*Defense Finance and Accounting Service*

Financial Management Center of Excellence



Functional Requirements Description

For

Non-Appropriated Fund Instrumentalities

(NAFI)

Release 9.0

May 31, 2011

Release/Version Control

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| Release/Version | Date | Description of Changes |
| 9.0 | May 31, 2011 | This release contains limited Enterprise Level requirements applicable to Non-Appropriated Fund Instrumentalities (NAFI). |

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1. Introduction
	1. Background

Department of Defense (DoD) Directive 5118.5 identifies the Director, Defense Finance and Accounting Service (DFAS) as the principal DoD executive for finance and accounting requirements, systems, and functions. That role includes the responsibility to “Direct the consolidation, standardization, and integration of finance and accounting requirements, functions, procedures, operations, and systems within the Department of Defense.” Developing standard, consistent, and effective requirements for DoD finance and accounting operations and systems is a priority initiative for the DFAS Financial Management Center of Excellence (FMCoE). The FMCoE has assigned this complex program to its Shared Services Division (SSD), which has gathered requirements from current statutory laws, regulations, and guidance, in addition to requirements from existing and developing DoD finance and accounting systems. SSD used functional experts from other DFAS organizations to select and edit the appropriate set of requirements.

The requirements contained herein will become the basis for all new finance and accounting operations and system acquisitions across the Department, and all existing DoD finance and accounting systems will migrate to these requirements as their budgets and priorities dictate.

* 1. Document Purpose

The purpose of this document is to present the context for standard DoD Non-Appropriated Fund Instrumentalities (NAFI) requirements. That context is a description of the NAFI concept of operation, its standard business practices, and its operational processes. The processes are taken from the DoD Business Enterprise Architecture (BEA) and extended, as necessary, to complete a level of detail to which the requirements can easily be assigned.

Requirements information is presented in three parts: 1) the contextual description of the requirements project and its functional area, 2) the process models for this functional area, and 3) the requirement statements and best practices for this functional area. The contextual description of this requirements project and its functional area are contained in this Functional Requirements Description (FRD). The process models, requirement statements and best practices are presented in an accompanying spreadsheet.

This release of the FRD will serve as the definitive reference for Release 9.0 NAFI functional requirements. It is a “living” document and will be updated as requirements change or is refined.

* 1. Scope

This document establishes the context for the DoD standard functional requirements in the area of Non-Appropriated Fund Instrumentalities. It also comprises the most current NAFI functional requirements resulting from analyses, reviews, and validations performed by Shared Services team members and the Blue Book Team. Detailed accomplishments which influenced the development of this FRD may be found in Section 3.0. The accompanying spreadsheet contains updated NAFIrequirements, process model, and other related information in spreadsheet format.

The NAFI project’s purpose is to develop functional requirements and business rules consistent with commercial industry best practices and compliance requirements (laws, regulations, and policies), and to map them to implementation level processes consistent with the BEA. The NAFI project objectives are to:

* Present standard NAFI functional requirements that can be implemented for any DoD system.
* Provide requirements detailed enough so that no functional interpretation is required by system implementers.
* Provide requirements that are necessary, achievable, uniquely identifiable, singular, concise, unambiguous, complete, consistent and testable.
* Provide relevant information related to the logistical and financial management of NAFI events, enhancing system development.
	1. Definitions

As used within this document, functional requirements, business rules, and best practices are defined as follows:

Functional Requirement - A statement that describes the intended behavior of a system by describing characteristics, attributes, conditions, constraints, or capabilities to which a system must conform in order to meet a need or objective.[[1]](#footnote-1) In this document, when the word “requirement” is used, it means functional requirement.

