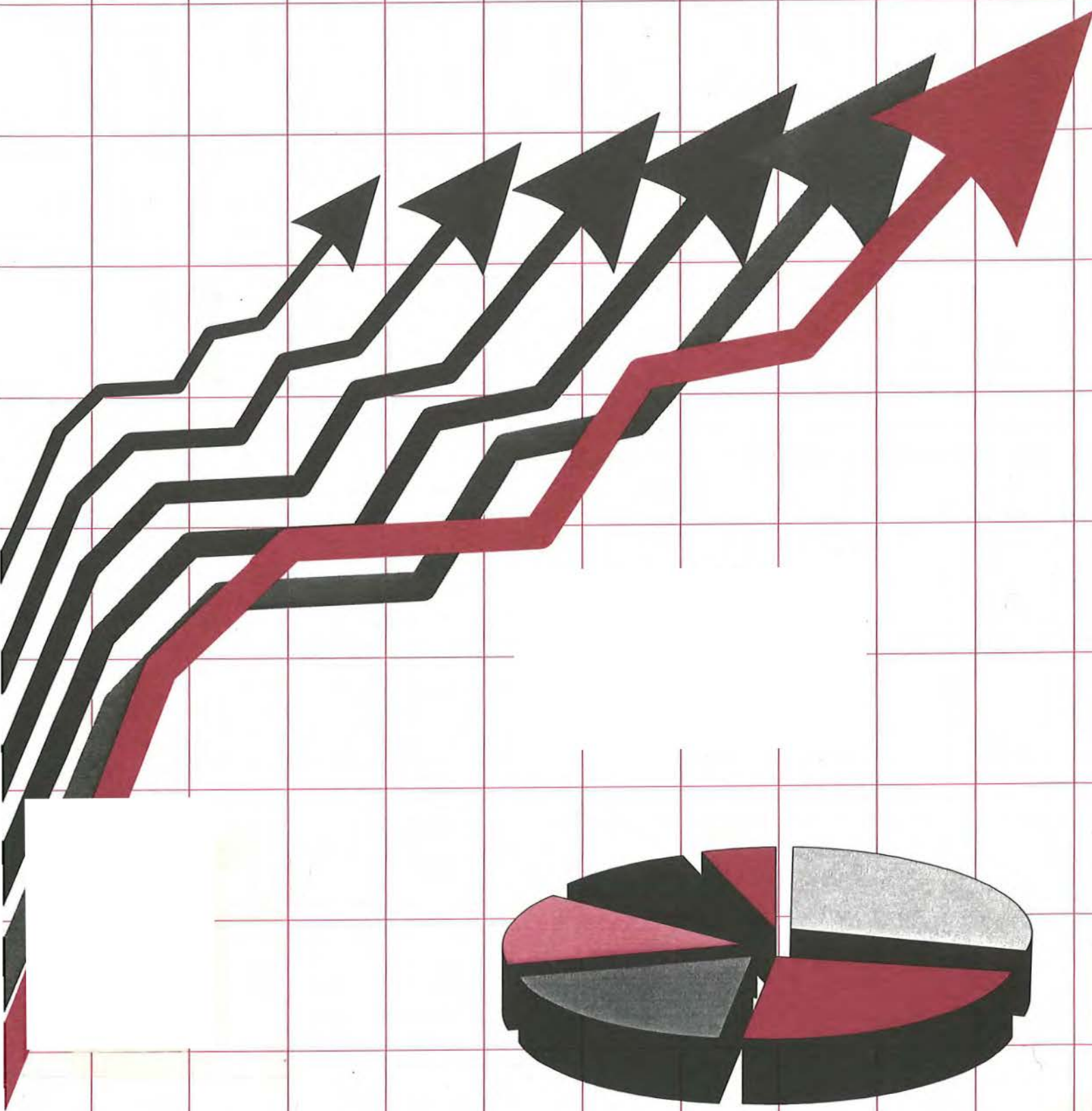




1993
Report on Financial Management Improvements



Preface

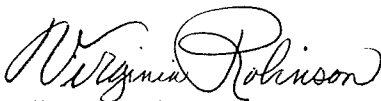
This annual report by the Joint Financial Management Improvement Program (JFMIP) highlights what federal organizations are doing to improve their financial management systems and operations. By disseminating this information, JFMIP fulfills one of its primary roles to act as a catalyst for improving financial management policies and practices governmentwide.

Chapter 2, Initiatives to Improve Financial Management Governmentwide, describes the actions of central agencies to develop and implement programs throughout the government. Many of the financial management improvements (Office of Management and Budget, Department of the Treasury, U.S. General Accounting Office, and interagency organizations) had impetus in the CFO Act and this report covers the third full year of implementation of that legislation. The Government Performance and Results Act of 1993 requires financial management to play a role in measuring the performance and results from federal government operations. Chapter 2 also summarizes activities instituted by the Office of Personnel Management.

Chapter 3, Initiatives by Federal Organizations to Improve Financial Management, presents information about many topic areas of financial management. The content includes descriptions of financial management and related initiatives submitted by federal government departments, agencies, and other organizations. The information is presented to encourage and facilitate improvements of financial management practices governmentwide.

This year's annual report includes a Customer Satisfaction Survey. This survey inquires about the usefulness of the annual report, its presentation format, and whether the report information would be useful in an electronic format. Your comments, ideas, and suggestions for improvement will be appreciated.

I commend the federal organizations identified in this annual report for their accomplishments in 1993, thank all agency officials who submitted information for this annual report, and congratulate those whose personal efforts contributed to these improvements. I hope the exchange of information made possible by this report promotes application of the programs and innovations developed and implemented by other agencies for improving their financial management systems and operations. Please request additional information on the initiatives cited in this annual report by contacting either JFMIP or the agency contacts listed in the report.



Virginia Robinson
Executive Director

June 1994

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Joint Financial Management Improvement Program

BACKGROUND

The Joint Financial Management Improvement Program (JFMIP) is a joint and cooperative undertaking of the Department of the Treasury, the Office of Management and Budget, the General Accounting Office, and the Office of Personnel Management. JFMIP's mission is to work to improve financial management practices and policies throughout the government.

JFMIP was formed in 1948 by the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General of the United States; it was given statutory authorization in the Budget and Accounting Procedures Act of 1950. The former Civil Service Commission, now the Office of Personnel Management, joined the JFMIP sponsorship in 1966. JFMIP receives leadership and guidance from four Principals: the Secretary of the Treasury, the Director of the Office of Management and Budget, the Comptroller General of the United States, and the Director of the Office of Personnel Management.

JFMIP is administered by a Steering Committee which is comprised of representatives of the Principals, the Executive Director of JFMIP, and a representative from a program agency. The

program agency representative in 1993 was from the Department of Defense (DOD) until October 1993 and from the General Services Administration (GSA) since November 1993. Appendix A lists the JFMIP officials and staff in 1993.

Under the guidance of the Steering Committee, the JFMIP staff develops, directs, and undertakes improvement programs and projects. These efforts depend upon the active participation of personnel from the four central agencies and the operating agencies. To facilitate this cooperative approach, liaison representatives are designated for each federal agency. Appendix B lists these liaison representatives.

JFMIP's projects include special studies to resolve specific problems with governmentwide application. Such studies are often performed by interagency project teams consisting of staff from both the central and program agencies. JFMIP provides advice on specific financial management problems; in addition, it provides referrals to sources of expertise, contacts with central agencies, and informal consultation.

JFMIP acts as a clearinghouse for sharing and disseminating good financial management techniques

and technologies. JFMIP sponsors conferences and workshops, publishes a quarterly news bulletin, and prepares informative documents on good financial management practices. Appendix C lists publications in 1993 and other available publications.

JFMIP PROJECTS COMPLETED AND UNDERWAY

Systems Requirements

Update of Core Financial System Requirements

The Office of Management and Budget and representatives from the CFO Council's Financial Management Systems Committee, under the auspices of the JFMIP, developed a revised draft of the Core requirements that was distributed in December 1993 to federal agencies and other financial managers for comment. The revised draft was developed from comments received on an initial draft and incorporates many of the comments. The modifications to the Core requirements have been completed. However, since a new project is currently underway to develop an overview document for financial management systems, the Core requirements were issued as an interim final document in April 1994, and will be finalized and released concurrently with the issuance of the overview document.



Financial Management Systems Overview

A project was initiated to develop an overview document of financial management systems that describes how financial and related information should flow within the federal government and how systems should support the flow of information. With OMB as lead agency, a multi-agency team was established and has met to discuss the strategy and focus for this document and address key issues, implementation considerations, and design issues. Completion is projected for the Fall of 1994.

Inventory System Requirements

A project team led by the Department of Defense has developed a draft document. The document defines system requirements consistent with the FASAB definition. The document will be published in mid-1994.

Seized/Forfeited Asset System Requirements

The Seized/Forfeited Asset System Requirements document was issued in March 1993. A seized/forfeited asset financial management system provides the information and controls needed to help guard against mistakes which at worst could cause the wrongful seizure of property from innocent citizens. The systems must track the status of seized assets and use effective management techniques to hold, account for, and dispose of the

assets, as well as employ effective performance measures to assess program efficiency and quality.

Direct Loan System Requirements

The Direct Loan System Requirements document was published in December 1993. The publication provides functional requirements for the loan extension, account servicing, portfolio management, and delinquent debt collection functions of direct loan systems. It also documents information stores necessary for the system and reporting requirements.

Guaranteed Loan System Requirements

The Guaranteed Loan System Requirements document was published in December 1993. The publication provides functional requirements for the lender management, guarantee extension and maintenance, portfolio management, acquired loan servicing, and delinquent debt collection functions of guaranteed loan systems. It also documents information stores necessary for the system and indicates reporting requirements.

Continuing Professional Education—Budget Analysts

The JFMIP staff is working with the American Association for Budget and Program Analysis to develop a report on continuing professional education

for budget analysts (GS-560 series). The project team has identified primary functions, activities, and tasks as well as knowledge, skills, and abilities of budget analysts from GS 5 through 15. The draft document will be distributed for comment to all agencies before it is finalized for publication.

INFORMATION EXCHANGE

Briefings and Presentations

The JFMIP staff participated in workshops, seminars, and forums throughout the year to disseminate information on current financial management issues.

The Executive Director and staff met with federal financial managers to share information on financial management activities, discuss ongoing JFMIP efforts, and seek ideas for future projects. The agencies visited in 1993 included the Departments of Labor, Navy (Naval Facilities Engineering Command), Transportation (Coast Guard), Treasury (Alcohol, Tobacco, and Firearms), and Veterans Affairs; and the Environmental Protection Agency, Federal Election Commission, General Services Administration, Nuclear Regulatory Commission, and Overseas Private Investment Corporation.

Meetings were held with individual financial managers on specific issues. Other information visits



were conducted with the Federal Executives Institute and the Financial Executives Institute.

JFMIP participated in meetings with the Chief Financial Officers Council and other interagency councils including the Federal Financial Managers Council, which consists of senior financial managers from large federal departments and agencies, and the Small Agency Council (formerly Comptrollers' Roundtable), which represents top financial officials from independent federal agencies. In addition, JFMIP interacted during 1993 with the President's Council on Management Improvement, President's Council on Integrity and Efficiency, National Intergovernmental Audit Forum, and the Federal Accounting Standards Advisory Board (FASAB). Interagency council activities and a description of FASAB's 1993 activities are presented in Chapter 2.

JFMIP News Bulletin

Since 1970, JFMIP has published a quarterly news bulletin to provide current information on financial management activities and developments. Articles cover a broad range of topics including central and program agency initiatives, financial system operations and developments, cash and credit management, performance measurement, electronic data interchange (EDI), training, FASAB updates, and initiatives

related to implementing the Chief Financial Officers Act of 1990, the Government Performance and Results Act of 1993, and the recommendations of the Clinton Administration's National Performance Review.

Annual Report

The JFMIP annual report summarizes the activities of JFMIP during the year and highlights the accomplishments and initiatives of central and program agencies in improving financial management. This is the third year of implementing the comprehensive financial management improvements envisioned under the Chief Financial Officers Act of 1990, and the annual report reflects the progress of these efforts. JFMIP has published the annual report since 1950.

Financial Management Directory

The JFMIP *Directory for Financial Managers* facilitates the interchange of financial management information by making available the names, addresses, and phone numbers of federal financial management offices and officials. The directory was first published in 1973, with the most recent directory published in the Fall 1993.

Compendium of Courses

The JFMIP first issued a *Compendium of Courses* for the continuing professional education of

GS-510 accountants and other interested financial management personnel in 1991. In 1993, the JFMIP updated the 1993 *Compendium of Courses* by issuing a Fall 1993 Supplement. In late 1993, the JFMIP published the calendar year 1994 *Compendium of Courses*.

Annual Conference

JFMIP sponsors an annual financial management conference to address current issues in financial management policies and practices within the government. An estimated 900 individuals from the federal, state, and local governments and the private sector attended the JFMIP conference held on April 1, 1993, in Washington, DC. The theme of the conference was *Challenging Government with Better Financial Management*.

Alice Rivlin, Deputy Director, Office of Management and Budget, and Roger Altman, Deputy Secretary of the Treasury, were the keynote speakers. They were introduced by Ed Mazur, Controller, Office of Management and Budget. OMB Deputy Director Rivlin discussed the budget and economic plan of the new Administration and its appointment of an economic team. She discussed the economic team's review of what was wrong with the economy and what needed to be done. From this review, she said the President's economic plan was developed and presented to the Congress.



Ms. Rivlin set out a major agenda for financial managers that included: (1) improvements to automated financial systems, (2) providing accurate, timely and readily accessible information for financial activities, (3) increasing the collections of tax, non-tax, and delinquent debt, (4) expanding the number, availability, and usefulness of agency-level audited financial statements, and (5) improving the accountability in internal control evaluation and in high-risk programs. She concluded that financial managers have a major ally in the President, and another in the Vice President who was in charge of the National Performance Review.

Mr. Altman discussed briefly the President's economic plan and its reliance on the conservative estimates of the Congressional Budget Office. He expressed his thoughts on the opportunities available to financial managers for streamlining and productivity improvements. At the Department of the Treasury, he said downsizing would occur without sacrificing service or function by instituting a managed attrition program. He said financial managers are familiar with what can be done to save money. He cited, as an example, the move to electronic funds transfer as less costly than the writing of 495 million checks at 26 cents each. He also cited cost benefits of reducing float in cash management and debt collection programs.

Edward Mazur, the Controller, Office of Federal Financial Management, Office of Management and Budget, provided the plenary address that began the morning session. He was introduced by Donald Chapin, Assistant Comptroller General, U.S. General Accounting Office who voiced his strong support for the message Mr. Mazur was to deliver. Mr. Mazur challenged financial managers to make significant changes for improvements. He discussed OMB's 5-Year Plan that provides a context for improving financial management in eight areas: financial management organization, financial management personnel, accountability standards, financial systems, internal controls, asset management, requirements with state and local governments, and audited financial reporting. He said the CFO Council Operations Group is focusing on policies governmentwide, the transferability of agency-related solutions, and on education and training.

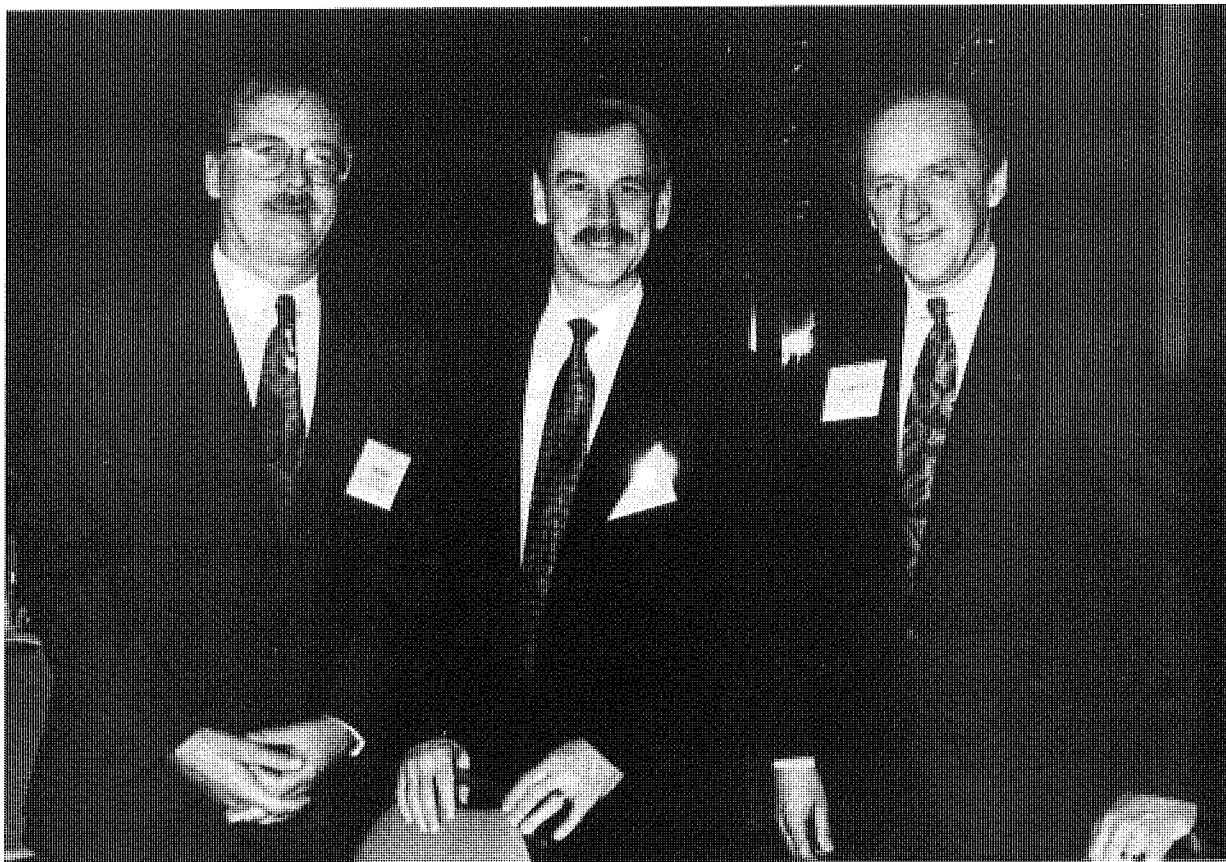
Mr. Mazur emphasized that policies and standards will ultimately drive the improvements in financial management. He said 49 governmentwide standards have been identified to date. These standards are: accountability standards established by FASAB; information standards, such as the standard general ledger; reporting standards, such as OMB's form and content bulletin on financial statements; systems standards, such as OMB's circular on financial management systems; and

verification standards, such as OMB's circular on single audit. In addition, there are federal operating requirements or standards. He said JFMIP will track the status of these developmental efforts and the JFMIP Steering Committee will work with agencies to get the standards implemented.

Four panel sessions were presented: Development of Human Resources in Financial Management; Information Technology: Tools for Management; Making an Impact with the Audited Financial Statement Process; and Accountability Reporting - The Wave of the Future for Program and Financial Managers.

Charles Bowsher, Comptroller General of the United States, made some brief remarks before presentation of the Donald L. Scantlebury Awards. E. John Prebis, Chief Financial Officer, OPM, and JFMIP Steering Committee Chairman presented the awards to James D. Yager, Assistant Executive Director of Management Services for the South Florida Water Manager District; Harvey C. Eckert, Deputy Secretary for Comptroller Operations in the Office of Budget for the Commonwealth of Pennsylvania; and Robert W. Gramling, Director of Corporate Financial Audits for the U.S. General Accounting Office.

The proceedings of the conference were published in May 1993.



Scantlebury Memorial Award Recipients James D. Yager, Robert W. Gramling, and Harvey C. Eckert.

Initiatives to Improve Financial Management Governmentwide

This chapter describes the initiatives and actions of central agencies and interagency boards and councils to develop and implement a comprehensive set of governmentwide financial management improvements. Many of the initiatives and improvements emphasize a recurring theme for 1993, the program of creating a government that not only works better but costs less. Exemplifying this mission was the culmination of the National Performance Review and the subsequent (and in progress) publication of accompanying reports, in particular, the report on *Improving Financial Management*.

NATIONAL PERFORMANCE REVIEW

The National Performance Review (NPR) began on March 3, 1993, when President Clinton announced a 6-month review of the federal government and asked Vice President Gore to lead the effort. Thousands of federal employees joined in efforts to examine not only agencies and cross-cutting issues such as budgeting, procurement, and personnel, but also ways to improve business at individual departments. The twin missions of making a government

work better and cost less culminated in the September 7, 1993, release of the *Report of the National Performance Review—Creating a Government that Works Better & Costs Less*.

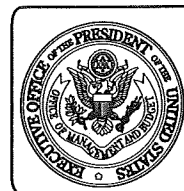
The Report, the first product of the reinvention efforts, concentrated on NPR's four key principles: cutting red tape, putting customers first, empowering employees to get results, and cutting back to basics. Chapters organized to address the four principles describe and list directives, actions, and recommendations. Representing the beginning of an on-going commitment to change, NPR expects its recommendations to produce savings of \$108 billion over 5 years.

Since release of its initial report, NPR has issued accompanying reports. Both Systems Reports and Agency Reports have been issued. Systems reports released thus far include *Improving Customer Service*, *Improving Financial Management*, *Rethinking Program Design*, *Strengthening the Partnership in Intergovernmental Service Delivery*, and *Improving Regulatory Systems*.

Federal managers today should strive to improve and build a strong financial management infrastructure and adopt good

business practices. The accompanying NPR report, *Improving Financial Management*, released in March, 1994, suggests recommendations for those objectives:

- * Issue an annual financial report by the President to the citizens.
- * Enact legislation to allow funds for debt collection activities to come from revenues generated from collections, letting agencies keep a portion of any increased collection amounts for further improvements.
- * Issue all federal payments through Electronic Funds Transfer or Electronic Benefits Transfer.
- * Issue a comprehensive set of federal financial accounting standards within 18 months.
- * Allow agencies and departments to create "innovation capital funds" out of retained savings from operational funds as well as other sources.
- * Instruct agency heads to implement, at their discretion, franchising for service functions.



THE OFFICE OF MANAGEMENT AND BUDGET

The Office of Management and Budget (OMB) assists the President in carrying out budgetary, management, and other executive responsibilities. In the area of financial management, OMB establishes policy guidance for the preparation and audit of financial statements, financial systems, credit and cash management activities, and internal controls. OMB also evaluates agency performance, monitors progress, and prepares a governmentwide long term financial management plan. On the budget side, OMB develops budget instructions and procedures, coordinates the review of agency estimates, maintains budget data systems, reviews agency financial management plans, and prepares the budget documents.

