

## **Identification of Savings Opportunities**

Various saving opportunities were identified through the ABM effort. Those opportunities have been categorized into the different areas examined. The opportunities identified in this section can be implemented over the short term. For other opportunities, see long term savings section of the report.

### **Procurement/Prime Vendor**

In examining the usage of a prime vendor in support of the A-76 study, it appears that this would be a cost savings alternative. It would be imperative that the needs of the customers are met in the contract but if the details can be worked out, this would provide substantial savings for the base. Activities from the ABC model related to the process were identified and the personnel costs were examined. With the assistance of Lt. Joe Charlton, the personnel savings by activity were identified. Using that information and material cost information developed by the Booz Allen consultant, we were able to identify the net savings considering increased material costs of 10-30%. Looking at the worst case scenario where material costs increase by 30%, the personnel savings would be \$209,440. However, when we look at the best case scenario (material costs increase by 10%), the savings would be \$448,103. For details see Appendix A.

### **Budgeting/Accounting**

We examined the budgeting and accounting processes at the Base. We process mapped the activities to understand the relationship between the Comptroller's Office and other organizations and to identify opportunities for improvement. During this period, there was a recommendation brought forward by the Comptroller's Office to consolidate all the financial functions into the Comptroller's Office. We were asked to provide input on this recommendation. The following examines some of the issues and insights.

Based on our examination, the consolidation has both positive and negative impacts on organizations. There are many duplicate activities performed by Installation and Logistics (I&L) Finance and the Comptroller's Office that could be eliminated by the consolidation. In the financial processes, different levels of control existed in the two organizations resulting in multiple handoffs of information. We believe that a consolidation would eliminate these issues and reduce process costs. The personnel costs of I&L Finance activities is about \$216,000. This expense would be eliminated. However, the Comptroller's Office plans to establish one new billet costing about \$39,000.

The consolidation of MCCA and Headquarters Battalion financial activities has different issues. By consolidating the accounting and budgeting activities, there would be one organization responsible for all input to SABRS. However, these organizations expressed concerns related to loss of control. They believe

they can control their budgets more accurately with internal resources inputting data and tracking expenses. They believe that they will have to track things separately on a desk ledger to ensure entries are made correctly and to ensure they have understanding of budget variances.

This concern brings forward the issue that is not addressed through a consolidation of the financial functions. The organization spends \$821,000 per year in personnel costs on accounting and budget activities outside the Comptroller's Office and I&L Finance (see Appendix B). We investigated processes to discover why such a large amount of time was spend on these activities. We found several reasons. The development of the budget is requested by the Budget Office but it is the responsibility of the department or division to develop their own budget based on programs, projects, etc. they plan for the following year. This means that many managers are spending time developing this information without internal resources to assist (i.e. a project or budget analyst). The responsibility of the Budget Office is to consolidate and review the budget.

Another observation uncovered is that many organizations are keeping desk ledgers. The information available in SABRS does not contain the level of detail that managers need to track projects within their department. Managers are accountable for their budget and they believe more information is critical to ensure their budgets are met. There is no system available to keep this information. These ledgers allow them the ability to explain variances in their expenses to the Budget Office or to identify inaccurate entries made to their programs. We discussed this issue with the Budget Office and they agree that SABRS can not provide the level of detail some managers require.

It appears that the departments or divisions either need more assistance from the Budget Office in tracking projects and programs or there needs to be some individuals moved within the Departments to support the managers in budget development and tracking. We recommend that the Budget Office address these issues since they are responsible for supporting these departments with budget/accounting needs and their core competency is this area. This can be accomplished through Budget Office offering a general conference to the responsible individuals in the Departments. This would allow the Budget Office to perform assessment and needs analysis of these customers. Budget Office could then structure specific support activities according to customer needs. These activities would include advice, consulting, auditing, standards conformance, regulatory compliance, and implementation of best practices.

Several organizations expressed concern regarding access to SABRS. They thought that they could not have access to SABRS. We discovered that the Budget Office could give them access to SABRS. They will not be able to make entries but they can review their programs on-line. We recommend that an email be sent to managers to identify individuals requiring access to SABRS. The Budget Office should give training to these individuals. This could eliminate some of the requests for data from departments and eliminate unnecessary paper reports.