Business Rule - A statement that defines or constrains some aspect of the business or its architecture. It describes what a business must or must not do or it describes the rules under which the architecture or its objects behave under certain conditions. Business rules are constraints that are process/activity specific and have no system impact.[[2]](#footnote-2)

Best Practice - A [management idea](http://en.wikipedia.org/wiki/Management_fad) which asserts that there is a [technique](http://en.wikipedia.org/wiki/Technique), method, process, activity, incentive or reward that is more effective at delivering a particular outcome than any other technique, method, process, etc. The idea is that with proper processes, checks and testing, a project can be rolled out and completed with fewer problems and unforeseen complications.[[3]](#footnote-3)

1. The Enterprise Functional Requirements Program
	1. Overview

The Enterprise Functional Requirements Program is a set of projects to develop standard functional requirements, business rules and best practices for DoD finance and accounting operations and systems. The requirements and business rules will be architecture-driven - meaning that they will be aligned to processes in the DoD Finance and Accounting Operational Architecture, which itself is aligned with the DoD BEA (see Figure 1).



Figure 1. Requirements Development Concept

Compliance requirements, business rules and best practices have already been developed at the DoD enterprise functional level as part of the BEA. In most cases, the compliance requirements do not contain all the functional information necessary for an acquisition program, like GFEBS, Navy ERP, DEAMS, or BEIS, to properly implement and test the acquisition system. Therefore, this program develops functional requirements down to the level of detail such that acquisition programs do not need to make functional interpretations. Yet these requirements should not constrain the implementation in non-functional ways, for example by defining system-specific data element names. The NAFI functional requirements and business rules were gathered from:

* DoD Financial Management Regulation, Volume: 13
* Business Enterprise Architecture Version 8.0
* Financial Management Systems Requirements Manual (DFAS 7900.4-M, *Blue Book*)
* Office of Financial Management (OFFM)-N0-0106, Core Financial System Requirements
* DoD Financial Management Regulation, Volume: 1, Chapter 2
* OMB Circular A-127, Financial Management Systems
* OMB Circular A-130, Management of Federal Information Resources
* National Institute of Standards and Technology (NIST) Special Publication 800-53, Recommended Security Controls for Federal Information Systems and Organizations, Revision 3
* National Institute of Standards and Technology (NIST) National Security Telecommunications and Information Systems Security Policy (NSTISSP), No. 11, Revised Fact Sheet
* DoD Instruction 8500.2, Information Assurance (IA) Implementation
* DoD Instruction 8510.01, DoD Information Assurance Certification and Accreditation Process (DIACAP)
* DoD Directive 8000.01, Management of the Department of Defense Information Enterprise
* DoD Directive 8500.01E, Information Assurance (IA)
* Defense Information Systems Agency (DISA), Security Technical Implementation Guides (STIG): Access Control STIG V2R1 and Database STIG V8R1
* [44 U.S.C.](http://en.wikipedia.org/wiki/Title_44_of_the_United_States_Code) [Section 3541](http://www.law.cornell.edu/uscode/44/3541.html)

However, most of the requirements derived from the above are too high-level to be readily implemented by system engineers in acquisition program offices. Therefore, a large part of the effort of these requirements projects has been to refine the requirements taken from the above to bring them down to the implementation level, i.e., eliminate any need for the system engineer to make functional interpretation.

|  |
| --- |
| Requirements Projects |
| Accounts Payable (Payment Mgmt) |
| Disbursing |
| Revenue and Accounts Receivable |
| General Ledger |
| Financial Reporting |
| Cash Accountability |
| Intra-Governmental |
| Inventory, Operating Materials and Supplies, Stockpile Materials |
| Property, Plant and Equipment |
| Managerial Cost Accounting |
| Human Resources and Payroll |
| Funds Control and Budgetary Accounting |
| Travel |
| Grants |
| Audit Trails and System Controls |
| Seized Assets |
| Eliminations (Intra-Governmental) |
| Field Level Reporting |
| Direct Loans |
| Guaranteed Loans |
| Benefits |
| Time and Attendance |
| Foreign Military Sales (Security Assistance Accounting)Non-Appropriated Funds Instrumentalities |

Table 1. Requirements Functional Areas

All functional requirements will adhere to the following quality characteristics: necessary, achievable, correct, unambiguous, complete, consistent, concise, singular, implementation-free and testable. Once approved, the enterprise functional requirements will be given to all finance and accounting system offices for implementation in their respective systems.