MANAGEMENT INITIATIVES

Status Report and 5-Year Plan

OMB issued the *Federal Financial Management Status Report and 5-Year Plan* (August 1993) as required by the Chief Financial Officers Act of 1990. The document discusses the status of initiatives described in last year's report, presents data on the status of agency financial management systems, summarizes the audited

financial statements submitted on 55 reporting entities and 33 government corporations for fiscal year 1991, and discusses how the scope and coverage of audited financial statements will be expanded. The document includes, for the first time, explicit objective indicators that highlight the degree to which each agency is achieving sound financial management. For most of the 23 agencies covered by the CFO Act, OMB reports on various aspects of performance including how much of the agency's budget is covered by audited financial statements, how many of the auditors' opinions have been unqualified, and what percent of vendor invoices have been paid on time.

As the next reporting cycle begins, OMB will focus on developing a strategic plan for financial management that incorporates the results of the National Performance Review and agency efforts to rethink how they do business. The OMB report states that reforms undertaken pursuant to the Chief Financial Officers Act of 1990 are starting to correct long-standing problems. The OMB's work with agencies is directed to developing the capacity to generate accurate and meaningful financial information that becomes an integral part of the everyday management of an agency's activities. OMB's framework for improving financial management brings together seven key areas:

1. Accountability Standards
2. Financial Management Organization
3. Financial Management Personnel
4. Financial Systems
5. Management Controls
6. Asset Management
7. Audited Financial Reporting

For copies of the report, call (202) 395-7332 or write Executive Office of the President, Publications Services, New Executive Office Building, Room 2200, 725 17th Street NW, Washington, DC 20503.

Accountability Standards

Government Performance and Results Act of 1993

On August 3, 1993, President Clinton signed into law the "Government Performance and Results Act of 1993" (Public Law 103-62). The Act establishes, on a pilot basis, a program of federal agency performance planning and reporting. A related managerial accountability and flexibility program, established also on a pilot basis, would permit agencies to waive certain administrative controls, such as limitations on staffing levels and compensation, and restrictions on funding transfers among some object classes, in return for accountability to achieve a program goal. In fiscal year 1994, OMB is required to



designate programs in at least 10 agencies to serve as 3-year pilot projects in performance goal setting, measurement, and reporting. OMB is required, by May 1, 1997, to report to Congress the benefits, costs and usefulness of the Act; difficulties encountered; and needed changes.

OMB Circular No. A-134

Circular A-134, "Financial Accounting Principles and Standards" (May 20, 1993), establishes the policies and procedures for approving and publishing financial accounting principles and standards. It also sets forth the policies to be followed by federal agencies and OMB in seeking and providing interpretations and other advice related to the standards.

According to the Circular, the Director of the OMB will issue a Statement of Federal Financial Accounting Standards (SFFAS) if a Federal Accounting Standards Advisory Board recommendation is agreed to by the Director, the Secretary of the Treasury, and the Comptroller General of the United States. Each SFFAS shall be considered to be a statement of generally accepted accounting principles for federal agencies. Agencies shall apply the SFFASs in preparing financial statements in accordance with the requirements of the Chief Financial Officers Act of 1990. Auditors shall consider SFFASs as authoritative references

when auditing financial statements. The circular can be obtained by contacting OMB's publications office, (202) 395-7332. [Financial Standards and Reporting Branch, OFFM, (202) 395-3993]

Financial Management Organization

Changes in OMB as a result of OMB 2000 recommendations resulted in an integration of management and budget activities. OMB 2000, a reorganization team comprised of former and current career and political appointees at OMB, was a comprehensive self-examination of OMB aimed at improving efficiency and effectiveness in light of changing OMB responsibilities. The OMB 2000 team also conducted interviews of personnel which showed a consensus on the need to strengthen OMB's focus on program oversight issues by integrating management skills with those areas of OMB that have program-specific knowledge.

The reorganization involves realigning staff. The current program associate directors will now head operations called Resource Management Offices (RMOs). The new RMOs will be called Natural Resources, Energy and Science; National Security and International Affairs; Health and Personnel; Human Resources; and General Government. RMO staff have broader responsibilities as program examiners and will

include staff from the old General Management Division and some employees from two OMB statutory offices. The Office of Federal Financial Management and Office of Federal Procurement Policy will retain their statutory policy roles.

The OMB 2000 process also revealed major areas of policy improvement:

- * integrating tax and spending policy with the Treasury Department and the White House Council of Economic Advisors;
- * enhancing interagency policy development by setting up ad hoc teams to deal with cross-cutting issues;
- * conducting more long-term, mid-range analysis;
- * improving working relationships with agencies and increasing agency involvement in the budget process;
- * improving strategic policy thinking and policymaking; and
- * improving OMB's interaction with Congress.

In 1994, OMB will begin office moves to implement the new reorganization.



Financial Management Personnel

A project team in OMB developed a handbook, the *Handbook for Financial Managers*, for financial managers explaining basic, governmentwide personnel requirements and regulations necessary for successful recruitment of financial personnel.

Financial Systems

In 1993, OMB continued efforts with Treasury to eliminate redundant reporting by agencies to the central agencies, expand the central data base to include more comprehensive information, and eliminate rigid, form-based reporting formats.

OMB Circular A-130

OMB issued Circular A-130, "Management of Federal Information Resources," on June 25, 1993. It covers general policies on information resources including information technology systems. Procedural and analytic guidelines for implementing specific aspects of these policies are included as appendices. Information technology systems include financial systems and financial portions of mixed systems as defined by Circular A-127. The circular can be obtained by contacting OMB's publications office at (202) 395-7332.

OMB Circular No. A-127

Circular No. A-127, "Financial Management Systems" (July 23, 1993) prescribes policies and standards for executive departments and agencies to follow in developing, operating, evaluating, and reporting on financial management systems. The Circular replaced and rescinded Circular A-127 dated December 19, 1984. It also rescinded OMB memorandum M-85-10, "Financial Management and Accounting Objectives," and M-85-16, "Guidelines for Evaluating Financial Management/ Accounting Systems."

The revised Circular clarifies the definition of "single integrated financial management system;" eliminates unnecessary overlap between Circular No. A-127 and Circular No. A-123, "Internal Control Systems;" eliminates unnecessary overlap between Circular No. A-127 and Circular A-130, "Management of Federal Information Resources;" clarifies terminology and definitions; updates the Circular for all policy; clarifies certain agency responsibilities; and eliminates outdated guidance. The Circular defines policies for financial management system requirements and financial management improvement process requirements.

The federal government's financial management system policy is to establish governmentwide financial

systems and compatible agency systems, with standardized information and electronic data exchange between central management agency and individual operating agency systems, to meet the requirements of good financial management. In support of this objective, the Circular requires agencies to establish and maintain a single, integrated financial management system that complies with the following:

- * applicable accounting principles, standards, and related requirements as defined by OMB and the Department of the Treasury;
- * internal control standards as defined in Circular A-123, "Internal Control Systems" (August 1986), and/or successor documents;
- * information resource management policy as defined in Circular A-130 and/or successor documents; and
- * operating policies and related requirements prescribed by OMB, the Department of the Treasury, and the agency.

The circular can be obtained by contacting OMB's publications office at (202) 395-7332. [Federal Financial Systems Branch (202) 395-6903]



Management Controls

High Risk Areas

In the *Budget of the United States Government, Fiscal Year 1995*, OMB published a list of high risk areas whose weaknesses warrant top-level attention at the agency and by the Congress. The High Risk Program focuses attention and resources on eliminating major risks confronting federal agencies and programs.

In 1993, agencies generally continued to make good progress in correcting high risk areas. Of the 104 high risk areas included on the list throughout 1993, OMB concluded that:

- * 25 areas had made sufficient progress and were deleted from the list.
- * In 22 areas, agencies have made significant progress—produced a corrective plan that will either eliminate or reduce the risk.
- * In 47 areas, agencies have active efforts underway to improve progress.
- * In eight areas, OMB has reservations about the adequacy of agency progress and/or plans.
- * One area should be removed from the list because unilateral action by the agency to correct the problem is not feasible.

Seven areas are being added to the list this year and two merged resulting in a High Risk List at the beginning of 1994 that includes 84 areas.

Federal Managers' Financial Integrity Act (FMFIA)

FMFIA requires agencies to establish systems of management controls and report any material control weaknesses to the President and Congress. In complying with applicable standards for internal controls, the FMFIA report submitted in December 1992 by the 23 CFO Act agencies showed that three agencies were not in overall compliance with standards for internal controls; 493 pending material weaknesses are reported; and 120 material weaknesses had been corrected. Six agencies reported that they were not in overall compliance with the requirements for financial management systems. Three agencies reported that they were in compliance with some exceptions, and there are 152 pending instances of material non-conformance with governmentwide policies.

Asset Management

In August 1993, OMB issued the *Status Report on Credit Management and Debt Collection* to Congress. The submission of this report satisfies the requirement of the Debt Collection Act of 1982, as

amended, for OMB to submit an annual report to the Congress on the government's debt collection activities. This report presents the financial condition of the government's receivables portfolio as of September 30, 1992, and describes efforts to improve Federal credit management and debt collection.

As of September 30, 1992, total governmentwide receivables totalled \$312 billion, of which \$110 billion were delinquent. Of these receivables, tax receivables (for example, taxes assessed and due) totalled \$71 billion and non-tax receivables (direct loans and defaulted guaranteed loans) totalled \$241 billion. In addition to receivables, the Government has contingent liability for \$673 billion as a result of loan guarantees.

The report cites trends in the growth of these receivables, as well as trends in collections and delinquencies. In the areas of collections, information technology, and management, the report details 1992 accomplishments and lists initiatives for 1993 and future years. The report also summarizes the ongoing credit management and debt collection activities of the five agencies with the largest domestic credit programs. A summary is provided of Department of Justice activity related to its litigation and collection of delinquent debt.



The five agencies with the largest domestic credit programs are as follows: Department of Agriculture's Farmers Home Administration and Rural Development Administration, the Department of Education, the Department of Housing and Urban Development, the Department of Veterans Affairs, and the Small Business Administration. The appendix to the report contains charts on the status of receivables by department/agency, collections and write-offs by department/agency, trends in delinquent receivables, and percentages of delinquent receivables. The report can be obtained by contacting OMB's publications office at (202) 395-7332.

Credit Management Improvements

To improve credit management, OMB and the major credit agencies are developing "performance agreements" for credit management and debt collection activities. These agreements would document agency commitments for the achievement of collection and default goals of the next 12 to 18 months. In return for these commitments, OMB will give agencies the flexibility to determine the best strategy for meeting these goals, rather than mandating the use of certain governmentwide credit management and debt collection tools and techniques.

OMB drafted debt collection legislation which would: (1) allow

agencies to retain a portion of collections to use for debt collection activities, (2) expand the use of private collection agencies to Customs and HHS, and (3) increase Justice's use of private law firms for legal services to litigate and collect delinquent debts. The legislation was passed in the House of Representatives as part of the Government Reform and Savings Act of 1993 (HR 3400). [Credit and Cash Management Branch, (202) 395-3066]

Audited Financial Reporting

Agencies' Financial Reports to OMB

Timeliness of reporting is a critical issue in providing information that is useful to decision-makers. OMB worked with seven agencies on a pilot basis to accelerate the production of audited financial statements. The seven agencies committed to producing seven 1992 audited financial statements by February 28, 1993 (rather than by June 30, 1993, as stated in the CFOs Act).

On June 25, 1993, OMB issued Bulletin 93-18 mandating pilot agencies defined in the CFO Act of 1990 to submit audited financial statements to the OMB and the Congress through 1996. Bulletin 93-18 also accelerated the submission date to March 1st following the fiscal year for which the statements are prepared. [Financial

Standards and Reporting Branch at (202) 395-3993]

OMB Reports to Congress

The CFO Act required OMB to submit to Congress a report on the following information for financial statements prepared for fiscal years 1990, 1991, and 1992:

- * the accuracy of the data included in the financial statements;
- * the difficulties each department and agency encountered in preparing the data included in the financial statements;
- * the benefits derived from the preparation of the financial statements; and
- * the costs associated with preparing and auditing the financial statements, including a description of any activities that were foregone as a result of that preparation and auditing.

On June 25, 1993, OMB submitted to Congress a preliminary report on the audited financial statements issued for FY 1990 and FY 1991. On November 17, 1993, OMB supplemented the report with the *Report on the Preparation and Audit of Financial Statements*. This report is based on OMB's review of the audited financial statements for FY 1990, 1991, and 1992, as well as prior years; information provided by the CFOs and their staffs, who prepared the statements; Inspectors



General; the General Accounting Office; and others who audited the statements.

The report provided numerous examples of how audited financial statements are bringing about marked improvements in the timeliness and accuracy of the financial information used by the Executive Branch and the Congress for evaluation and decision making. The examples also show that the process of preparing and auditing financial statements is uncovering material system deficiencies, stimulating the strengthening of internal controls, fostering improvements in financial information systems, and producing measures of program performance.

OMB concluded that the objectives of complete, reliable, timely and consistent financial information for use by the Executive Branch and the Congress will not be achieved fully for several years. For that reason, OMB encouraged the Congress to continue and expand the requirement for the issuance of audited financial statements.

Form and Content of Financial Statements

The Office of Management and Budget issued revised guidelines for form and content of financial statements of executive departments and agencies in its Bulletin 94-01, November 16, 1993. The guidelines contain many of the provisions in

OMB Bulletin 93-02. The primary change from OMB Bulletin 93-02 is an incorporation of the reporting and disclosure requirements contained in three Statements of Federal Financial Accounting Standards which cover accounting for selected assets and liabilities, direct loans and loan guarantees, and inventory and related property. To obtain a copy of the Bulletin, contact the Executive Office of the President, Publications Office, (202) 395-7332.

On September 2, 1993, OMB published *Objectives of Federal Financial Reporting, Statement of Federal Financial Accounting Concepts Number 1*. This document is a conceptual statement on the objectives of financial reporting by the federal government. The report presents background information on the Federal Accounting Standards Advisory Board and the federal environment. It also identifies groups of current and potential users of federal financial reports with examples of their informational needs, and explains the objectives of federal financial reporting.

Administration of Federal Assistance Programs

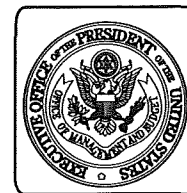
Circular No. A-110, "Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Non-Profit Organizations," (November 19, 1993) provides standards for obtaining consistency among federal agencies in the

administration and management of such grants and agreements. Included are uniform requirements for financial management systems; property management; procurement; and reports and records. The Circular identifies key terms used in grant management and accounting awards. The revised Circular covers awards made by all federal agencies, as well as subawards made by these organizations to similar entities. [Palmer Marcantonio, (202)395-3993]

Other Improvements

OMB Circular No. A-131

OMB issued Circular A-131, "Value Engineering," (May 21, 1993) requires federal departments and agencies—for agency projects and programs of \$1 million or more annually—to use value engineering (VE) as a management tool to reduce program and acquisition costs. VE is an analysis of the functions of systems, equipment, facilities, services, and supplies for the purpose of achieving the essential functions at the lowest life-cycle cost consistent with required performance, reliability, quality, and safety. Federal agencies are directed to use value engineering as a management tool to ensure realistic budgets, identify and remove nonessential capital and operating costs, and improve and maintain optimum quality of program and acquisition functions.



Those agencies with total budget and/or total procurement obligations exceeding \$10 million in a given fiscal year must formally report on VE; the reporting is due December 31, 1993. The Circular also requires agency heads to ask the IGs to audit agency VE programs for their start-up years. Periodically thereafter, agency IGs should audit agency reported VE savings as the need arises. The report can be obtained by contacting OMB's publications office at (202) 395-7332. [OMB (202) 395-6803]

Other Circulars and Bulletins

OMB is also currently revising and updating several circulars and bulletins, such as OMB Circular A-123 and OMB Circular A-128.

BUDGET INITIATIVES

The *Budget of the United States Government for Fiscal Year 1995*, published February 1994, is issued as four documents:

- * *Budget of the United States Government, Fiscal Year 1995* contains the Budget Message of the President and the President's budget proposals.
- * *Analytical Perspectives, Budget of the United States Government, Fiscal Year 1995* contains analyses that highlight specified program areas, economic and accounting analyses, information on management improvements, a

listing of Federal programs, and a glossary of budget terms.

- * *Historical Tables, Budget of the United States Government, Fiscal Year 1995* provides data on budget receipts, outlays, surpluses or deficits, and Federal debt covering an extended period of time.
- * *Budget of the United States Government, Fiscal Year 1995—Appendix* contains detailed information on the various appropriations and funds that constitute the budget.

Several parts of the FY 1995 Budget are available in electronic form on bulletin boards and the document also was issued in CD-ROM format. The FY 1995 Budget also includes a Budget User Survey. The purpose of the survey is to determine the usefulness of each of the four books, obtain feedback on the presentation of the Budget by four separate books versus one book, determine if electronic alternatives are useful, and solicit ideas and suggestions for improvement. Copies of the Budget may be purchased for \$44.00 from the Government Printing Office, Superintendent of Documents, Mail Stop: SSOP, Washington, DC 20402-9328, (202) 512-0132.

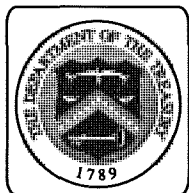
Federal Credit Reform

OMB and the Department of the Treasury continued to work together to implement the Federal Credit Reform Act of 1990 and to

provide improved budgetary and financial information on federal credit programs. Circular No. A-11, "Preparation and Submission of Budget Estimates," was revised in August 1993 to provide guidance for the preparation of the 1995 Budget. Changes include the addition of a list of OMB contacts; a glossary of key budget terms; and a section that provides instructions for establishing new accounts. Information on the OMB credit subsidy model will be included in a separate user guide and is therefore not included in the revision.

Improvements in Budget Information System

OMB has a new budget information system, MAX, which integrates the system used for budget formulation and preparation with the central budget management system used as a decision support and tracking system for Congressional actions. The new system, which also facilitates links to other central federal financial management databases, was fully functional for the fiscal year 1995 budget. OMB is currently looking at integrating budget execution information (eg. SF 133) into MAX from Treasury's Accounting Database for the Evaluation of Performance Trends (ADEPT) system. This permits improved ad-hoc reporting and real-time comparison of execution and formulation data.



DEPARTMENT OF THE TREASURY

The Financial Management Service (FMS), a bureau of the Department of the Treasury, is the federal government's central financial manager. This Treasury agency is responsible for collections, payments, accounting, and cash and credit management. It is also responsible for the development, implementation, and dissemination of tools, regulations, and guidelines affecting these areas. FMS promotes sound financial management practices by federal agencies, oversees the government's central accounting and reporting system, and provides a variety of other financial services.

FINANCIAL MANAGEMENT SYSTEMS

STAR

FMS is upgrading the automated processes that support the government's budget execution system. Because the processes integrate the fiscal activities of all agencies, banks, and disbursing officers authorized to manage government funds, the budget execution system is the source of such fundamental financial information as the government's surplus or deficit. This upgrade project, known as STAR, will improve accuracy, timeliness, and integrity of the financial

information. Approximately 80% of the STAR system is currently operational; the remaining STAR applications will be phased in by late 1994.

Agency on-line access will be provided. There are currently twenty-five pilot agencies on-line. Offering agencies on-line access to the STAR database system provides FMS with three benefits: 1) eliminates paper for both the agency and FMS; 2) decreases the waiting period for data availability; 3) establishes continual contact with the agencies that are responsible for reporting data to STAR. [Cindi Jansohn, (202) 874-8250; Joel E. Kubicki, (202) 208-2451]

MIDAS

FMS and the Office of Management and Budget (OMB) are continuing their efforts to define and develop an integrated financial information management system that will meet the financial and budget execution data needs of the central agencies. It is currently envisioned that MIDAS will be one of a series of financial information warehouse(s) that will provide integrated data related to budget execution, asset, liability, revenue and expenditure management, and performance assessment.

The MIDAS System will be designed to fulfill the following OMB/FMS financial management requirements: data standardization,

data integrity, data collection synchronization, reduced data redundancy, data accessibility, enhanced data analysis capability, and flexibility. While the MIDAS project's initial focus will be to provide an integrated system for meeting the financial and budget execution information requirements of OMB and Treasury, it is anticipated that it will also provide agencies with performance assessment data. This would include financial, financial management, and program performance data. In addition, it is envisioned that MIDAS will provide the capability to substantially reduce the overall central accounting and reporting burden on agencies through the elimination of duplicate and redundant data and reports.

A conceptual study, initiated in fiscal year 1993, will be completed in fiscal year 1994. This study will determine the most effective alternative to developing the MIDAS System. Upon completion of this study, design and implementation is currently scheduled for FY 1995/1996. [Ray Reinhart, (202) 874-7703]

DART

FMS has identified useful financial management measurement indicators through the Decision Support Attributes for Reporting Measures and Trend Analysis (DART) system to help Chief Financial Officers (CFOs) evaluate



the integrity of their financial reporting in compliance with the CFO Act. FMS will provide CFOs with an easy-to-use, menu-driven electronic network to select useful analysis data in assessing the quality of their performance.

A pilot program with six agencies will include distribution of a report which is called a Tool for Analyzing Report Data, Graphing and Evaluating Trends (TARGET). Through TARGET, DART will provide the data that will allow CFOs to successfully meet their expanded responsibilities. The consistency of filing such agency reports as the SF 224, the Receivables Report, and the SF 225 will be detailed in TARGET and other types of data will be provided, such as deposit and disbursement transaction differences by agency location code, account transactions as a percentage of appropriated funds by department, collected accounts receivable to total accounts receivable, and net changes in fixed assets to total fixed assets.

During fiscal year 1994, FMS will continue to publish monthly tables and graphics in a hard-copy TARGET report for the selected six pilot agencies. The estimated completion date for the pilot program with these agencies is late September 1994.