The SABRS and FEM software do not interface well. Partial data will populate the SABRS system while other data will not appear in the budget cycle. This creates extensive manual verification to ensure all transactions are actually in the system. MCLB has an existing support contract in place and the technician comes on-site about every two weeks. However the interface problem has not been fixed as of this date. This problem should be immediately addressed and resolved with the technician to eliminate manual verification process.

Reporting by the Budget Office to the CO shows obligations but does not include reservations. Reservations are a "commitment of funds" that have not yet been obligated. This process has the effect of depicting a false picture to Management. It gives the appearance that the Department has "under-executed" their budget for the reporting period. Department managers are then required to write extensive justifications for why

monies are not obligated. In reality the funds have been committed for purchases that have not executed within the system (i.e., a purchase takes 90 days to get through procurement therefore the reservation is not considered spent until obligated). I&L Finance feels justifications are unnecessary because the funds are reserved. We recommend that reservations be including in the reporting which would minimize requirements for justifications.

In review of the Plans and Operation Office of the Comptroller's Office and discussions with the manager, we discovered that the workload on project support has decreased as a result of the Quality Management Office (QMO) initiatives. Most of the management analysts work in QMO and this office has taken responsibility for ABC/M, Installation Reform, A-76, and other programs. The Plans and Operations Office is still responsible for inter-service support agreements, memorandums of understanding and memorandums of agreement. Based on these findings, we discussed the belief that one billet could be eliminated from the department. It is our understanding that this recommendation has been implemented in the past two weeks.

There appears to be an excess number of job order numbers (JONs) in the system. The Budget Office, per customer requests, creates JONs. The problem is the customer has the perception that they need multiple JONs for each project being performed for tracking purposes. In reality, many times the use of one JON can capture the customer requirements. Annually the Budget office forwards the Financial Management Handbook requesting customers review their JONs and eliminate those no longer needed. Many JONs are eliminated, but as the year progresses, new JONs are created.

### **Temporary Additional Duty (TAD)**

Improvements in the TAD process would reduce its activity costs by a minimum of \$20,750 of personnel costs. In examining the TAD process, we discovered the paperwork is passed to multiple people and data is entered manually on paper and then duplicated in the system. Multiple approvals were obtained in many areas. We recommend that only one TAD clerk is involved in preparing orders from initial customer contact, which includes gathering the data and entering in SABRS up to the point of authentication. At which point, a separate individual should authenticate the orders. We should minimize or eliminate the use of paper forms. Specific questions between the traveler and TAD clerk should be handled by email or voicemail unless unavailable. We believe the manager should approve the order electronically and the Commander's stamp is the only approval added manually. We recommend that the Headquarters Battalion prepare and authenticate orders for all military personnel since they have a requirement to know where every Marine is at all times. Additionally, further research should be undertaken into allowing other supported tenants (Maintenance Center Barstow and Fleet Support Center) be authorized to authenticate their own orders. This will eliminate unnecessary trips to Building 15 and eliminate rework.

We also recommend elimination of the requirement to submit two copies of the travel claim and all supporting documentation (the second copy is returned to the traveler after the claim is processed). Travelers should submit their travel claim directly to the Finance Office via guard mail (unless those in the same building find it more efficient to hand carry it). We recommend that a regular class be offered on how to prepare travel orders so individuals can complete the work independently.

The Base Order for Travel Claims needs to be re-written or eliminated after the TAD process is streamlined. Based on time estimates and the number of vouchers processed, these recommendations will at a minimum save 1363 hours per year (equal to personnel savings of \$20,750 assuming a GS-5 conducts the work). This is an example of one of the administrative paper-driven processes. We believe that the same amount of savings

could be found in other similar processes such as personnel actions, labor relations, official correspondence, etc. Appendix C has additional details on this recommendation.

### **Purchase Card**

The current Government Commercial Purchase Card (GCPC) process is inefficient and not cost effective. This process requires GCPC cardholders to submit records of individual purchase card transactions for authorized supplies and equipment to fund administrators (FA). FAs are inputting each individual transaction (by document number) into SABRS. This current process is inefficient and cost ineffective in that it requires individual cardholders to submit and post individual credit card transactions to SABRS. This equates to a time consuming process that takes personnel away from performing their core jobs/functions. (Marine Corps Order (MCO) P7300.20, dated 9 January 1995, governs this process.)

