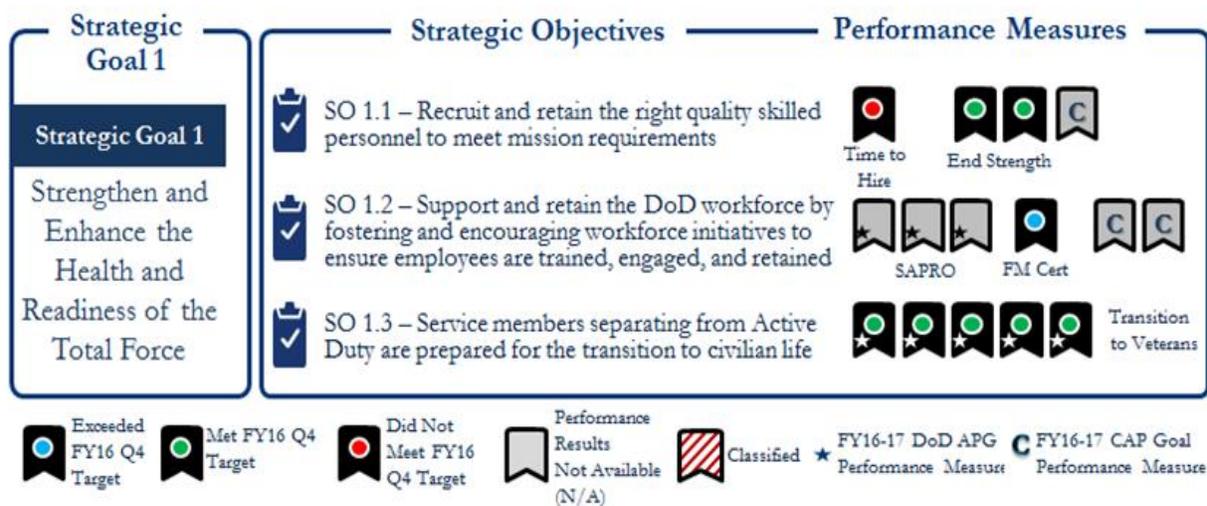
STRATEGIC GOAL 1
Strengthen and Enhance the Health and Readiness of the Total Force.

STRATEGIC GOAL OVERVIEW:

People are DoD’s most valuable assets and critical to achieving all aspects of the DoD mission. Taking care of DoD Service members, their families, and civilian staff is a commitment that DoD continues to honor. DoD will make the most efficient use of the Total Force by targeting areas such as recruiting and retaining the right quality skilled personnel to meet mission requirements, supporting and retaining the workforce by fostering and encouraging workforce initiatives to ensure employees are trained, engaged and retained, and preparing Service members for the transition to civilian life prior to their separation, retirement, or release from active duty.

To build a force of the future, we must continue to attract the most healthy and talented people so the Department can keep pace with our competitors’ advances in technology. This has never been more important as America fights terrorists who plan and carry out attacks outside of the traditional boundaries of the battlefield. Today there are unique challenges that face recruiting within the Department, including minimal support from influencers to recommend service, steady but low youth propensity to serve, a shrinking pool of qualified youth, maintaining a highly qualified and diverse force, and maintaining adequate recruiting resources.

Summary of Progress



STRATEGIC OBJECTIVE 1.1: Recruit and retain the right quality skilled personnel to meet mission requirements.

STRATEGIC OBJECTIVE OVERVIEW:

The DoD will go beyond optimization of the DoD total workforce mix to address critical support areas to allow Service members and civilians to better focus on mission by addressing quality of life issues like housing, promotion, and broadening of career opportunities for service members and their families. DoD will also provide more flexible measures to recruit and retain quality people and create choices that open up opportunities to encourage young citizens to pursue technical, competitive DoD careers such as cybersecurity, engineers and scientists, etc.

STRATEGIC OBJECTIVE PROGRESS UPDATE:

Several initiatives were incorporated into 4th Quarter FY16 that ensured success of FY16 accessions, including increasing accessions of women into combat positions; improvements to the Armed Services Vocational Aptitude Battery (ASVAB) Career Exploration Program (High School Career and Testing Program); transgender policy implementation on July 1, 2016, and; the DoD Handbook for the Force developed with the Equal Opportunity Program.

STRATEGIC OBJECTIVE NEXT STEPS:

Several steps are planned to continue progress through FY 2017. The Military Accessions Vital to the National Interest (MAVNI) program has been renewed to September 2017. The current Medical Accession Standards policy is under review and will be updated by July 1, 2017. The drug screening panel has been expanded to include synthetics. The Department is in the midst of developing enterprise marketing with influencers and millennials targeted for FY 2017. There are several new initiatives with the United States Military Entrance Processing Command (USMEPCOM): the Legacy IT system MEPCOM Integrated Resource System (MIRS) is undergoing remediation to be completed by 2020; the Accession Modernization Working Group is working towards future paperless processing; and USMEPCOM inclusion in the Electronic Health Record system (MHS GENESIS) is being coordinated for electronic medical accession screening.

FY 2016 PERFORMANCE GOAL OVERVIEW:

DoD's ability to replace the loss of skills and experience with new talent depends on the capability to efficiently and effectively recruit, hire, and retain high performing employees. The Federal hiring process can take enough time that prime talent could be lost to other agencies. The drivers in the time to hire (TTH) process offer the opportunity to manage/minimize the time to hire desired talent.

Beginning in FY 2016, the Department established the goal to improve and maintain its timeline for all internal and external (direct hire authority, expedited hire authority, and delegated examining) civilian hiring actions at 80 days or less.

Accurate strength accounting of the Active and Reserve Components is a Congressional requirement. Sustaining end-strength objectives that balances the joint force while adapting to the changes in the security environment, and maintaining the capabilities to conduct ongoing full spectrum operations is a top priority.

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FY 2016 PERFORMANCE PROGRESS UPDATE:

During FY 2016, the Department achieved both active and reserve Components strength within the allowable variance of +/-3 percent for the active and reserve Components. However, the average TTH for all civilian hires in FY 2016 was 86 days, which is above the 80-day target, and up from 83 days in FY 2015. Volume of request for personnel actions (RPAs), initial suitability and clearance determinations across all Components are the main reasons for missing the 80-day target.

MITIGATION:

Recurring input from Components identifying challenges helped target potential solutions and mitigation strategies. Continuing TTH metric assessments on a quarterly basis to measure progress

NEXT STEPS:

Continue discussions on streamlining suitability determinations based on positions in order to reduce clearance wait time; look at multiple hires from one certificate (instead of one hire per certificate); work to establish transferability rules to ease new hire requirements when hires are internal.

The Department will continue to monitor Military Department/Service strength accounting, to ensure mission accomplishment within legislated constraints.

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

PG 1.1.1: Beginning FY 2015, the Department will monitor the time to hire for all civilian hiring actions to determine its performance to an annual goal of 80 days while examining the drivers affecting the ability to meet the goal.						PG Leader: Chief of Staff, Office of the Under Secretary of Defense, Personnel & Readiness (OUSD, P&R), OSD		
Performance Measure		4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
1.1.1.1 Beginning in FY 2016, the Department will improve and maintain its timeline for all internal and external (direct hire authority, expedited hire authority, and delegated examining) civilian hiring actions at 80 days or less.	Target	(-) 80	(-) 80	(-) 80	(-) 80	(-) 80	TBD	FY11:104 FY12: 83 FY13: 94 FY14: 89 FY15: 83 FY16: 86
PG 1.1.2: Improve data management of variance in Active Component end strength to meet or exceed Congressional end strength by no more than three (3) percent						PG Leader: Chief of Staff, OUSD, P&R, OSD		
Performance Measure		4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
1.1.2.1 For each fiscal year, the DoD Active Component end strength will not vary by more than three percent from the SECDEF/ NDAA prescribed end strength for that fiscal year.	Target	+/-3%	+/-3%	+/-3%	+/-3%	+/-3%	+/-3%	FY11: -0.50% FY12: -1.60% FY13: -1.40% FY14: -0.83% FY15: 0.25% FY16: -0.58%
PG 1.1.3: Improve data management of variance in Reserve Component end strength to meet or exceed Congressional end strength by no more than three (3) percent						PG Leader: Chief of Staff, OUSD, P&R, OSD		

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Performance Measure		4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
1.1.3.1 For each fiscal year, the DoD Reserve Component end strength will not vary by more than three percent from the SECDEF/ NDAA prescribed end strength for that fiscal year.	Target	+/-3%	+/-3%	+/-3%	+/-3%	+/-3%	+/-3%	FY11: 0.20% FY12: -0.80% FY13: -0.86% FY14: -1.10% FY15: -1.00% FY16: 0.09%

Department of Defense's Data Completeness and Reliability Statement—Fiscal Year 2016 Annual Performance Report

Each Goal Owner has attested the performance results and narrative information included in this report is complete, accurate, and reliable; and that data validation and verification procedures are documented and available upon request.

Cross Agency Priority (CAP) Goal Alignment and Contribution: CAP 1.1.4: STEM Education

Improve science technology, engineering, and mathematics (STEM) education by implementing the Federal STEM Education 5-Year Strategic Plan, announced in May 2013.

The plan and progress update for this CAP Goal can be found at: https://www.performance.gov/clear_goals

CAP Goal Leader: USD(AT&L), OSD

STRATEGIC OBJECTIVE 1.2: Support and retain the DoD workforce by fostering and encouraging workforce initiatives to ensure employees are trained, engaged and retained.

STRATEGIC OBJECTIVE OVERVIEW:

DoD provides numerous programs and initiatives to ensure that it maintains a highly-skilled military and civilian workforce shaped for today and tomorrow's needs. These programs and initiatives support quality of life for military and civilian personnel and their families, and provide critical skill training to support the mission. Two of these efforts are to (1) end sexual assault in DoD, and (2) develop and implement the Financial Management Certification Program to help the Department achieve auditable financial statements.

Ending sexual assault in the DoD is an Agency Priority Goal for the Department. Sexual assault is a significant challenge facing the United States military and the Nation. It is a detriment to the welfare of men and women in uniform and is diametrically opposed to the core military values of trust, dignity, and respect. Although the military has made great strides in sexual assault prevention and response in recent years, it still remains a problem in the Department.

The Department's approach promotes a military climate that empowers all personnel to do their part to prevent sexual assault, and encourages Service members to report the allegations. Reporting of sexual assault is the primary means by which the Department provides restorative care and holds offenders appropriately accountable through the military justice system, which in turn contributes to improved force readiness.

The DoD FM functional community supports DoD's efforts to educate, train, and retain a qualified workforce by fostering and encouraging workforce development initiatives to ensure that FM members are prepared to meet future mission requirements. The key initiative in FY 2016 was the maturation of the DoD FM Certification Program, which increases the technical FM competence and leadership competence of individual FM members in support of DoD's various and changing missions. The FM Certification Program is based on FM and leadership competencies, and attainment of FM certification is a requirement for all FM workforce members. The Program is focused on making a strong workforce better by improving audit readiness and decision support/analytics competencies and by creating a standard body of

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knowledge across the FM workforce. The expectation is to improve the capability of the FM workforce by providing the required training via the FM Certification Program, to better enable robust and flexible budgetary support to the warfighters and capability improvements for achieving auditable financial statements. No external factors influenced progress on this Strategic Objective in FY 2016.

All senior leaders are responsible for creating performance measures in accordance with the Annual Performance Plan. These performance measures encompass activities related to both the Department's warfighting mission and business operations to create a holistic performance plan and budget submission. These goals and measures are used to inform the "Results Driven" critical elements contained in respective Senior Executive performance agreements. This enables executives to focus on measurable outcomes from the Department's Agency Strategic Plan.

STRATEGIC OBJECTIVE PROGRESS UPDATE:

End Sexual Assault: Retaliation is being combated through executing the DoD Retaliation Prevention and Response Strategy. The Strategy was released in April 2016 and improves resources for those who report violations. Additionally, the Strategy includes protections for bystanders who intervene, as well as first responders who experience retaliation related to the execution of their duties and responsibilities. In measuring progress, PREVALENCE is DOWN and REPORTING is UP. Nearly 1 in 4 victims now file a report as DoD provides tools for commanders, supervisors, first responders, and peers to prevent and respond to retaliation.

The estimated number of Service member victims in 2012 was 26,000; in 2014, the number has decreased to 20,300. This is in part due to the Department's increased efforts in FY 2016 to encourage greater reporting, sustain a high-level of reporting to connect victims with the support they need, increase reporting through leadership engagement, and improve communication to the force on resources available to victims.

FM Certification: DoD made significant progress in FY 2016 in achieving the strategic objective of sustaining a well-trained workforce that possesses the requisite FM knowledge, skills, and abilities to perform effectively in all FM career series. Noteworthy progress was made in the percentage of FM members who achieved certification in FY 2016, increasing from 17 percent at the end of FY 2015 to 66 percent at the end of FY 2016. The FM and leadership courses included in the FM myLearn e-catalog increased from approximately 6,000 at the end of FY 2015 to over 11,000 at the end of FY 2016. This significant increase was due to the development of a new course database and academic search tool for the FM and leadership courses. This development greatly enhanced customer support, because it provides the DoD FM Community with online filterable access to over 7,000 academic (college/university) courses aligned to the FM Certification Program. The inventory of the office of the Under Secretary of Defense (Comptroller) (OUSD(C)) developed FM web-based courses increased from 69 in FY 2015 to 79 in FY 2016; approximately 215,000 instances of the web-based courses were completed in FY 2016, for a total of about 406,000 total instances completed at the end of FY 2016. The FM Community revalidated the DoD FM enterprise-wide competencies via an approximate 10-month effort in FY 2016, setting the stage for a new round of FM competency assessments in FY 2017. Challenges encountered in FY 2016 included continuous improvements to the FM Certification Program system of record (the FM Learning Management System (LMS) and policy updates to the maturing certification program.

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STRATEGIC OBJECTIVE NEXT STEPS:

End Sexual Assault: Improve response to male victims through launching a Plan to Prevent and Respond to Sexual Assault of Military Men. The Department continues to reduce, with the goal to eliminate, sexual assault from the military through several future means: execute a 2017-2021 Prevention Plan of Action; assess prevention at the installation level; and collaborate with other DoD organizations addressing readiness-impacting behaviors.

FM Certification: OUSD(C) leads the planning effort to sustain the percentage of FM members certified at or above the FY 2017 goal of 60 percent. Process improvements, with a focus on internal control, are expected to be completed in FY 2017. Future plans will address the much needed replacement for the FM LMS. A comprehensive update of the DoD FM Certification Program policy is scheduled for completion by the end of 2nd Quarter FY 2017. Competency assessments of the four FM mission critical occupations (MCO) are scheduled for completion by end of 3rd Quarter FY 2017. Plans for an automated individual development plan template, which leverages FM competency assessments and FM occupational series roadmaps, is scheduled for availability by the end of FY 2017. Sustainment training of FM certified members will be measured continually by random audits of continuing education and training (CET) throughout FY 2017. The net effect of these plans is to sustain the percentage of FM members certified at or above the FY 2017 goal of 60 percent.

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

<p>APG 1.2.1: End Sexual Assault in DoD: By 2018, working with the Military Services and nationally-recognized organizations, shape the health and readiness of the force through the following key indicators: Prevention - Of four percent of survey respondents who indicated they saw a potential incident of sexual assault developing, 87 percent indicated on a survey that they intervened. The percentage of bystander interventions will increase over 2014 survey results from 87 percent to 95 percent; and Response – 1) Increase the overall estimated report rate of restricted (confidential) and unrestricted sexual assault allegations across the DoD from 25 percent to 35 percent; 2) Increase the proportion of men reporting sexual assault allegations across DoD from 10 percent to 20 percent. Continue to tie this APG into other DoD efforts to prevent sexual assault and respond to victims.</p>							<p>APG Leader: Director, Sexual Assault Prevention and Response Office (SAPRO), OUSD(P&R), OSD</p>	
Performance Measure		FY 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
1.2.1.1: Increase the percentage of bystander interventions of sexual assault from 87 percent to 95 percent.	Target	90%	Measured Annually			95%	TBD	FY16: N/A
1.2.1.2: Increase from 25 percent to 35 percent the overall estimated (restricted and unrestricted) reporting rate of sexual assault allegations across the DoD over FY 2014 reporting rate.	Target	30%	Measured Annually			35%	TBD	FY16: N/A
1.1.3.1 Increase from 10 percent to 20 percent the portion of male Service members reporting allegations of sexual assault over the FY 2014 reports	Target	15%	Measured Annually			20%	TBD	FY16: N/A

Department of Defense's Data Completeness and Reliability Statement—Fiscal Year 2016 Annual Performance Report

Each Goal Owner has attested the performance results and narrative information included in this report is complete, accurate, and reliable; and that data validation and verification procedures are documented and available upon request.