Currently, DART uses data manually retrieved from two existing automated systems (STAR

and ADEPT) to generate the indicators and graphics. Research involving an automated system using available LAN/mainframe applications has been initiated. Once the automated system becomes fully operational, manual operations will be alleviated. Also, FMS plans to explore on-line, on-disk, and other distribution options throughout the pilot. [Kathy Ballard, (202) 208-1819]

Early Warning System

A contractor has completed an FMS-sponsored study to evaluate economic factors contributing to defaults in the Federal Housing Administration's Section 203(b) Single Family Housing Program. Econometric tests assessed the sensitivity of equity, interest rates, and other variables on defaults using state-level historical data. As unemployment is a primary driver in default prediction, it was found that use of state-level data rather than national data can significantly improve default prediction. In addition, a multi-family study to predict segmented program defaulted loans is nearing completion. [Michael C. Salapka, (202) 874-6650]

Guaranteed Loan Management Systems Model

The Financial Management Service continues to promote the implementation of the Guaranteed Loans Management Systems Model

completed in 1992. As part of a new contract, the costs and benefits of implementing the Model are being evaluated. Currently, FMS and the contractor are assisting five agencies with pilot projects directed toward risk reduction and management improvements. Also planned is a new contract which will evaluate EDI applications for risk reduction and management improvements at selected agencies.

The agencies and their pilot projects include:

- * FHA: Default tracking by lender to determine continued eligibility or decertification of lenders.
- * Ginnie Mae, FHA, and VA: Shared data files for performance tracking and risk rating of FHA and VA originating lenders in Ginnie Mae Pools of mortgage backed securities.
- * SBA: Guaranteed transmission and recording of loan portfolio status on a monthly basis using Electronic Data Interchange (EDI) Technology for reporting delinquencies, defaults and foreclosed property.
- * Education: System design and compliance review of the National Student Loan Data System, the data base supporting guaranteed and direct student loan programs.

[Frank R. Kesterman, (202) 874-6650]



FMSS Schedule

The Financial Management System Software (FMSS) schedule maintained by the General Services Administration receives technical and resource support from the Financial Management Service and the Chief Financial Officers Council Systems Committee. FMS is responsible for the development and maintenance of the benchmark test. During this period an FMS-led team tested four financial system packages offered by software vendors.

FMS is revising the test package for 1994 procurement cycle. The test transactions are being modified to eliminate redundancy while adding transactions to evaluate capability to meet revolving fund, 1099 reporting, check printing, and other Prompt Pay Act requirements. The technical team is working with accounting operations staff at the Department of Veterans Affairs and the U.S. Mint in this effort.

Currently, test transactions are being updated to include the revised *Core Financial System Requirements* as the basis for the 1994 solicitation. The technical team is taking each requirement and defining detailed scenarios which allow the vendors to demonstrate and explain exactly how their products meet the requirements. Findings will be documented and made available to agencies which are in the process of acquiring a product off the FMSS schedule. [Rita Howard, (202) 208-1458]

System Requirements

In 1993, FMS, OMB and JFMIP completed the development of functional requirements for Guaranteed and Direct Loan Systems. These requirement documents provide an outline of requirements common to loan management systems. Agencies are to use these functional requirements as a foundation for planning their loan system improvement projects. [Rita Howard, (202) 208-1458]

FINANCIAL REPORTING

Standard General Ledger

The Standard General Ledger (SGL) Board—a part of the Financial Standards and Reporting Division, in coordination with the Office of Management and Budget (OMB), and executive agencies under the SGL, updated the SGL chart of accounts and the external reports crosswalks for the newly released FASAB Accounting Standards and the OMB Circular 94-01, "Form and Content of Agency Financial Statements." The SGL *Treasury Financial Manual* content will be released by summer of fiscal year 1994. SGL, working with OMB and executive agencies, provided additional accounting guidance for agencies reporting canceled payables under PL 101-510, "M" Account Legislation.

The SGL released the "Accounting for Canceled Payables" guide which also introduced new SGL accounts and transactions. The SGL released the "Accounting for General Fund Miscellaneous Receipts" guide which also added new SGL accounts and transactions. This guide also provides instructions to agencies on how to report their Agencies' Centralized Trial-Balance. The SGL updated the five credit reform accounting cases to reflect the latest new SGL accounts and crosswalks, policy changes, and FASAB Accounting Standard No. 2. [Holden Hogue, (202) 208-1853]

Credit Management Financial Reports

Effective management of government credit programs has been enhanced by the implementation of the "Report on Guaranteed Loans," formerly known as the Standard Form 220-8. The "Report on Guaranteed Loans" is designed to capture detailed and specific information on guaranteed loan portfolios and on agency management of their lenders. This report also contains data elements which will enable FMS and other federal agencies to track guaranteed loans through their life cycle. Fiscal year 1993 was the first full year of reporting on this revised form. Federal agency systems continue to be improved and updated to capture the requested information, and FMS continues to



monitor this progress as well as analyze guaranteed loan activity. [Al Broughton, (202) 874-6614]

Fiscal year 1993 has also seen the revision of another standard form, the "Report on Receivables Due from the Public," formerly known as the SF 220-9, "Report on Accounts and Loans Receivable Due from the Public." Implementation is scheduled for second quarter fiscal year 1994. By working together, FMS and federal agencies have developed a more concise format for reporting that captures more meaningful data and complements federal agency audited financial statements. [Thomas Kobielus, (202) 874-6675]

Automated Applications

FMS and OMB developed three new applications on the Government On-Line Accounting Link System (GOALS) and the Accounting Database for the Evaluation of Performance Trends (ADEPT).

- * The "Report on Receivables Due from the Public" replaces the "SF 220-9 Report on Account and Loans Receivable Due from the Public." Applications on GOALS and ADEPT will be ready to process second quarter data for fiscal year 1994.
- * The Federal Agencies Centralized Trial-Balance System (FACTS) is being prepared to process agency adjusted trial balance information.

FACTS replaces the SF 220, SF 220-1, SF 221, SF 222 and the SF 223. The FACTS applications on GOALS and ADEPT will be completed in time to process fiscal year 1994 information.

- * OMB SF 143, Report on Credit Execution became operational on GOALS and ADEPT in 1993 as a report submitted monthly by agencies. The GOALS and ADEPT systems also supported OMB's reporting policy changes as the SF 133 and SF 143 were changed from monthly to quarterly.

At the same time, FMS is working with the Defense Finance and Accounting Service and other large billing agencies to develop an Electronic Data Interchange (EDI) capability. FMS has identified the transaction sets it will use and is in the process of working with customers to set up pilots and testing. By July of 1994, FMS is planning to implement EDI within the On-Line Payment and Collection System (OPAC). [GOALS - Mike Norman, (202) 874-8270; ADEPT - Scott Spell, (202) 874-8693]

Bulletin 94-04: Account Closings

The Financial Management Service released Treasury Financial Manual Bulletin 94-04 on the subject of account closing provisions of the 1991 National

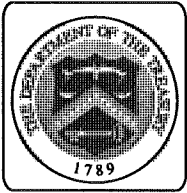
Defense Authorization Act. This bulletin provides federal agencies with clarification on account closing provisions of the M-account legislation. The instructions are the result of a General Accounting Office (GAO) opinion (B-251287) issued on September 29, 1993. The Bulletin allows (1) balance restorations if the Department of the Treasury is presented with convincing evidence that a reporting error has occurred as a result of an obvious clerical mistake and (2) correction of classification errors between current and closed accounts or payments previously recorded to suspense/clearing accounts. [Faye McCreary, (202) 208-1435]

CASH AND CREDIT MANAGEMENT

Cash Management Improvement Act of 1990

FMS entered into Treasury-State agreements with 56 states and U.S. territories. The agreements encompass the provisions of the Cash Management Improvement Act of 1990 (CMIA) and how the regulations will be implemented within each state.

CMIA governs the transfer of funds between federal agencies and states for federal grants and other programs. It requires the timely transfer of funds between a federal agency and a State, and the exchange of interest where transfers are not made in a timely



fashion. The purpose of CMIA is to improve overall cash management procedures and to achieve equity in the exchange of funds between the federal government and the states.

The agreements, which cover major domestic assistance programs, resulted in marked improvement in overall cash management between the federal government and states. The next set of agreements, which will be more comprehensive, are due on the first day of a state's 1995 fiscal year. As a result, cash management techniques should be further improved. [Cathryn Donchatz, (202) 874-7115]

CA\$H-LINK Developments

In a joint project with the Department of Agriculture, the Farmers Home Administration and the Commodity Credit Corporation will convert their collections to the CA\$H-LINK system beginning March 1, 1994. These cooperative projects have been underway for more than a year and will improve funds availability and movement to the Treasury.

Lockbox Network

General Lockbox Network

The General Lockbox Network rebid is underway to select new financial institutions in the following six sites: Charlotte/Atlanta, Chicago,

Dallas, St. Louis, Philadelphia/Pittsburgh, and Los Angeles/San Francisco. In addition to the six locations to process paper checks, FMS also will choose one financial institution to exclusively and innovatively process Automated Clearing House (ACH) collections. FMS also expects minority banks will participate.

FMS' goal and priority is to begin moving all federal collections via electronic funds transfer. Understanding this priority, FMS expects the new network banks to encourage and earnestly work to move agency collections from paper checks to all-electronic remittance processing. FMS is also working with agencies to streamline their data requirements, and they are moving toward receiving their collection report detail data electronically and directly from the processors. [Pat Sharp, 202/874-7167]

Internal Revenue Service Lockbox

The Internal Revenue Service (IRS) Lockbox Network was rebid, and four financial agents were selected to support the 10 IRS service centers. Selection criteria included requirements for enhanced data and physical security as well as quality measurers. The new agreements were effective April 1, 1994.

The new IRS Lockbox Network, managed by FMS, was fully

implemented by April 1, 1994. The network was recently selected by FMS to handle increased volumes of tax payments as the IRS continues its goal of moving remittance processing from the 10 regional IRS service centers to lockbox processors. It is expected that the 38 million payments processed by the Lockbox Network in fiscal 1993 will increase to approximately 50 million payments by 1995. Similarly, the total dollar amount collected by lockbox is expected to increase from \$102 billion for fiscal 1993 to \$150 billion by 1995. [Nick Thiele, 202/874-7092]

Current Assets Management Review and Analysis

Current Assets Management Review and Analysis (CAMRA) automated system is used by agencies to summarize and submit asset management reports to FMS. Through CAMRA, FMS helps to ensure that agencies practice effective and efficient asset management. In addition to reporting all collections and disbursements, agencies also document operations for imprest funds, financial cross-servicing, accounts for funds held outside Treasury, and inventory management. All executive branch agencies will prepare CAMRA Reviews over a 5 year cycle.



In 1993, analyses of the first CAMRA Reviews for 8 Treasury bureaus identified 34 new asset management initiatives. FMS will follow up on these initiatives through its new tracking system, CAMTRAK. FMS is in the process of reviewing CAMRA submissions for 28 other departments and agencies. The annual FMS workshops to introduce the CAMRA software also serve as forums for suggestions from agencies on future CAMRA and FMS products. The workshops for the fiscal year 1994 review cycle were attended by 75 representatives from 19 agencies. [Michael Dressler, (202) 874-6705]

Asset Management Bulletin Board

In order to better facilitate communication with the Asset Management Directorate's (AMD) customers, the Risk Assessment and Monitoring Division is developing a bibliographic information system via computer bulletin board. The bibliography now contains 1,700 "abstracts" of publications and articles on asset management related topics. Additionally, the full text of applicable laws, regulations, and publications are being prepared for placement on the bulletin board for customer access. The AMD bibliography/bulletin board is

expected to be operational and available to AMD customers in the Fall of 1994. AMD plans to survey its customers, adjust the information and services provided, and provide training to potential users on how to access the bulletin board's research service. [Gerry Isenburg, (202) 874-6859; Elva Matthews, (202) 874-6875.

Bank Analysis Program

In 1993, FMS sponsored the use of a published (CD-ROM) bank analysis program. This program instantaneously retrieves and displays financial information on any regulated bank, thrift, or bank holding company. Based on quarterly data from the Office of Thrift Supervision, the Federal Reserve, and the Federal Deposit Insurance Corporation, the program's database contains the balance sheets, the statements of operations, and supplemental data for each institution. From this data, the program calculates numerous financial ratios which are used to rank the financial strength of the institution relative to its peer group. The program is now routinely used in support of the minority bank program.

The Department of Education, Farmers Home Administration, Small Business Administration and FMS participated in the pilot in 1993. Since the pilot was a success, the project will continue in 1994 with the Department of Education, FMS, and possibly the

Department of Energy and Export-Import Bank. This system is available for use to all FMS employees and other agencies upon request. [Deborah Davenport, (202) 874-6896]

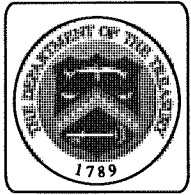
Debt Collection

Referrals to the Department of Justice

FMS provides training and disseminates information to field agencies about the Claims Collection Litigation Report and the referral process using Justice's Nationwide Central Intake Facility. To facilitate the referral process, FMS developed and is offering agencies a software program which allows them to use personal computers to prepare and print Claims Collection Litigation Reports. [Judy Diaz, (202) 874-7058]

Private Collection Agencies

Cumulative collections through agency referral of delinquent debt to private collection agencies under the GSA Schedule totalled over \$126 million since the inception of the contract in 1988. Under adjunct services, private collection agencies also generate dunning letters, provide automated collection system call services, generate Claims Collection Litigation Reports for the Department of Justice, and cure loans that have fallen out of a repayment status. Additional GSA contracts for collection in U. S.



Territories, and for Medical Administration Services are in process. [Mary Nelson-Parent, (202) 874-6702]

Federal Salary Offset Program

FMS is responsible for overseeing agency implementation of the Federal Employee Salary Offset Program. Through computer matching, the Salary Offset Program is designed to identify federal employees who are delinquent on their debts to the government. The employing agency may then act to bring the debtor employees into a current payment status. Up to 15% of the employee's disposable pay may be withheld to recover the debt. Ten creditor agencies participate in the matching program, including for the first time in 1993 the National Science Foundation. Several additional agencies completed the preliminary requirements for matching. Collections in fiscal year 1993 totalled \$29.7 million; cumulative collections for the program now total over \$194 million. [Don Rouse, (202) 874-6571]

Tax Refund Offset

The Cash Management Improvement Act Amendments (CMIAA) of 1992 mandated that, beginning in 1994, federal agencies refer to the Department of the Treasury for matching to potential tax refunds all eligible debt owed by individuals for

offset. The Amendments also provide that, beginning in 1995, federal agencies refer eligible debt owed by businesses for offset. In compliance with the CMIAA, the following organizations referred delinquent debt for the first time for offset in 1994: Bureau of Alcohol, Tobacco and Firearms; Department of Commerce; Environmental Protection Agency; Equal Employment Opportunity Commission; General Services Administration; National Science Foundation; Securities and Exchange Commission; and the United States Information Agency.

In calendar year 1993 the IRS collected over \$691 million in delinquent non-tax federal debt, for a cumulative total, since the program's inception in 1986, of more than \$3.5 billion. [Nate Marbell, (202) 874-6902]

ELECTRONIC INITIATIVES

Conversion of Federal Government Payments to an All-Electronic System

FMS is preparing a report to Congress, required under the Treasury, Postal Service, and General Government Appropriations for Fiscal Year 1994, outlining a plan for the federal government to convert its payment operations to an

all-electronic system by October 1, 1999. The report will identify statutory, regulatory, and other changes necessary to effect all payments electronically by 1999. [Aurora Kassalow, (202) 874-6855]

Electronic Funds Transfer Rule

FMS has published a Final Rule amending 31 CFR 206 to require federal agencies to use electronic funds transfer (EFT) for the collection and disbursement of federal funds, when cost-effective. This revision has as its authority the Cash Management Improvement Act of 1990 and Cash Management Improvement Act Amendments of 1992. Throughout the revision process, FMS worked closely with Federal agencies to identify and eliminate barriers to use of EFT and to promote use of EFT Governmentwide.

In 1994, FMS plans to hold a seminar in Washington and several roundtables throughout the country to explain the requirements of the regulation and procedural changes delineated in the *Treasury Financial Manual*. [Don Clark, (202) 874-6657]



Vendor Express/Electronic Commerce

The Vendor Express Program will convert Uncle Sam's vendor and miscellaneous payment methods from checks and FEDWIRE to the Automated Clearing House (ACH) network. The Program was introduced in 1987. Since then, ACH payment volume has significantly increased, from 58,000 transactions, valued at \$1.8 million in 1987, to 5.3 million transactions totaling \$326.8 billion in 1993. More than 100 Federal agency components currently use Vendor Express.

Efforts are underway to enhance the Program and advance it to a higher level. An EFT Vendor Payment Work Group has been formed under the sponsorship of the CFO Council's Asset Management Committee to address issues and brainstorm ideas. The Work Group is comprised of EFT program representatives from a number of federal agencies, with participation by financial institutions and private corporations. The Group's primary focus has been to identify impediments to increasing EFT vendor payment volumes, and to develop recommendations for removing those impediments. Group recommendations will be included in an overall report submitted to the Asset Management Committee.

One Program enhancement underway is the addition of the ACH/Corporate Trade Exchange (CTX) payment format to Treasury/FMS disbursing capabilities. ACH/CTX allows Federal agencies to pay multiple invoices, grants, etc., with a single ACH payment. ACH/CTX also marries ACH standards with full ANSI X12 Electronic Data Interchange (EDI) standards, allowing agencies to better meet the needs of their EDI customers. ACH/CTX is used in the private sector and the military. The first corporate exchange occurred in March 1994 involving FMS' Austin Regional Financial Center and the National Aeronautics and Space Administration's Johnson Flight Center in Houston, TX. Current plans call for the Department of Veterans' Affairs to implement ACH/CTX for some initial payment activity in June/July 1994. [Dale Walton, (202) 874-7128]

All-Electronic Automated Clearing House

In conjunction with the Federal Reserve Bank (FRB), FMS is implementing the 1993 rule requiring that government receivers of Automated Clearing House (ACH) transactions establish electronic connections with the FRB (either directly or indirectly through a service provider) by July 1, 1994. As of

December 31, 1993, 660 Government receivers lacked electronic access. Of these, 76 financial institutions had elected to discontinue ACH participation and 78 had not informed the FRB of their plans for participation in the all-electronic ACH. The all-electronic ACH, when it is fully implemented by July 1, 1994, will increase the speed with which ACH payments are delivered, regardless of volume; will enable receiving financial institutions to post payments sooner, providing prompt availability of funds; and will provide a significantly higher degree of security than non-electronic delivery of ACH information. [Faith McCray, 202/874-6919]

Electronic Federal Tax Payment System

FMS is working with the Internal Revenue Service (IRS) to accelerate over \$1 trillion in annual tax deposits through the use of electronic funds transfer (EFT). FMS and IRS have agreed to a multiyear business plan (1993-2000) that will result in the acceleration of tax deposits to the federal government by one day and will eliminate most of the paper-intensive remittance processing activities that currently take place at IRS service centers.

Beginning in 1995, the Electronic Federal Tax Payment System (EFTPS) will have a platform of EFT options available to both



business and individual taxpayers to pay their tax obligations. This platform will include the Automated Clearing House, electronic data interchange, and plastic card technology (both credit and debit). A phased-in approach for the EFTPS will begin in late-1994 in support of the North American Free Trade Agreement (NAFTA) legislation and will continue over the next several years. [Ron Rosenblum, (202) 874-6835]

Electronic Benefit Transfers

An estimated 28 million recipients of state and federal benefits do not have bank accounts. A primary FMS goal is to convert payments to electronics to achieve efficiency and to reduce delivery costs. The development of Electronic Benefit Transfer (EBT) achieves this goal as it converts payments to the unbanked to electronics by combining the Automated Clearing House and plastic card technology. In lieu of check or coupons disbursement, beneficiaries obtain their benefits via plastic access cards at automated teller machines and/or point-of-sale terminals.

At the state level, there are currently seven operational EBT projects delivering a variety of benefits such as Food Stamps, Aid to Families with Dependent Children, and General Assistance. At least 34 other

states are planning or are investigating use of EBT.

At the federal level, FMS is operating a voluntary direct federal benefit EBT project in Houston, TX, which successfully tested the delivery of multiple benefits on a single card. Delivery includes Social Security, Supplemental Security Income, Railroad Retirement, Civil Service Retirement, and Veterans benefits. On November 1, 1993, the direct federal pilot was expanded to Dallas, TX. To broaden EBT availability and provide cost savings to the federal government, emphasis of the Dallas pilot is to develop and test a lower-cost model, test the receptivity of recipients to enrolling in a fee-based program, and evaluate the feasibility/cost-effectiveness of implementing the resulting model nationwide.

The National Performance Review (NPR) selected EBT as one of the administration's priority initiatives. The NPR policy is that, for delivery of cash benefits to individuals with no bank account and for the delivery of noncash benefits, EBT shall be the presumed method of payment. The NPR vision calls for implementing a single, integrated EBT card for delivery of federal and state benefit entitlements. Accordingly, the Office of Management and Budget established an EBT Task Force having lead responsibility to oversee implementation of a nationwide EBT program to enhance quality of

service to beneficiaries and to improve administrative efficiency, cost effectiveness, and security. [Lee Jones, (202) 874-6763]

Automated Direct Deposit Enrollment

FMS, the Social Security Administration (SSA), and the Internal Revenue Service (IRS) have been conducting pilots on automated Direct Deposit enrollments. Approximately 30 financial institutions and service providers are participating in the pilots, and there are plans to expand the number of organizations originating enrollments. As of December 1993, over 220,000 automated Direct Deposit enrollments have been processed. On an annual basis, this translates into the conversion of approximately 2.65 million paper checks to Direct Deposit/electronic funds transfer (EFT) payments annually.

Automated enrollments are also being used to enroll Electronic Benefit Transfer recipients in the Direct Payment Card project. By combining these two emerging government EFT applications, FMS is attempting to enhance service to recipients of government payments, improve the government's interaction with the commercial financial industry, and reduce the volume of paper checks issued by the government. [Janelle Edgar, (202) 874-6644]



Plastic Card Collection Network

Through FMS' Plastic Card Collection Network (PCCN), the U.S. Customs Service began accepting debit cards for payment of customs fees at Los Angeles International Airport in December 1993. With the PCCN, Federal agencies can accept Visa, Mastercard, and automatic teller machine (ATM) cards. Transactions are processed electronically, and agencies can access deposit information the next day using FMS' CA\$H-LINK Agency Access System. [Paula Smith, (202) 874-7076]

Electronic Certification

FMS has made available to all agencies it services its Electronic Certification System (ECS) for electronic signature and transmittal of payment requests to FMS Regional Financial Centers (RFCs). In use at 231 agency end-points, the system provides for data entry; certification and transmission of small volume payment files to RFCs which were previously submitted via OCR voucher; download of payment files from automated systems and subsequent certification and transmission to RFCs; electronic certification of large volume payment requests; and data entry, certification, and transmission of same-day settlement (FEDLINE/FEDWIRE). Agencies

that previously submitted payment requests only via OCR voucher now use ECS to access the Federal Reserve's Automated Clearing House (ACH). The ECS is supported by all six RFCs, and an agency may access any or all of the RFCs from a single computer. FMS is now developing other enhancements to the system. [John P. West, (202) 874-7137]

System 90

FMS continued development of System 90, the integrated data processing hardware and software infrastructure for government financial processing and management. Two of the three mainframes (those at Regional Operations Centers (ROCs) 1 and 2) are in place. When the third mainframe is installed, the computers will facilitate the operations of all six ROCs.