We discussed with the Comptroller's Office the idea of simplifying this process. We discussed the idea of entering one document number for purchases made each month by each fund administration code. The Budget Office began testing a simplified process in March 2000. This test process requires participating organizations (Comptroller's Office, Information System Office and Training Audio Visual Support Center) to track all supplies/equipment purchases under a single job order number. This process requires the FAs to load an obligation dollar amount (utilizing one document number) into SABRS. The obligation amount is increased if necessary as the cardholder makes charges. The FA enters the amount of the GCPC bill into SABRS as an expense against the document number when the GCPC bill is received. Under this test process the FAs receive notifications of purchase/adjustments to charged amount from the cardholder; the FAs still records the purchases in a spreadsheet and tracks the amounts charged against the obligated amount.

We recommend that a waiver be requested to the MCO P7300.20 in order to institutionalize a more cost effective and efficient process. The major savings in this new process would be realized in the amount of time and potential costs saved by submitting/posting bulk transaction entries (utilizing one document number/one transaction) versus the current system of submitting/posting multiple transactions (multiple document numbers) into SABRS. The difference in this recommendation from the current test is that we recommend one contact with the FAs each month identifying the total costs of purchases with one document number. If this process is incorporated, we estimate yearly-realized savings of \$5180 (see Appendix D).

### **Timekeeping**

The process of recovering the money paid for personnel performing jury duty is inefficient. An employee is paid by the courts for their time and then must cash the check and write a reimbursement to the Base. The payroll office must spend time every pay period trying to get these checks from employees. If the check is not received within three months, an adjustment is made to the employee's paycheck. This process takes about 186 hours per year. There are two alternatives that would save a significant amount of time in the process. The first proposed method would be to have the employee sign a waiver refusing the fees, which would then require a copy of the waiver be attached to their time sheet. If this proposal were implemented, Department of Defense (DoD) Financial Management Regulation (Volume 8, Chapter 5, Paragraph 051309) would have to be waived. We believe this alternative would take a couple of hours per year. The other alternative would be for the individual's paycheck to be adjusted for the amount paid by the courts. This would require that the pay information be attached with their time sheet. This would eliminate the need to

cash and write a check and since adjustments are made today if a check is not received, it would simplify the process. This alternative is estimated to take 6 hours per year. For more details, see Appendix E.

Reports are automatically generated when a payroll cycle is run. They are then manually separated and distributed by payroll personnel. Access could be provided to an archived version, via the shared LAN server, the local Intranet site or a pre-pressed CD-ROM on the local servers CD Tower. This allows multiple users access at any time to their reports and eliminate the need for paper. We discussed this issue with the Central Design Activity (CDA) of the Systems Engineering Organization Pensacola and they said other methods of reporting are very involved and complicated and they do not do them. They only provide the paper-generated reports. We believe this issue should be pursued further

### **Training Audio Visual Support Center (TAVSC)**

In examining the TAVSC department, it was discovered that the workload in the department has diminished in the past year. As a result, the open position for a graphic artist was not filled and the photographers were cross-trained to provide that service. We believe that billet should be eliminated from the table of organization. We do not anticipate an increase in future workload. We interviewed several users of the department's services and they believed their number of requests would not change significantly in the future with the exception of Public Affairs Office (PAO), one of their biggest customers, whose workload would decrease. In an interview with PAO, they said that they have purchased a digital camera and will be requesting less help with film development in the future. Based on the trend of changes in technology, it is likely that the support effort could further diminish in the future. Many individuals are able to create graphics using computer programs available today.

Another opportunity for savings would be in the management of the department. The manager's responsibility is to oversee the assignments and to delegate them to individuals. Since the department staff is becoming cross-trained and the individuals can work independently on projects, we believe a lead could be assigned between the workers and the direct management be eliminated. These two billets would save the Base \$105,698 per year. This was discussed with the Base Administrative Officer and she agreed that this change is possible and she has initiated many of these actions. If additional help were needed at peak periods, an inter-service agreement with another Department of Defense agency or a contractor would be used. See Appendix F for department activity costs.