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FY 2016 PERFORMANCE GOAL OVERVIEW:

The Department's approach to addressing sexual assault promotes a military climate that empowers all to do their part to prevent sexual assault, and encourages Service members to report the allegations. Increased reporting signals growing trust of command and confidence in the response system. Increased reporting also serves as the primary means by which the Department can provide restorative care and hold alleged offenders appropriately accountable through the military justice system, which in turn contributes to improved force readiness.

According to the 2014 RAND Military Workplace Survey, about 4.9 percent of military women and 1percent of military men experience a sexual assault in a given year. Based on these estimated prevalence rates, an estimated 20,300 Service members experienced sexual assault in 2014. However, about a quarter of them report the allegation to a military authority.

As outlined in the 2014 Report to the President of the United States on Sexual Assault Prevention and Response in the Military, "Active Bystander Intervention" is a *"philosophy and strategy for prevention of various types of violence, including bullying, sexual harassment, sexual assault, and intimate partner violence. The approach is based on evidence that people make decisions and continue behaviors based on the cultural conditioning and norms through subtle reactions from others and the resultant expectations of social interaction."* Bystander intervention is unique in that it:

- Discourages victim blaming
- Offers the chance to change social norms
- Shifts responsibility to all Service members

Measuring interventions and reporting rates annually provides an indication of positive cultural change that can be sampled on a re-occurring basis. The Department employs multiple data collection efforts at varying timeframes. The Workplace and Gender Relations surveys for Active Duty and Reserve Component personnel are fielded every two years on off-years from each other. Other surveys and focus groups also occur inside and outside of that timeframe.

FY 2016 PERFORMANCE PROGRESS UPDATE:

The Department wants the occurrence of sexual assault to continue decreasing, while obtaining an increased number of reports for those Service members who been victimized in order to provide them timely access to services to support their recovery. Department research shows that victims tend to rate sexual assault support services highly. Nevertheless, progress should not be confused with success; the Department must remain steadfast and build on current momentum. Future progress is highly dependent on DoD leadership's continued personal involvement, as well as a consistently high degree of innovation in prevention and response efforts. Estimated prevalence trends change from year to year, with a general downward trend. The Department continues to address effective prevention and response measures and improvements and feels confident that these trends will continue to decline as policy changes and cultural shifts occur.

MITIGATION:

An Installation Prevention Project is currently underway to methodologically approach measuring the link between cause and effect of individual prevention measures at the installation level. This project will give us a better idea of the change occurring due to prevention policy and efforts and if implementing prevention practices changes culture and decreases the estimated prevalence of sexual assaults.

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NEXT STEPS:

Each year, the Department releases an annual report to highlight its ongoing efforts to prevent and respond to sexual assault. In FY 2015, Service members continued to report at the high rate seen in previous years. Nearly one-fifth of those reports were from military men, which are quite different from the early years of the Sexual Assault Prevention Response (SAPR) program when sometimes only a tenth of reports were from men. While the Department is encouraged by this sustained high level of reporting, we must do more to inspire additional Service members to come forward. We must also do more to prevent this horrible crime. Our climate surveys this year indicate that about 16,000 Service members took some kind of action to intervene in situations they believed to be at risk for sexual assault. This is a promising indication that our prevention message of “Know your part, do your part” is resonating with our people. However, our data also indicates that we have the opportunity to motivate more Service members to be on the lookout for these situations.

Each year, we look for ways to provide the public and our stakeholders with the fullest picture of this problem and our efforts to address it. Therefore, the 2015 report includes some new kinds of related information. This past year’s report provides an overview of the formal sexual harassment complaints the Department received in FY 2015. As noted in 2014, Service members who experience sexual harassment are much more likely to experience sexual assault as well. For this and several other reasons, our offices that address sexual assault and sexual harassment are now working together, more closely than ever, under our new Force Resiliency directorate within Personnel and Readiness.

As recommended by experts in this field, the Department surveys the active duty force every two years to estimate the past-year occurrence of sexual assault within the force. Our last survey was in summer 2016 and the Department invited over 700,000 active Service men and women to participate.

The Department has made noteworthy progress since the inception of the SAPR Program in 2005 when the original estimated prevalence number was 34,000 Service members having experienced some form of sexual contact or penetrative crime in the preceding year. However, there are three critical areas that continue to require attention: Prevention, Response, and Research.

FY 2016 PERFORMANCE INFORMATION GAPS:

Recognized best practices for preventing adult sexual assault do not yet exist. However, the Department is the global leader in this area, currently operationalizing prevention at the installation level to link prevention efforts directly with measured outcomes. This will be the first of many steps taken toward better understanding what does and does not reduce the prevalence of sexual assault, increase reporting overall, increase bystander intervention, and target an increase in male Service member reporting.

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

<p>PG 1.2.2: The Department needs a well-trained financial workforce, which has knowledge, skills, and abilities necessary to provide decision support and analysis as well as provide critical enabling support to help the Department achieve auditable financial statements</p>	<p>PG Leader: Director, Human Capital and Resource Management, Office of Under Secretary of Defense, Comptroller/Human Capital and Resource Management, OSD</p>
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Performance Measure		FY 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
1.2.2.1 The DoD will increase the percent of FM members certified.	Target	55%	Measured Annually			60%	65%	FY16: 66%

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FY 2016 PERFORMANCE PROGRESS UPDATE:

This year marked the initial certification deadline for the first tranche of personnel implemented in the program which was designed to improve the professional development of DoD's FM personnel. This program is applicable to about 54,000 FMers; 35,700 individuals achieved initial certification by September 30, 2016. This exceptional achievement exceeded the DoD Agency Strategic Plan (ASP) goal, achieving 118 percent of the ASP target. Additionally, OUSD(C) continued to develop web-based training courses to ensure a cost effective means for individuals to achieve their certifications. Ten new courses were developed this fiscal year and an additional 17 courses were refreshed. In total, we have developed 79 new web-based courses for which there have been over 406,000 instances of course completions. OUSD(C) continued the process to align existing FM and leadership courses to the program to ensure that individuals receive credit for prior training courses toward Certification requirements. In total, over 11,000 existing courses have been aligned to the FM competencies to provide credit for certification. The 11,000 aligned courses include course alignments from across the entire DoD FM Community, commercial courses, academic courses and other Federal non-DoD courses. OUSD(C) greatly enhanced customer support this year by developing a new academic course search tool which provides individuals online filterable access to over 7,000 academic (college/university) courses aligned to the program. This year, OUSD(C) also developed a new interactive Learning History Worksheet that allows individuals to identify coursework that they have already taken which will apply to the FM Certification Program and automates the identification of their remaining training gaps to achieve their required level of certification. No mid-year budget changes or delayed appropriations affected the performance targets or achievement of targets previously established for the full fiscal year.

MITIGATION:

No mitigation efforts are required for this performance goal as the performance target have been met.

NEXT STEPS:

The Department is also seeking to enhance FM Online to address shortfalls in the FM Certification Program's system of record, the FM LMS. OUSD(C) is working to develop enhancements that will provide a solution that does not require extensive training for users, is intuitive, tracks and records activities, has embedded internal controls that prevent incorrect actions, and enables users to perform actions correctly the first time. The improved Defense Competency Assessment Tool (DCAT) is expected to enhance the usefulness of competency assessments of the 4 FM Mission Critical Occupations (MCO), scheduled for completion by end of 3rd Quarter FY 2017. The development of an automated individual development plan template, which leverages FM competency assessments and FM occupational series roadmaps, is scheduled for completion and availability by the end of FY 2017. The percentage

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of FM members certified should reach steady state by the end of 3rd Quarter FY 2017. OUSD(C) plans to reassess the steady state Performance Goal in 4th Quarter FY 2017.

STRATEGIC OBJECTIVE 1.3: Service members separating from active duty are prepared for the transition to civilian life.

STRATEGIC OBJECTIVE OVERVIEW:

The DoD will focus on how to achieve lasting success for transitioning Service members both in preparing them for careers beyond the military and ensuring a smooth transition from active duty or mobilized/activated reserve status to veteran status. To effectively address these issues, DoD continues to implement policies and practices that focus on Readiness and supporting Service members and their families.

STRATEGIC OBJECTIVE PROGRESS UPDATE:

Combined percentage (80 percent) of Integrated Disability Evaluation System (IDES) cases meeting DoD core process timeliness goal, Service member satisfaction with Physical Evaluation Board Liaison Officer (PEBLO) customer service support, disability case outcome accuracy and consistency, and compliance with administrative case processing requirements are achieving the planned levels of performance.

More than 90 percent of known eligible active duty and Reserve Component Service members met Career Readiness Standards or received a warm handover to appropriate partner agencies prior to their separation, retirement, or release from active duty.

As well, more than 90 percent of known eligible active duty and Reserve Component Service members attended (a) pre- separation counseling, (b) a Department of Labor Employment Workshop, and (c) Veterans Affairs Benefits briefings prior to their separation, retirement, or release from active duty, as required by 10 U.S.C. §§ 1142 & 1144 and Public Law 112-56 Veterans Opportunity to Work Act (VOW Act).

STRATEGIC OBJECTIVE NEXT STEPS:

DoD, in collaboration with the Military Departments and Department of Veterans Affairs (VA) stakeholders, will continue to conduct quarterly Disability Advisory Council (DAC), Disability Evaluation System Improvement Working Group (DIWG), and Benefits Executive Council DES Working Group meetings in order to identify further improvements to the IDES program. Additionally, throughout FY 2017, DoD will continue its Disability Evaluation System (DES) Quality Assurance Program to monitor and report quarterly on the accuracy and consistency of the Military Departments' DES determinations. For the Department's Transition Assistance Program (TAP), next steps in FY 2017 include: Launch of the eForm and database; complete the Interagency TAP Evaluation Plan for FY 2017-2018; complete a technical review of the Transition Goals, Plans, Success (GPS) curriculum for any needed changes for CY 2017; complete the revised Memorandum of Understanding (MOU) among the partner agencies (i.e., DoD, VA, Department of Labor (DOL), Department of Education (DoE), Department of Homeland Security (DHS), Small Business Administration (SBA) , and Office of Personnel Management (OPM)) collaborating on the TAP; launch the revised Transition GPS curriculum; perform operations, maintenance, and sustainment of the eForm; and begin a deep dive review of the Transition GPS curriculum for any needed changes for calendar year (CY) 2018.

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FY 2016 AGENCY PRIORITY GOAL OVERVIEW:

DoD and other critical federal partners are working to ensure that all eligible Service members participate in an effective program of pre-separation planning and education through evidence-based learning. This support is delivered through the Transition GPS curriculum within the DoD TAP.

FY 2016 PERFORMANCE PROGRESS UPDATE:

The Military Departments have met the 80 percent IDES performance target over the past year: the combination of cases meeting the DoD core process timeliness goals, Service member satisfaction with PEBLO customer service support, Military Department disability case outcome accuracy and consistency, and Military Department compliance with administrative case processing requirements. The performance on this metric is on target. DoD and Defense Manpower Data Center (DMDC) continue to work to resolve any remaining gaps in data collection and transmission to ensure data quality. In June 2015, Office of the Under Secretary of Defense for Personnel and Readiness (OUSD (P&R)) Business Council approved a streamlined enterprise data collection process that will mitigate some risks to data quality. The eForm, as part of the streamlined enterprise data collection process, has been developed. The eForm passed the User Acceptance Test in FY 2016 third quarter. Operational testing was executed and completed. Interoperability testing is ongoing and will be completed by November 4, 2016. Final requirements are being developed for the new eForm and database; the fielding date will be November 7, 2016.

MITIGATION:

No mitigation efforts are required for this performance goal as the performance targets have been met.

NEXT STEPS:

Looking forward, initiatives slated for completion in FY 2017 include: launching the eForm and database, completing the Interagency TAP Evaluation Plan for FY 2017-2018, and completing a technical review of the Transition GPS curriculum for any needed changes for CY 2017.

DoD will continue to evaluate the IDES process to identify and implement improvement efforts. DoD, in collaboration with the Military Departments and VA, is conducting an in-depth review of the IDES process to assess timeliness goals for each step in the process.

FY 2016 PERFORMANCE INFORMATION GAPS:

This measure requires complex data sharing across multiple systems (e.g., the CRS data on the DD Form 2958 must successfully move from installations to the central TAP database housed by the DMDC). DoD and DMDC continue to work to identify and resolve any remaining gaps in data collection and transmission to ensure data accuracy. Moreover, the OUSD P&R Business Council approved a streamlined enterprise data collection process which is set to deploy November 7, 2016. As part of the streamlined enterprise data collection process, an electronic form (eForm) has been developed which combines all current TAP DD Forms (e.g., DD Form 2648, Pre-separation Counseling Checklist for Active Component, Active Guard Reserve, Active Reserve, Full Time Support, and Reserve Program Administrator Service Members; DD Form 2958, Service Member Career Readiness Standards/Individual Transition Plan Checklist); the new form number is DD Form 2648. The eForm and enterprise database will improve data accuracy, create efficiencies, and streamline TAP data-sharing. However, there will be

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challenges in early FY 2017 once the new enterprise application is deployed. Data accuracy with regard to VOW Act and Career Readiness Standards compliance may be impacted. We will take the necessary steps to mitigate any challenges experienced by the end of first quarter FY 2017, and ensure data accuracy moving forward.

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

<p>APG 1.3.1: Transition to Veterans. By September 30, 2017, DoD will improve the career readiness of Service members transitioning to civilian life by: 1) ensuring at least 85 percent of eligible active duty Service members and 85 percent of eligible reserve Component Service members complete the following required transition activities prior to separation, retirement, or release from active duty: pre-separation counseling, a Department of Labor employment workshop, and VA benefits briefings; 2) verifying that at least 85 percent of eligible active duty Service members and 85 percent of eligible reserve Component Service members meet established Career Readiness Standards or received a warm handover to appropriate partner agencies prior to separation, retirement, or release from active duty; and 3) accelerating the transition of recovering Service members into Veteran status by reducing the disability evaluation processing time.</p>							<p>PG Leader: Chief of Staff, Office of the Under Secretary of Defense, Personnel & Readiness (OUSD, P&R), OSD</p>	
Performance Measure		4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
1.3.1.1: 80 percent of Service members will meet the DoD Core IDES process time and satisfaction goal.	Target	80%	80%	80%	80%	80%	TBD	FY12: 24% FY13: 32% FY14: 79% FY15: 87% FY16: 84%
1.3.1.2: Verified percent of known eligible active duty Service members who met Career Readiness Standards or received a warm handover to appropriate partner agencies prior to their separation or retirement from active duty	Target	85%	85%	85%	85%	85%	TBD	FY14: 34% FY15: 88% FY16: 96.9%
1.3.1.3: Verified percent of known eligible reserve Component Service members who met Career Readiness Standards or received a warm handover to appropriate partner agencies prior to their release from active duty.	Target	85%	85%	85%	85%	85%	TBD	FY15: 93% FY16: 92.7%
1.3.1.4: Verified percent of known eligible active duty Service members who attended (a) pre-separation counseling, (b) a Department of Labor employment workshop, and (c) Veterans Affairs Benefits briefings prior to their separation or retirement from active duty.	Target	85%	85%	85%	85%	85%	TBD	FY14: 63% FY15: 94% FY16: 96.8%
1.3.1.5: Verified percent of known eligible reserve Component Service members who attended (a) pre-separation counseling, (b) a Department of Labor employment workshop, and (c) Veterans Affairs Benefits briefings prior to their release from active duty.	Target	85%	85%	85%	85%	85%	TBD	FY15: 90% FY16: 94%

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STRATEGIC GOAL 2

Defeat our Adversaries, Deter Attacks, Deny Enemy Objectives, and Defend the Nation

STRATEGIC GOAL OVERVIEW:

The Nation’s ability to project power is inextricably tied to the DoD’s ready and trained forces, and the ability to move forces rapidly from place to place and operate anywhere around the world. DoD will retain and strengthen its power projection capabilities to deter conflict, and if deterrence fails, to win decisively against any aggressor, anywhere in the world. Key strategic focus must remain on strengthening our global network of allies and partners to deter, deny, and when necessary, defeat potential state adversaries, rebalancing our global posture and presence to position forces where they are the most needed, providing more effective and efficient force readiness operations support, and ensuring the best intelligence, counterintelligence, and security support to current operations and political-military decision making through integration, support to current operations, and future capabilities.