In late 1993, the design of the first software application, PACER (Payments, Claims, and Enhanced Reconciliations), was completed. Programming for PACER is scheduled for 1994, followed by pilot testing to begin in 1995, and operational use to begin in 1996. System 90 is expected to provide a modern, efficient financial system; supply agencies with direct access to information; expedite claims resolution on outstanding payments; and improve the reconciliation process. [Bill Andersen (202) 874-6830]

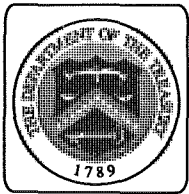
PROFESSIONAL DEVELOPMENT

Credit Reform Training Classes

The Standard General Ledger Branch developed and taught six classes on accounting for direct and loan guarantees under credit reform. The course was directed at both the program operating levels within the agencies as well for agencies' internal auditors. The class covered basic accounting for both budgetary and proprietary transactions and the external reports required by the central agencies. The goal of each class was to give agencies the basics needed to implement credit reform and to provide training. Additional classes have been requested by agencies and will probably be taught in the spring/summer of this year. [Tom Luter, (202) 208-1751]

Federal Credit Management Training Institute

In 1993, the Credit Institute offered 33 sessions nationwide to nearly 700 students in two of its core courses, Basic Accounting and Financial Statement Analysis, bringing the 2 year total trained to over 1,500 personnel through May 1993. The third round of these classes is now being offered tuition-free in several cities. The Credit Institute is also designing and developing the remaining



seven core curriculum courses which are to be piloted this year.

The Credit Institute is offering tuition-free Credit Management/Debt Collection conferences (2 days) and training workshops (1.5 days) in various locations during 1994 and 1995. Conference topics include reporting debt to credit bureaus, referring debt to collection agencies, analyzing credit reports for credit decisions, using various offset tools, collecting administrative debt, litigation, private sector collection practices, and innovations in credit and debt management. Training workshop topics include how to read a credit report, creating debt collection strategies, litigation, and using the various debt collection tools.

In early 1994, the Credit Institute expanded its credit management development program to include four basic real property appraisal courses as part of its first specialized curriculum for appraisers. These courses, which are consistent with state licensing and certification requirements, are being offered tuition-free to federal employees. Next year, the Credit Institute will add one more appraisal course to the appraisal curriculum and continue to offer the core courses. However, there will be tuition costs for all courses in 1995. [Christina A. Noga, (202) 874-6640]

PUBLICATIONS

Financial Management Publications

FMS aggressively publicized its financial management products and services of interest to federal agencies and financial institutions by publishing a newsmagazine distributed nationally, brochures, and other printed materials. *The Financial Connection*, FMS' quarterly newsmagazine promoting sound federal financial management, was expanded to report news of federal asset management, cash management, financial accounting and systems, financial information, FMS reimbursable services to agencies, and payments initiatives. One edition covered in depth an organizational realignment, explaining FMS program, project, and system responsibilities and providing updated contacts.

FMS also published an updated Direct Deposit Federal Salary brochure, encouraging employees to participate in the program, and a brochure promoting FMS' Electronic Certification System, used by agencies to transmit payment requests. A factsheet on the Plastic Card Collection Network was also prepared. [Thomas Phipps, 202/874-6999]

Credit Management Publications

In 1993, FMS's Credit and Debt Management Division continued to provide guidance to agencies on implementing effective credit management policies, procedures, and standards by publishing the *Guidelines for Using the Debt Collection Contract* (September 1993).

In 1994, an *Asset Management Manual* will be issued which will include Managing Federal Receivables (previously entitled Managing Government Credit), Guaranteed Loan Management, and Real Property Management. This Manual will correspond with the revised OMB Circular A-129 and the Federal Claims Collection Standards. [Marilyn M. Barnes, (202) 874-6574]

Performance Measurement Guide

FMS's *Performance Measurement Guide* outlines a step-by-step process which helps program and financial managers develop mission-driven performance indicators and integrate performance measurement throughout program management. This 57-page guide book is a compendium of three years of FMS research into public and private sector performance measurement practices, in domestic and foreign organizations. Tasks and worksheets in the guide are based



on practical experience and methods used while developing performance measurements in FMS and while assisting other Federal agencies within the Departments of Interior, Justice, and Treasury. [Karen Pedone, (202) 874-7074]

Strategic Financial Management Planning Guide

FMS published a *Strategic Financial Management Planning Guide*. It was developed for both financial and program managers and its purpose is to assist them in working together to address financial improvement opportunities and solve financial problems in new and innovative ways. The new *Guide* replaces a model of strategic financial management planning which FMS published a few years ago.

Because federal managers currently face the challenge of reinventing government with limited resources, FMS decided to add the techniques of best practice utilization, core capability identification, and program performance measurement to its strategic financial management planning concepts. To supplement the *Guide*, FMS is working with federal agencies by providing consulting services and training seminars. Most recently, FMS assisted the Farm Credit Administration in the development of a strategic financial management plan. [Jim Knox, (202) 874-6510]

OTHER IMPROVEMENTS

Digital Signature Storage and Verification

FMS is currently embarking on a project to automate the signature process that forms the basis for the integrity of the payment certification process. Currently all signature documents designating Delegating and Certifying Officials are managed manually. This has resulted in a requirement for multiple input documents (SF 2958, SF 210, etc.) from agencies wishing to certify payment files for payment. The Digital Signature Storage and Verification (DSSV) project will automate the management of signature documents via optical scanning and digitizing and the use of database technology and automated matching.

When implemented, the system will result in revision of the cycles and time periods required for agency submission of delegations and designations associated with the payment process. It will also remove constraints that have previously required submissions of SF 210s at the start of each fiscal year, allowing for the staggering of delegations and designations throughout the year and reducing the number of duplicate documents that must be submitted. Implementation is tentatively planned for March 1995. [John P. West, (202) 874-7137]

Emergency Disbursing

The FMS has recently developed an improved plan to respond to emergency disbursing requirements resulting from natural or other disasters. This work was initiated as a result of the experience gained by FMS in supporting the hurricane disasters that occurred in Florida and Hawaii in 1992. The FMS Emergency Disbursing Plan identifies resources and mechanisms available for use in emergency situations, provides guidance for emergency disbursing situations, and establishes personnel teams and equipment kits to be predesignated and positioned for emergency response. An Emergency Disbursing Manager has been designated for FMS. [John D. Scott (202) 874-6820; John P. West, (202) 874-7137]

Check Forgery Insurance Fund

During 1993, two decisions were rendered by the Comptroller General of the General Accounting Office (CG) which created a problem with the procedure used by government to reissue replacement payments on check forgeries. The CG suggested that FMS revitalize the Check Forgery Insurance Fund (CFIF) and use it to settle forgery claims or repeal the CFIF and continue the post-1987 practice of agencies recertifying forgery claims.

During November, FMS met with federal program agencies to discuss



the CG suggestions. The consensus of the approximately 100 agencies represented at the meeting was that the 1987 banking statute making individual agencies responsible for recertifying payments in cases of non-receipt due to check forgery would be scrapped; the CFIF should be brought back; and FMS should again handle recertification.

FMS, following the recommendation of its customers, has prepared a legislative proposal that would reinstate the CFIF with a permanent, indefinite appropriation. [Vivian Cooper, (202) 874-8240]

GENERAL ACCOUNTING OFFICE

The General Accounting Office (GAO) works to improve government operations by providing timely and reliable information and analysis to Congress pertaining to federal programs and policy issues. For fiscal year 1993, GAO issued 884 written reports to the Congress, congressional committees, and individual members; 95 reports to federal agency officials; and thousands of legal decisions. GAO also testified before congressional committees 190 times. GAO's work yielded billions of measurable financial benefits and a myriad of improvements in federal operations.

During this period, the Accounting and Information Management Division (AIMD) focused on (1) supporting the governmentwide efforts to implement the Chief Financial Officers Act (CFO Act), (2) auditing financial statements, internal control systems, and information management initiatives within critical federal programs, activities, and organizations, (3) highlighting the importance of reducing the budget deficit and enhancing budgetary choices by improving the presentation of budgetary data and the focus on long-term investment and the quality of investment decisions, (4) enhancing government management through initiatives such as our high-risk program and our review of agencies' compliance with the Federal Managers' Financial Integrity Act, (5) overseeing agency inspectors general (IGs), (6) developing and issuing accounting and auditing standards, and (7) enhancing the capabilities of staff through training courses and the development of standard audit methodologies.

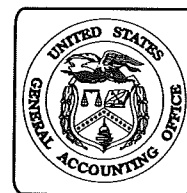
CIVIL AGENCY AUDITS

During 1993, GAO continued its work to improve financial management at many civilian agencies and made a wide range of recommendations. Most notably, GAO completed the first financial statement audits of the Customs Service, the IRS, and Education's Federal Family Education Loan

Program. In fiscal year 1992 these agencies prepared their initial comprehensive set of principal financial statements under the CFO Act. Preparation of these statements presented substantial challenges to these agencies, in part because existing financial systems were not designed to provide the meaningful and reliable information needed.

Customs Service

GAO disclaimed an opinion on Customs' fiscal year 1992 statements because of the lack of reliable financial information and inadequate financial systems and internal controls (GAO/AIMD-93-3). However, Customs management has gained a greater insight into the areas needing improvement and is now better able to focus on solutions to fundamental problems GAO identified during its audit. Further, Customs management has begun to address many of these problems. For example, Customs has modified its methodology for estimating the collectibility of accounts receivable and has made positive strides towards addressing its debt collection problems. GAO and members of the Treasury Inspector General's Office are jointly performing the audit of Customs' fiscal year 1993 statements. [Gregory Holloway, (202) 512-9510]



Federal Family Education Loan Program

While GAO's opinion on the fiscal year 1992 financial statements of Education's Federal Family Education Loan Program (formerly known as the Guaranteed Student Loan Program) was also a disclaimer due to the unreliability of student loan data needed to derive estimates of liabilities, the audit process resulted in significant improvements in financial management (GAO/AIMD-93-4 and GAO/AFMD-93-20). For example, the audit helped to identify about \$14 billion in liabilities associated with the weakly controlled guaranteed loan program and highlighted internal control problems that need to be addressed in order for Education to realize the savings anticipated from moving to a direct loan program. The audit also identified an estimated \$3 billion shortfall in Education's budgetary estimates of program costs for fiscal years 1992 and 1993. Further, due to actions taken as a result of the audit, Education has recovered about \$1.4 million in overpayments made to two participants in the program. GAO has initiated a joint audit effort with the department's Inspector General for the fiscal year 1993 audit. [John Hill, (202) 512-8549]

Internal Revenue Service

GAO was unable to express an opinion on the reliability of IRS'

fiscal year 1992 financial statements because critical supporting information was not available or was unreliable (GAO/AIMD-93-2). GAO also reported material weaknesses in IRS' internal controls. IRS has begun to take steps to correct problems identified by the financial audit. For example, after GAO reported that net receivables reported by IRS of \$66.4 billion were overstated by as much as about \$47.7 billion, IRS revised its methodology for determining receivables to more reliably estimate the amount that is ultimately collectible. While IRS is taking positive steps, it faces major challenges in developing meaningful and reliable financial management information and in providing effective internal controls. [Gregory Holloway, (202) 512-9510]

Bureau of Indian Affairs

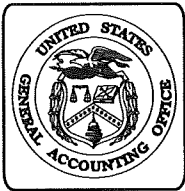
GAO testified (GAO/T-AIMD-93-4 and GAO/T-AIMD-93-8) before congressional committees and reported (GAO/AIMD-93-84R and GAO/AIMD-93-74) on financial management problems in the Department of the Interior's Bureau of Indian Affairs' (BIA) \$2 billion Indian Trust Fund. GAO found that BIA has continued to make only limited progress in reconciling trust accounts and developing a strategic plan for improving its trust fund management. [George Stalcup, (202) 512-3406]

Department of Energy

In 1993 GAO identified several material weaknesses that hamper the Department of Energy's efforts to reduce the risks associated with its management and operating contracts and to tighten management and financial control over integrated contractors (GAO/AIMD-93-29). Weaknesses included (1) contract provisions that did not fully protect the government's interests or permit Energy to exercise adequate oversight and financial management control, (2) a financial system that could not provide all the financial information needed by program managers to effectively oversee integrated contractors, (3) insufficient staffing levels in Energy's field financial offices to perform needed reviews of contractors' financial management practices and procedures, and (4) difficulty in promptly completing required audits of contractors' allowable costs. [George Stalcup, (202) 512-3406]

DEFENSE AUDITS

In 1993, GAO's work at DOD concentrated on the Department's financial management systems and controls, including some issues that are included in GAO's high-risk program. These audits focused on the military services' implementation of the CFO Act and related DOD initiatives to



improve the financial systems that control and account for national defense operations and resources.

Defense Business Operations Fund

GAO reported and testified on DOD's efforts to operate the \$77 billion Defense Business Operations Fund more efficiently and effectively. (GAO/AFMD-93-52R, GAO/AIMD-94-7R, GAO/T-AFMD-93-4, GAO/T-AFMD-93-6, GAO/AIMD-94-80, and GAO/T-AIMD/NSIAD-94-146). The primary goal of the Fund is to focus the attention of all levels of management on the costs of carrying out DOD's operations. The potential benefits of the Fund—if well implemented and managed—include making DOD managers more aware of costs and ways to reduce them, and providing better information on business operations, which would allow more informed policy decisions by DOD management and the Congress.

Over 2 years ago, GAO pointed out that DOD did not have the policies, procedures, and systems in place to effectively operate the Fund. Although DOD has developed a plan for correcting the Fund's problems and are taking a more aggressive approach towards implementation, DOD has not developed many important policies and procedures and has not dealt with problems involving the accuracy of the Fund's financial reports. Resolving these problems

will be a long-term venture that will require continued commitment and leadership from top Defense officials.

As recommended by GAO, the Congress enacted legislation to prohibit the addition of any new activities to the Fund. The Congress also extended the "sunset" provision for the Fund only through December 1994, pending reports by DOD on its efforts to address these problems. [David Nellesmann, (202) 512-2666].

Army

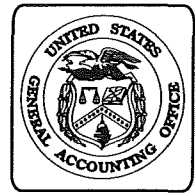
GAO completed its second comprehensive audit of the Army's financial management and operations (GAO/AIMD-93-1 and GAO/T-AIMD-93-1) and reported on fundamental problems that prevented it from expressing an opinion on the Army's financial statements for fiscal years 1991 and 1992. The deficiencies identified included unauthorized payroll payments to former soldiers (GAO/AIMD-93-32), inaccurate real property data (GAO/AIMD-94-9), weaknesses in the controls relied on to manage and protect equipment in storage, and unreliable weapon system cost information (GAO/AFMD-93-8). GAO also noted that the Army's senior-level leadership continued to emphasize the financial management improvement initiatives begun in 1992. [David Connor, (202) 512-9095]

Navy

Building upon the findings of past audit work, GAO reported on unmatched disbursements in the Navy (GAO/AFMD-93-21). Inadequate controls or lax compliance with internal controls resulted in over \$12 billion of unmatched disbursements, thereby increasing the risk of fraudulent or erroneous payments. GAO's report recommended that the Navy give high priority to resolving existing unmatched disbursements and establish adequate controls to prevent their future occurrence. [David Connor, (202) 512-9095]

FINANCIAL INSTITUTIONS AND PENSION AUDITS

GAO's financial statement audits of the Federal Deposit Insurance Corporation, the Resolution Trust Corporation, and the Pension Benefit Guaranty Corporation all showed improvements in how these institutions accounted for their assets and liabilities. GAO contended, however, that uncertain economic factors could materially affect the amounts reported on these institutions' financial statements. GAO also expressed concern about the financial condition of the Pension Benefit Guaranty Corporation's Single-Employer Fund.



Federal Deposit Insurance Corporation

In auditing the Federal Deposit Insurance Corporation's (FDIC) 1992 financial statements (GAO/AIMD-93-5), GAO reported that the three funds administered by the FDIC—the Bank Insurance Fund (BIF), the Savings Association Insurance Fund (SAIF) and the FSLIC Resolution Fund—received unqualified opinions.

BIF, which insures about 12,000 commercial and savings banks, ended calendar year 1992 with a \$101 million deficit—a substantial improvement over the \$7 billion deficit at the end of 1991. This was due to increased assessment income and substantial declines in actual and estimated losses from existing and future bank failures during 1992. However, despite the improvements in both the banking and thrift industries, estimates of losses from future financial institution failures are subject to significant uncertainties, such as future economic conditions and recoveries on sales of failed institutions' assets. GAO also reported a number of material weaknesses in FDIC's system of internal accounting controls.

In accordance with the Federal Deposit Insurance Corporation Improvement Act of 1991, GAO issued three reports covering FDIC's quarterly compliance with the act's obligation limitations,

Treasury borrowing, and working capital repayment provisions for the year ending December 31, 1992. These reports (GAO/AFMD-93-31, GAO/AFMD-93-64, and GAO/AIMD-93-75) noted that FDIC had complied with BIF's and SAIF's obligation limits. In its most recent report (GAO/AIMD-93-75), GAO noted that FDIC repaid BIF's outstanding balance of Federal Financing Bank borrowings in August 1993. [Robert Gramling, (202) 512-9406]

Resolution Trust Corporation

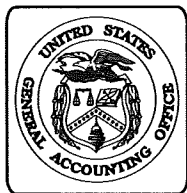
The audit of the Resolution Trust Corporation's (RTC) 1992 statements (GAO/AIMD-93-6) resulted in an unqualified opinion, after RTC adjusted its financial statements to reflect the best current estimates of probable future losses resulting from its resolution activities. Due to improved economic conditions, RTC's receiverships had realized higher rates of recovery on their asset sales than previously estimated. RTC adjusted its financial statements to remove \$5 billion in unallocated reserves, making the funds available to resolve institutions in conservatorship.

The report stated that significant uncertainties still exist regarding general economic conditions, interest rates, and real estate markets that could affect the value

of assets in resolved and unresolved institutions. [Robert Gramling, (202) 512-9406]

Pension Benefit Guaranty Corporation

GAO's report on the audit of the Pension Benefit Guaranty Corporation's 1992 financial statements (GAO/AIMD-93-21) stated that, while material internal control weaknesses remain, PBGC made considerable progress in improving its internal controls over general accounting operations, premium accounting, and liability estimation. This progress enabled GAO, for the first time, to express an opinion on PBGC's 1992 balance sheets for its two pension guaranty funds, except for the Multiemployer Fund's liability for future financial assistance. A scope limitation prevented GAO from determining whether the Multiemployer Fund's reported liability was fairly presented. GAO also reported that, for this fund, PBGC's ability to estimate its liability for future financial assistance is subject to material uncertainties, the effects of which could not be determined. Further, GAO expressed concern about the long-term viability of the Single-Employer Fund which reported a \$2.7 billion deficit and continues to face a large exposure from underfunded pension plans. [Robert Gramling, (202) 512-9406]



AUDIT SUPPORT AND ANALYSIS

GAO continues to provide technical assistance to the Congress, federal auditors, and CFO communities involved in strengthening the government's financial management practices and in implementing the CFO Act. This has included providing advice and technical assistance on preparing financial statements, performing financial statement audits, procuring audit services from independent public accountants, developing financial statement and reporting entity overview formats, and reviewing the efficiency and effectiveness of financial statement audits conducted by IGs. During 1993, GAO:

- * reviewed and commented on financial statements prepared by the Departments of Agriculture, Veterans Affairs, and Housing and Urban Development; the Federal Aviation Administration, the Social Security Administration, and the Office of Personnel Management;
- * provided hands-on training to agency IG staff to improve their understanding of financial statement risk assessments as a result of audit reviews;
- * participated in a joint audit effort with the Department of Education's IG for the Federal Family Education Loan Program's 1993 financial statements;

- * assessed financial statements and other related information to aid the Congress in future spending and borrowing decisions for both the National Railroad Passenger Corporation (AMTRAK) and the Bonneville Power Administration;
- * analyzed financial data to aid the Congress in funding decisions for the D.C. Government; and
- * worked with the Association of Government Accountants to develop a course in performance measures. [John Hill, (202) 512-8549]

INFORMATION RESOURCE MANAGEMENT FOCUS AND ACTIVITIES

During 1993, GAO continued to deal with systems and management issues that are central to the success of the government's information resource management initiatives and activities.

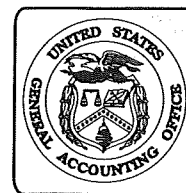
On the civil agency side, GAO was particularly active in systems development efforts in the health care, welfare, social security, and tax areas. For example

- * Work in the national health care system area focused on identifying, among other things, (1) the best public and private information system practices to ensure that they are considered

in the development of health care delivery systems, and (2) opportunities to reengineer the health care system, using technology to reduce costs and improve quality.

- * GAO's welfare systems work focused on the past and future costs of automated welfare systems and efforts by HHS and the states to develop automated systems for specific welfare programs.
- * In the Medicaid area, GAO is examining the extent to which states are using computerized drug utilization review systems to monitor drug prescriptions before they are filled by the pharmacy to identify potential adverse drug reaction and to prevent fraud, waste, and abuse. [Frank Reilly, (202) 512-6252]

On the defense side, GAO continued its review of DOD's Corporate Information Management (CIM) initiative. GAO reported that DOD has made little progress since CIM's inception and that it faces major obstacles in achieving the initiative's goals. Much of CIM's success hinges on DOD's ability to set aside a clear, coordinated direction, and overcoming longstanding cultural problems. GAO stated that DOD had not effectively organized the CIM initiative, nor had it established effective funding controls to implement CIM. Further, DOD



continues to focus on selecting specific technologies or systems without concurrently determining its business goals and reengineering processes to meet those goals in a cost effective manner. [David Nellemann, (202) 512-2666]

BUDGET ISSUES

Deficit reduction is essential to our nation's long-term economic health. Although 1993 saw a major step forward with enactment of the 1993 Reconciliation Act, the 1993 deficit reached \$255 billion, and the long-term deficit remains a problem for the U.S. economy. GAO provided testimonies and reports directed at (1) increasing public and congressional recognition of the importance of reducing the deficit and of the kinds of decisions necessary to achieve that goal, (2) analyzing the budgetary aspects of various management reforms and reinventing government agendas, (3) improving budgetary choices by improving the presentation of budgetary data, and (4) improving the focus on long-term investment and the quality of investment decisions. GAO also revised its *Glossary of Terms Used in the Federal Budget Process* (GAO/AFMD-2.1.1) and reported that the most recent session of Congress substantially complied with the Budget Enforcement Act (GAO/AIMD-94-66).