As you move into the long term and if workload does drop in this area as a result of technology or customer needs, you may want to consider outsourcing the capabilities to eliminate overhead costs required with an employee.

### **Nebo and Yermo Rear Gates**

In review of the rear gate usage data and interviews with Major Miller, it is recommended that the rear gate be closed unless needed on an exception basis. Based on conversations with Major Miller, the main users of the rear gates are privately owned vehicles (POVs) and traffic between the two bases, in addition to some daytime trucking between the two annexes. In examining the size of the bases and the distance between the two front gates, it appears that the time to travel using the freeway and the front gates versus the back road and the rear gates would not be significantly different, due to higher speeds on the freeway. By eliminating usage of the rear gate, two 12-hour posts (both rear gates) could be saved equal to approximately \$90,552 from the ABC model (three full time equivalents) and the resources could be used elsewhere. Based on a review of 8 hours

of each day conducted by Public Safety, approximately 30 vehicles use each rear gate per hour with the only significant increase being at Yermo the hours of 0600 to 0700 (probably POVs of base personnel). We believe this low usage data supports the recommendation. For usage detail, see Appendix G.

### **Micro Systems Coordinator (MSC) Responsibilities**

Based on interviews with personnel conducting MSC duties and others with in various departments, it appears that different organizations have various levels of support from their MSC. The individuals performing these duties are not required to have specific qualifications. These individuals support their departments with their best effort but as a result of lack of training or inexperience can actually cause more work on the back end for the Information Systems Office (ISO). A MSC may perform work, in effort to help an individual, and simply conclude that they need to contact ISO for resolution that results in duplicate efforts. Even worse, the MSC may make changes to an individual's system that creates more problems for ISO to resolve. These responsibilities are collateral for most individuals and take them away from their core job. We estimate that the time spent by individuals on MSC duties is about 3474 hours per year costing Base Operations about \$75,602 per year. An additional 2288 hours costing \$61,577 is spent in Maintenance Center and other tenant organizations on MSC duties. We believe it would be time and cost effective to move these responsibilities to ISO. There would be one central location for problem resolution with properly trained or certified employees. We estimate that this change would save Base Operations 2305 hours or \$56,701 in problem resolution efforts. An additional 1716 hours or \$46,183 would be saved in Maintenance Center and other tenant organizations). See Appendix H for details.

## **Methods & Approaches to Effect Savings Opportunities**

Various methods were utilized to identify savings opportunities in the model. We created attributes to identify costs of specific processes. In many areas the model did not contain the necessary details on the process. As a result we conducted further interviews and facilitated sessions and created flow charts. Since the CO is interested in savings opportunities in administrative processes, it is recommended that some of these processes be decomposed into separate activities with in the ABC model.

As a result of interviews and flow charts, we were able to identify unnecessary efforts in various processes. To ensure the changes were possible, regulations and laws related to the processes were examined. We also contacted several other ABM teams to gain an understanding of the process at other bases. The problems with this effort was that we were examining different processes than the other teams and many times they did not have the same level of detail we had obtained on the process. We believe this will be more effective once the other teams complete their initial projects. This will be one of the first completed projects.

As Barstow continues to build and refine their ABC model, further activity analysis efforts should follow. It will be important to better define activities to help in the identification of savings opportunities. In areas where potential savings may exist, activities can be defined at a more detailed level so the cost information is readily available and extrapolation is not required.

The model can be restructured to more clearly define processes versus departments. Today, most of the activity structure is by department and an effort is underway to better capture costs by process. The modeling team is working to improve the structure based on recommendations suggested by GT. This

structure will better identify all individuals involved in a process. It also identifies for users new information on the processes in which they are involved. They can better understand the steps involved.

Costs other than labor should be reviewed with in the model to ensure they are assigned appropriately. In reviewing the model it appears some costs were evenly spread across departments even if certain activities never utilized the cost. See Appendix I for ways to drive resource costs to their respective activities. For example, contracts were spread across specific departments even to activities such as "Perform Military Duties" which did not use the contract (see Appendix J). A review of this information will allow for better cost data.

We have also provided some recommendations to the team on data collection. We have included some templates that may be used to collect data for future model updates (Appendix K).