Summary of Progress:



STRATEGIC OBJECTIVE SO 2.1: Strengthen our global network of allies and partners to deter, deny, and when necessary – defeat potential state adversaries.

STRATEGIC OBJECTIVE OVERVIEW:

Effective security sector assistance activities require clear goals and objectives to enable successful program design. As a result, DoD is committed to developing counterterrorism partnership concept papers by CY 2018 for the Levant, Yemen, East Africa, Maghreb/Sahel, and the Lake Chad Basin. The Department and its partners will execute programs in support of these concepts to build partner capacity in countries and regions where violent extremist organizations pose a serious threat to U.S. national interests.

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STRATEGIC OBJECTIVE PROGRESS UPDATE:

The Department developed each of the five concept papers, which were approved by the National Security Council Staff in first quarter 2016.

STRATEGIC OBJECTIVE NEXT STEPS:

The National Security Strategy (NSS) will provide direction and a timetable for updated concept papers in FY 2017. The DoD anticipates new concepts may be due in Spring 2017 or Fall 2018, pending new legislation.

FY 2016 PERFORMANCE GOAL OVERVIEW: Effective security sector assistance activities require clear goals and objectives to enable effective program design.

MITIGATION: DoD will employ a whole-of-government planning effort.

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

PG Statement 2.1.1: By CY 2018, develop counterterrorism partnership concepts for the Levant, Yemen, East Africa, Maghreb/Sahel, and the Lake Chad Basin, and execute programs in support of these partnership concepts, to build partner capacity in countries and regions where violent extremist organizations pose a serious threat to U.S. national interests				PG Leader: DASD for Special Operations and Combating Terrorism, Office of the ASD for Special Operations and Low-Intensity Conflict, OUSD(P)				
Performance Measure		3Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	2018	Prior Year Results
2.1.1.1: Concept paper production / Number of concept papers.	Target	5	Objectives for this measure were completed in FY2016. Performance Measure 2.1.1.1 will not be carried forward					FY16: 5

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STRATEGIC OBJECTIVE SO 2.2: Provide more effective and efficient Force Readiness Operations Support

STRATEGIC OBJECTIVE OVERVIEW:

Effective and efficient Force Readiness Operations Support ensures the ability of the Department to accomplish its national security missions, to include defending the homeland and providing defense support to civil authorities. In particular, the DoD provides ready forces within required time frames to respond to validated requests for DoD assistance from relevant Departments and Agencies to support responses to Chemical, Biological, Radiological, or Nuclear (CBRN) incidents.

STRATEGIC OBJECTIVE PROGRESS UPDATE:

During FY 2016, continued emphasis was placed on the effective and efficient Force Readiness Operations Support to ensure the Department's ability to accomplish its national security missions, to include defending the homeland and providing defense support to civil authorities.

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DoD conducted close collaboration and support in the preparation and staffing of national policy documents and national response plans, branch plans and annexes within the inter-agency, to include: the National Security Council, the Department of Homeland Security, and the Department Health and Human Services.

Based on requirements identified in Departmental guidance documents, the Combatant Commanders developed contingency plans, which identify capabilities required to achieve CBRN response and Defense Support of Civil Authorities (DSCA) mission requirements. DoD directed United States Northern Command (USNORTHCOM) and United States Pacific Command (USPACOM) to build contingency plans addressing the provision of DSCA. In addition, the Combatant Commands were directed to conduct integrated regional planning to mitigate risk associated with potential civilian and defense capability gaps. DoD has published standing execute orders to address DSCA and CBRN response and has established the CBRN Response Enterprise (CRE) as standing CBRN response force capability. All FY16 performance measures for CBRN Response and Preparedness measured annually in the DoD Annual Performance Plan were met.

STRATEGIC OBJECTIVE NEXT STEPS:

The Department will continue to monitor CBRN Response and Preparedness and DSCA mission requirements. The Secretary of Defense has directed the establishment of a standing CRE and the Secretary's standing CBRN Execute Order (EXORD) direct the CRE force employment. Through the Joint Staff, the Combatant Commands will access the Global Force Management process to request allocation of force structure from the Services adequate to meet the required capabilities. USNORTHCOM will establish training and exercise requirements to certify identified response forces on an annual basis.

To ensure appropriate congressional oversight and reporting, DoD will continue measuring and reporting Readiness via the Quarterly Readiness Report to Congress, a comprehensive analytical product which is classified to safeguard sensitive matters.

FY 2016 PERFORMANCE GOAL OVERVIEW:

Conduct integrated planning activities and maintains a defense response enterprise that is capable and prepared to effectively support civil authorities in response to complex catastrophes.

Performance goals based on a currently manned, equipped, and trained CRE. Goals measure CRE at the strategic level (plans) and operational level (unit sourced). These measurements are consistent with DoD readiness practices and systems. Plans are measured via the DoD plans review process and unit sourcing is measured via the DoD global force management process.

FY 2016 PERFORMANCE PROGRESS UPDATE:

In FY 2016, the CRE achieved its performance goals and is maintaining a steady state operation.

MITIGATION:

DoD directed USNORTHCOM and USPACOM to build contingency plans addressing provision of DSCA. In addition, the CCMDs were directed to conduct integrated regional planning to mitigate risk associated with potential civilian and defense capability gaps. DoD has published

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standing execute orders to address DSCA and CBRN response. DoD has established the CRE as the standing CBRN response force capability.

NEXT STEPS:

Man, train, and equip status is presented through the quarterly CRE DoD Senior Steering Group.

STRATEGIC OBJECTIVE SO 2.3: Ensure the best intelligence, counterintelligence, and security support to current operations and political-military decision-making through integration, support to current operations, and future capabilities.

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

<p>PG 2.3.1: Build the Intelligence portion of the Cyber Mission Force (CMF) to improve cyber capability and defend against growing threats.</p>	<p>PG Leader: Director for Defense Intelligence (Technical Collection and Special Programs) – DDI(TC&SP), OUSD(I), OSD</p>
<p>2.3.1.1: Performance Measures are classified and reported annually.</p>	
<p>PG 2.3.2: Inform fact based resource decisions for intelligence production in order to reduce intelligence gaps in support of major weapons systems.</p>	<p>PG Leader: Director for Defense Intelligence (Intelligence Strategy, Programs, and Resources), OUSD(I) , OSD</p>
<p>2.3.2.1: Performance Measures are classified and reported annually.</p>	
<p>PG 2.3.3: By the fourth quarter of FY 2017, ensure key intelligence capabilities meet cost, schedule and performance requirements to protect and enhance defense intelligence capabilities in the areas of global coverage, counterterrorism and counter proliferation and Anti-Access/Area Denial (A2AD) environments.</p>	<p>PG Leader: Director for Defense Intelligence (Intelligence Strategy, Programs, and Resources), OUSD(I)</p>
<p>2.3.3.1: Performance Measures are classified and reported semi-annually (2nd & 4th quarter).</p>	
<p>PG 2.3.4: Evolve and implement DoD personnel security clearance reforms to mitigate the inherent risks and vulnerabilities posed by personnel entrusted with access to government information, facilities, systems, and other personnel.</p>	<p>PG Leader: Director for Defense Intelligence (Intelligence and Security), OUSD(I), OSD</p>
<p>2.3.4.1: Performance Measures are classified and reported annually.</p>	
<p>PG 2.3.5: Achieve improved mission effectiveness, efficiency, and security across the DoD, Intelligence Community, and with our international partners through seamless integration of intelligence information enterprise Information Technology (IT) capabilities into both the Joint Information Environment (JIE) and the Intelligence Community Information Technology Environment (IC ITE).</p>	<p>PG Leader: Director for Defense Intelligence (Intelligence, Strategy, Programs, and Resources), OUSD(I), OSD</p>
<p>2.3.5.1: Performance Measures are classified and reported quarterly.</p>	

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PG 2.3.6: By the fourth quarter FY 2017 the 43 DoD Components to reach and maintain “Full Operating Capability” with their Insider Threat Programs, based on the guidelines and tier-level(s) distributed by the National Insider Threat Task Force.	PG Leader: Director for Defense Intelligence (Intelligence and Security), OUSD(I), OSD
2.3.6.1: Performance Measures are classified and reported semi-annually (2nd & 4th quarter).	
Cross Agency Priority (CAP) Goal Alignment and Contribution: CAP 2.3.7: Insider Threat & Security Clearance Reform Mitigate the inherent risks and vulnerabilities posed by personnel with trusted access to government information, facilities, systems, and other personnel. The plan and progress update for this CAP Goal can be found at: https://www.performance.gov/clear_goals CAP Goal Leader: OUSD(I)	

STRATEGIC GOAL 3

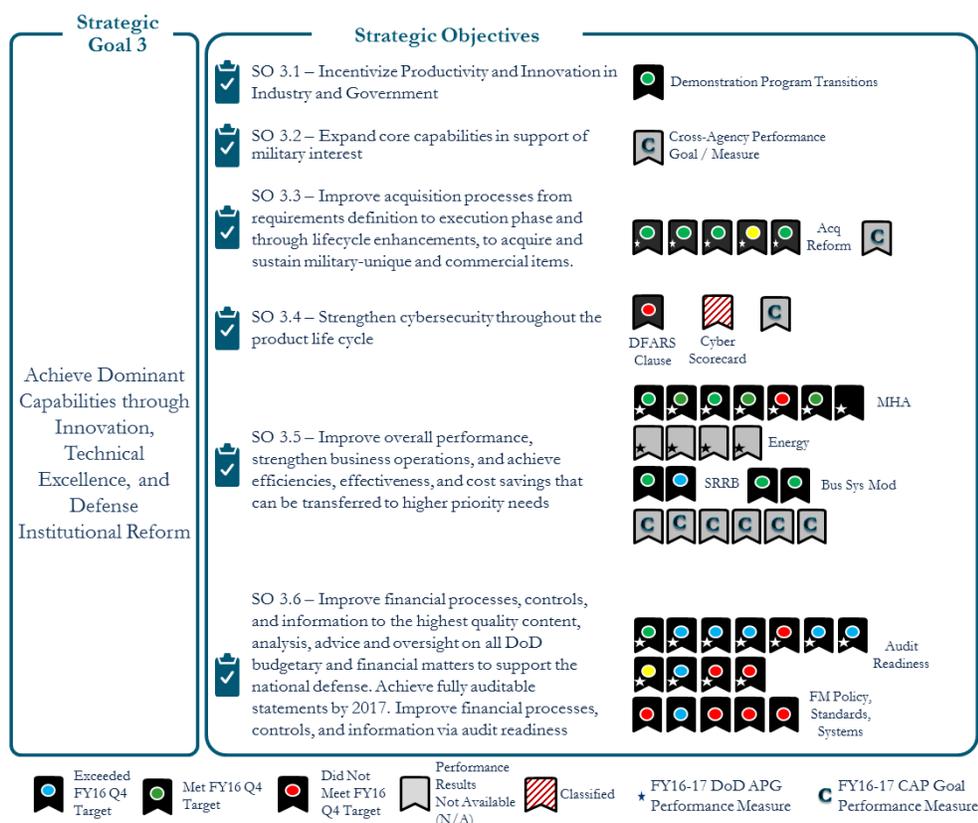
Achieve Dominant Capabilities Through Innovation, Technical Excellence and Defense Institutional Reform

STRATEGIC GOAL OVERVIEW:

The Nation’s long-term security depends on DoD addressing today’s crises while preparing for tomorrow’s threats. Downward fiscal pressure continues to reinforce the need to innovate for long-term challenges while considering tradeoffs among operations and maintenance, readiness/ security, procurement, and modernization expenditures. DoD must preserve capabilities that give a technological edge and prioritize investments to combat new technologies, national powers and non-state actors, as well as emerging asymmetric threats. This is coupled with the imperative to control and reduce the cost of overhead and management structures for 21st century business operations better suited to support and resource warfighters of the future. Focus areas include incentivizing productivity and innovation in industry and government; expanding core capabilities in support of military interest; improving acquisition processes; strengthening cybersecurity throughout the product life-cycle; enhancing overall business operations performance, achieving efficiencies, effectiveness, and cost savings transferable to higher priority needs; and improving financial processes, controls, and information with the highest quality content, analysis, advice and oversight on all budgetary and financial matters to support the national defense.

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SUMMARY OF PROGRESS:



STRATEGIC OBJECTIVE 3.1: Incentivize Productivity and Innovation in Industry and Government.

STRATEGIC OBJECTIVE OVERVIEW:

The technological superiority of the United States is now being challenged by potential adversaries in ways not seen since the Cold War. Efficiency and productivity are always important, but the military capability that we provide to our Warfighters is paramount. Our operational effectiveness is based on the quality of our people and the quality of our products. The former is not in doubt, while the latter depends on our efforts and on those in the industrial base. We will continue our work to improve productivity and efficiency, but we must also turn our attention increasingly to our ability to innovate, achieve technical excellence and field dominant military capabilities.

STRATEGIC OBJECTIVE PROGRESS UPDATE:

The Department is increasing productivity in research and development investments that lead to product development. This includes bolstering our focus on science and technology, advanced components, and early prototypes. The productivity of our in-house laboratories, external research efforts funded through contracts and grants, and the Independent Research &

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Development (IR&D) conducted as a reimbursable expense by private industry, are being assessed and evaluated with a goal of maximizing returns while driving down costs.

The Department is also working to encourage greater innovation and investments in innovation in industry. One area where we are making inroads is providing industry with draft requirements earlier, thereby allowing industry the opportunity to ask questions, provide feedback, and to make more informed investment decisions.

STRATEGIC OBJECTIVE NEXT STEPS:

The Department's Fiscal Year 2017 Science and Technology (S&T) budget request is aligned with DoD priorities and supports investments focused on the technology development and demonstration required to prepare the Department for an increasingly competitive global security environment.

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

PG 3.1.1: Maintain a strong technical foundation within the Department's S&T program by transitioning completed demonstration programs.						PG Leader: Assistant Secretary of Defense for Research and Engineering (R&E), OUSD (AT&L), OSD		
Performance Measure		FY 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
3.1.1.1: % of completing demonstration programs transitioning each year.	Target	40%	Measured Annually			40%	40%	FY12: 83% FY13: 77% FY14: 82% FY15: 82% FY16: 72%

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FY 2016 PERFORMANCE GOAL OVERVIEW:

The Department's Research and Engineering (R&E) enterprise provides the foundation of the Department's technological strength. The preservation and delivery of advanced technology remains a high priority for the R&E community.

FY 2016 PERFORMANCE PROGRESS UPDATE:

In FY 2016, 72 percent of demonstration programs transitioned, exceeding the goal of 40 percent. This achievement supports the Department's ability to maintain U.S. defense superiority.

MITIGATION:

Not applicable.

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NEXT STEPS:

Constrained and uncertain budgets present challenges across the DoD Enterprise. A strong investment in the Department’s science and technology portfolio continues to be a priority.

STRATEGIC OBJECTIVE 3.2: Expand core capabilities in support of military interest.