In testimony (GAO/T-OCG-93-6) and in a transition series report on

budget issues (GAO/OCG-93-1TR), GAO discussed the impact of the deficit on investment, productivity, and economic growth, the country's economic future, and the well-being of future generations. GAO warned that significant deficit reduction required difficult choices on both the revenue and expenditure sides of the budget. In other testimony (GAO/T-OCG-93-5), GAO concluded that while rescissions have caused adjustments in programmatic priorities, they cannot be expected to serve as a significant deficit reduction or spending limitation tool.

GAO also examined the Executive Order reducing administrative expenses in the executive branch and concluded (1) it is difficult to define administrative costs, (2) across-the-board cuts in areas traditionally considered as administrative may hurt efficient organizations, and (3) this is unlikely to be a source of major deficit reduction (GAO/AIMD-94-15).

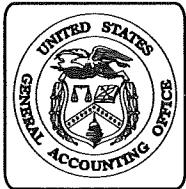
In other testimony (GAO/T-AIMD-94-4), GAO discussed the differences between multi-year fiscal policy agreements, biennial budget agreements, and a biennial appropriations cycle. GAO noted that the Congress has frequently provided multi-year fund availability and that a biennial appropriations process is not necessary to provide multi-year funds. [Paul Posner, (202) 512-9573]

Investment and Improving Budgetary Choice

GAO continued to emphasize the importance of federal investment-oriented programs. Two reports (GAO/AIMD-93-25 and GAO/OCG-93-2TR) offered a structure for evaluating investment proposals, and a related report (GAO/AIMD-94-40) and two testimonies (GAO/T-AFMD-93-7 and GAO/T-AIMD-94-54) discussed the need for a more future-oriented focus to aggregate fiscal policy. GAO recommended a budget structure that would highlight federal spending on programs designed to invest in long-term future growth of the economy and suggested how such an investment component could be used to help improve budgetary choices. GAO also continued its series of reports comparing budget estimates with actuals (GAO/AFMD-93-51), and provided the Congress with updated information on the nature of state balanced budget rules and implementation of those rules (GAO/AFMD-93-58BR). [Paul Posner, (202) 512-9573]

ENHANCING ACCOUNTABILITY

Although 1993 showed promising activity, much hard work remains to turn proposals for management improvement into meaningful, lasting results. The federal government is far from having the



most basic management foundation in place to ensure accountability. Also, it lacks critical information needed to analyze programmatic issues, control costs, and measure results. The results of financial and other audits confirm the continued need for programs such as GAO's high-risk program and the requirements of the Federal Managers' Financial Integrity Act (FMFIA) to maintain focus on significant management and control problems and to develop and implement actions to correct those problems.

High-Risk Program

GAO's work continues to show that the high-risk areas are plagued by the lack of financial information needed to effectively manage programs and by long-standing systems and personnel weaknesses that hamper program operations. In January 1993, GAO released a series of reports that discuss its findings on each area within its high-risk program (GAO/HR-93-1 through GAO/HR-93-17), and, in January 1994, discussed its high-risk work in testimony before the Senate Committee on Governmental Affairs (GAO/T-OCG-94-1).

GAO recently added the Department of Housing and Urban Development to its high-risk list. While efforts to address the numerous and severe problems affecting HUD program management and delivery are ongoing,

billions continue to be at risk because of long-standing organizational, systems, and staffing problems. GAO will initially focus on single family and multifamily HUD-held mortgages and property disposition, and on the HUD funding which supports Public Housing Agencies/Authorities. [George Stalcup, (202) 512-3406]

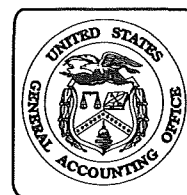
Federal Managers' Financial Integrity Act

During 1993, through its CFO Act audits and financial management reviews, GAO reported that six agency FMFIA reports did not accurately characterize or fully disclose known management weaknesses. These reporting deficiencies were particularly acute at DOD and the National Aeronautics and Space Administration.

* **Department of Defense**—GAO's numerous financial audits and reports have detailed long-standing management, internal control, and accounting system deficiencies that weakened DOD's ability to safeguard, manage, and control hundreds of billions of dollars in resources entrusted to it. Despite this, DOD reported that its internal controls and financial systems, taken as a whole, provided reasonable assurance that the objectives of FMFIA were being achieved. [David Connor, (202) 512-9095]

* **National Aeronautics and Space Administration**—NASA asserted that, except for the material weaknesses and material nonconformances cited in its December 1992 report, NASA's internal management control and financial systems, taken as whole, provided reasonable assurance that the objectives of FMFIA had been achieved. Just two months earlier, GAO had reported (GAO/AFMD-93-3) significant financial management and accounting system deficiencies that seriously weakened NASA's ability to safeguard, manage, and control its \$15 billion budget for fiscal year 1992 and over \$14 billion in contractor-held property. Following GAO's June 1993 report (GAO/AFMD-93-5R) on NASA's FMFIA assertions, the NASA Administrator indicated his commitment to deal with NASA's serious financial management problems. [George Stalcup, (202) 512-3406]

GAO will continue to work with OMB and the Congress to encourage agency management to report and correct its key financial management and control deficiencies. [George Stalcup, (202) 512-3406]



AUDIT OVERSIGHT ISSUES

As part of its continued oversight of the Offices of Inspector General (OIGs), GAO reported on IG appointments and resources in 34 designated federal entities and the Federal Energy Regulatory Commission (GAO/AIMD-93-74FS). It also reported on the Department of Justice OIG's independence, audit and inspection coverage (GAO/AIMD-93-53R), and audit resolution (GAO/AIMD-93-78R).

GAO also audited the expenditures of independent counsels (GAO/AFMD-93-1 and GAO/AFMD-93-60). The reports disclosed internal control weaknesses, noncompliance with laws and regulations, and noncompliance with pay and travel requirements. In addition, GAO reported on the unvouchered expenditures of (1) the Executive Office of the President for fiscal year 1991 (GAO/AFMD-93-63) and (2) 17 departments and agencies for fiscal years 1989 through 1991 (GAO/AFMD-93-73FS). [David Clark, (202) 512-9489]

ACCOUNTING AND AUDITING STANDARDS

During 1993, GAO moved forward on accounting and auditing standards. It continued to participate on the Federal Accounting Standards Advisory Board (FASAB), and GAO's Chief

Accountant chairs a revenue task force established by FASAB in December 1993. GAO issued updated accounting guidance, and developed proposed revisions to the Government Auditing Standards, the "Yellow Book." It also initiated work on audit methodologies for information resource management, enhanced its financial management training, and continued efforts to enhance the auditor's "electronic briefcase."

Accounting Standards

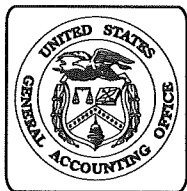
In May 1993, GAO issued a revised Title 7, "Fiscal Guidance," of the *GAO Policy and Procedures Manual for Guidance of Federal Agencies*. The primary revisions include new procedures for adjusting and closing current and expired appropriation accounts, new dollar limits for reporting and resolving irregularities and administratively adjusting claims against the government, and updated guidance on using electronic data interchange for financial transactions. Copies can be obtained by contacting GAO Document Distribution at (202) 512-6000. [Richard Cambosos, (202) 512-8263 or Bruce Michelson, (202) 512-9366]

In December 1993, GAO issued a letter to the heads of agencies and departments on the status of Title 2, "Accounting," *GAO Policy and Procedures Manual for Guidance of Federal Agencies*. The letter alerted

agencies to GAO's intention to revise Title 2 after a sufficient number of new accounting standards, which are recommended by FASAB, are approved by the Comptroller General, the Director of the Office of Management and Budget (OMB), and the Secretary of the Treasury. Copies of the letter can be obtained by contacting GAO Document Distribution at (202) 512-6000 and asking for document number B-255473. [Bruce Michelson, (202) 512-9366]

Auditing Standards

In July 1993, GAO issued for comment an exposure draft of a revision to *Government Auditing Standards*. First issued in 1972 and last revised in 1988, these standards are essential to financial and performance audits of federal agencies, and the CFO Act requires auditors of federal financial statements to follow them. Federal IGs also must adhere to the standards in their audit work and must see that nonfederal auditors follow them when they audit federal funds. The proposed changes underscore the importance of (1) assessing internal controls in financial statement audits, (2) issuing clear audit reports, and (3) considering report users' needs when planning performance audits. After considering comments on the exposure draft and the recommendations of the Government Auditing Standards



Advisory Council, GAO issued final revised standards in June 1994. [Patrick McNamee, (202) 512-9525]

METHODOLOGY AND TRAINING

GAO is developing a series of methodologies designed to guide auditors in reviewing key information resource management (IRM) issues. The methodologies will provide a comprehensive framework for assessing how well agencies are using information and information technology to support their missions and strategic goals. The framework is built around three levels: strategic IRM issues, business process improvement issues, and system development life cycle issues.

At the strategic level, the methodologies will help auditors assess an agency's efforts to develop an information infrastructure that meets its mission needs. This includes assessing the effectiveness of an agency's IRM organization in achieving the agency's program goals as well as determining whether the agency is making appropriate investment decisions when acquiring information technology. At the business level, the methodologies will focus on identifying opportunities to streamline business processes and on assessing an agency's efforts to reengineer outmoded processes. At the systems level, the methodologies will aid auditors in

evaluating an agency's activities in managing system development life cycle activities, including operations and maintenance. GAO will also be revising its guidance on assessing internal controls and data reliability for automated systems. [Jack Brock, (202) 512-6204]

Financial Management Training Courses

During fiscal year 1993, GAO updated two financial management courses offered both within GAO and to the IG and CFO communities—Introduction to Financial Auditing and Principles of Budgetary and Proprietary Accounting.

The demand for Introduction to Financial Auditing remained high in the federal audit community, with about 360 IG auditors participating in the course. In addition, 60 CFO and IG staff attended the Principles of Budgetary and Proprietary Accounting course.

In March 1993, GAO sponsored the 2-day Accounting and Auditing Update Conference covering (1) OMB guidance on the form and content of federal agency financial statements, (2) testing compliance with laws and regulations and sensitive payments, (3) development of substantive audit programs, (4) audit sampling and EDP in financial audits, and (5) updates on FASAB, the Financial Accounting Standards Board, and the Governmental

Accounting Standards Board. The conference was videotaped and made available to IGs and their staffs.

GAO will continue to provide opportunities for the IG and CFO communities to attend its courses. In addition, GAO is developing new audit-related courses for both GAO and the IG community. [Alana Stanfield, (202) 512-3197]

“Electronic Briefcase” Projects

During 1993, GAO continued to implement and enhance the auditor's “electronic briefcase”—a set of microcomputer software tools that assists the auditor and improves productivity. The briefcase is being implemented in three areas: data extraction, flow charting, and audit working papers.

* **Data Extraction**—GAO expanded its use of Interactive Data Extraction and Analysis (IDEA) software, a tool designed to help auditors extract, analyze, sample, and produce reports from agency mainframe, minicomputer, or microcomputer system data files. GAO used the software on most of its financial audits, including the IRS, the Customs Service, and Education's Federal Family Education Loan Programs, and provided demonstrations and hands-on training to auditors from other federal agencies.



* **Flow Charting**—GAO automated the preparation of flow charts using ABC Flowcharter, which is windows-based and commercially available. This package is being used extensively on most of GAO's financial audits, especially the Navy and the Customs Service.

* **Audit Workpapers**—The Account Risk Analysis (ARA) and Specific Control Evaluation (SCE) forms, which are an integral part of GAO's financial audit methodology, are explained in the GAO *Financial Audit Manual*. GAO is developing a system using Windows and Microsoft ACCESS that helps the auditor build the ARA and SCE documents from a variety of sources. GAO will test the system in the Spring of 1994.

All of the software in the "electronic briefcase" is designed to work on a Local Area Network. [Abraham Akresh, (202) 512-9361]

NEW ACCOUNTING AND INFORMATION MANAGEMENT DIVISION CREATED

In 1993, GAO consolidated its accounting and information resource management audit activities into its new Accounting and Information Management Division (AIMD) headed by Assistant Comptroller General

Gene L. Dodaro. The new division creates a better technological base within GAO by integrating responsibility for governmentwide work in the interrelated technical areas of financial and information management.

Also, the head of the former Accounting and Financial Management Division, Donald H. Chapin, was named GAO's Chief Accountant. In this newly created position, Chapin, who is the chair of the JFMIP, will focus on improving accounting and auditing standards at the federal, state, and local levels and serve as the GAO representative for FASAB, the National Intergovernmental Audit Forum, the Governmental Accounting Standards Advisory Council, and the Financial Accounting Standards Advisory Council.

OFFICE OF PERSONNEL MANAGEMENT

The Office of Personnel Management (OPM) is the government's central personnel agency, providing leadership and direction for managing federal human resources. In 1993, OPM joined with the federal management community and employee representatives to begin building a more flexible framework for human resources management, with a goal of making the human resources management system more responsive to management and employee needs. There have

been many improvements in recruiting and examining, pay, career development, and benefits processing, as described in this report.

CAREER ENTRY INITIATIVES

Improvements in Job Information

OPM makes information available to the public about federal job opportunities and employment requirements through a job information system composed of the *Federal Job Opportunities List* (FJOL) and several delivery systems that link the job-seeking public with the list. The FJOL is an automated database of federal job announcements for which OPM and agencies are accepting applications. Job seekers and recruiters access the data base through a variety of delivery systems. [Dick Whitford, (202) 606-0870]

Federal Job Opportunities Board

OPM has established an electronic bulletin board that offers on-line information about federal job opportunities nationwide 24 hours a day, 7 days a week. To access the board, users dial 912-757-3100 on a personal computer via a modem. Agencies can now enter job vacancies, including merit promotion, summer, and competitive jobs, directly on the



Bulletin Board for inclusion in the FJOL. Job seekers, including current federal employees, can search for jobs by series, title, grade levels, and geographic locations. [Rhonda Wood, (912) 744-2057; Jim Maxwell, (202) 606-0870]

Federal Employment Information System

OPM has developed a personal computer-based, employment information system to respond to employment inquiries quickly and accurately. The system allows individuals to search job listings by job series or title, identify the applicable examination and the examining office, list job qualifications, and generate listings of current federal pay scales.

It is available at OPM Service Centers and the Washington Area Service Center. Recent enhancements include improved reporting capabilities, testing, schedules, telephone tracking, and delegated examining information. Future enhancements will include developing modules based on customer requirements, and may include: benefit information, career paths, available training, occupational/geographical employment picture, work force demand, etc. [Rhonda Wood, (912) 744-2057; Armando Rodriguez, (202) 606-0870]

Federal Job Information Touchscreen Computer System

The Federal Job Information Touchscreen Computer System provides nationwide job information in agency lobbies, college placement offices, state employment service offices, and Federal Job Information Centers, and other locations. This delivery system combines personal computer, synthetic voice, and touchscreen technologies. Job seekers can access information, including an on-the-spot printout, by simply touching color blocks on the computer screen. The system provides a variety of information on federal employment including announcements about current career opportunities, how the hiring process works, and job qualifications. Enhancements include the ability to print pay scales and qualification requirements, search by series, and review descriptions of all brochures offered through this delivery system. [Rhonda Wood, (912) 744-2057; Karen Leydon, (202) 606-0870]

Career America Connection

OPM developed the Career America Connection to provide rapid and easily accessible nationwide information about federal employment. The Career America Connection allows individuals to call a single number (912-757-3000) to get information about current or future vacancies, the hiring process, or obtain

application materials, 24 hours a day, 7 days a week. The service features messages about federal salaries and benefits, how jobs are filled, special employment programs for veterans and people with disabilities, and student and intern programs. By voice mail, callers may leave their name, address, and telephone number to request application materials. Enhancements include an option for speaking to "live operators" at a central point of contact for job inquiries to request the mailing of information/application packages within 24 hours and to hear current recruiting messages. [Rhonda Wood, (912) 744-2057; Karen Leydon, (202) 606-0810]

Federal Occupational and Career Information System

FOCIS is a personal computer-based program that provides career guidance and assistance in federal employment. Job seekers and federal employees use this program to assess their skills, abilities, and work-related interests, and to find suitable jobs and training courses. The National Technical Information Service (NTIS) distributes FOCIS on floppy diskettes. [Amiel Sharon, (202) 606-1192; Rhonda Wood, (912) 744-2057; Armando Rodriguez, (202) 606-0870]



Application Processing and Referral

Telephone Application Processing System

The Telephone Application Processing System enables applicants to apply for jobs by dialing an 800 number, entering demographic, geographic, education, and experience data via telephone keypad in response to recorded voice prompts. The completed application is processed overnight, and within 24 hours of the applicant's call, a notice of results is in the mail. Eligible applicants are added to an inventory for referral to agencies as openings occur. System development was completed in 1993 and is now being pilot-tested with the professional nursing occupation. If the pilot is successful, OPM will expand this system to other occupations. [Ed Komorous, (202) 606-1015; Jeff Adair, (912) 744-2092]

Automated Applicant Referral System

The Automated Applicant Referral System provides agency hiring officials with referral lists of employable candidates from a variety of ready sources in an average of less than 30 minutes. It requires only a touchtone telephone and facsimile machine for request delivery. This rapid, user-friendly system reduces the entire referral process to a matter of minutes rather than days. It

gives agency recruiters and hiring officials one-stop access to a variety of employable candidates. Agencies can request candidates from nationwide Engineer, Physical Scientist, Mathematician, Accountant/Auditor, Clerical, and Computer Specialist competitor inventories; the Defense Outplacement Referral System; and job-ready disabled veterans and Social Security disability and supplemental security income beneficiaries. The system also produces certificates of candidates for the Administrative Careers With America (ACWA) examining program inventories. [Kate Williams, (912) 744-2153]

Automated Applicant Certification System

The automated applicant certification system enables federal agencies to access OPM's inventories of eligible candidates and delivers certificates (lists of eligibles). Access is by touchtone telephone keypad; delivery is via facsimile machine. This system is available for Administrative Careers With America (ACWA) examining and for all certification activity. [Kate Williams, (912) 744-2153]

Computerized Application Rating System

In response to a growing need to streamline the evaluation of applications, OPM developed a PC-based system that automates case examining. The system

automatically determines an applicant's eligibility for employment, assigns numerical ratings, and ranks applicants according to the rating. It guides personnel staffing specialists and subject matter experts through formatted menus to develop automated rating schedules and crediting plans for occupations where no written test is required. A nationwide library of preconstructed, amendable rating schedules is also available and continuously being expanded. Applicants answer multiple choice questions about their education and experience on a computer-scannable, supplemental questionnaire. Completed applications are scanned, evaluated, and ranked according to the resulting rating.

This system saves a significant amount of professional time as applicants respond directly to questions and are rated on their responses, eliminating qualifications review time by staffing specialists and review panels. The system evaluates approximately 1500 applications per hour, a process that would take days or even weeks if done manually. The goal is a merging of the application and written test evaluation to achieve a consolidated rating and to integrate this rating system with Telephone Application Processing to create a fully electronic, paperless application and applicant evaluation system. [Rena Lewis, (912) 744-2058]



Outplacement Assistance

Governmentwide Civilian Outplacement

OPM developed a new governmentwide placement program for employees who are losing their jobs. It replaces two programs OPM has operated for many years: the Interagency Placement Assistance Program and the Displaced Employee Program. Agencies can quickly obtain information about quality candidates available for immediate appointment by using a touchtone telephone and facsimile machine. [Edward P. McHugh, (202) 606-0960]

Defense Outplacement Referral System

The Defense Outplacement Referral System (DORS) is the result of a coordinated effort between the Department of Defense (DOD) and OPM to provide a referral method that facilitates placement of DOD employees affected by downsizing measures. DORS links employers, including federal agencies, state and local governments, and the private sector, with an inventory of affected employees. Employers request referrals by using a touchtone telephone to key-in job requirement criteria. The system searches the automated candidate inventory, and compiles and delivers a list of employees via

facsimile machine in 45 minutes or less. Employers may specify a referral list of current civilian Defense employees or spouses, or military departees or spouses.

DORS registrants are entered in the automated inventory on a daily basis by electronic transmission from the Defense Data Support Center in Dayton, Ohio. OPM's Staffing Service Center in Macon, GA, coordinates registrant data for referrals to federal agencies. The Defense Manpower Data Center in Monterey, CA, coordinates registrant data for referrals to private sector employers and state and local governments. The system has been widely used to refer DOD civilian and military employees. Since October 1991, DORS has responded to over 1,450 federal agency requests, referring approximately 27,900 registrants for vacancies in more than 25 different agencies, resulting in 703 confirmed hires. [Kate Williams, (912) 744-2153]

Occupational Analysis

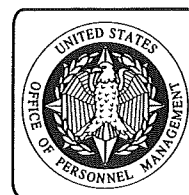
A multipurpose occupational analysis system has been designed as a framework for conducting governmentwide studies of multiple occupations. The full range of occupational information is collected to provide an integrated human resource management system for use by OPM and all other government agencies. This system reduces duplication of effort by conducting one study to provide

the information to develop prototype or model human resources management (HRM) products for classification, selection, performance evaluation, training, and development. Through agency consortia initiatives, OPM is working in partnership with agencies to develop the needed products that will be delivered through an automated PC-based system called the Human Resources Manager.

OPM has conducted a governmentwide occupational study of federal executives, managers, and supervisors and is completing a study of 77 clerical and technical occupations. Studies will be conducted of critical administrative and professional occupations that agencies identify. OPM will create one common occupational information source and use it to develop HRM policies and programs. [Donna Gregory, (202) 606-0860]

Quality Assessment Program

This program involves data collection and special occupational studies for monitoring the government's success in attracting and retaining a quality work force. It uses automated procedures and existing systems to collect data from multiple sources on the quality of applicants, new hires, and retrained employees. Some quality data are collected in conjunction with the occupational



analysis studies mentioned in the previous paragraph. In 1993, the applicant database expanded to include data on 680,000 applicants in over 277 occupations. Special occupational studies are continuing that address the quality of the skills employees bring to the job, job performance, and the match between employee skills and job needs. Reports on completed studies on scientists, engineers, and computer specialists have been issued; reports on accountants, auditors, and administrative personnel, as well as a benchmark study report on computer specialists, will be issued in 1994.