Because the DoD finance and accounting domain is so large, the enterprise functional requirements projects have been segmented into functional areas, similar to the chapters in the “Financial Management Systems Requirements Manual”[[4]](#footnote-4).

The selected set of functional areas (i.e., requirements projects) is listed in Table 1. The first seven projects were being executed in FY07 and are considered the *Core Financial Finance and Accounting* areas.

* 1. Functional Requirements Development Methodology

This, and each of the other requirements projects went through a similar process to gather, map, write, and validate requirements. Each project developed its own detailed work plan and detailed schedule taking into consideration their scope, priorities, and available resources. The SMEs were enlisted to help select those requirements that should be standardized, and they wrote additional requirements where the level of detail of those requirements initially gathered was not sufficient. The numerical order of the tasks in Table 2 indicates the approximate sequence of events.

1. Plan Project
2. Develop Processes
3. Identify and Gather Requirements, Business Rules, and Best Practices
4. Perform Mapping
5. Perform Initial Validation
6. Validate and Write Requirements
7. Deliver Release 9.0 Requirements and Documentation to Director, Shared Services for Approval

Table 2. High Level Development Tasks

* 1. Requirement Identification Format

NAFI requirements are uniquely identified by a combination of letters and numbers broken down into several parts. The first part is shown by 4 letters [NAFI] followed by a dash (-) that identifies which functional area the requirement belongs. The first set of four-position numbers after the dash is a unique number assigned to the parent requirement. Subsequent sets of two-position numbers will be assigned to show children and/or grand children to a parental requirement. As an example, XX-0001.01.01 requirement number will be used as a reference.

 **XX-**0001.01.01**:** 2 position identifier that delineates functional area

 XX- **0001**.01.01**:** Indicates this as requirement number 1 of the functional area

 XX-0001**.01**.01**:** First child of parental requirement number 1

 XX-0001.01**.01:** First grandchild of requirement number 1

1. Non-Appropriated Fund Instrumentalities Concept of Operation

NAFI requirements have been selectively imported by the Blue Book team from the DoDFMR. The Functional Requirements team has validated the sources, added internal controls, and mapped them to their respective processes where possible.

* 1. Non-Appropriated Fund Instrumentalities Functional Overview

A NAFI is a fiscal entity of the U.S. Government that is fully or partially supported by Non Appropriated Funds. NAFI assist Secretaries of the Military Departments in providing programs for DoD personnel. NAFI are not incorporated under the laws of any state or the District of Columbia, but have the legal status of an instrumentality of the U.S. and have the same immunities and privileges as the U.S. Government in the absence of specific Federal Statute.

NAFI act in their own name, federal agencies create them and regulate their activities but they are not federal agencies or government corporations. Although NAFI are an integral DoD organizational entity that performs essential government functions within DoD, they operate independently to provide or assist DoD organizations in the execution of programs supporting military personnel and authorized civilians. As a fiscal entity, NAFI maintain custody of and control over its NAFs and is responsible for exercising reasonable care relative to administering, safeguarding, preserving, and maintaining prudent care over those resources made available to carry out functions.

Although NAFI function under the umbrella of a federal entity (e.g., DoD), the nature of its business operations in providing a support function to DoD use proceeds obtained from business operations and activities rather than with appropriated funds. The significance of NAFI relationship with DoD does not in any manner cause the government’s financial statements as a whole to be misleading or incomplete. NAFI are not considered “federal reporting entities” for the purpose of financial statement reporting. NAFI financial statements are not in any manner associated with DoD financial statements that feed into the Government-wide financial statements. Because of Non-Appropriated Fund Instrumentalities pervasiveness to all business processes, it is impractical to develop models. Therefore, the processes / activities are identified within the functional requirements however, no process models were created.

* 1. Non-Appropriated Fund Instrumentalities Practices

The requirements in the database were developed for all systems and business operations to be compliant with the NAFI DoD financial and accounting requirements. Additionally, by complying with these requirements, systems and business operations will be compliant with the applicable laws, regulations and policies.