Cross Agency Priority (CAP) Goal Alignment and Contribution: CAP 3.2.1: Lab-To-Market

Increase the economic impact of federally-funded research and development by accelerating and improving the transfer of new technologies from the laboratory to the commercial marketplace.

The plan and progress update for this CAP Goal can be found at: https://www.performance.gov/clear_goals

CAP Goal Leader: USD(AT&L), OSD

In FY 2017, Strategic Objective 3.2 – Expand core capabilities in support of military interest has been moved to Strategic Goal 2.

STRATEGIC OBJECTIVE SO 3.3: Improve acquisition processes from requirements definition to execution phase and through lifecycle enhancements, to acquire and sustain military-unique and commercial items.

STRATEGIC OBJECTIVE OVERVIEW:

Better Buying Power (BBP) was launched in 2010 as part of the Department of Defense’s (DoD) Efficiency Initiative. The objective is to deliver warfighting capabilities needed within the constraints of a declining defense budget by achieving “better buying power” for the Warfighters and taxpayer.

STRATEGIC OBJECTIVE PROGRESS UPDATE:

Better Buying Power has championed numerous initiatives over the past 5 years. Each iteration has taken lessons learned from the previous version to ensure continuous improvement. The following are a sampling of the most recent efforts:

Innovation and Technical Excellence. The DoD essentially has completed the initial implementation of the BBP 3.0 set of acquisition policy initiatives and continues monthly follow-up through the Business Senior Integration Group. The first Long Range Research and Development Program Plans (LRRDP) Report was published and will be updated every 4 years to inform the Quadrennial Defense Review (QDR).

Commercial Outreach. The DoD renewed outreach to the commercial sector through multiple channels, such as the Defense Innovation Unit, Experimental (DIUx) and the DoD National Security Technology Accelerator.

Intelligence Support to Acquisition. To better address emerging threats, we are improving the latency, dissemination, and relevance of intelligence to inform acquisition planning and system updates. The Acquisition, Intelligence, and Requirements (AIR) task force was established to better integrate AIR processes and allow for agile response to emerging threats. Additionally,

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Critical Intelligence Parameters for all ACAT I/IA programs are addressed at Configuration Steering Boards.

Performance-Based Logistics. A March 2016 update of our Performance-Based Logistics (PBL) Guidebook reviews common myths about PBLs, adds new guidance regarding intellectual property issues, and continues to provide best practices, selection criteria for when PBLs are appropriate, and practical examples to maximize successful outcomes.

Program Manager / Program Executive Office (PM/PEO) Assessments. To better understand performance issues and successes in the acquisition system, we expanded the annual PM assessments to include PEO assessments sent directly to the Defense Acquisition Executive (DAE) and Service Acquisition Executives (SAEs).

STRATEGIC OBJECTIVE NEXT STEPS:

The 2016 Annual Performance of the Defense Acquisition System report provided several insights for the current and future leadership that impact both DoD-wide and DoD Component leadership. Below are two of the most relevant insights.

1. The lack of programs in our “new product pipeline” may be putting technological superiority at risk. Program new-start data indicate a slowdown since the mid-2000s. It is important to step back and watch these macro trends in the context of increasing threats (technologically, pace, and diversity). The DoD’s recent response has been to add a number of early stage experimental prototyping efforts. This is an important and necessary step but does not deliver capability or designs that are ready for production and fielding in any substantial quantity.
2. Listen to feedback from the DoD's professional acquisition leadership. The annual program manager (PM) assessments sent to the Defense Acquisition Executive provide useful perspective on the realities of conditions where acquisition actually takes place-in program offices. Our PMs tended to be positive about strategy, system performance, program cost, and contracting (although the latter was raised often as both a success and issue). Conversely, funding difficulties, risks, and cyber issues top the list of concerns. Some topics have high levels of both success and problems-especially schedule performance, contractor performance, and the implications of changing technology. Just as important, our program executive officers (PEOs) raised a number of broader systemic issues across their portfolios while making insightful suggestions on how we can improve the defense acquisition system.

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FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

Agency Priority Goal (APG) Statement 3.3.1: Reform the Acquisition Process. By September 30, 2017, DoD will improve its acquisition process.		APG Leader: Director, Acquisition Resources and Analysis, OUSD (AT&L), OSD						
FY 2016 Performance Measure		FY 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
3.3.1.1: The median growth in cycle time for MDAPs will not increase by more than 15 percent from the Milestone B baseline.	Target	<= 15%	Measured Annually			<= 15%	TBD	FY12: 6.6% FY13: 5.37% FY14: 0.0% FY15: 0.0% FY16: 14.9%
3.3.1.2: Biennial rate of quantity adjusted unit procurement cost growth for MDAPs will not exceed 6 percent.	Target	<= 6%	Measured Annually			<= 6%	TBD	FY12: -0.3% FY13: -1.42% FY14: 0.21% FY15: -0.41% FY16: 0%
3.3.1.3: Annual number of MDAP breaches--significant or critical cost overruns for reasons other than approved changes in quantity--will be zero.	Target	0	Measured Annually			0	TBD	FY13: 0 FY14: 1 FY15: 0 FY16: 1
3.3.1.4: Percent of contract obligations that are competitively awarded will increase from 56.9 percent in FY 2013 to 57 percent in FY 2017.	Target	57%	Measured Annually			57%	TBD	FY13: 56.9% FY14: 58.7% FY15: 55.1% FY16: 52.8%
3.3.1.5: Percent of acquisition positions filled with personnel meeting Levels II and III certification requirements.	Target	>80.6%	Measured Annually			>80.6%	TBD	FY13: 76.3% FY14: 80.6% FY15: 78.8% FY16: 78.3%

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FY 2016 PERFORMANCE GOAL OVERVIEW:

Deliver better value to the taxpayer and warfighter by improving the way DoD does business while achieving dominant capabilities through technical excellence and innovation.

The DoD Better Buying Power initiatives that were initiated in 2010, and are now in their third iteration, directed the acquisition professionals in DoD to deliver better value to the taxpayer and warfighter by improving the way DoD does business, and achieve dominant capabilities through technical excellence and innovation.

Next to supporting the armed forces at war, this is the highest priority for DoD's acquisition professionals. There is a continuing responsibility to procure the critical goods and services the U.S. armed forces need in the years ahead without increasing the budget to pay for them. The

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BBP Initiatives roadmap includes targeting affordability, controlling cost growth, controlling cycle times, and promoting real competition.

FY 2016 PERFORMANCE PROGRESS UPDATE:

Recent data on MDAPs at the program- and contract-level have shown some statistically significant improvement trends in funding, price, and cost control, although complicating factors raise caveats and potential concerns. The relevant trends include:

More MDAPs are showing program funding reductions in both development and production. Relative to their original MS B baselines, more active MDAPs by proportion are estimated to have total RDT&E and unit-procurement funding reductions (sometimes referred to as “underruns”) as of 2015 than as of 2009—even after we remove relatively new programs that would be unlikely to currently show growth. The 2015 numbers are slightly lower than we saw last year in the 2014 data, but they remain significant. These data reflect similar results discussed below where biennial cost growth at the program level and the annual growth of contracted costs for MDAPs both have dropped significantly in recent years.

Lower biennial change in MDAP program funding for both development and production. In addition to measuring total growth against original baselines, we also measure biennial growth to monitor incremental (marginal) growth. Median biennial change in funding growth continues to be lower in recent years both on a program basis and when adjusting for the size of programs (i.e., on a dollar basis). In both program and dollar bases, biennial changes have been below 1 percent since 2011 for development and essentially zero or below since 2009 for procurement. These are measured using total program RDT&E funding and quantity-adjusted unit procurement (recurring unit flyaway funding), including past and needed future funding.

Lower recent rates of Nunn-McCurdy breaches. There have been statistically significant downward trends since 2009 of both non quantity-related critical breaches and all critical Nunn-McCurdy cost-growth breaches. In 2016 the Department experienced one Nunn-McCurdy breach with the Air Force’s Global Positioning System (GPS) next-generation Operational Control System (OCX). The DAE, Secretary of the Air Force, acquisition chain of command, and prime contractor’s chief executive officer together are conducting quarterly “deep dive” reviews maintaining high level management attention on this critical program.

MDAP development contract length growth slows with system complexity. In comparison to program schedules, when examining development contracts for MDAPs we also see a cycle time of about 7 years. Historically, contract cycle time has grown since 1980 (when it was about 4 years and we had many large overruns on programs in the 1970s) through the 1990s (when it was about 5 years) to the present level of about 6.5 years since about FY 2002. These increases are commensurate with data from our prior reports and probably reflect increases in system complexity and capabilities over the last 35 years.

Declining schedule growth on major MDAP contracts. In contrast to program-level data, major development contracts for MDAPs show a statistically significant decline since 1985. Our model also shows that any random deviations from this trend are corrected in later years, preserving the trend.

Acquisition workforce capability and quality improvements. Workforce professionalism is central to the performance of the defense acquisition system. With strong support from Congress, we have made strides in improving the capabilities, qualifications, demographics, and leadership of the workforce through various strategic initiatives. The workforce grew by about a 25 percent

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after FY 2008 when it was recognized that the DoD had serious deficiencies in this area. Since then, the size of the workforce has remained roughly constant. Quantity (the number of people) alone is insufficient. We now focus on improving the quality, experience and professionalism of the workforce.

Acquisition Workforce Development. The DoD continues to increase the capabilities of our workforce, leveraging legislated authorities and funding such as the Defense Acquisition Workforce Development Fund (DAWDF) as well as the Force of the Future initiatives.

Contracted Services. A new DoD Instruction (DoDI) 5000.74, Defense Acquisition of Services, was issued in January 2016 to establish a management structure for the acquisition of contracted services while authorizing DoD Component decision authorities to tailor the procedures to achieve cost, schedule, and performance objectives.

Affordability. We continue to apply and enforce affordability constraints on MDAPs and smaller programs, driving requirements tradeoffs and management decisions during the planning and execution of the programs.

Source-Selection Procedures. A common set of principles and procedures for effectively conducting competitively negotiated source selections was updated in March 2016, including new guidance on Value-Adjusted Total Evaluated Price (VATEP) tradeoffs and appropriate uses of Lowest-Price Technically Acceptable (LPTA).

Incentive and Other Contract Types. A major guidebook update provides advice on the selection and negotiation of the most appropriate and effective contract type and incentives for a given acquisition situation, emphasizing how to apply judgment and tailor our contracting to improve outcomes and contractor performance.

O&S Cost Management. Published in February 2016, a new guidebook for PMs and product-support managers provides tools and best practices for O&S cost analyses to inform early life-cycle decisions, effect reliability trades, and identify Should-Cost initiatives having the greatest effect on future O&S costs.

MITIGATION:

DoD can guard against cost growth by ensuring a match between requirements and resources when the program baseline is established at program initiation or Milestone B. In other words, acquisition programs should begin with mature technologies, adequate funding and personnel resources, and sufficient time to finish product development.

Competition is the single most powerful tool for reducing costs. The most common reason for DoD noncompetitive awards is that a single contractor is the only responsible source for the procurement. This occurs because the program has moved past the stage in the lifecycle where competition is economically viable. The Department continues to take steps to increase competition for major systems by introducing competition during the sustainment phase of a product's life cycle through the use of open systems and open architectures.

In FY 2016, DoD achieved a competition rate of 52.8 percent against a 57 percent goal. Competition remained a focus item at quarterly USD (AT&L) Business Senior Integration Group (BSIG) meetings. Early planning for and promotion of competition is required by the Senior Procurement Executives at the program/Program Executive Officer level. Acquisition workforce training, through Defense Acquisition University's continuous learning courses and symposiums as well as the respective Military Department and Defense Agencies training efforts is

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reinforcing the importance of competition and sharing successes achieved. During BSIG meetings, the Service Acquisition Executives are also highlighting planned or underway initiatives and providing updates on their efforts to improve competition.

To prevent cost breaches and cycle time growth for newer MDAP programs, DoD has strengthened the front end of the acquisition process through new policy and procedural guidance. Release of the request for proposal for the Engineering and Management Development (EMD) Phase is the critical decision point in a program. The program will either successfully lead to a fielded capability or encounter problems based on the soundness of the capability requirements, the affordability of the program, and the feasibility of the program execution plan put into motion at that point. To increase emphasis on the importance of this decision, the OUSD (AT&L) has issued policy guidance establishing a new decision point, the Pre-EMD review, designed to ensure a comprehensive and effective discussion of program business arrangements and readiness to proceed to EMD before EMD source selection and Milestone B.

NEXT STEPS:

Focus on acquisition fundamentals and cost control to make a difference. Proactive management and creative thinking contribute significantly and measurably to cost control. Multiple measures and analyses show that fundamentals work in controlling costs. These savings are dependent on workforce expertise, sufficiency, empowerment, and demonstrating results with objective analysis. The institution of “should cost” management and its consistent emphasis over the last six years by the acquisition chain-of-command has been a success and should be a permanent feature of the DoD’s acquisition culture. Staying within budget is not the definition of success.

Cross Agency Priority (CAP) Goal Alignment and Contribution: CAP 3.3.2: Category Management

Expand the use of high-quality high-value strategic sourcing solutions in order to improve the government’s buying power and reduce contract duplication.

The plan and progress update for this CAP Goal can be found at: https://www.performance.gov/clear_goals

CAP Goal Leader: USD(AT&L), OSD

STRATEGIC OBJECTIVE SO 3.4: Strengthen cybersecurity throughout the product life cycle.

STRATEGIC OBJECTIVE OVERVIEW:

This strategic objective addresses key cyber threats, malware proliferation, Risk to DoD Networks and Infrastructure, and Deterrence in the Future Security Environment. Details regarding these areas are addressed in the DoD Cyber Strategy, pages 9-12. DoD’s full cybersecurity campaign effort is available at: http://www.defense.gov/News/Special-Reports/0415_Cyber-Strategy. Also included in this objective are the Department’s efforts to address contractor compliance with DFARS rules 2013-D018.

STRATEGIC OBJECTIVE PROGRESS UPDATE:

The DoD continues to make strides in strengthening cybersecurity throughout the product lifecycle through the implementation of the DoD Risk Management Framework (RMF) for IT. The requirements determination phase is one of the initial opportunities for getting cybersecurity

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into programs. In FY 2015, the System Survivability Key Performance Parameter was approved. In FY 2016, the Joint Staff and DoD CIO co-developed the Cyber Survivability Endorsement Guide, which provides requirement writers with Exemplar Cyber Survivability requirements statements to be included in all future Joint Warfighting systems' Initial Capabilities Documents. DoD also supported the development of design patterns to simplify and aid cybersecurity engineering for programs and enabled efficient, scalable implementation of the RMF policy. DoD CIO also directed the development of a streamlined risk-informed system security engineering methodology with exemplars. One exemplar of the methodology was cyber-attack survivable security architecture and tailored security controls for an end-to-end generic space system (with ground controls). DoD also updated DoDI 5200.44, Protection of Mission Critical Functions to Achieve Trusted Systems and Networks (TSN), to provide applicability clarifications related to the implementation of RMF and other fact-of-life updates.

DoD CIO revitalized cybersecurity portfolio management to ensure investments are being targeting towards the highest priority needs to include establishing an enduring partnership with USCYBERCOM and building upon NIPRNet/SIPRNet Cyber Security; Architecture Review (NSCSAR) to articulate joint enterprise requirements and high priority gaps across the entire defensive cyber portfolio; refocusing the Enterprise Cybersecurity Solutions Steering Group to deliver recommendations to the MILDEP CIOs on strategies for closing those gaps; and establishing and beginning to execute processes within DoD CIO for oversight and sub-portfolio management of existing and candidate enterprise solutions.

In support of the Cybersecurity Enhancement Act of 2014, which directed the National Institute of Standards and Technology (NIST) to work with relevant federal agencies to ensure interagency coordination in “the development of international technical standards related to information system security” and to “ensure consultation with appropriate private sector stakeholders,” DoD continues to work with its interagency partners and the International Standards community on the development and use of international standards for cybersecurity. One of the major commercial standards accomplishments was continued maturation of ISO/IEC 27036 with the publication of ISO/IEC 27036 Part 4, which provides cloud service customers and providers with guidance on gaining visibility into information security risks associated with use of cloud services and responding to these risks.