The program has been expanded to include measurement of organizational effectiveness. In cooperation with the Federal Quality Institute, a questionnaire based on the criteria used to evaluate organizations for the President's Award for Quality has been developed for agencies to use in assessing how they compare against the award criteria. [Donna Gregory, (202) 606-0860]

Organizational Performance Measurement

Organizational Assessment Survey

OAS is a survey instrument designed to assess organizational processes. It is a useful diagnostic

tool for describing an organization's policies, practices, and procedures in a number of areas, such as training, leadership, and rewards/recognition. Survey results can be used to make recommendations for creating conditions that are conducive to high organizational performance.

OAS assesses 18 dimensions that organizational theory, research, and practice indicate relate to organizational effectiveness, including strategic planning, customer focus, empowerment and leadership. The survey is based on solid organizational psychology research (e.g., climate/culture, leadership, and organizational effectiveness).

After the survey identifies which organizational processes most need improvement, OPM counsels customers on how to improve those processes and transform their organizations into high-performing ones. The customers receive an assessment of the strengths and weaknesses of their organizations and are coached through an improvement strategy. OAS will help agencies comply with National Performance Review recommendations and/or compete for quality awards since the OAS dimensions parallel the major emphases of NPR recommendations and the criteria for the 1994 Presidential Award for Quality. [Fran Huerta, (202) 606-0860]

Customer Surveys

OPM provides a complete survey service that involves assessing customer needs, organizational climate, employee attitude and job satisfaction, and customer satisfaction. The following advisory services are offered:

- * Developing survey questions
- * Customizing surveys
- * Identifying and sampling survey participants
- * Automating surveys
- * Analyzing survey data (e.g., content analysis of focus group data)
- * Planning and facilitating organizational change
- * Training in conducting focus groups to develop survey questions
- * Conducting follow-up focus groups to analyze survey data
- * Using customer data in strategic and annual planning and budget processes
- * Using survey data in program evaluation, occupational analysis, and rewards systems

Surveys can be customized and tailored to meet the customer's unique requirements. [Fran Huerta, (202) 606-0860]



Organizational Outcome Measurement

Another service OPM offers is designing program outcome measures for organizations and helping organizations conduct their own measurement. This advisory service is based on the identification of "Best Practices" for measuring outcomes/results. [Fran Huerta, (202) 606-0860]

MeasureNet Communications Network

MeasureNet is a network for sharing information about measurement and improving government performance and results through both an electronic medium and face-to-face meetings. It was established by OPM and the National Performance Review to bring the best science and practice to bear on measurement issues raised in the NPR report and to evaluate progress in reinventing government. MeasureNet's objective is to enhance government's capability to understand customer needs, benchmark processes, communicate results, and improve performance. The cost for participating in MeasureNet ranges from no cost to \$20 per month, depending on the features used, enabling customers to network with leaders in the measurement field very inexpensively. [Michael Reeder, (202) 606-0860]

HUMAN RESOURCES DEVELOPMENT

Financial Management Training

In 1993, OPM conducted 787 financial management classroom training sessions for about 16,000 employees in Washington, DC, and at field locations throughout the United States and the world. This training included a full range of courses for federal employees with financial management responsibilities. OPM also conducted a full range of courses in budgeting, total quality management, work measurement, management control, and cash and debt management. Further, OPM continued to provide computer security training assistance and offered a wide variety of information resources management training courses for more than 17,000 employees through the interagency training system. Management and executive training continued to receive high priority. In 1993, residential and classroom training was provided for about 28,000 supervisors, managers, and members of the Senior Executive Service. [John P. McGrath, (703) 235-1060]

Electronic Training Sales and Registration

OPM is using a centralized space sales process for the three Management Development Centers (MDCs). Agencies use an

electronic bulletin board to identify seminars and courses. The purchase of spaces in MDC courses is accomplished through a touchtone system. Each MDC downloads the information for its own participants. The MDCs had over 5,000 participants in fiscal year 1993. [Kirke Harper, (703) 235-1111]

Strategic Planning and Performance Measurement Training

The Government Performance and Results Act (GPRA) of 1993 requires OPM to develop strategic planning and performance measurement training for managers and others and to orient executives and managers on the provisions of the Act. In conjunction with OMB, GAO, and other interested groups, OPM has developed a comprehensive training plan to attain this objective. The Training Plan goal is to design, develop, and deliver a full range of training products and services that support GPRA implementation nationwide. It includes: orientation for senior executives and managers; skills training for managers and others; information and technology; and technical assistance. OPM will provide these products and services on a reimbursable basis. It will also provide some services and products to agencies for use in their training and development programs. [Judith M. Jaffe, (202) 606-1610]



Training Needs Assessment Handbook

OPM has developed a *Training Needs Assessment Handbook* to help agencies plan and implement effective needs assessment systems. The handbook outlines a step-by-step process to help agencies identify mission-related needs and critical occupational and individual performance requirements. The process shows agencies how to direct resources to areas of greatest need: those that closely relate to fulfilling the organization's mission, improving productivity, and providing quality products and services. By using this assessment process, agencies can be more accountable for organizational training resources and make good investment decisions on training and development. [Barbara Smith, (703) 235-1006]

PERSONNEL SYSTEMS AND OVERSIGHT

Strategic Plan for Personnel Automation

Operating under the Agency/OPM Strategic Plan for Personnel Automation, several projects have been completed by the Personnel Automation Council and its Technical Assistance Committee:

- * The *Guide to Interagency Personnel/Payroll Services* was published and distributed to all agency Directors of Personnel,

Chief Financial Officers, Senior Information Resource Management Executives, and Consolidated Administrative Service Centers. It enables customer agencies to review the range of services and their costs for provider agencies. Cross-servicing allows agencies to use good automated personnel and payroll applications at much lower cost than developing and maintaining their own support systems.

- * The *Personnel/Payroll Data Element Electronic Dictionary* was completed and will be distributed to agencies by March 1, 1994. For the first time, there is a standard reference for data elements and codes that agencies can use when designing, extending, or modifying their automated personnel and payroll systems. The *Dictionary* will be given to agencies with an OPM-developed user-friendly personal computer-based management and access system. Using the *Dictionary* will help agencies share key data and help central management agencies aggregate consistently-defined data.

In association with OMB's Office of Information and Regulatory Affairs, the Personnel Automation Council initiated a Personnel/Payroll System Exemplary Practices Project to

identify "best practices" that can be exported cost-effectively to other agencies in open system environments. Eleven agencies are participating in a Work Group that has developed a comprehensive set of system assessment criteria to evaluate system practices. The Work Group currently is surveying all agencies to identify candidates for potential inclusion in an *Exemplary Practices Catalog* to be issued in June 1994. The Work Group also will report to the Personnel Automation Council any gaps in the availability of best practices that should be subject to future interagency system development planning. [Dr. Philip Schneider, (202) 606-1977]

Federal Employees Pay Comparability Act Evaluation

The Federal Employees Pay Comparability Act of 1990 (FEPCA) provided for a major overhaul of the federal white-collar pay system. The objectives of the legislation are to achieve comparability between federal and non-federal pay and to improve the competitiveness of the federal government as an employer. FEPCA phases in locality pay over a 9-year period starting in 1994 and authorizes the use of a number of special authorities, such as recruitment and relocation bonuses. OPM has implemented a long-term evaluation plan to monitor the implementation of



FEPCA and assess its effectiveness in improving the recruitment and retention of quality employees. The first evaluation report assessing implementation of FEPCA and early results was issued in March 1993.

The interim geographic adjustments (IGAs) implemented in New York, Los Angeles, and San Francisco resulted in reduced quit rates in those areas, and this decrease was greater than in other high cost cities that did not receive IGAs. Use of the FEPCA flexibilities was low due to the recession. However, where used, they made a significant difference in recruiting and retaining high quality employees. OPM is continuing to monitor the impact of FEPCA and future reports will be issued as needed. [Dr. Brigitte Schay, (202) 606-2810]

Evaluation of Broad-Banding

Since 1980, three demonstration projects (Navy, National Institute of Standards and Technology (NIST), and Pacer Share) and a number of non-title 5 United States Code systems have implemented the concept of broad-banding, also referred to as pay-banding or grade-banding, which involves consolidating several pay grades into a broad band. OPM has conducted an in-depth study evaluating these systems and, in February 1993, issued two reports on the study: a

comprehensive technical report and a brief management report. The study goals were: compare and contrast the various broad-banding schemes in operation; describe and summarize research findings on the major classification and performance management system changes associated with broad-banding; analyze the cost of broad-banding; and communicate lessons learned from the demonstration projects. The study identified seven cost factors that need to be considered in designing cost-effective broad-banding systems. The National Performance Review has recommended legislative changes to give agencies the flexibility to implement broad-banding. Two of the broad-banding systems (Navy and NIST) are continuing as demonstration projects and are scheduled to expire in 1995. OPM's Office of Systems Innovation is evaluating these projects with partial funding from Navy and NIST. [Dr. Brigitte Schay, (202) 606-2810]

Demonstration Projects on Pay

Two 5-year demonstration projects (one with the Federal Bureau of Investigation's (FBI) New York Office and the other with the Federal Aviation Administration (FAA)) have been testing the use of retention allowances and relocation bonuses for groups of employees to improve their

retention in hard-to-staff locations. The FBI demonstration project expired in October 1993, and an evaluation report prepared jointly by the FBI and OPM was issued in September 1993. The FAA project is scheduled to expire in 1994, and OPM is conducting a summary evaluation of the effectiveness of the retention allowances tested in this project. The initiatives tested in these demonstration projects are different from similar pay flexibilities authorized under the Federal Employees Pay Comparability Act. Both projects have solved critical staffing problems but incurred a high cost. On the other hand, testing these solutions with demonstration projects on a small scale avoided costlier governmentwide changes and several rounds of legislative adjustments. Alternative methods for solving these problems will be considered. [Dr. Demaris Miller, (202) 606-2810]

RETIREMENT AND INSURANCE

Health Benefits Data and Reconciliation

The Health Benefits Data and Reconciliation initiative was developed to collect information needed to set precise premium rates for health benefits, incorporate effective cost-containment measures, secure the coordination of benefits with other insurers, and assure that insurance carriers receive accurate



and timely premiums. This initiative is currently being pilot-tested with the cooperation of five agencies and five health benefits carriers. The goal is to improve the quality and timeliness of information collected on enrollment and claims for health benefits and to enhance the administration of the Federal Employees Health Benefits Program. [Maurice O. Duckett, (202) 606-0666]

Computer Matching

OPM has implemented a series of computer matches with other federal agencies to identify and collect benefit overpayments. Computer matching has proven to be a cost-effective way to monitor OPM's benefit program operations and protect the government against losses due to fraud, waste, and abuse. In 1993, with 14 interagency agreements in place, computer matches yielded more than \$21.7 million in identified overpayments related to the Trust Funds that OPM administers. In addition, matching activities resulted in a savings of \$15.2 million that would have been paid erroneously. Furthermore, the interagency agreements provide monetary benefits estimated to be an additional \$12.9 million for the programs administered by OPM's matching partners. These savings are continuing amounts that will accrue throughout the life of the matching program.

Late in 1993, as part of the governmentwide salary offset initiative, OPM negotiated new computer matching agreements with the Department of Defense and the United States Postal Service. These programs will identify and locate delinquent debtors who are current or former federal government or Postal Service employees who owe money to OPM. This will allow OPM to pursue and collect the debt by voluntary repayment or by salary offset procedures under the provisions of the Debt Collection Act of 1982. These matches will be conducted in 1994. [Ken Glass, (202) 606-2146]

FEDERAL QUALITY INSTITUTE

The Federal Quality Institute (FQI) was established in 1988 to promote quality management in the federal government and improve the quality, timeliness, and efficiency of government services. This role was expanded in 1993 as a result of the National Performance Review. FQI now provides staff support to the President's Management Council and helps the Council to improve agencies' line management operations through the implementation of quality management. Over the next few years, FQI will partner with various agencies in quality education, communications, and networking efforts that have resulted from the NPR report.

During 1993, FQI continued to provide hands-on advice and a variety of services tailored to meet individual agency needs and to improve quality management products and services developed for agencies:

Technical Assistance

FQI provided technical assistance, training, consultation, facilitation, and guidance to agencies implementing quality management, especially in the initial stages. The Institute continued to give agencies quick access to consultants, facilitators, and trainers through the establishment and maintenance of a Federal Supply Schedule for Quality Management. FQI also maintained an information network that includes a centralized database, an electronic bulletin board, and an Information Center for agencies to access. In 1993, FQI conducted 34 quality briefings and awareness seminars and provided "start-up" services in 15 agencies to help facilitate the initial stages of quality implementation, and worked with several agencies on model partnership projects to create a quality management model tailored to the needs of each agency.

National and Regional Quality Conferences

FQI and the President's Council on Management Improvement (PCMI) coordinated the Sixth Annual National Conference on

Federal Quality in Washington, DC, July 20-23, 1993. There were over 1,200 participants and nearly 70 exhibitors. In addition, FQI, the PCMI, and local Federal Executive Boards sponsored regional quality conferences in such cities as Baltimore, Los Angeles, Minneapolis-St. Paul, and San Antonio.

Federal Quality Awards Program

FQI managed the quality awards program which resulted in the selection of the following organizations to receive the 1993 Quality Improvement Prototype (QIP) Awards: the Arnold Engineering Development Center at Arnold Air Force Base, TN; the Naval Air Warfare Center Aircraft Division at Lakehurst, NJ; and the Naval Aviation Depot at Cherry Point, NC. The Presidential Award for Quality was not presented in 1993. [Don Keuch, (202) 376-5043]

FEDERAL ACCOUNTING STANDARDS ADVISORY BOARD

During 1993, the Federal Accounting Standards Advisory Board (FASAB), in the course of its ten regular monthly meetings and various task force meetings, continued in its mission of developing and recommending accounting

standards for use throughout the federal government. The Board's three principals, who are responsible for approving the Board's recommendations, are the Secretary of the Treasury, the Director of the Office of Management and Budget (OMB), and the Comptroller General of the United States.

Updated Interim Guidance and Statements Issued

The Principals approved the Boards recommendation for changes to the *Interim Accounting Standards Guidance* of March 29, 1991. The revision to this identifies a hierarchical set of four specific levels of guidance until a sufficiently comprehensive set of accounting standards is agreed to and published by the Principals, which will constitute "generally accepted accounting principals for the federal government." The Principals also approved in July of 1993 the previously submitted *Statement of Recommended Accounting Standards No. 1, Accounting for Selected Assets and Liabilities*. This Statement was recommended by the Board in December of 1992, and was issued by OMB in 1993 as its first Statement of Federal Financial Accounting Standards (SFFAS). In addition, the Board recommended the following three Statements to the Principals:

1. *Accounting for Inventory and Related Property*. This statement includes standards for the following six assets: inventory, operating materials and supplies, stockpile materials, seized and forfeited property, foreclosed property, and goods held under price support and stabilization programs. The estimated value of the inventory and related property is in excess of \$300 billion.

2. *Objectives of Federal Financial Reporting (Statement of Recommended Federal Accounting Concepts No. 1)*. Reporting objectives are identified for the areas of budgetary integrity, operating performance, stewardship, and systems and control. As a conceptual statement on the objectives of financial reporting by the federal government, the Statement focuses on the uses, user needs, and objectives of such reporting.

3. *Accounting for Direct Loans and Loan Guarantees*. To help implement the Credit Reform Act, FASAB recommended in this document the standards for pre- and post- Credit Reform Act Accounting. The Statement requires that direct loans obligated and loan guarantees committed after September 30, 1991, be accounted for on a present value basis.

Standards Approved to Date

With the approval of the Inventory and Financial Reporting Statements, the Board has, to date, approved 16 individual accounting standards and established objectives of reporting both for individual governmental components and for the federal government as a whole.

Altogether, the 16 standards approved cover roughly \$612 billion in consolidated federal assets and \$370 billion in consolidated federal liabilities. Also, because of the direct loan and loan guarantee standard, the liability for guaranteed loan losses of approximately \$46 billion will now be reported in general purpose financial reports prepared pursuant to standards recommended by FASAB.

Other Initiatives

Cost Accounting Project

The Board seeks to recognize the importance of cost information for measuring program performance and operating results. This project addresses the issue of enabling report users to determine the cost of specific programs and activities; and intends to provide conceptual guidance for the accumulation and assignment of activity costs, and the measurement of unit costs for goods and services provided by the government. A task force has been established to provide input and advice throughout the project, and

the FASAB staff are developing a general outline of the concepts and a project work plan which will include the scope and major issues that need to be addressed. An initial draft of the proposed Statement will be presented for discussion by the Board at the June meeting.

Entity and Display Project

A task force, which includes Executive and Legislative branch representatives, was formed to develop a federal financial reporting model. The model is the set of reports used to communicate information called for in the *Reporting Objectives Statement*. It can be thought of as the link between the processes of accounting and the people who use information derived from these processes; it influences decisions made by those who recommend accounting policy as well as those who use financial information.

Revenue Recognition Project

A task force has been appointed to study revenue recognition and measurement. The task force is chaired by the General Accounting Office (GAO) representative, Don Chapin, and includes representatives from several federal agencies.

Accounting Concepts Paper

This paper will provide guidance to agencies on the scope and focus of the Standards, elements of financial reports, and recognition

and measurement principles. It will also emphasize accrual basis recognition of liabilities.

Public Hearing on Inventory and Reporting Objectives Issues

At a public hearing held on April 21 and 22, 1993, a diverse group of speakers presented testimony on Inventory and Reporting Objectives Issues.

On Inventory issues the Board heard from financial report preparers, an auditor, representatives from the Association of Government Accountants (AGA), and GAO. Valuation of inventory, reporting on excess inventory, standard cost reporting, and valuation of foreclosed property were some of the topics addressed. The comments were helpful to Board members in discussing the major issues in the Inventory Statement. On Reporting Objectives issues a number of representatives from government, AGA and other associations, and academia presented their views on the Reporting Objectives Statement. All of the comments were generally supportive of the objectives, but a few modifications were suggested.

Capital Expenditures Project

Initially referred to as the "Investment Type Expenditures" project and later re-named to avoid confusion, this project was created



to help the Board test its initial thinking about accounting for investment-type expenditures. Task force members include representatives from those agencies conducting major programs which may be considered investment (e.g. Departments of Agriculture, Defense, Energy, Health and Human Services, Interior, Transportation, and the General Services Administration). They were asked to provide feedback on possible criteria to identify investment-type expenditures and to identify any problems they might have in applying the criteria to programs. They are currently working with staff on developing exposure drafts for each of these four areas: Physical Property, Non-federal Physical Property Financed by the Federal Government, Human Capital, and Research and Development. The task force has created four subgroups to address these four areas and the members are providing valuable input.

Liabilities Exposure Draft

The Board is developing an Exposure Draft on liabilities. The project is addressing liabilities very broadly. It encompasses pension accounting, post-retirement benefits, insurance and guarantee programs, social insurance programs, and related issues.

1994 Work Plan

During 1994 the Board anticipates issuing for public comment five Exposure Drafts in the following areas: Entity and Display (May), Liabilities (June), Cost (September), Revenue Recognition (September), and Physical Property and Land (October), as well as making substantial progress in the area of Stewardship. Also, there are tentative plans for a public hearing in December on all of the Exposure Drafts published for comment.

INTERAGENCY BOARDS AND COUNCILS

The following interagency boards and councils, listed alphabetically, serve the federal financial management community.

Chief Financial Officers Council

The Chief Financial Officers Council is now restructured to include both CFOs and deputy CFOs from organizations identified in the CFO Act of 1990 and central agency officials. As specified by the Act, the CFO Council is chaired by the Deputy Director for Management, Office of Management and Budget. The CFO Council meets monthly; it is developing a vision statement for federal financial management.

Executive Council on Integrity and Efficiency

The Executive Council on Integrity and Efficiency (ECIE) is an organization which focuses on coordinating and enhancing governmental efforts to promote integrity and efficiency; detect and prevent fraud, waste, and abuse in federal programs; and increase the professionalism and effectiveness of Office of Inspector General (OIG) personnel throughout the government. ECIE entities comprise a diverse group with a combined budget total of approximately \$68 billion. The Council and its members work closely with each other, other federal organizations, and entity management. Their efforts are consistent with the Congressional intention that these new IGs coordinate and provide independent knowledge for the audit and investigative functions relating to the programs and operations within their respective entities.

During fiscal year 1993, the ECIE worked with the President's Council on Integrity and Efficiency (PCIE) in developing the "Inspectors General Vision and Strategies to Apply Our Reinvention Principles." It states the intention of the Inspectors General (IG) to act as "agents of positive change striving for continuous improvement in our agencies' management and



program operations and in our own offices." The IGs go on to state that they will...

- * work with the agency head and the Congress to improve program management;
- * maximize the positive impact and ensure the independence and objectivity of audits, investigations, and other reviews;
- * use investigations and other reviews to increase government integrity and recommend improved systems to prevent fraud, waste, and abuse;
- * be innovative and question existing procedures and suggest improvements;
- * build relationships with program managers based on a shared commitment to improving program operations and effectiveness;
- * strive to continually improve the quality and usefulness of products; and
- * work together to address governmentwide issues.

Chaired by the Director for Management of the Office of Management and Budget (OMB), the ECIE is composed of the IGs at the 33 designated federal entities identified in the IG Act as amended; the IG at the Government Printing Office (GPO); and officials including

the Vice Chairperson of the PCIE, the Controller of OMB's Office of Federal Financial Management, the Associate Deputy Director for Investigations of the Federal Bureau of Investigations (FBI), the Director of the Office of Government Ethics, the Special Counsel of the Office of Special Counsel, and the Deputy Director of the Office of Personnel Management.