* 1. Release 9.0 Scope
		1. Map Requirements to BEA Processes

During Release 9.0 the Shared Services completed integration or cross function validation of the functional requirements. In Release 9.0 requirements would have been mapped to the lowest level possible within the BEA architecture and if appropriate to multiple lower levels if they existed. However, the BEA does not include diagrams that apply to NAFI Review Requirements Linked by Processes.

The Shared Services Branch further integrated functional requirements by identifying requirements that were touch points between functions. The teams conducted cross team reviews and updated the requirements based upon touch points between the functions.

* + 1. Validate Requirements Source Information

Authoritative Source updates to the requirements included Regulation or Policy changes received through April 2011. Shared Services updated the requirements based upon peer and Lead Analyst reviews.

* + 1. Perform Team Quality Review of Requirements

In Release 9.0, the functional branches continuously performed internal team review of the requirements to ensure that all functional requirements adhered to the following quality characteristics: necessary, achievable, correct, unambiguous, complete, consistent, concise, singular, implementation-free, and testable. All requirements that were not written to the standards above were either: rewritten, rejected or transferred for management decision.

* + 1. Develop Additional Process Models

NAFI did not develop additional process models.

* + 1. Compare Requirements to DoD Transaction Library

The NAFI requirements were not compared to the DoD Transaction Library during this release but may be linked during the test scenario process in a future release.

1. Non-Appropriated Fund Instrumentalities Points of Contact
	1. Shared Services Division Hotline Email

The SSD has established a hotline email address which may be used to provide comments or request information regarding the use of the NAFI FRD. The Shared Services Hotline email is fmcoesharedservices@dfas.mil.

* 1. World Wide Web

The FMCoE, SSD has established a web site titled "Standard Finance & Accounting Requirements" which may be used to access Non-Appropriated Fund Instrumentalities Requirement Documentation. The web site URL is: <http://www.dfas.mil/dfas/fmcoe/sfareq.html>.

* 1. Scenario Database

Shared Services implemented a Scenario Database for writing, storing, updating and retrieving the functional requirements for mapping to various Scenarios. Requirements for all functional areas are included in the Database. Tailored Access Reports are available for staff use; however, tailored Access Reports can be made available for customer use upon request.

* 1. BEA 8.0 Architecture

Below is the link to the BEA 8.0 architecture where you can view diagrams, processes, and activity models.

 <http://www.bta.mil/products/BEA_8_0/index.htm>

# Appendix 1 - Acronyms

|  |  |
| --- | --- |
| ATSC | Audit Trails and System Controls |
| BEA | Business Enterprise Architecture |
| BEIS | Business Enterprise Information Services |
| DEAMS | Defense Enterprise Accounting and Management System |
| DFAS | Defense Finance and Accounting Service |
| DIACAP | DoD Information Assurance Certification and Accreditation Process |
| DISA | Defense Information Systems Agency |
| DoD | Department of Defense |
| ERP | Enterprise Resource Planning |
| F&A | Finance and Accounting |
| FMCoE | Financial Management Center of Excellence |
| FMR | Financial Management Regulations |
| FRD | Functional Requirements Description |
| GFEBS | General Fund Enterprise Business System |
| IA | Information Assurance  |
| IG | Intra-Governmental |
| JADNAF  | Joint Applications DevelopmentNon-Appropriated Fund Instrumentalities |
| NIST | National Institute of Standards and Technology |
| OFFM | Office of Financial Management |
| OMB | Office of Management and Budget |
| SFFAS | Statement of Federal Financial Accounting Standards |
| SFIS | Standard Financial Information Structure |
| SME | Subject Matter Expert |
| SSD | Shared Services Division |
|  |  |
|  |  |

1. SSD Roadshow Presentation [↑](#footnote-ref-1)
2. DoD Architecture Framework, Vol. II [↑](#footnote-ref-2)
3. Wikipedia (www.wikipedia.com) [↑](#footnote-ref-3)
4. 4 Formally, this document is entitled DFAS 7900.4-M, Financial Management Systems Requirements Manual. Informally, this book is sometimes referred to as the *Blue Book*. [↑](#footnote-ref-4)