STRATEGIC OBJECTIVE NEXT STEPS:

In FY 2017, DoD will continue to conduct the following activities to further strengthen cybersecurity throughout the product lifecycle through the following activities and milestones:

- The Cyber Survivability Endorsement Guide is expected to be approved in the first quarter of FY 2017. DoD CIO will also support pilots with the Services on the implementation of the guidance.
- DoD CIO will work with the Services to identify additional platforms to develop additional design patterns to aid cybersecurity engineering for programs and enable efficient, scalable implementation of the RMF policy, and will work directly with the Services on RMF implementation overall.
- DoD's Trusted Systems and Networks program to establish a Supply Chain Risk Management Program across the Department, including establishment of policies, processes, training, threat analysis capability, and hardware and software testing capability

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in coordination with the newly established Joint Federated Assurance Center, is on pace to meet its FY 2017 Full Operating Capability milestone.

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

PG 3.4.1: By the end of FY 2017, the DoD will include in 85 percent of all new contracts, and as necessary modify contracts associated with critical programs and technology, the Defense Federal Acquisition Regulations Supplement (DFARS) clause 252.204-7012. Safeguarding Covered Defense Information and Cyber Incident Reporting.						PG Leader: Director, Defense Procurement and Acquisition Policy, OUSD (AT&L), OSD		
Performance Measure		FY 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	2018	Year End Results
3.4.1.1 The percent of contracts and contract modifications that contain DFARS Clause 252.204-7012		80%	Measured Annually			85%	TBD	FY15: 75% FY16: 56%
	Target							

Department of Defense's Data Completeness and Reliability Statement—Fiscal Year 2016 Annual Performance Report

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FY 2016 PERFORMANCE GOAL OVERVIEW:

In support of the DoD Cyber Strategy's objective, "Improve accountability and responsibility for the protection of data across DoD and the Defense Industrial Base (DIB), the Defense Department will ensure that policies and any associated federal rules or contract language requirements have been implemented to require DIB companies to protect unclassified sensitive defense information on their internal information systems and to report data theft and loss to the Defense Cyber Crime Center.

DoD will continue to assess Defense Federal Acquisition Regulation Supplement (DFARS) rules and associated guidance to ensure they mature over time in a manner consistent with known standards for protecting data from cyber adversaries, to include standards promulgated by the National Institute of Standards and Technology (NIST). (Ref: DoD Cyber Strategy, page 23)

FY 2016 PERFORMANCE PROGRESS UPDATE:

DFARS final rule 2013-D018, Network Penetration Reporting and Contracting for Cloud Services, was published in the Federal Register on October 21, 2016 (81 FR 72986). This final rule amended clause 252.204-7012 in response to public comments. The final rule clarifies clause requirements and is anticipated to have a positive impact on contractor compliance.

MITIGATION:

The Director, Defense Procurement and Acquisition Policy, publishes a Quarterly Acquisition Compliance Scorecard memorandum in an effort to drive improvement in this metric. The memorandum is distributed quarterly via an Info Release and posted on DPAP's webpage under Scorecard at

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http://www.acq.osd.mil/dpap/pdi/eb/monthly_contract_distribution_metrics.html as well as in the DPAP Policy Vault. A compliance percentage of 56 percent for FY 2016 shows a significant decrease from the FY 2015 compliance percentage of 75 percent. The final rule, published on October 21, 2016, amended DFARS clause 252.204-7012 to clarify clause requirements and is anticipated to have a positive impact on contractor compliance.

With regard to existing contracts, the Department identified an initial list of critical acquisition programs based on input from the Military Departments and Missile Defense Agency (MDA). Deputy Assistant Secretary of Defense (Systems Engineering), in coordination with the Military Departments and MDA, is tracking the inclusion of the Defense Federal Acquisition Regulations (DFARS) clause 252.204-7012, “Safeguarding Covered Defense Information and Cyber Incident Reporting” in existing legacy contracts whenever an opportunity permits. In addition, the group is ensuring the requiring activities are aware of the requirement for inclusion of the contract in new contracts.

NEXT STEPS: DPAP will investigate this decrease on a Component by Component basis to determine potential drivers for the reduced compliance in new contracts.

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

PG 3.4.2: Cybersecurity. Improve awareness of security practices, vulnerabilities, and threats to the operating environment, by limiting access to only authorized users and implementing technologies and processes that reduce the risk from malicious activity.					PG Leader: Deputy CIO for Cybersecurity, DoD CIO, OSD	
Performance Measure (PM)	4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	2018
Performance Measures reported to the SECDEF via DoD Cybersecurity Scorecard Cybersecurity Discipline (FOUO or higher) in line with DEPSECDEF memorandum, “DoD Cybersecurity Campaign - Cybersecurity Discipline Implementation Plan”, October 26, 2015. The DoD Cybersecurity Discipline Implementation Plan was amended February 2016.						
CAP 3.4.3: Cybersecurity. Improve awareness of security practices, vulnerabilities, and threats to the operating environment, by limiting access to only authorized users and implementing technologies and processes that reduce the risk from malicious activity.						
The Office of the DoD Chief Information Officer contributes to this CAP goal through coordination with the Federal Chief Information Officers Council and the Office of Management and Budget. More information and progress updates of this CAP Goal can be found at: www.performance.gov .						
CAP Goal Leader: DoD CIO, OSD						

FY 2016 PERFORMANCE GOAL OVERVIEW:

The DoD networks are continuously under attack. A fundamental cause of the incursions into DoD networks is DoD’s failure to implement cybersecurity basics. The objective is to drive the Department to 100 percent compliance with the Cybersecurity Discipline Implementation Plan.

Mitigate known vulnerabilities. The Defense Department will implement a capability to mitigate all known vulnerabilities that present a high risk to DoD networks and data. In addition to zero-day vulnerabilities, one of the greatest threats to DoD networks and systems lies in known, high-risk vulnerabilities that potential adversaries can exploit. DoD often finds itself rushing to close vulnerabilities once an adversary has penetrated a system. The DoD Chief Information

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Officer (CIO) will lead an effort to implement an automated patch management capability to distribute software and configuration patches, updates, and fixes to mitigate known, major vulnerabilities on DoD networks and systems against threats.

FY 2016 PERFORMANCE PROGRESS UPDATE:

The Office of the DoD CIO is leading efforts to continuously improve the Department's cybersecurity posture. The DoD Cybersecurity Scorecard tracks the key elements of the Cybersecurity Discipline Implementation Plan to identify strengths and areas requiring improvement Department-wide to share with the greater cybersecurity community. The DoD CIO submits a Service, Agency and Field Activity level DoD cybersecurity scorecard to the Deputy Secretary of Defense and the Secretary of Defense, providing monthly visibility on the top ten prioritized requirements within the key cybersecurity lines of effort. The Agency cybersecurity performance goal 3.4.2 consists of three of these metrics that are tracked and reported monthly:

- Upgrade Entire Inventory of Windows Workstations to Windows 10 (SECRET and Unclassified networks), NLT FY 2018. Standard employment of Windows 10 across the Department will provide standardization and security advantages for DoD.
- Every website/web application on SIPRNet and private website/web application on NIPRNet must use Public Key Infrastructure (PKI) for user authentication. Passwords are an obsolete technology and security risks are unacceptable. DoD requires the use of PKI (e.g., Common Access Cards (CACs) or SIPRNet tokens) for authentication, but many NIPRNet and SIPRNet websites/web applications do not yet enable these PKI credentials for access.
- Ensure every privileged user logs on via PKI. Many privileged users are still using passwords, even though the much stronger identity technology of PKI credentials is the current DoD identity standard. Adversaries can exploit these administrator passwords to escalate privilege and move laterally in the networks.

The Deputy Secretary of Defense initiated a series of personal engagements to focus leadership attention and consider resourcing options to make even more significant strides in enhancements to the Department's cybersecurity posture and compliance.

MITIGATION:

Department level policies and compliance oversight. Leadership has prioritized the DoD Cybersecurity Scorecard and Cybersecurity Discipline Implementation Plan.

NEXT STEPS:

The Department continues to make continuous improvements in these areas during the 4th quarter, FY 2016, and is postured with clear DoD senior leadership guidance on the way forward. Additional cybersecurity scorecard elements are in various states of maturity and will be implemented once fully developed.

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STRATEGIC OBJECTIVE SO 3.5: Improve overall performance, strengthen business operations, and achieve efficiencies, effectiveness, and cost savings that can be transferred to higher priority needs.

STRATEGIC OBJECTIVE OVERVIEW:

The Department is committed to improving and strengthening overall performance of business operations, and achieving efficiencies, effectiveness, and cost savings that can be transferred to higher priority needs.

STRATEGIC OBJECTIVE PROGRESS UPDATE:

In FY 2016, the Department continued to make progress towards improving and strengthening overall performance of business operations, and achieving efficiencies, effectiveness, and cost savings that can be transferred to higher priority needs. The Department has directed several key initiatives in support of achieving this objective, to include realigning Major Headquarters Activity (MHA), improving energy performance, convening Service Requirement Review Boards (SRRB), reducing Fourth Estate business system information technology investments, and reviewing proposed modernization efforts of business systems across the Office of the Secretary of Defense, Defense Agencies, and Field Activities.

STRATEGIC OBJECTIVE NEXT STEPS:

The Department will continue its efforts by codifying policies, reviewing and refining when needed, operating procedures, and leveraging existing governance structures with the goal of identifying, realizing, and sustaining efficiencies, effectiveness, and cost savings that can be transferred to higher priority needs. In FY 2017, the Office of the Deputy Chief Management Officer will work to evaluate other key initiatives being deployed across the Department that will further advance this strategic objective, while continuing to monitor the progress of performance plans already addressed in this objective.”

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

APG 3.5.1: Realigning Major DoD Headquarters Activities. Increase funding for high priority core missions by reducing the cost of overhead and management structures and redirecting those savings to core missions						APG Leader: Director, OP&DS, ODCMO, OSD	
Performance Measure		IN 2016	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
3.5.1.1: Baseline MHA using a revised policy framework - baseline OSD; the Office of the IG, DoD; and the Defense Agencies and DoD Field Activities by first quarter FY 2016	Target	1Q	<i>Discontinued in FY 2017; Performance Goal Measure.</i>				FY16: Met
3.5.1.2: Baseline the MilDeps, the JS, and the CCMDs by third quarter FY 2016.	Target	2Q	<i>Discontinued in FY 2017; Performance Goal Measure.</i>				FY16: Met
3.5.1.3: Program reductions in OSD; the Office of the Inspector General, DoD; and the Defense Agencies and DoD Field Activities for the FY 2017 President's Budget (PB) by second quarter FY 2016	Target	2Q	<i>Discontinued in FY 2017; Performance Goal Measure.</i>				FY16: Met

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3.5.1.4: Program reductions to MHA across the Future Years Defense Program in the MilDeps, the JS, and the CCMD headquarters for the FY 2017 PB by second quarter FY 2016	Target	2Q	<i>Discontinued in FY 2017; Performance Goal Measure.</i>	FY16: Met
3.5.1.5: Revise the MHA policy: #1 Work Group effort complete no later than second quarter FY 2016 #2 Draft issuance for formal coordination no later than third quarter FY 2016 (June 2016) #3 Draft issuance for principal signature no later than fourth quarter FY 2016; #4 Final issuance no later than fourth quarter FY 2016 (September 2016)	Target	2Q	<i>Refined in FY 2017: PM: ODCMO, in coordination with the Joint Staff, Military Departments, OSD Principal Staff Assistants, and WHS, will establish governance and policy for controlling growth in MHA. Target: To be completed by the end of 4Q FY 2017.</i>	FY16: Not Met
3.5.1.6: Office of the Director, Cost Assessment and Program Evaluation (ODCAPE) will create MHA flags at the category level to coincide with the revised policy framework categories (e.g., B1, B5i) and update the MHA data using the DoD Component data collected and validated by ODCMO by second quarter FY 2016.	Target	2Q	<i>Discontinued in FY 2017; Performance Goal Measure.</i>	FY16: Met
3.5.1.7: ODCMO, in coordination with ODCAPE and OUSD(C), will review Program Objective Memorandum/ Budget Estimate Submission (4QFY16), and oversee MHA changes during the PBR (1QFY17).	Target	4Q	<i>Discontinued in FY 2017; Performance Goal Met.</i>	FY16: Met

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Performance Goal Updates (Refined, Added, and/or Removed PG Content) Narrative:

Performance Measures 3.5.1.1 through 3.5.1.4 and 3.5.1.6 through 3.5.1.7 were completed in FY 2016, Performance Measure 3.5.1.5 is being extended to FY 2017 in order to implement a more robust governance and process framework prior to the codification of MHA policy. The governance work is foundational to the codification of the MHA policy and must therefore be accomplished prior to an update of the MHA issuance. Until a more comprehensive and holistic framework for the management of MHA is completed, an update of the MHA policy issuance as a codifying document would be extremely difficult. Other minor clarification and updates were made.

FY 2016 PERFORMANCE GOAL OVERVIEW:

Given constraints on the DoD budget, and projected reductions in military end-strength, the Department will review whether resources are appropriately allocated to Major DoD Headquarters Activities (MHA). This presents an opportunity to reallocate resources from overhead activities to preserve mission capabilities.

FY 2016 PERFORMANCE PROGRESS UPDATE:

FY 2016 4Q Progress Update

1. Completed MHA manpower rebaselining of the Military Services and National Guard Bureau.
2. Completed MHA Total Obligation Authority (TOA) rebaselining of all major DoD Components.

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3. Office of the Director of Cost Assessment and Program Evaluation (ODCAPE) completed creation of new Program Element Codes (PECs) and update of existing PECs and related MHA flags at the MHA category level to ensure that MHA data is appropriately flagged in authoritative data systems.
4. Office of the DCMO (ODCMO), ODCAPE, and Office of the Under Secretary of Defense (Comptroller)/Chief Financial Officer, (OUSD(C)) reviewed MHA in the Program Objective Memorandum (POM) submissions based upon revised baselines and completed programmatic rebaselining and reduction actions to be included in the FY 2018 President's Budget (PB 2018).
5. Previous PB 2017 programmatic reductions for FY 2018-2021 were reviewed and updated based upon revised baselines and appropriate change actions were completed for inclusion in PB 2018.

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1. Revised manpower and TOA baselines for MHA were established using the headquarters framework codified in Section 346(b) of the National Defense Authorization Act for FY 2016.
2. Programmatic changes were directed that resulted in over \$1.39B in budget reductions and over 2,000 in manpower reductions to MHA between FY 2017- 2022.
3. Authoritative data systems were updated with improved tracking and more accurate data for MHA.

MITIGATION:

The Department has made significant overall progress relative to this Performance Goal. However, to mitigate delays in the development of a revised MHA policy issuance, ODCMO will establish MHA governance and processes to ensure that MHA levels are managed proactively and optimally. The governance work is foundational to the codification of the MHA policy and must therefore be accomplished prior to an update of the MHA issuance. Until a more comprehensive and holistic framework for the management of MHA is completed, an update of the MHA policy issuance as a codifying document would be extremely difficult.

NEXT STEPS:

To more consistently manage MHA to optimum levels of efficiency, effectiveness, and economy, ODCMO will establish governance and processes as directed by the Deputy Secretary's memorandum on controlling MHA growth. This effort will be reflected as a new Performance Measure with a target of fourth quarter, FY 2017. Once the governance and processes are developed and implemented, they will inform and enable the development of a codifying policy document.