The ECIE was established by executive order in May 1992, which expanded a 1981 executive order establishing the PCIE. (The PCIE consists primarily of Presidentially-appointed IGs, while the ECIE IGs are appointed by the heads of the entities they serve.) The May 1992 executive order elevated the status of what was formerly the PCIE Coordinating Council, whose membership now comprises the ECIE. [Suzanne Murrin, (202)395-6911]

Federal Financial Managers Council

The Federal Financial Managers Council (FFMC) is a voluntary body whose purpose is to foster improved financial management in the federal government. It provides a forum for federal financial managers to exchange information, discuss ideas for change, present issues for discussion, and seek central agency action. The FFMC initiates cooperative actions directed towards improvements in policies, systems, and operations. It has helped

formulate governmentwide financial policy and implement legislation of financial management initiatives and programs. The FFMC is led by a Chairperson, appointed by the Council, who serves a 2-year term. Meetings are usually held on a bimonthly basis and feature member presentations and guest speakers from the central agencies.

The Council's membership includes representation from each cabinet Department, major independent agencies and the JFMIP. The agency representative is generally the Deputy Chief Financial Officer or the person most fully responsible for the agency's financial management functions. Each agency has a principal member and an alternate member.

FFMC established the Financial Policy Committee which periodically reports on activities or initiatives and provides information exchange opportunities for functional area personnel from agencies.

The Council supports 14 Regional Federal Financial Management Councils (RFFMCs) throughout the United States. These RFFMCs are established in ten standard federal regional cities and in other locations with concentrations of federal financial management personnel. The RFFMCs function independently from the Council but relate closely to the Council on nationwide activities. [Sallyanne Harper, (202) 260-4600]



President's Council on Integrity and Efficiency

The President's Council on Integrity and Efficiency (PCIE) is an interagency committee principally formed by Presidentially-appointed Inspectors General (IG) and charged with promoting integrity and effectiveness in federal programs. During fiscal year 1993, the PCIE developed, with the Executive Council on Integrity and Efficiency (ECIE), the "Inspectors General Vision and Strategies to Apply Our Reinvention Principles." In this document, the IGs state their intentions to act as "agents of positive change striving for continuous improvement in our agencies' management and program operations and in our own offices." (The ECIE part of this report indicates the IG missions in more detail.)

The PCIE was established by Executive Order in 1981. The Executive Order was revised and reissued in 1992 to reflect certain changes that had been made in the Inspector General Act of 1978, as amended. Specifically, the PCIE's membership was expanded to include additional Presidentially appointed/Senate confirmed (PAS) IGs, and the ECIE—consisting principally of the competitively appointed IGs at designated federal entities—was established. The PCIE and the ECIE share the same overall mission and objectives.

The PCIE is chaired by the Office of Management and Budget's Deputy Director for Management and comprised principally of the 26 PAS IGs. The following officials are also member of the PCIE: the Vice Chairperson of the ECIE; Controller of OMB's Office of Federal Financial Management; the Assistant Director of the Criminal Investigative Division of the Federal Bureau of Investigation; the Director of the Office of Government Ethics; the Special Counsel of the Office of Special Counsel; and the Deputy Director of the Office of Personnel Management.

The PCIE is focused on two primary objectives: mounting collaborative efforts to address integrity, economy, and effectiveness issues that transcend the boundaries of individual federal agencies; and increasing the professionalism and effectiveness of IG personnel throughout the government. The Standing Committees of the PCIE and their responsibilities are as follows:

Audit Committee: coordinates governmentwide PCIE audits; supports professionalism of OIG auditors. The Projects Subcommittee coordinates Audit Committee projects. The Standards Subcommittee presents PCIE opinion on professional accounting and auditing standards, and on non-federal audit issues; and participates in non-federal audit quality initiatives. The

Training Subcommittee develops audit training for PCIE members.

Integrity and Law Enforcement Committee: facilitates cooperation and discussion on issues related to IG investigations. The Standards and Training Subcommittee develops and revises investigations standards, and develops OIG investigator training. The Allegations Review Subcommittee facilitates investigation and disposition of allegations of IG misconduct.

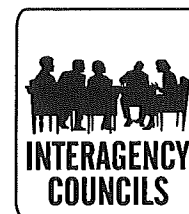
Inspections Committee: conducts studies on areas of interest to PCIE; develops and revises inspections standards.

Executive Development Committee: coordinates training forums for OIG management staff and senior officials.

Information Technology Committee: analyzes information systems issues and related legislation; researches emerging information technologies; provides liaison to the Computer System Security and Privacy Advisory Board.

Internal Operations Committee: promotes sound administrative practices within PCIE and individual OIGs.

Legislation Committee: monitors proposed and pending legislation.



PCIE projects completed in FY 1993 include the following:

The Federal Financial Audit Manual. This provides policy guidance for conducting financial statement audits pursuant to the Chief Financial Officers Act.

Quality Standards for Inspections. This establishes professional standards for IG inspections.

The IG Criminal Investigative Training Academy. This academy was formally established in FY 1993 to focus on the specific training needs of the IG investigations community.

Hotline Working Group Paper. This provides the IG community with standard operating procedures for dealing with whistleblowers.

For copies of PCIE documents, call the National Technical Information Service at (703) 487-4650. [Suzanne Murrin, (202)395-6911]

President's Council on Management Improvement

The President's Council on Management Improvement (PCMI), established in 1984 and reestablished in 1992, assists in making the federal government more efficient and responsive to the public. OMB's Deputy Director for Management chairs the PCMI. Its membership

includes the Assistant Secretaries for Management, or equivalent, of 33 departments and agencies, the Deputy Director of the U.S. Office of Personnel Management, the Deputy Administrator the General Services Administration, the Chair of the Small Agency Council, and the Assistants to the President for Policy Development and Presidential Personnel.

PCMI meets regularly to address the status of projects, identify new opportunities for management improvement, and develop strategies to implement initiatives governmentwide. Its management improvement priorities have encompassed broad governmentwide themes including credit management, financial management, quality and productivity improvement, improved services through technology, procurement management, and management of government operations.

PCMI has been active in government recognition of the contributions of federal employees through events, such as Public Service Recognition Week. With the Federal Quality Institute, it also cosponsors the Annual Federal Conference on Quality Improvement. PCMI activities encourage federal agencies to establish a strong partnership directed to mutual assistance and support for bringing about comprehensive management

reform in the federal government. [Donna Rivelli, (202) 395-5090]

President's Management Council

The President's Management Council (the Council) was established in order to advise and assist the President and Vice President in ensuring that the reforms adopted as a result of the National Performance Review are implemented throughout the executive branch. Some of the functions of the Council include improving overall Executive branch management, coordinating management-related efforts throughout the Executive branch, resolving specific interagency management issues, ensuring the adoption of new management practices, and identifying examples of and providing mechanisms for interagency exchange of information about best management practices.

The Council is chaired by the Deputy Director for Management of the Office of Management and Budget and is composed of Chief Operating Officers from 15 agencies, the Director of the Office of Personnel Management, the Administrator of the General Services Administration, Chief Operating Officers of three other Executive branch agencies as designated by the Chairperson, the Secretary of the Cabinet, and other officials of Executive departments



and agencies that are designated by the President. The President also established an Executive Committee of the Council consisted of the Chairperson, the Vice Chairperson, the two central agency management representatives, two Chief Operating Officers serving on the Council and any additional Council members as designated by the President. [Frank Reeder, (202) 395-7388].

Initiatives by Agencies to Improve Financial Management

BUDGET FORMULATION AND EXECUTION

The Federal Crop Insurance Corporation, **Department of Agriculture**, developed, tested, and distributed to cost centers an Automated Operating Budget System, using an electronic spreadsheet program for cost centers to complete their budgets. The automated program provides agencywide consistency in the calculation of salaries, fringe benefits, and full-time equivalents and completes the most time-consuming functions of the budget process. Cost center employees are able to complete the budget in a few hours rather than two to three weeks. The program is adaptable for use by other agencies. [Chris Seigler, (816) 926-7968]

The Forest Service, **Department of Agriculture**, completed studies and recommended improvements in the linkage between its plans and budgets. Recommendations include changes to the planning process to improve ties to budget, an increased emphasis on the use of programming information for budget allocations, and changes to the budget structure and operational procedures to improve ties to resource projects. The linking strategy responds to changing regulations, policies, and procedures and explains the budget

decisions. A team was formed to develop a structured programming process that will utilize land management plan direction as the basis for developing budget implementation schedules. The outcome intended is a consistent set of budgets and program results for use in developing agency budget requests and in communicating program needs to agency customers, including the Congress. [Rick Ullrich, (202) 205-1120]

The Forest Service, **Department of Agriculture**, completed a study of its budget structure in July 1993. The study concluded that a consistent structure was feasible to implement at all organization levels and throughout the management cycle. The study found that application of the structure alone does not ensure consistent cost estimates, performance measures are an important part of the structure and should reflect program accomplishment, and the current structure can be modified to accommodate greater integration of resource programs and ecosystem management concepts. Reform of the budget structure and related processes is underway to accommodate implementation of recommendations.

A related Forest Service proposal calls for improvements in the following areas: (1) change the budget structure by significantly reducing and reorienting existing

appropriations, budget line items, and expanded budget line items to increase agency flexibility in the allocation and expenditure of funds to respond to changing public values; (2) increase agency reprogramming authority to 15 percent of the total of an expanded budget line item or \$250,000, whichever is less, to increase flexibility within the proposed structure and allow and empower agency managers to make needed adjustments in response to rapidly changing conditions; and (3) use the "benefiting function" approach (i.e., receiving program pays) in budget requests, allocations and expenditures to ensure that all funding needed is available in correct proportions for implementing integrated resource management activities. [Rick Ullrich, (202) 205-1120]

The **Department of Commerce** developed and its bureaus are implementing the Commerce Budget Formulation Tools software. Using a modern database management system, the software enables organizational components to develop budget exhibits quickly and consistently. A new budget formulation system is being designed for implementation to serve as a component of Commerce's Administrative Management System for the entire department. [Alan P. Balutis, (202) 482-3490]



The Defense Nuclear Agency, **Department of Defense**, developed a Program Decision Package Management Systems (PDPMS) module for its Centralized Accounting and Financial Resource Management System to manage funding more efficiently and assist in budget development, budget review cycles, and Program Object Memorandum (POM) preparation. Four views of the planning budget are maintained, such as pre-POM and presidential budget. Users can access information quickly and tailored to their needs and authority. Users can manipulate funding data to summarize at the PDP level without affecting the original work unit data that is managed by the system. Reports on funded, unfunded, and external data can be summarized. Controls and security features of the system are maintained through the edits and features for the module. [Thomas Tunney, (703) 325-6080]

The Federal Bureau of Investigation, **Department of Justice** is developing a computer system, Budget Formulation Application (BFA), to replace its 15-year old system. It will automate reporting functions, reduce the turnaround time of budget-related schedules, and present various options for management consideration. Budget data will be downloaded from the mainframe computer to workstations for use in

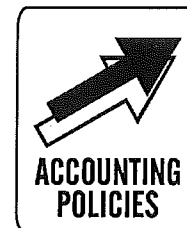
reporting, data entry will be immediate, different budget scenarios may be studied simultaneously, actual expenditures will be stored along with budget data for the same year, and on-line queries with instant results will be available as well as customized reporting. It replaces a system whose programming language is no longer standard within the FBI and which created problems in maintaining and upgrading the system. At the end of 1993, BFA was on-line in the test stage, with some features fully operational. Completion is scheduled in 1994. [Bruce Smith, (202) 324-5736]

The **Department of Labor** in two of its major agencies provides managers "bottom line" operating budgets and empowers front line supervisors to better manage their program responsibilities. Program managers are able to make spending decisions that meet their programmatic needs without being held to strict object class controls or other internal restrictions, as was previously the case, as long as managers stay within the "bottom line" funding level. The department will monitor the program to ensure performance levels are met and the "bottom line" is not exceeded. If successful, the program will be expanded to other agencies. [Bill Keisler, (202) 219-6901]

The **Library of Congress** is developing improved business

processes to enable the Library to meet its budget reduction targets. The Library entered into an interagency agreement with DOD for assistance in applying DOD's methodology in pilot testing for two acquisition areas. The Library completed an interim enterprise model for the functions selected and began developing cost analyses and identifying and developing new process flows. Following completion of the pilot, the next steps will include developing plans to implement the recommendations, preparing manuals, writing documentation, issuing a final report on the project, and institutionizing the methodology if successful. [Mary Buckley, (202) 707-7369]

The **Resolution Trust Corporation** implemented reports redesigned to improve accountability for corporate financial resources and assist financial management decisionmaking. The redesigned budget reports provide spending and revenue data for primary operation and support areas and financial performance data. The reports relate spending and revenue generated to planned objectives, relate actual performance to objectives by use of specific performance measures for each operation and support area, and provide data for assessing performance of similar operations performed at multiple locations. [Judd W. Forbes, (202) 416-7353]



The **Department of Transportation** completed implementation departmentwide of the use of standardized subobject classes. This implementation of the standardized subobject classes coincided with the Department's implementation of the core accounting system. The subobject classes, which comply with OMB Circular A-11 requirements, are used to classify all obligations and expenses. The standardization eliminated by two-thirds the number of the subobject classes used throughout the department. [Christine Kent, (202) 366-5622]

The Office of Thrift Supervision, **Department of the Treasury**, is piloting a functions-based budgeting process planned to be the foundation for a results-oriented budget process which links resource allocation with actual program efforts. Plans call for implementation before the fiscal year 1995 budget process begins; the system is expected to better determine how performance measures react to decreased funding and which measures provide the most useful information and reflect performance best. [Liz Gustafson (202) 906-6140]

ACCOUNTING POLICIES AND PROCEDURES

The **Department of Education** is developing an accounting manual that includes a central logging system for statements of accounting policy and identification of areas for which

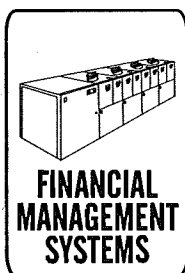
policy should be developed. The central accounting policy database logging system was established and 34 policies were identified, of which 11 are in effect and 23 are being reviewed or developed. Policies include accounting for defaulted Guaranteed Student Loans, Federal Credit Reform Act treasury cash apportionments, and preparing the annual CFO Act financial statements. Policies will be consolidated by the types of policy; a policy manual will be written. [Stuart Graff, (202) 205-0142]

The Federal Housing Administration, **Department of Housing and Urban Development**, completed a financial accounting policy manual. Prior to publication of the manual, FHA accounting policies were derived from procedures, annual audited financial statements, and related HUD policies. The document brings together accounting policies for FHA's four funds and three program areas. [Eleanor Clark, (202) 401-8800]

The **Department of the Interior**, through a General Services Administration contract, has a contractor developing a departmental accounting manual for Interior. The contractor drafts each chapter after reviewing laws, policies, standards, and procedures on financial management; and uses an issues resolution process for reaching a

consensus on content and language of the final draft. The manual, which is intended to provide consistent referenced data for departmentwide use, is scheduled for completion in fiscal year 1995. Interior's U.S. Geological Survey will assume responsibility for maintaining the manual and issuing updates. [Steven J. Varholy, (202) 208-4701]

The **Department of the Interior** began the first of two phases of its Financial Management Best Practices Project to identify financial management policies, practices, processes, and procedures that can be standardized, improved, or eliminated. Policies and procedures to be reviewed include voucher payment processing, travel, debt management, interfaces, and remote data entry. The project team plans to review other agencies' best practices, address the customer service aspects of the financial management function within Interior, and obtain advice from the Private Sector Council. The first phase, scheduled for completion in July 1994, will focus on short-term opportunities for improvement. [Clarence Smith, (202) 208-4701 or Philip McKinney (703) 648-7256]



FINANCIAL MANAGEMENT SYSTEMS

Financial and Accounting Systems

The Agricultural Stabilization and Conservation Service/Commodity Credit Corporation, **Department of Agriculture**, initiated a project to re-engineer its General Ledger systems due to the significant changes required in the financial, accounting, and reporting functions. The standards being defined by the Department's Financial Information Vision and Strategy will be incorporated and a commercial off-the-shelf financial system package will be elected to replace the existing systems. [Month Tranbarger, (816) 926-3288]

The Foreign Agricultural Service (FAS), **Department of Agriculture**, is developing an automated program accounting system to improve control and evaluation of foreign market development activities. The U.S. Agricultural Marketing (USAM) System will initially be used to capture and maintain all marketing plan budgets and expenditures. The second phase will support all required program accounting, evaluation, and tracking of the Targeted Export Assistance, Foreign Market Development, and Market Promotion Program export activities. It will later be enhanced to electronically transfer expense claim data and text between

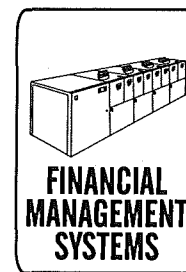
FAS/Washington and cooperator organizations, located world-wide, participating in USDA market development programs. Electronic links will ultimately be developed between USAM and the agency financial and reporting system. Implementation of USAM is expected to tighten internal controls of market development expenditures, significantly improve the effectiveness of FAS market development programs, lower administrative costs, and improve communication with cooperators. [Hal Wynne, (301) 720-7457]

The Federal Crop Insurance Corporation, **Department of Agriculture**, started an effort to automate its Reinsurance Accounting System to enable entries into the Corporate General Ledger automatically. The process is projected for implementation during calendar year 1994 with the completion of development of these automated processes and the testing and comparing of results to the current process. [Erika Jensen, (816) 926-7085]

The **Department of Commerce** developed the conceptual approach for developing a standard Commerce Administration Management System (CAMS) to replace eight accounting systems and various other administrative/financial systems. A CAMS steering committee comprised of key executives from throughout the department and a CAMS Implementation Center

were established to oversee the project. CAMS will include a core financial system integrated or interfaced with travel, procurement, property, personnel/payroll, financial assistance, and bureau-specific systems that CAMS will not replace but that capture financial data or support balances in the core system's general ledger. CAMS will include the functions identified in the *Core Financial System Requirements*. The team is developing a source selection plan, detailed selection criteria, and a letter of interest. Pilot testing is scheduled to begin in fiscal year 1996, with implementation to run through fiscal year 1998. [Clyde McShan II, (202) 482-1207]

The **Department of Education** completed the first phase of its Core Redesign Project to upgrade its core financial work processes and systems. The work processes relate to accounting; managing assets, grants, contracts and payments; controlling budgetary resources; and maintaining audit and central registry data. Through more than 30 roundtables over 15 months, over 150 end users from the department and 100 recipients of Education funds from around the nation participated in rethinking the department's core work processes. The first phase included an alternatives analysis—a costs/benefits study of the leading alternatives and a workload analysis. A statement of work was prepared and a document



on procurement was drafted. The plan is to continue evaluating the core work processes for streamlining and to implement in phases an off-the-shelf, fully integrated financial management system to replace outdated, non-integrated core applications and reduce system maintenance costs. The new system will provide end users and recipients with on line access to accurate and reliable information for program and administrative decisionmaking. [Rob Selvage, (202) 205-3512]

The **Department of Energy** established a Financial Management Systems Improvement Council to explore ways to improve the financial management of the department's two integrated management and operating contractors; each contractor maintains a unique financial management system and shares commonality in terms of ability to report in accordance with DOE's requirements. The council is comprised of contractors' representatives and DOE officials. The council focused on six areas: sharing systems approaches, benchmarking, developing joint requirements for system enhancements, common terminology, common processes, and standardization. Results of this work identified 19 contractors interested in acquiring an automated time and attendance system, six contractors willing to share their automated systems, 11 contractors interested in acquiring

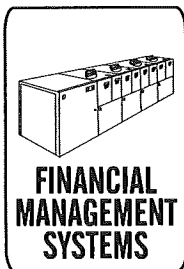
an accounts payable system that uses no invoices, and one contractor willing to share such an accounts payable system with others. The council will develop a common set of functional and operational requirements documents for a property management system and an integrated payroll system. This pilot effort is intended to determine if standard requirements documents can serve as a blueprint for future systems development efforts by the contractor community, thereby increasing commonality in contractor systems and reducing the cost of future system development efforts. [Donald L. Griffith, (301) 903-2595]

The **Department of Energy** is continuing with development of its Management Analysis Reporting System (MARS) to replace its Financial Information System. MARS is being developed in four phases: Phase I is complete with implementation of a Departmental Integrated Standardized Core Accounting System (DISCAS) to handle centralized input requirements; Phase II is underway (completion scheduled by January 1995) to create a MARS database for repository of departmental financial data, electronic transfer of reference tables to DISCAS sites and for closer integration in MARS/DISCAS processing; Phase III is to consist of implementing MARS reporting capabilities, the standard general ledger in MARS

and DISCAS at the detailed transaction level, and the automation of tie-point analysis and MARS reconciliations; and Phase IV completes the enhancements to the MARS structure and automates the remaining manual processing when completed in fiscal year 1996. [Donald L. Griffith, (301) 903-2595]

The **Department of Energy** is pursuing standardization of financial management systems of its power marketing administrations through the Power Marketing Administration Coordinating Committee. The Western Power Administration's financial management system is to be the core of an integrated financial system in which Alaska, Southeastern, and Southwestern Power Administrations are to participate. The integrated system is scheduled for completion in 1996 and the effort consists of 12 major software changes to Western's existing financial management system, data conversion, hardware and operating systems platform changes, and extensive user training. The benefit expected is significantly improved system within the Power Marketing Administration. [Donald L. Griffith, (301) 903-2595]

The **Environmental Protection Agency** continued enhancing its Asbestos Receivable Tracking System (ARTS) as a result of requirements related to the Federal



Credit Reform Act of 1990. The enhancements enable EPA to meet the requirements of the Act on calculations and reporting over the 20-year loan repayment lifecycle of the approximately 1,100 loans outstanding. The system automates billings, projections, accounts receivable, and historical data retrieval. Further enhancements planned are to enable ARTS to upload collection and billing summary amounts to EPA's integrated financial management system. [Alan B. Lewis, (702) 798-2485]

The **Farm Credit Administration** implemented a new, fully integrated financial management system—GLOWS—to replace its system that was identified as a high risk area for the agency. The agency obtained GLOWS, an off-the-shelf LAN based software system on the GSA schedule, through a Memorandum of Understanding with the Department of the Treasury. Production operations of the system began in October 1993. [Eric Rodney, (703) 883-4451]

The Social Security Administration, **Department of Health and Human Services**, is continuing its efforts to modernize its financial accounting system and related administrative processes that commit and obligate about \$328.5 billion annually. In October 1993, SSA began operating its Financial Accounting System (FACTS), initially running it

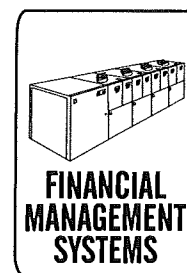
parallel to the existing accounting system. The Federal Success software package performs its core accounting functions. SSA also installed off-the-shelf software to provide travel management, perform tracking and reporting, and prepare travel orders and vouchers. It interfaces with FACTS to generate automated travel payments and related accounting transactions. SSA is also developing a front-end data entry/document processor for FACTS that is to automate processes throughout the agency that commit and obligate funds and impact core accounting. Automated input into the accounting system will reduce the time the information gets into the system from the widely dispersed offices. [Janet Currotto, (410) 965-7446 or John Cain, (410) 965-6084]

The Public Health Service, **Department of Health and Human Services**, revised its procedures and continued to enhance the payment module of the Public Health Service Financial Management System (PHS-FMS) through two major initiatives—FAST PAY and an Automated Voucher Tracking. PHS adopted the department's Fast Pay Procedures, which apply to all commercial invoices under \$2,500 (\$1,000 prior to December 1993). Orders that qualify for fast pay are identified at the time of obligation, the subsequent voucher is processed in accordance with the

payment terms of the agreement, and a report is generated from PHS-FMS that identifies all orders that have been paid under FAST PAY and do not have receiving reports identified. The ordering office is notified to verify if the goods or services have been received and, if the vendor never performed the service, either a receivable is established or a credit is applied to a subsequent voucher.