In identifying further opportunities involve the department and divisions managers. Ensure they view the model and understand how it works. If you get the management excited about the tool, the job becomes easier. We suggest that meetings be set up with each department or division heads (whichever is appropriate) to walk them each through the model. This opportunity should be used to demonstrate the functions of the model such as adding/deleting activities, generating reports, drilling down into cost data, etc.

Continue to provide activity reports to management. Some standard reports were established during the building of the model and these reports should be sent out as the model is modified or updated. Ensure that the reports that are sent are valuable to management and utilize e-mail versus paper copies to keep costs minimal. Once COGNOS software is implemented at the base, use the tool to create and provide standard reports.

As the A-76 study continues, the model should be updated to reflect the structure of the new organization. In addition, based on the results of the study, areas outside of I&L Department will be impacted. The model should be used to examine the processes effected and what effort will be required in the future organization.

GT has left an ABM Desk Guide behind to help assist the team in future ABM efforts. The guide provides instructions on different techniques that can be utilized to identify savings and improve processes.

## **Identification of Longer-Term Savings Opportunities**

Longer-term savings are difficult to identify at Barstow as a result of the A-76 study. Since changes are being developed affecting 70% of the base costs and the organization structure will be new, it is hard to know how this will affect other areas and responsibilities over the long term. Until the most efficient organization structure is complete, it will be difficult to look at the base as a whole.

### **Savings Opportunities**

There are a few areas where longer-term saving opportunities exist. The time reporting system is antiquated. Manual time cards and job order number cards should be minimized, if not eliminated. With technology today, employees should enter their time on line and approvals should occur on line. This will eliminate the need to re-enter data that was hand written on cards. By upgrading and converting to an automated system such as the NAVFAC Enterprise Administrative Management Information System, the comptroller could effectively reduce the number of billets needed for timekeeping. We believe between two and three billets

could be eliminated resulting in savings of over \$100,000 (See Appendix L). In this system, individuals are able to access and edit their own personal electronic timecard. A timekeeper (manager) would be able to input JONs and exceptions; compute overtime/committee; process leave slips; provide status and leave balances; review timesheets by individual, shop, office, etc.; generate reports; and edit records. The software program will filter out input errors purifying data prior to being fed to Payroll. Payroll would need to cross train another timekeeper as a backup. A user's guide would need to be developed for timekeepers, management, and employees to utilize as a reference.

Over the long term, reports created through the SABRS system need to be examined. Before Y2K, ISO examined all main frame reports created and were able to eliminate paper copies of 1275 reports totaling 143,218 pages. Based on review of the timekeeping and budgeting processes, it appears many reports are created without regard to whether the customer uses or needs them or "just in case someone asks a question". Reports should be created on an as needed or print on demand basis. The reports should also be viewed on-line whenever possible, eliminating the need for paper.

Fraud, waste and abuse efforts should be examined. There exists a Base Inspector, however, many of the duties which appear to be directly related to his responsibilities fall under the Comptroller's Office. We recommend that you review the responsibilities to eliminate duplication of effort and to identify the best area of responsibility for the activities.

The grade levels of positions throughout the base need examination. Throughout the ABM effort this subject was brought forward to our attention. Many managers on the base believe that certain organizations have positions in which the grades are too high for the responsibilities. As the base has changed over the years and job responsibilities have been redefined, it is a common opinion that job grades were not adjusted as appropriate. As a result, many jobs may be graded higher than is necessary which affects base costs especially as employees rotate to new positions.

### **Identifying Savings**

It will be important to identify other long term saving opportunities through future updates to the model. As the installation changes its structure based on the A-76 study, new opportunities will arise during the data gathering, model building, and reporting process.

As more models are completed across installations, benchmarking is a key tool to use in improving processes. Common processes across bases can be compared and opportunities for improvement will be identified. In addition, practices in other industries can also be used in benchmarking efforts. Look for companies known for being best in class even if they create a different product. They are likely to have some similar processes in which you can gain knowledge to apply where appropriate.

The model can also help the USMC look for opportunities for regionalization. Although this effort can not be done at Barstow alone, Barstow may play a role in the examination of these initiatives. By having a current model, cost and activity data can easily be provided to the regionalization project teams. Models can also be updated to determine impacts of project team changes before implementation.