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FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

<p>APG 3.5.2: Improve DoD Energy Performance. By September 30, 2025, DoD will improve its facility energy performance by reducing average building energy intensity by 25 percent from the 2015 baseline:</p> <p>1) By September 30, 2017, the DoD will improve its facility energy performance by reducing average facility energy intensity by five percent from a 2015 baseline.</p> <p>2) By September 30, 2018, the DoD will improve its facility energy performance by reducing average facility energy intensity by 7.5 percent from 2015 baseline.</p> <p>By September 2018, DoD will institutionalize operational energy considerations in the force development process:</p> <p>1) By September 30, 2016 DoD will ensure all acquisition programs that use operational energy and are designated as JROC Interest Items by the JS have an Energy Supportability Analysis (ESA)-informed Energy Key Performance Parameter (eKPP);</p> <p>2) By September 30, 2017, DoD will include operational energy constraints and limitations analyses in all Title 10 war games; and</p> <p>3) By September 30, 2018, ensure ESAs are used in all acquisition programs that use operational energy and were established in FY 2016 and later.</p>							<p>APG Leader: Assistant Secretary of Defense for Energy, Installations and Environment, OUSD (AT&L), OSD</p>	
Performance Measure		FY 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
3.5.2.1: Reduce Facility Energy Intensity	Target	2.50%	Measured Annually (Results will be published in January 2016)			5.00%	7.50 %	FY15: -19.9% FY16: -5.10%
3.5.2.2: Institutionalize Operational Energy Considerations in Force Development: Energy Supportability Analysis (ESA)-informed Energy KPP for JROC-interest item ACQ programs, using OE.	Target	100%				100%	100%	FY16: 96%
3.5.2.3: Institutionalize Operational Energy Considerations in Force Development-OE constraints and limitations analyses in Title 10 war games.	Target	90%				100%	100%	FY16: 75%
3.5.2.4: Institutionalize Operational Energy Considerations in Force Development: Energy Supportability Analysis (ESA)-used in all ACQ programs, using OE.	Target	80%				90%	100%	FY16: 92%

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PERFORMANCE GOAL OVERVIEW:

As the single largest consumer of energy in the nation, accounting for around 1 percent of national demand, DoD spent approximately \$3.9 billion in FY 2015 to power its installations and non-tactical vehicle fleet (installation energy). Operational energy accounts for a substantial portion of DoD's overall consumption.

Executive Order 13693 mandates a 2.5 percent annual reduction in facilities energy intensity as measured in British Thermal Units per gross square foot, beginning in FY 2016. Improving

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facility energy performance on DoD installations will decrease energy costs, improve mission effectiveness, improve energy resilience, and reduce reliance on fossil fuels. Energy is a fundamental enabler of military capability. In the context of operational missions, understanding the implications of energy use in systems and weapons platforms allows DoD to improve combat effectiveness. Specifically, the Department can assess the energy supportability of systems and concepts through scenario-based analyses that include realistic threats and logistics constraints.

FY 2016 PERFORMANCE PROGRESS UPDATE:

In 2015, the Department made progress towards reducing its installation energy intensity relative to a FY 2003 baseline (-19.9 percent). In the first and second quarters of FY 2016, DoD held Program Reviews with each of the Military Services and analyzed their proposed energy budgets and energy programs to ensure they were on track to meet energy goals. In the first quarter of FY 2016, DoD received appropriations and began the process for executing energy conservation projects.

Energy Intensity Goal

	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Goal	-12.0%	-15.0%	-18.0%	-21.0%	-24.0%	-27.0%	-30.0%
DoD	-10.0%	-11.4%	-13.3%	-17.7%	-17.2%	-17.6%	-19.9%

DoD continues to execute energy conservation investments in the Military Services' Operation and Maintenance accounts, and installation energy conservation projects through the Energy Conservation Investment Program (ECIP). Further, DoD remains committed to reducing energy use through third-party financed contract vehicles like Energy Savings Performance Contracts (ESPC) and Utility Energy Service Contracts (UESC). Since the beginning of the President's Performance Contract Challenge in December 2011, more than \$1.82 billion in ESPCs and UESCs have been awarded, with an additional \$315 million in the December 2016 pipeline.

The Department is committed to improving energy performance. The Assistant Secretary of Defense for Energy, Installations, and Environment, in coordination with the Military Departments and Defense Agencies/Field Activities, publishes comprehensive plans and reports regarding energy activities, performance, and strategies across the Department. This information can be found at <http://www.acq.osd.mil/eie/>.

The Department also made progress institutionalizing operational energy considerations in the force development process. Of the 26 JROC-interest programs in FY 2016, 25 programs had ESA-informed eKPPs or received a waiver granted by the Joint Staff allowing the program to proceed without the analysis due to the program not using operational energy. The one program that did not complete the ESA-informed eKPP in FY 2016 will complete the analysis in FY 2017.

Seventy five percent of Service Title 10 war games included operational energy considerations in the game, with both the Air Force and the Army including operational energy considerations in their Title 10 war games, and the Navy including operational energy in an associated logistics-focused wargame. The Marine Corps did not include operational energy in their FY 2016 Title 10 wargame.

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Finally, approximately 92% of programs established in FY 2016 had an ESA or received a waiver granted by the Joint Staff allowing the program to proceed without the analysis due to the program not using operational energy.

MITIGATION:

DoD will continue to pursue opportunities to use third-party financing through performance based energy savings contracts. DoD has a commitment to execute nearly \$2.1 billion in third-party financed performance-based contracts (Energy Savings Performance Contracts (ESPC) and Utility Energy Service Contracts (UESC)) by the end of CY 2016, in response to the President's December 2, 2011 commitment. To date, DoD has awarded \$1.82 billion in performance based energy contracts.

Additionally, improved estimate efforts on end use consumption of energy will better inform DoD with a credible baseline.

NEXT STEPS:

DoD will continue its efforts to reduce energy use through the energy conservation investments in the Military Services' Operation and Maintenance accounts; the Energy Conservation Investment Program (ECIP); and the execution of Energy Savings Performance Contracts.

The ECIP funds energy conservation and small scale renewable energy projects to improve DoD energy performance. During each fiscal year of the Future Years Defense Program (FYDP), DoD executes the \$150 million ECIP in the following manner:

- Select ECIP projects to be funded in the next fiscal year
- Receive ECIP funding through the Defense Appropriations Bill for current fiscal year (FY17 1Q/2Q)
- Distribute ECIP funds and execute selected projects for current fiscal year (FY17 2Q/3Q/4Q)
- The process for identifying, publishing and executing ECIP projects is as follows:
 - Components identify facilities energy conservation projects next fiscal year (1Q)
 - OSD down selects projects to be funded for next fiscal year based on savings to investment ratio analysis (1Q)
 - ECIP list for the next fiscal year is published with the President's Budget (2Q)
 - Defense Appropriations Bill provides funding for current fiscal year (1Q or 2Q)
 - OSD notifies Congress of ECIP program project list for current fiscal year and distributes ECIP funding (2Q)
 - OSD allocates funds to Components for current fiscal year approved projects (~ 2 months after passage of the Defense Appropriations Bill)
 - Components execute current fiscal year projects after receipt of funds (2Q-4Q)

ECIP Historical Funding

FY 2011	FY 2012	FY 2013	FY 2014	FY 2015	FY 2016	FY 2017
\$120M	\$135M	\$138M	\$150M	\$150M	\$150M	\$150M

Energy Savings Performance Contracts (ESPC) are an alternative financing mechanism authorized by Congress and designed to accelerate investment in cost effective energy conservation measures in existing Federal buildings. ESPCs allow Federal agencies to accomplish energy savings projects without up-front capital costs and without special appropriations. DoD has a commitment to execute nearly \$2.183 billion of the President's

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\$4 billion ESPC goal. DoD will award Energy Savings Performance Contracts as energy conservation measures are identified through third-party audits. As of November 9, 2016, DoD Components have awarded 185 projects at a value of \$1.82 billion towards the President's Performance Contracting Challenge goal.

Regarding the three operational energy performance measures, the Department will continue to enforce the use of the ESA and eKPP in programs that use operational energy, and the Office of the Secretary of Defense will assist the Military Departments in ensuring their FY 2017 wargame includes operational energy considerations.

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

PG 3.5.3: By the end of FY 2021, DoD will document and realize a \$1.79 billion funding reduction by reviewing and validating service requirements across the OSD, the Defense Agencies, and DoD Field Activities.							PG Leader: Director, DBMAO, ODCMO, OSD	
Performance Measure		IN 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
3.5.3.1: By the end of FY 2016, Service Requirements Review Boards will be conducted for all Components of the Office of the Secretary of Defense (OSD), Defense Agencies, and DoD Field Activities and results reviewed by a Senior Review Panel.	Target	4Q FY 2016	Discontinued in FY 2017; Performance Goal Measure.					FY16: Met
3.5.3.2: By the end of FY 2017, Requirements Review Boards conducted for all Components of the Office of the Secretary of Defense (OSD), Defense Agencies and DoD Field Activities will have identified and realized \$141.5 million in savings.	Target	1Q FY 2017	Discontinued in FY 2017; Performance Goal Measure.					FY16: Met
3.5.3.1: By the end of FY 2017, Service Requirements Review Boards will be conducted for all Components of the Office of the Secretary of Defense (OSD), Defense Agencies, DoD Field Activities, Joint Chiefs of Staff, and Combatant Commands results reviewed by a Senior Review Panel.	Target		One-time Target		X			
3.5.3.2: By the end of FY 2017, Service Requirements Review Boards conducted for all Components of the Office of the Secretary of Defense (OSD), Defense Agencies DoD Field Activities, Joint Chiefs of Staff, and Combatant Commands will have identified and realized savings of \$356.5 million in FY 2018	Target		One-time Target		X			

Department of Defense's Data Completeness and Reliability Statement—Fiscal Year 2016 Annual Performance Report

Each Goal Owner has attested the performance results and narrative information included in this report is complete, accurate, and reliable; and that data validation and verification procedures are documented and available upon request.

FY 2016 PERFORMANCE GOAL OVERVIEW:

Service Requirements Review Boards (SRRBs) are a structured review process chaired by senior leaders to inform, assess, and support trade-off decisions regarding requirements cost, schedule, and performance for the acquisition of services. The goal of an SRRB is the validation, optimization, and prioritization of current and future services acquisition requirements. While SRRBs are typically focused on contractor-provided services, a services

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requirements review can also help inform the decision to use organic capabilities (government civilians or military) vs. contracting for the required service. SRRBs are defined in the DoD Instruction (DoDI) 5000.74 - Defense Acquisition of Services.

FY 2016 PERFORMANCE PROGRESS UPDATE:

The Department continues to seek opportunities to improve the efficiency and reduce the cost of management headquarters. Senior Review Panels of SRRB will improve overall performance, strengthen business operations, and achieve cost savings that can be transferred to higher priority needs.

While working towards the end goal in FY 2021 of \$1.79 billion in identified efficiencies, the following outcomes have been achieved to date:

- Conducted 23 Senior Review Panels, reviewed 50 organizations' SRRB results within the Fourth Estate in FY 2016.
- Reviews were conducted between December 2015-June 2016
- Met FY 2017 Target of \$141 million
- FYDP Goal of \$1.79 billion in current Program of Memorandum (POM) cycle

MITIGATION:

All issues will be brought to the attention of the DBC

NEXT STEPS:

The FY 2017 Service Review Panel (SRP) will be co-chaired by the Deputy Chief Management Officer (DCMO) and the Under Secretary of Defense (Acquisitions, Technology and Logistics) (USD(AT&L)), and will have the following 3 main objectives:

- Validate previous year's SRRB reductions (FY 2017) and review next year's SRRB goals and objectives (FY 2018);
- Review organizations' services requirements review process; and
- Solicit input on requirements development, validation, and oversight impediments and roadblocks.

All DoD Fourth Estate organizations should conduct internal SRRBs no later than January 2017. The SRPs will be conducted with each organization, starting in February 2017 through April 2017, in order to appropriately inform the Program Objective Memorandum process. Elements of the Joint Chiefs of Staff and the Combatant Commands will be included in the FY 2017 SRRB and SRPs. There will not be an allocated reduction for these organizations; however, they should establish a target of identifying at least 4 percent in efficiencies, consistent with targets for all other Fourth Estate organizations, and discuss how those efficiencies would be applied if required.

Additionally, in FY17 all Fourth Estate organizations shall review requirements funded by working capital funds (WCFs) applying a similar four percent efficiency target and provide plans for how any savings would be applied (e.g., WCF savings applied to rate reductions). The SRPs will not review requirements resourced via non-appropriated funds and national intelligence program funds.

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FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

PG 3.5.4: By FY 2021, DoD will reduce budgeted Department business operation costs through investments in business system information technology by a minimum of \$300 million.						PG Leader: Director, DBMAO, ODCMO, OSD		
Performance Measure		IN 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
3.5.4.1: By the end of FY2017, ODCMO will complete a comprehensive review of current proposed modernizations of the business systems for OSD, the Defense Agencies, and DoD Field Activities.	Target	X	One-time Target			X		FY16: Met
3.5.4.2: The DoD will measure the net benefits ratio associated with discretionary development & modernization IT investments.	Target	X	One-time Target			X		FY16: Met
Performance Goal Updates (Refined, Added, and/or Removed PG Content) Narrative: Performance Goal and Measures for PG 3.5.4 will be discontinued in 2017.								

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PERFORMANCE OVERVIEW:

Given constraints on the DoD budget, and projected reductions in military end-strength, the Department will review costs associated with the capital investment in DBS modernization. This comprehensive review will allow the Department to understand and better manage its costs associated with DBS modernization and/or development across the Defense Business Mission Area.

FY 2016 PERFORMANCE PROGRESS UPDATE:

For FY 2016, this performance measure was achieved. The Department was able to cite potential net benefit savings across the Department to help reduce spending, eliminate redundancies, and remove stovepipes. These efforts furthered the Department's objective to ensure more accurate and real-time decision-making. In implementing this metric, the Department provided a comprehensive review of its business practices and investment strategies. By doing so, the Department was able to determine the most efficient and effective means to garner savings across the complete Defense Business Mission space.

MITIGATION:

The mitigation of any risks to this performance metric was enabled by the Governance structures overseeing 4th Estate investment processes and requests – the 4th Estate Working group (EWG) and the Defense Business Council (DBC). Using these Governing bodies as decision-makers ensured the Department's ability to implement this change and further the potential savings. There were no risks to mitigate in the implementation of this metric.

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NEXT STEPS:

The next steps of this effort include the continued review and validation of potential net benefits using the Problem Statement template as a guide. This process is imbedded in the Department's investment procedures supporting the annual review of the Defense Business space. These practices will continue to serve as the foundation for better investment decisions and saving potential. The Department is working to fold this performance goal into a broader efficiency goal in the future.

Cross Agency Priority (CAP) Goal Alignment and Contribution:

CAP 3.5.6: Smarter IT Delivery

CAP Goal Leader: DoD CIO, OSD

Improve outcomes and customer satisfaction with federal services through smarter IT delivery and stronger agency accountability for success.

CAP 3.5.7: CAP Goal: Open Data.

CAP Goal Leader: Director, Oversight and Compliance, ODCMO, OSD

Fuel entrepreneurship and innovation and improve government efficiency and effectiveness by unlocking the value of government data and adopting management approaches that promote interoperability and openness of this data.

CAP 3.5.8: Climate Change (Federal Actions).

CAP Goal Leader: Principal Deputy Assistant Secretary of Defense for Energy, Installations, and Environment, OUSD (AT&L), OSD

More than double Federal government consumption of electricity from renewable sources to 20 percent by FY 2020 and improve energy efficiency at Federal facilities including \$4 billion in performance contracts by FY 2016 as part of the wider strategy to reduce the Federal Government's direct greenhouse gas emissions by 28 percent and indirect greenhouse gas emissions by 13 percent by FY 2020 (2008 baseline).

CAP 3.5.9: Infrastructure and Permitting Modernization.

CAP Goal Leader: Principal Deputy Assistant Secretary of Defense for Energy, Installations, and Environment, OUSD (AT&L), OSD

Modernize the Federal permitting and review process for major infrastructure projects to reduce uncertainty for project applicants, reduce the aggregate time it takes to conduct reviews and make permitting decisions by half, and produce measurably better environmental and community outcomes.

CAP 3.5.10: Benchmarking.

CAP Goal Leader: Assistant DCMO , ODCMO, OSD

Improve administrative efficiency and increase the adoption of effective management practices by establishing cost and quality benchmarks of mission-support operations and giving agency decision-makers better data to compare options, allocate resources, and improve processes. Focus Areas: Contracting, Financial Management, Human Capital, Information Technology, and Real Property.

CAP 3.5.11: Shared Services.

CAP Goal Leader: Director, DBMAO, ODCMO, OSD

Strategically expand high-quality, high value shared services to improve performance and efficiency throughout government.

The plan and progress update for this CAP Goal can be found at: https://www.performance.gov/clear_goals

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STRATEGIC OBJECTIVE SO 3.6: Improve financial processes, controls, and information to the highest quality content, analysis, advice and oversight on all DoD budgetary and financial matters to support the national defense. Achieve full auditability of the budgetary and financial information that is most valuable in managing the DoD. Achieve fully auditable statements by 2017. Improve financial processes, controls, and information via audit readiness.

STRATEGIC OBJECTIVE OVERVIEW:

- 1) Improve efficiency, financial stewardship, and productivity in business operations. Devise more efficient and timely processes for executing and comprehensively accounting for DoD resources.
- 2) Use funds in a manner that is consistent with laws and regulations. Funds must also be used in a manner that effectively meets national security requirements and in ways that are as efficient as possible. The National Defense Authorization Act of 2010 mandates that the Department of Defense have audit ready financial statements by 2017.

STRATEGIC OBJECTIVE PROGRESS UPDATE:

Components continue to strengthen controls; improve cooperation across multiple DoD entities; reduce the number of outdated, stove-piped systems; perform updates to data coding and interfaces to ensure general ledger accounts are accurate and complete and transactions are tied to the correct accounts; resolve the systemic issues of reducing journal vouchers and manual corrections; implement methodologies for consistent and relative valuation of our property and other assets; and determine the universe of transactions to include ensuring detailed supporting transactions are properly reconciled to support accurately recording transactions in the general ledgers.

Unsupported journal vouchers have been a self-reported material weakness since 2007. Remediating this challenge requires significant changes in the Department's processes and how systems record accounting transactions. Although process changes and systems fixes are being identified and tracked, addressing journal vouchers in the near-term is very labor intensive, placing further demands on limited resources.

The Department negotiated a one-time exception with the Federal Accounting Standards Advisory Board (FASAB), allowing DoD to forgo the valuation of existing land and software. However, for some categories of property, the Department must continue to ensure all property assets are properly recorded in property systems, valued, and supported. To address this challenge, the Department must automate solutions to capture the full cost of acquiring and maintaining assets. Contracts must be structured in such a way that the full cost of property can be readily determined, and automated solutions must be implemented to ensure that the cost of property is recorded and reconciled in both the general ledger and the property sub-ledger. Sustainable solutions must also be in place before the Department is allowed to execute the one-time exception.

The Department conducted extensive training and collaboration efforts with the Components and Agencies for the implementation of G-invoicing. Dashboards were created and interim reports

were distributed on progress to date. In addition, the percentage of systems and data exchanges assessed for compliance against the Standard Fiscal Information Structure (SFIS)

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has progressed well, and target systems continue to be assessed by DoD's Joint Interoperability Certifier, Joint Interoperability Test Command (JITC).

STRATEGIC OBJECTIVE NEXT STEPS:

Over the next year, the Department must support a number of concurrent activities, including ongoing audits, fixing issues identified in earlier audits, and planning for future audits—all simultaneously. Management must ensure financial statements are ready and presented accurately and an audit infrastructure is in place to support the independent public accounting firm audit. The Department will continue develop processes and controls to reconcile transactions posted to the Department's Fund Balance with Treasury (FBWT) accounts with the Department of Treasury's records. Plans include (1) tracking and reconciling collection/disbursement activity from the core financial systems and associated feeder systems to the Department's general ledgers and to Treasury accounts and (2) developing an auditable FBWT reconciliation process, to include implementation of internal controls that ensure reconciling differences are resolved in a timely and accurate manner.

Additionally, Components are unable to collect, exchange, and reconcile buyer and seller intragovernmental transactions, resulting in adjustments that cannot be verified or substantiated. To improve this process reporting entities will perform gap analysis on key processes, build and enter General Terms and Conditions (GT&C) agreements in G-Invoicing system. Components will also fund, design, and build all accounting system interfaces in alignment with Treasury's G-Invoicing release schedule.

Components will continue to improve real property processes, controls, and supporting documentation by completing floor-to-book and book-to-floor baseline reconciliation of real property, thus supporting existence and completeness rights and obligations. Additionally, Components will document go-forward processes and control environment for all lifecycle processes to include, acquisition (and construction in progress (CIP)), inventory, reconciliation with financial statements, and disposal.

The OUSD(C) has requested JITC to test additional accounting systems to encompass material financial and accounting activity across the DoD. In addition, the OUSD(C) will establish a portfolio management governance process in FY 2017 to ensure legacy systems are retired on schedule.

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FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

APG 3.6.1: Financial Statement Audit Readiness. The DoD's financial statement will be audit ready by September 30, 2017					APG Leader: Deputy Chief Financial Officer, OUSD(C), OSD			
Performance Measure		4Q 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Year End Results
3.6.1.1: Universe of Transactions, Reconciliations to General Ledger (GL) Systems, Schedule of Budgetary Activity	Target	98%	99%	99%	99%	100%	100%	FY16: 97%
3.6.1.2: Universe of Transactions, Reconciliations to General Ledger (GL) Systems, Statement of Budgetary Resources and Balance Sheet	Target	70%	93%	98%	98%	99%	100%	FY16: 75%
3.6.1.3: Universe of Transactions, Reconciliations from feeder source systems to the GL, Schedule of Budgetary Activity	Target	76%	99%	99%	100%	100%	100%	FY16: 77%
3.6.1.4: Universe of Transactions, Reconciliations from feeder source systems to the GL, Statement of Budgetary Resources and Balance Sheet	Target	62%	97%	97%	98%	100%	100%	FY16: 68%
3.6.1.5: Journal Vouchers, unsupported	Target	.4%	.40%	.50%	.75%	.80%	.80%	FY16: 0.99%
3.6.1.6: Fund Balance with Treasury: DoD's timely clearing of all overaged unmatched disbursements and collection transactions	Target	0.5%	Semi-Annual	.10%	Semi-Annual	.09%	.08%	FY16: 0.42%
3.6.1.7: Fund Balance with Treasury: DoD's timely clearing of overaged all in-transit disbursements and collection transactions	Target	.75%	Semi-Annual	.50%	Semi-Annual	.25%	.25%	FY16: 0.51%
3.6.1.8: Mission Critical Assets Existence and Completeness Baseline, General Equipment	Target	85.6 %	85.6%	100%	100%	100%	100%	FY16: 79.4%
3.6.1.9: Mission Critical Assets Existence and Completeness Baseline, Real Property	Target	69.6 %	77.2%	100%	100%	100%	100%	FY16: 75.8%
3.6.1.10: Mission Critical Assets Existence and Completeness Baseline, Internal Use Software	Target	100%	100%	100%	100%	100%	100%	FY16: 83.7%
3.6.1.11: Mission Critical Assets Existence and Completeness Baseline, Inventory, Operating Materials, and Supplies	Target	100%	100%	100%	100%	100%	100%	FY16: 83.1%

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FY 2016 PERFORMANCE GOAL OVERVIEW:

The National Defense Authorization Act of 2010 mandates that the DoD have audit ready financial statements by 2017.

The Department is committed to valuing and accurately reporting over \$2.2 trillion in assets, reporting over \$2.4 trillion liabilities, and preparing full financial statements for audit. Audit readiness priorities expand from budgetary data reported on the Statement of Budgetary Resources (SBR) to all financial transactions reported on the Balance Sheet, Statement of Net Cost, and statement of Change in Net Position.

FY 2016 PERFORMANCE PROGRESS UPDATE:

Universe of Transactions, Reconciliations to GL Systems, Schedule of Budgetary Activity. All large Defense Agencies and several mid-sized and smaller agencies have completed this reconciliation in preparation for FY 2016 audits and examinations. However, several mid-sized and smaller agencies have not completed this metric measurement area and the overall progress between 3Q and 4Q was not substantial enough to meet the goal.

The Components that have not completed this measurement area include: U.S. Special Operations Command (USSOCOM), Defense Security Cooperation Agency (DSCA), Office of the Chairman of Joint Chiefs of Staff (JCS), DoD Education Activity (DoDEA), and Washington Headquarters Services (WHS).

In partnership with CIO, DCMO, and OUSD(C), the Department is taking a new approach to Universe of Transactions (UoT). The Department experienced a delay in acquisition and funding for the enterprise UoT solution. However, funding has been received and the solution will be implemented in FY 2018.

Universe of Transactions, Reconciliations to GL Systems, Statement of Budgetary Resources and Balance Sheet. Components are continuing to progress at a rate aligned with the target completion date for this metric measurement area.

Universe of Transactions, Reconciliations from feeder source systems to the GL, Statement of Budgetary Resources and Balance Sheet. Several Components made impactful strides towards their completion goal, which positively impacted the overall completion percentage of this metric.

Journal Vouchers, Unsupported. Many DoD Components have provided implementation plans to address JV eliminations and are identifying necessary system change requests required to correct posting logic and automation issues. These Components include Marine Corps, Army, Air Force, Navy, DISA, DLA, DHP, TRANSCOM, SOCOM, DARPA, MDA, DTRA, JCS, DSCA and WHS.

As a result of a memo issued from DoD's Service Provider, unsupported JVs were not prepared for first and second quarters of FY 2016 unless necessary to submit reports. The increase in JVs for third and fourth quarters of FY 2016 is due to unsupported JVs being once again prepared for all customers.

Fund Balance with Treasury. DoD is clearing its overaged unmatched disbursements and collection transactions. Unmatched disbursements are decreasing at a rate ahead of the metric goal, which positively impacted the overall completion percentage of this measurement area. Work Groups and Tiger Teams are continuously working to reduce unmatched transactions.

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The Office of the Deputy Chief Management Officer (ODCMO) worked with the Defense Finance and Accounting Service (DFAS) to identify outstanding and overaged unmatched disbursements by DoD Component for all components.

Overaged in-transit disbursements and collection transactions are decreasing at a rate ahead of the metric goal, which positively impacted the overall completion percentage of this measurement area. DoD Components are continuing to identify root causes and resolve discrepancies in a timely manner.

The ODCMO worked with DFAS to identify overaged in transit disbursements and collection transactions, by DoD Component for all components.

Mission Critical Assets Existence and Completeness Baseline, General Equipment (GE). Components are progressing but not at a rate parallel or ahead of the target for this metric measurement area.

Components are continuing to document and obtain an asset listing of the GE (including Military Equipment (ME) assets that the Defense Agency has financial reporting responsibility over, and reconcile that data to the General Ledger (GL)). Components are continuing to document and obtain as-is environment documentation including systems, processes descriptions, org charts, statement to process analysis. Components are continuing to perform materiality analysis and identify programs in process that are likely to include CIP.

Existence testing for smaller Defense Agencies has been completed and corrective action plans have been developed. Corrective action plans are in the process of being implemented and validation will occur in first quarter of FY 2017.

The Components that have not completed this measurement area include: Army (both General Fund (GF) and Working Capital Fund (WCF)), Marine Corps (GF), Air Force (both GF and WCF), USSOCOM, DISA (both WCF and GF), WHS and DTRA.

Mission Critical Assets Existence and Completeness Baseline, Real Property. Several Components made impactful strides towards their completion goal, which positively impacted the overall completion percentage of this metric.

Mission Critical Assets Existence and Completeness Baseline, Internal Use Software. Several Components made impactful strides towards their completion goal, which positively impacted the overall completion percentage of this metric. However, the overall progress between third and fourth quarters was not substantial enough to meet the goal.

Smaller Defense Agencies are continuing the process of documenting standard operating procedures and developing a comprehensive list of current software assets.

The Components that have not completed this measurement area include: Army (GF), Marine Corps (GF), Air Force (both GF and WCF), DLA (WCF) and DISA (WCF and GF).

Mission Critical Assets Existence and Completeness Baseline, Inventory, Operating Materials and Supplies. A large Defense agency decreased its GF and WCF completion percentages from the prior quarter's results. This decreased the overall metric area completion percentage. The majority of the larger and mid-sized Defense Agencies have not completed this metric measurement area and the overall progress between 3Q and 4Q was not substantial enough to meet the goal.

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Based on validated existence and completeness data, Components are continuing to establish baseline valuation prioritization and a tactical plan. Components will continue to document processes in preparation for assertion testing.

MITIGATION:

A strategy has been implemented that includes close engagement with standards setters and audit community such as the DoD Office of the IG, the Federal Accounting Standards Advisory Board (FASAB), and independent public accounting firms to define cost efficient solutions for audit “show stoppers.” In addition, the Department has collaborated with Independent Public Accountants and the FASAB to issue policies governing Existence, Completeness, and Rights. Further, the Department has established working groups to address critical capabilities needed for audit and is in the process of developing detailed implementation plans. The Department will continue to assess risks against these critical capabilities and adjust corrective actions accordingly.

Critical capabilities include:

- Critical systems internal controls that impact financial statements
- Fund Balance with Treasury Reconciliation
- Complete Universe of Accounting Transactions
- Property Existence, Completeness, Rights and Valuation
- Environmental Liabilities
- Unsupported Journal Vouchers

The OUSD(C) is partnering with the DoD CIO, DCMO, and DFAS to establish a comprehensive Department-wide solution for risks related to the identified critical capabilities to ensure the Department’s financial statements are complete, accurate, and fully supported by financial transactions.

Universe of Transactions (UoT), Reconciliations to GL Systems, Schedule of Budgetary Activity. Continue to track progress to ensure that all Components and Agencies are progressing at a rate that is aligned with the target completion date for this metric area.

Journal Vouchers, Unsupported. DoD’s Service Provider and Components are currently working to remediate identified root causes and reduce JVs throughout FY 2017.

Mission Critical Assets Existence and Completeness Baseline, General Equipment. Continue to identify CAPs and incorporate into go-forward strategy.

Mission Critical Assets Existence and Completeness Baseline, Internal Use Software. Continue to track progress to ensure all Components and Agencies are prepared to write off balances.

Mission Critical Assets Existence and Completeness Baseline, Inventory, Operating Materials and Supplies. Continue to identify CAPs and incorporate into go-forward strategy.

NEXT STEPS:

Universe of Transactions, Reconciliations to GL Systems, Schedule of Budgetary Activity. Components will continue to work towards completion of metric requirement.

Universe of Transactions, Reconciliations to GL Systems, Statement of Budgetary Resources and Balance Sheet. Army plans to obtain hardware server space for detailed transaction data,

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in the process of migrating transaction detail from legacy to general ledger systems, and has identified system changes necessary to enhance General Fund Enterprise Business System (GFEBS) for audit readiness (comprehensive completion date fourth quarter FY 2017). Navy has established plans to continue identifying detailed data sets. The Department continues to build a capability to support Defense-Wide financial statement reconciliations. Existence of UoT is scheduled to be in place by second quarter FY 2017.

Universe of Transactions, Reconciliations from feeder source systems to the GL, Schedule of Budgetary Activity. Navy will develop data reconciliations in preparation for implementation in fourth quarter FY 2017. Marine Corps will complete feeder to core accounting interfaces. The Department will continue to develop reconciliation capabilities for Defense-Wide appropriations.

Universe of Transactions, Reconciliations from feeder source systems to the GL, Statement of Budgetary Resources and Balance Sheet. Army (GF) will work to gather all required data and will have reconciled data completed in time for auditor requests from transaction populations in January 2018. Marine Corps will also complete feeder to core system reconciliations for all required feeder and source systems. Air Force (WCF) will demonstrate reconciliation capability for sample inventory and related property populations. TRANSCOM will document reconciliations, identify variances for feeder recons and perform root cause analysis. The Department will continue to develop reconciliation capabilities for Defense-Wide appropriations.

Journal Vouchers (JVs), Unsupported. Research and root cause analyses are being performed to address Unsupported Journal Vouchers (First quarter FY 2017).

Fund Balance with Treasury DoD's timely clearing of all overaged unmatched disbursements and collection transactions. DoD Components and service providers will identify root causes of outstanding, overaged unmatched disbursement (UMD) transactions and develop processes to reconcile UMDs transactions and reduce the number and age of outstanding reconciling items (First quarter FY 2017).

Fund Balance with Treasury, DoD's timely clearing of overaged all in-transit disbursements and collection transactions. DoD Components and service providers will identify root causes of outstanding, overaged in-transit transactions and develop processes to reconcile in-transit transactions and reduce the number and age of outstanding reconciling items (First quarter FY 2017); Complete reconciliations with all Components and service providers (Second quarter FY 2018).

Mission Critical Assets Existence and Completeness Baseline, General Equipment. Army is implementing business processes to identify the government furnished equipment (GFE) population in its Accountable Property Systems of Record (APSRs). Corrective action plans are scheduled to be completed first quarter FY 2017. Marine Corps will migrate GFE to an APSR, complete wall-to-wall physical inventories, and complete Existence and Completeness testing to validate corrective actions. Air Force will work towards completion of Existence and Completeness and rights for GFE, special tooling/special test equipment and research, development, and engineering equipment (First quarter FY 2017). U.S. Special Operations Command (SOCOM) will determine processes and perform book-to-floor and floor-to-book assessments to validate the existence, completeness, rights, and presentation baseline for assets (First quarter FY 2017).

Mission Critical Assets Existence and Completeness Baseline, Real Property. Army will continue documenting business processes for capturing and reporting real property. Army will also continue to implement corrective action plans (First quarter FY 2017). Navy is wrapping up

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the development of an alternative inventory methodology in coordination with the Naval Facilities Engineering Command and will be finalizing and executing the methodology. Marine Corps will strengthen and document processes and controls over the recording and booking of assets. Air Force will update the APSR with all major findings and changes for remaining installations.

Mission Critical Assets Existence and Completeness Baseline, Internal Use Software (IUS). Army will continue to follow OSD guidance to establish a \$0 baseline for existing IUS, continue to assess materiality of IUS, and document IUS business processes. Army will also identify IUS from all Program Executive Offices and continue to monitor system change requests that will improve the accuracy of IUS records. Navy will identify projects currently under development that will need to be capitalized after opening balances are established.

Mission Critical Assets Existence and Completeness Baseline, Inventory, Operating Materials and Supplies (OM&S). Army is working to develop a template for inventory reconciliations at each plant/physical location and will continue discovery work for program-owned assets and assets that are located on contractor operated sites. Army will also continue to implement corrective actions identified through monthly testing. Army is also planning to achieve a physical count of 95 percent of the inventory balance (by value) at industrial operations sites while working to develop a template for inventory reconciliations at each plant/physical location. Navy will continue to perform quantitative assessments on unrecorded assets to develop a complete population. Air Force will establish OM&S (contractor managed/possessed) baseline by obtaining asset level data from contractors (First quarter FY 2017).

FY 2016 PROGRESS AND FY 2017-2018 PERFORMANCE MEASURES/TARGETS:

PG 3.6.2: Enhance and implement financial policies and processes to streamline, simplify and standardize the financial management business and systems environment to improve efficiencies and reduce costs for key end-to-end processes and data exchanges.							PG Leader: Deputy CFO, OUSD(C), OSD	
Performance Measure		FY 2016	1Q 2017	2Q 2017	3Q 2017	4Q 2017	FY 2018	Prior Year Results
3.6.2.1: IGT – Percent of General Terms and Conditions in G-Invoicing	Target	75%	Deleted in FY 2017; see justification below.					FY16: 1.6%
3.6.2.2: Standards – Percent of systems and data exchanges assessed by JITC that are compliant with Standard Financial Information Structure (SFIS) and United States Standard General Ledger (USSGL)	Target	40%	Deleted in FY 2017; see justification below.					FY16: 80.4%
3.6.2.3: Standards – Percent of transactions with a valid standard line of accounting which are validated using the SLOA validation service.	Target	80%	Deleted in FY 2017; see justification below.					FY16: 0%
3.6.2.4: Simplify – Percent of key financial systems retired	Target	10%	Measured Annually		12%	23%		FY16: 5%
3.6.2.5: Standards – Percent of key data exchanges using the Standard Line of Accounting validation service	Target	10%	Deleted in FY 2017.					FY16: 0%

Department of Defense's Data Completeness and Reliability Statement—Fiscal Year 2015 Annual Performance Report

Each Goal Owner has attested the performance results and narrative information included in this report is complete, accurate, and reliable; and that data validation and verification procedures are documented and available upon request.

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Performance Measures 3.6.2.1, 3.6.2.2, 3.6.2.3 and 3.6.2.5 have been deleted for FY 2017 and beyond:

PM 3.6.2.1: IGT – Percent of General Terms and Conditions in G-Invoicing. The IGT development and implementation plan is still under development and not fully vetted for operational use. As such, the original performance measure and associated goal for this effort was prematurely reported. Reporting of the establishment of the general terms and conditions is not an appropriate representation of the effort and therefore should be eliminated from the inventory of performance measurement.

PM 3.6.2.2: Standards – Percent of systems and data exchanges assessed by JITC that are compliant with Standard Financial Information Structure (SFIS) and United States Standard General Ledger (USSGL).

PM 3.6.2.3: Standards – Percent of transactions with a valid standard line of accounting that are validated using the SLOA validation service. This measurement area has not yet been implemented. Transactions will begin to be tested through the Standard Line of Accounting (SLOA) Centralized Service (SCS) beginning November 1, 2016. As such, the original performance measure and associated goal for this effort was prematurely reported. An assessment of initial/baseline results would need to be conducted to provide a proper target forecast for FY 2017 and beyond. In addition, this area is not a critical capability or measurement area deemed necessary to identify as an agency goal.

PM 3.6.2.5: Standards – Percent of key data exchanges using the Standard Line of Accounting validation service. This measurement area has not yet been implemented. Transactions will begin to be tested through the Standard Line of Accounting (SLOA) Centralized Service (SCS) beginning November 1, 2016. As such, the original performance measure and associated goal for this effort was prematurely reported. An assessment of initial/baseline results would need to be conducted to provide a proper target forecast for FY 2017 and beyond. In addition, this area is not a critical capability or measurement area deemed necessary to identify as an agency goal.

FY 2016 PERFORMANCE GOAL OVERVIEW:

The Department has non-standard processes, data and systems that create inefficiencies that prevent the Department from achieving a positive opinion that is sustainable.

FY 2016 PERFORMANCE PROGRESS UPDATE:

PM 3.6.2.1: IGT – Percent of General Terms and Conditions in G-Invoicing: The Department conducted extensive training and collaboration efforts with the Components and Agencies concerning this metric. Dashboards were created and interim reports were distributed on progress to date. The risk of not achieving the goal is relatively minor, as this metric was measuring a non-accounting event.

PM 3.6.2.2: Standards – Percent of systems and data exchanges assessed by DoD's Joint Interoperability Certifier (JITC) that are compliant with Standard Financial Information Structure (SFIS) and United States Standard General Ledger (USSGL)

Percentage of systems and data exchanges assessed for compliance against the SFIS has progressed well, achieving 80.4 percent of the goal against a planned 40 percent during the quarter. Target systems continue to be assessed by JITC. The target systems for the past

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quarter were assessed as planned for SFIS compliance showing acceptable results for compliance with data standards.

PM 3.6.2.3: Standards – Percent of transactions with a valid standard line of accounting which are validated using the Standard Line of Accounting (SLOA) validation service.

This measurement area has not yet been implemented. Transactions will begin to be tested through the SLOA Centralized Service (SCS) beginning November 1, 2016. The SCS development and testing are complete and the exchanges with the first two systems (GFEBs and Enterprise Business Accountability System (EBAS)) completed testing in September 2016. SCS was moved from the test environment to the production environment in October 2016 as is postured for the GFEBs and EBAS implementation.

PM 3.6.2.4: Simplify – Percent of key financial systems retired

The FM community continued to reduce legacy financial management systems by retiring nine systems in fiscal year 2016. However, seven systems planned for retirement in FY 2016 will instead be retired in FY 2017. The change resulted in missing the goal for retirement of FM systems by 5 percent.

MITIGATION:

PM 3.6.2.1: IGT – Percent of General Terms and Conditions in G-Invoicing

This metric measures the first phase of a series of actions for the FM Initiative for Inter-Governmental Transactions (IGT). This initiative relies on the Treasury-owned G-Invoicing System, whose development and implementation is taking longer than expected. DoD Components and Agencies were reluctant to input the General Terms and Conditions (GT&Cs) into G-Invoicing without the benefits the system will deliver once it is fully developed. Management is considering the postponement or cancellation of this metric until the Treasury system achieves the operational capability required for the Department.

PM 3.6.2.2: Standards – Percent of systems and data exchanges assessed by JITC that are compliant with SFIS and USSGL.

The JITC continues to provide results (findings) to system owners for correction with appropriate action plans, tracking mechanisms and follow up on progress for correction.

PM 3.6.2.3: Standards – Percent of transactions with a valid standard line of accounting which are validated using the SLOA validation service. N/A; PM 3.6.2.3 is a new metric and will begin reporting 1st Quarter 2017.

Work performance for the use and validation of the SLOA centralized service and the percentage of data exchanges using the SLOA centralized service will begin improving once the service is placed into production. Production is targeted and on plan to begin 1st Quarter 2017.

PM 3.6.2.4: Simplify – Percent of key financial systems retired

In partnership with the Deputy Chief Management Officer, the Military Departments, and the Defense Agencies, the Office of the Secretary of Defense (Comptroller) (OUSD(C)) is improving its portfolio management process to ensure systems retirements are prioritized correctly and systems are retired on schedule.

PM 3.6.2.5: Standards – Percent of key data exchanges using the SLOA validation service. N/A; PM 3.6.2.5 is a new metric and will begin reporting 1st Quarter 2017

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Work performance for the use and validation of the SLOA centralized service and the percentage of data exchanges using the SLOA centralized service will begin improving once the service is placed into production. Production is targeted and on plan to begin 1st Quarter 2017.

NEXT STEPS:

PM 3.6.2.1: IGT – Percent of General Terms and Conditions in G-Invoicing. None; OUSD(C) is proposing to eliminate the measure.

PM 3.6.2.2: Standards – Percent of systems and data exchanges assessed by JITC that are compliant with SFIS and USSGL.

The OUSD(C) has requested JITC to test additional accounting systems to encompass material financial and accounting activity across the DoD.

PM 3.6.2.3: Standards – Percent of transactions with a valid standard line of accounting which are validated using the SLOA validation service.

This metric is linked to Cash Accountability and Procure to Pay (P2P), the use of the Cash Accountability Data Standards, the Purchase Request Data Standards and the Procurement Data Standards. The SCS validates the SLOA when transactions use these data standards. Implementation of the SCS validations for each exchange is dependent on the externally developed schedule for when each system will begin the use of these data standards. The next system to begin SCS use will be the Defense Agencies Initiative (DAI) in January 2017 for the Cash Accountability Data Standards.

PM 3.6.2.4: Simplify – Percent of key financial systems retired

OUSD(C) will establish a portfolio management governance process to ensure legacy systems are retired on schedule.

PM 3.6.2.5: Standards – Percent of key data exchanges using the SLOA validation service.

This metric is linked to Cash Accountability and Procure to Pay (P2P), the use of the Cash Accountability Data Standards, the Purchase Request Data Standards and the Procurement Data Standards. The SCS validates the SLOA when transactions use these data standards. Implementation of the SCS validations for each exchange is dependent on the externally developed schedule for when each system will begin the use of these data standards. The next system to begin using SCS will be the Defense Agencies Initiative (DAI) in January 2017 for the Cash Accountability Data Standards.

8.4 2016 PERFORMANCE-BASED ORGANIZATION

DoD is a performance-based organization; as such, the Department is committed to managing towards specific, measurable goals derived from a defined mission, using performance data to continually improve operations, focused on optimizing value to the American public.

DoD conducts a full range of reviews and assessments to safeguard readiness of the nation's warfighters, and warfighter capabilities; demonstrate leadership commitment and capacity (people and resources) of the Department's priority programs; and ensure continuous business process improvement. The Department's commitment to complete and meaningful progress reporting is evident in the wide range of operational and business reports that monitor and demonstrate progress of priority areas across the Department. This report will discuss a few of the DoD review, assessment, and reporting capabilities.

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The Department of Defense's [Planning, Programming, Budgeting, and Execution \(PPBE\) Process](#) serves as the annual resource allocation process for DoD within a quadrennial planning cycle. The Quadrennial Defense Review (QDR), force development guidance, program guidance, and budget guidance are the principal guides used in PPBE. Programs and budgets are formulated annually. The budget covers one year, and programs encompass an additional four years. Collectively, the Department publishes planning guidance, conducts, coordinates, and/or participates in budget review, program execution, and performance reviews. For additional insight on how the Joint Chiefs of Staff engage in the PPBE process can be found in CJCSI 8501.01B, [Chairman of the Joint Chiefs of Staff, Combatant Commanders, Chief, National Guard Bureau, and Joint Staff Participation in PPBE](#).

The Chairman's Readiness System (CRS) provides a common framework for conducting commanders' readiness assessments, blending unit-level readiness indicators with Combatant Command (CCMD), Service, and Combat Support Agency (CSA) (collectively known as the C/S/As) subjective assessments of their ability to execute the National Military Strategy (NMS). Specifically, the CRS provides the C/S/As a readiness reporting system measuring their ability to integrate and synchronize combat and support units into an effective joint force ready to accomplish assigned missions. Results of readiness assessments are classified and available upon request, on an as needed basis.

[The Defense Acquisition System](#) exists to manage the nation's investments in technologies, programs, and product support necessary to achieve the National Security Strategy and support the United States Armed Forces. The primary objective of Defense acquisition is to acquire quality products that satisfy user needs with measurable improvements to mission capability and operational support, in a timely manner, and at a fair and reasonable price. Additional insight can be found in DODD 5000.01, [The Defense Acquisition System](#).

The Department's Functional Oversight Committees serve as senior executive governance for functions and capabilities across the Department. The Department's commitment to developing strategies and plans to achieve strategic priorities, observing lessons learned, reviewing improvement opportunities, and reporting progress is evident in the publication of reports across the Department through the Offices of the Under Secretaries of Defense. The Performance Improvement Officer (PIO) conducts quarterly data-driven reviews of the Department's agency priority goals. When appropriate, the PIO elevates at-risk performance goals to the Deputy Secretary of Defense (DEPSECDEF) / Chief Operating Officer (COO) via the Deputy's Management Action Group (DMAG). In FY 2016, the PIO conducted four Enterprise Performance Reviews at the Defense Business Council. Unclassified agendas and meeting summaries can be viewed at <https://dcmo.osd.mil/dbc/SitePages/Home.aspx>. In July 2016, the PIO, in collaboration with the Office of Management and Budget (OMB) conducted the 2016 FedStat Review and Strategic Review.

The Department is committed to ensuring that the performance information used to inform management decisions is based on current, complete, and accurate data. Annually, the PIO requests Performance Goal Owners review and update, when needed, their respective performance verification and validation practices. Additionally, goal owners assert '*Completeness and Reliability*' with official submissions of performance results and narratives. As we strengthen the Department's Enterprise Performance capability, additional improvements will be addressed to ensure the reliability of performance information.

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Throughout this report, governance structures, strategies, and reports are documented with hyperlinks when appropriate.

Conclusion

The reviews, assessments, and reports discussed in this section represent a small sampling of the evidence that the Department of Defense is committed to:

- Improving long term strategy and strategic outcomes;
- Facilitating, identifying, and adopting improvement opportunities;
- Identifying the needs for additional skills or other capacity; and
- Improving transparency.

The DoD will continue to pursue improvement opportunities and act as a careful steward of taxpayer dollars

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