The automated voucher tracking system was implemented, with a new processing screen added to record information—order and voucher number and dollar amount—on vouchers received. A daily PHS-FMS is updated daily from matching the information entered in the payment file to information in the order file, and invoices to be paid are identified and processed the following day. The remaining invoices are reported according to whether there is no receiving report, it was previously paid, or there is no order on file. The program office is requested to take action on orders without receiving reports; invoices on the other two reports are researched. If an invoice remains on any report for 15 days it is returned to the vendor.

Benefits from these enhancements include a reduction in interest payments by 61 percent in fiscal year 1993 compared to the previous year, problem invoices are identified and returned to the vendor more promptly, and



processing invoices is done by the system rather than by trial and error and are tracked within 24 hours. Future initiatives include the implementation of the Department of Treasury's Vendor Express. [Lloyd Fagg, (301) 443-2990]

The Department of Housing and Urban Development revised its Financial Systems Integration Plan (FSIP) to increase program ownership and responsibility, with the CFO ensuring that the overall integration effort meets the requirements set forth by OMB in the revised Circular A-127. To this end, procedures have been defined which require that all requests for systems integration funds be submitted to the Systems Integration Working Group (Working Group). The Working Group will review each request relative to its place in the Department's systems integration efforts and make recommendations to the Systems Integration Steering Committee (SISC). The SISC will approve integration projects in accordance with Departmental priorities, ensuring adequate funding and staff resource commitment.

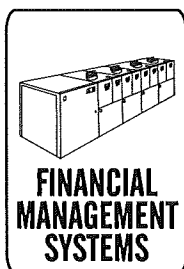
In continuation of its FSIP, the projects identified as priorities during 1993 were Housing's Control Files Subsystem/Tenant Rental Assistance Certification System (CFS/TRACS) to support Section 8 functions, Public and Indian Housing's Section 8 System

(PIH S8S), Agency Accounting, and FHA Mortgage Insurance (FHAMIS). Project teams were established and project plans were developed for each of these projects. Significant progress was made as TRACS software was developed and released in 10 Regions, a plan was developed to reconcile CFS contract data with the accounting records, and an agency accounting software package was purchased through the Multiple Award Schedule of the General Services Administration (GSA). Detailed workplans were developed to implement both PIH S8S and Administrative Accounting which will support and track the Department's administrative accounting functions. In addition, a strategic plan was developed to provide direction for development of the Mortgage Insurance System. [David Epstein, (202) 708-0646]

The Department of Housing and Urban Development is planning to incorporate into Financial Information Systems Integration Standards the requirements that appear in OMB Circular A-127 and JFMIP systems publications. The standards will address the use of common data elements to eliminate the inconsistencies which are created when the same information is maintained in more than one application system; encourage the use of common transaction processing routines or modules to be shared by different programs to reduce systems

maintenance and assure consistency in the processing of similar transactions; apply consistent internal controls throughout all financial information processing to enhance audit trails and improve consistency in posting; and require efficient entry of transactions through the gathering, editing, and verification of entries as close to the source of origin as possible and the transfer electronically of data processed by the financial system to other functions that need the information. [David Epstein, (202) 708-0646]

The Department of Housing and Urban Development established a Housing TRACS Project to develop an integrated financial management system to support management of its Section 8 programs. The processing requirements of Section 8 subsidy programs are being automated. A project team, consisting of program and system development personnel, developed a project work plan and schedule. The plan identifies six activities: (1) budget forecasting for contract amendments and renewals to enable TRACS to supply the necessary data for budget forecasting and eliminate the need for field office staff to undertake a large data collection effort to support the annual budget process; (2) tenant certification and voucher processing to enable TRACS to determine tenant eligibility under Multifamily Housing program rules and



calculate the Housing Assistance Payment for each certification; (3) collecting Control Files Subsystem (CFS) data, which CFS maintains on each assisted project and subsidy contract; (4) ensuring the accuracy, currency, and completeness of the data held in CFS by establishing several quality assurance and quality control initiatives for data entered in each field office; (5) re-engineering the CFS software so that it can be incorporated into TRACS, which then replaces CFS and becomes the contracts function within the system; and (6) eliminating the need to submit monthly vouchers through a process that would combine such data with special claims data transmitted electronically and verify it against the contract database to calculate and authorize monthly payments. For fiscal year 1995 budget calculations, data from CFS and TRACS was used and will be for future budget forecasting. Owner/agents are required to provide tenant information in an automated format that will be processed directly into TRACS. [Larry Goldberger, (202) 708-2495]

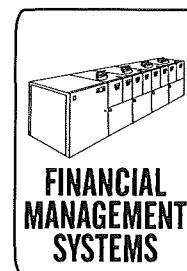
The Office of Public and Indian Housing, **Department of Housing and Urban Development**, has begun a project to develop a Section 8 System (S8S) to improve forecasting budgetary needs; reduce burden on field office and other personnel; and improve accessibility, timeliness and quality of management information and

ability to monitor housing authority activities. S8S is intended to provide an integrated systems environment to improve and fully support the Section 8 business process. S8S is to be developed and implemented in two phases, using a strategy to use existing systems and data in the first phase of the effort while continuing to work toward the long term, integrated systems solution in the second phase. The first priority is to improve the budget forecasting, funds distribution and control process, contract payment and collection processes, and the general ledger and external reporting processes. The Agency Accounting System will be the cornerstone of the Phase I implementation, which is scheduled to occur by October, 1994. Phase II is to complete the Section 8 management and accounting system by phasing out old systems, integrating S8S with the departmentwide financial management and reporting system, and providing tools to improve monitoring of housing authorities and tenant eligibility. [Barbara Burkhalter, (202) 708-0099]

The **Department of Housing and Urban Development** selected the Federal Financial System (FFS) to support its accounting requirements (Agency Accounting). A phased strategy toward implementing FFS is to be followed that involves transitioning from the current set of independent systems and procedures to a combination of

current and replacement systems and then to a single integrated agency accounting system. Phase I is to be comprised of the implementation of FFS to support HUD's administrative accounting functions, scheduled for October 1994, and it is to also include the initial implementation of an automated procurement system and a travel management system. FFS is expected to provide immediate improvements in budget execution and control, purchasing, payments, and travel related accounting. [William Eargle, (202) 708-3310]

The U.S. Geological Survey, **Department of the Interior**, has redesigned the PC based version of its Federal Financial System (core financial system) that enables remote sites to operate their own portions of the FFS database and interact with the official book of records on the mainframe database. The new version (for use with FFS version 5.1.1D.), called Microlink Generic, provides increased remote processing opportunities to all Interior customer bureaus in their operations. The new features will allow users to incorporate virtually every FFS subsystem into their plan on remote data entry. The upload/download capability is expanded to provide more controls over data that is transmitted between the mainframe and remote site. A version will also be developed to operate on a platform. [Philip McKinney, (703) 648-7256]



The Office of Surface Mining Reclamation and Enforcement, **Department of the Interior**, is developing a Fee Billing and Collection System (FEEBACS), a relational database, that will merge its three separate receivable/tracking systems to collect quarterly Abandoned Mine Land (AML) fee information on coal mining operations, collect AML audit information, and track collection notices on violations of Federal regulations. FEEBACS is intended to enhance data reliability, provide adequate audit trails, and increase data entry and reporting performance. The collection of AML fee information is scheduled for completion during fiscal year 1994; the collection of audit information and tracking collection notices are scheduled for completion in fiscal year 1995. [Roy E. Morris, (303) 236-0331]

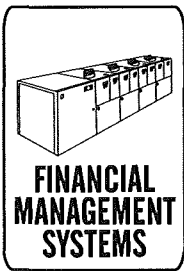
The Office of Surface Mining Reclamation and Enforcement, **Department of the Interior**, is revising its Grant Information Fund Tracking System (GIFTS) to accommodate a revised method of grant accounting, produce enhanced financial reports, and provide the capability for downloading financial data on request. GIFTS will provide customers, such as states, tribes, and this agency, with screens on cost information that closely resemble the actual cost report documents. Full implementation of the first phase is scheduled by fiscal year 1995, and future plans may

include interfacing the system with the agency's Abandoned Mine Land Inventory System. [Roy E. Morris, (303) 236-0331]

The Justice Management Division, **Department of Justice**, implemented the U.S. Government Standard General Ledger (SGL) at the transaction level in its Financial Management Information System (FMIS) in October 1993. Converting to the SGL is a critical step in its move to a single, integrated financial management system. Following an analysis of this effort with support of Treasury's Center for Applied Financial Management, a major effort was undertaken to revise and design systems to convert its FMIS General Ledger to the SGL, by reviewing each module of the FMIS and making changes to eliminate duplicative efforts, replace labor-intensive manual functions and improve compliance with financial management standards and requirements. As part of the effort, the Obligation Module was converted to use a relational database machine that allows for more efficient processing, data storage, and data retrieval; for example, users have on-line transaction processing. Also in October 1993, a new FMIS Accounts Payable (AP) Module was implemented to control and initiate liquidation of outstanding liabilities in accordance with the Prompt Payment Act (PPA); and provide increased internal controls, automatic prompt payment interest

calculations, and electronic funds transfer capabilities. The AP Module has improved the processing of miscellaneous vendor payments. [Janet Hogler, (202) 616-5212 or William Berglie, (202) 616-5290]

The Justice Management Division, **Department of Justice**, continues to make progress in its effort to consolidate financial management systems and migrate to the department's core financial system—the Financial Management Information System (FMIS). With the exception of the Federal Bureau of Investigation, all department components are committed to using FMIS, with the department's strategy being to migrate each component's individual financial system to the FMIS. Coordination continues with the U.S. Marshals Service (USMS), Drug Enforcement Administration (DEA), the Immigration and Naturalization Service (INS), the Bureau of Prisons (BOP), and Office of Justice Programs (OJP) to determine the requirements necessary for each Bureau to migrate to FMIS. Currently, Treasury's Center for Applied Financial Management and DOJ personnel are reviewing the General Ledgers of both the DEA and INS to validate accuracy and prepare for converting them to the U.S. Government Standard General Ledger and eventually to FMIS. Review of the General Ledgers of the BOP and the OJP



will begin in mid-1994. Also, regular meetings are currently being conducted with USMS to validate its requirements, with a review of DEA's requirements to begin next. The Department's goal is to integrate the USMS financial system into the FMIS in fiscal year 1995, DEA in fiscal year 1996, INS in fiscal year 1997, BOP in fiscal year 1998, and OJP in fiscal year 1999. [Janet Hogler, (202) 616-5212 or William Berglie, (202) 616-5290]

The Bureau of Prisons, **Department of Justice**, implemented the Distributed Payment Module (DPM) of its Financial Management Information System to enhance the payment process at its accounting locations (approximately 70 locations) nationwide. DPM enables payments to be made by Treasury's Financial Management Service, using FMIS to upload payment information to Treasury by personal computers. DPM eliminates manual typing and mailing of SF-1166s (Voucher and Schedule of Payments) and SF-224s (Statement of Transactions) to Treasury and avoids early and late payments. Entering accounting information to BOP's Financial Management System is to be done during the payment process, thereby eliminating duplicate keying and transmission of financial data through another system. [Robert Spry, (202) 307-3829 or William Berglie, (202) 616-5290]

The Federal Prison Industries, **Department of Justice**, made further progress toward implementing its integrated Management Control System (MCS) by reaching 80 percent of completion of Phase II, a financial management system that is an automated financial package for Purchasing, Inventory, Accounts Payable, Order Entry, and Accounts Receivable. Phase I included upgrading automated equipment and Phase III is to include Material Requirements Planning and Shop Floor Control. Phase II is scheduled for completion in 1994 and Phase III immediately thereafter. More timely and accurate financial reports have already been realized. [Ed Smith, (202) 508-8425]

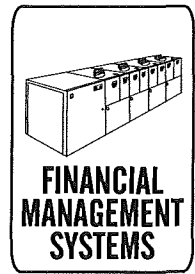
The Federal Prison Industries, **Department of Justice**, has established pilot programs for alternate methods of applying overhead to the products manufactured. During 1993, pilots using direct materials and units produced were initiated at three locations. Evaluation of the pilots is being conducted and expansion of the program is expected during 1994. FPI expects that these alternate methods will improve the accuracy of overhead applied to our products and result in improved reliability of cost data. [Ed Smith, (202) 508-8425]

The **Department of Labor** has worked closely with the Department of the Treasury to

automate the transfer of data from the Black Lung Disability and the Unemployment Trust Funds maintained by Treasury to DOL's central accounting system (DOLAR\$). Coding and testing are complete and operations are expected to include monthly transfer of data. DOL will interface the program accounting systems of the Black Lung and Federal Employees Compensation Act programs with DOLAR\$, scheduled for completion in 1994, by developing an automated link for transferring summary data to DOLAR\$. [Mark Wolkow, (202) 219-8184]

The **Library of Congress** developed a system with assistance from a contractor, to provide a uniform basis to recover costs for services related to acquisitions by approximately 98 libraries located throughout the world. The system, which was piloted at two overseas field offices, is being implemented at all six field offices. The system will create uniformity among the field offices, provide the basis for explaining charges to participants, and provide assurance all costs are being recovered. Full implementation is scheduled during fiscal year 1994. [Mary Buckley, (202) 707-7369]

The **National Credit Union Administration** will certify electronically the Treasury Payment Schedules and eliminate the manual preparation of daily disbursement authorizations.



NCUA plans to install an on-line computer terminal to permit certifying officers to electronically approve schedule amounts and upload approval information directly to the Treasury Management Information System. Completion is scheduled for late 1994. [Mark L. Burnett, (703) 518-6577]

The U.S. Postal Service is developing a Postal Meter Accounting and Tracking System (MATS) to provide for financial accountability and protection accounts for 40 percent of its total revenue. MATS supports a national meter system. It improves meter control to combat fraud by providing a tool that captures detailed customer license information and meter usage, validates usage, accommodates posting of the meter settings, and captures and validates sampled meter mail on a real time basis. MATS is scheduled for implementation in 1994 and may in the future be interfaced with other systems. [Richard Gatewood, (202) 268-5570 or Roland Wong, (202) 268-2527]

The U.S. Postal Service will replace its Accounts Receivable system with one of several off-the-shelf software packages it has under consideration. It will select a system that can identify accurately and control all receivables and remittances, uniquely identify (social security number or tax identification) each

receivable, determine if interest on debts is to be charged, and charge interest at various aging stages. Scheduled for implementation in October 1994, the system is expected to eliminate up to 10 staff-years of effort and result in more timely collection of funds. [Mary E. Williams, (202) 268-3308]

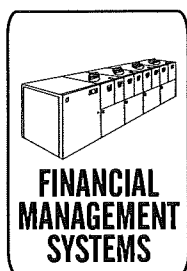
The **Railroad Retirement Board** acquired and operated the latest version (5.1) of the Federal Financial System software in 1993. The latest version operates with the Customer Information Control System telecommunication software; RRB converted because the contractor no longer supports an earlier version. The latest version also provides enhanced security and additional data entry features and creates SF-1166 payment schedules and tapes for Treasury to disburse funds through electronic funds transfer. Plans are to convert the Program Accounts Receivable system from the previous FFS environment to the latest version. [Kristofer Garmager, (312) 751-4519]

The **Resolution Trust Corporation** automated the reconciliation process between the Servicer Systems of Record (SSR) and RTC's Financial Management System. With a loan portfolio of 400,000 assets valued at over \$40 billion, the assets are managed largely by servicers under contract. The newly automated process provides a quantitative assessment of the status of the reconciliation

process between the SSR and RTC's subsidiary and general ledgers and items are identified and tracked. The process enables RTC to know the status of reconciliation of its 679 failed institutions. [Kenneth J. Weaver, (703) 908-7959 or Bette Allen, (703) 908-7623]

The **Resolution Trust Corporation** integrated two of its major systems, the Control Totals Module (CTM) or asset subsidiary ledger and the Real Estate Owned Management System (REOMS). Doing so significantly improved the integrity of the financial information for real estate owned by RTC and facilitates reconciliation of data on the two systems. Transactions posted on CTM are electronically posted to REOMS. [Kenneth J. Weaver, (703) 908-7959 or Samuel Reichert, (703) 908-7651]

The **Securities and Exchange Commission** phased in three additional groups of mandatory filers onto its Electronic Data Gathering, Analysis, and Retrieval (EDGAR) system for 6-month testing of transmitting filings electronically. The number of filers on EDGAR now totals 3,380, with 12,000 more corporate and investment company filers scheduled to be phased onto the system over the next several years. EDGAR accelerates the receipt, acceptance, dissemination, and analysis of time-sensitive corporate information filed with SEC, and



the filings can be accessed immediately for review by staff on computer screens and disseminated to the investing public. Before EDGAR, SEC received and processed over 11 million pages of information. [David Copenhafer, (202) 942-8805]

The Small Business

Administration is automating collection of SF-224 data from SBA financial systems. The process will perform weekly comparisons between SF-224 data and Treasury disbursements and receipts, create and transmit a consolidated SF-224, perform reconciliations to resolve the amounts on the SF-6652 (Statement of Differences), and perform reconciliations between SF-224 and the loan accounting general ledger. SBA created programs for these capabilities, which have eliminated requests by Treasury for supplemental SF-224 reports. Weekly reconciliation reports are created to monitor data entry. The system has reduced monthly differences in schedule totals by 75 percent and differences in posting dates by 90 percent. Significantly, it reduced the effort to reconcile monthly with Treasury. Scheduled for completion in the 4th quarter of 1994, future enhancements include automating the submission of journal vouchers related to credit reform, creating interfaces between loan accounting systems and this system and performing payroll reconciliation with data

from SF-6653 and general ledger reconciliation with the core financial system. [Gregory Walter, (202) 205-6449]

The Small Business

Administration developed programs to reduce the time in accounting for stop payments and check cancellations that are processed by Treasury and available through its Government On-Line Accounting Link System (GOALS). The programs download check cancellation data daily from GOALS, upload it the mainframe for comparing it to SBA's check register, and send reports to appropriate examiners through the E-Mail system. Check cancellations are processed within 2-3 days of GOALS notification compared with as much as six weeks in the past. Benefits include increasing the accuracy of the SF-224 report; decreasing the amount of research associated with cancellations, the number of differences in the monthly cash reconciliation with Treasury and in the monthly general ledger reconciliation; and facilitating the search for check information through querying the check register and the GOALS databases to match check number with the appropriate schedule. Scheduled for completion in 1994, future plans are to create an interface to the loan accounting system and the core financial system, and consolidate check cancellation processing within the Denver

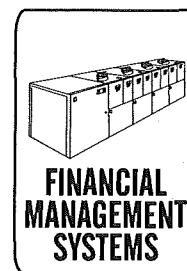
financial operations office. [Gregory Walter, (202) 205-6449]

The Small Business

Administration is redesigning its loan accounting systems to incorporate loan subsidy concepts, Treasury borrowings, present value measurements, and loan cohort level reporting. The loan accounting system includes subsystems to support on-line loan accounting transaction reporting and tracking. SBA implemented improvements in reporting in 1993. [Gregory Walter, (202) 205-6449]

The Department of State

continued to centralize its disbursing centers overseas; of 19 centers which were being consolidated into three, only two remained for centralization at yearend 1993. State will develop a new Integrated Financial Management System (IFMS), implement management controls to ensure all liquidations are supported by a valid obligation, develop other edits to improve the quality of the data, reverse exchange rate losses on foreign currency purchasing, begin banking services in the new embassies in the former Soviet Union, and improve oversight of disbursing and cashing. Efforts are underway to clean up data for conversion to the IFMS; for example, local currency account reconciliation is being treated as a high-priority area by developing and implementing plans for increased oversight and centralization of disbursing abroad



and establishing a liaison function to assist disbursing officers with issues related to their reconciliation activities. The liaison function includes meeting with Treasury officials to review the status of the reconciliation process. [Bruce Morrison (703) 875-5607]

The Tennessee Valley Authority developed the Power Revenue System for billing customers for electricity, related services, and property rentals. The system provides basic invoicing capabilities and means for adding, deleting, or modifying charges affecting any given customer, class of customer, or all customers. It significantly enhances controls over the invoicing process, streamlines work processes, improves reporting capabilities, and provides historical query capabilities. It replaced a spreadsheet billing system that had individually customized spreadsheets for billing each customer. Savings are estimated at about \$100,000 annually. Several enhancements are in process; one allows the system to accept electronically-transmitted data files from customers. The system operates on a personal computer local-area-network platform which bills under 1,000 customers; the system may be adapted to similar uses by other agencies. [Brenda Stephens, (615) 632-3536]

The Tennessee Valley Authority implemented the first phase of its Integrated Business System (IBS) which integrates accounting and

financial management systems with performance and work management systems. The first phase included the computer and communications design, implementing the off-the-shelf General Ledger, and business process reengineering. Follow-on implementation will include a planning and budgeting function, activity-based cost management, and integration into the agency's total quality program.

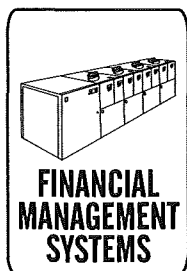
IBS has three primary objectives. First, link planning and budgeting, shorten the budget cycle, and link the annual budget to the strategic plan developed in 1992. Second, improve the value, relevance, and accessibility of information by use of a new chart of accounts that will include activity-based cost management when fully implemented. Third, make data collection more effective, timely, and accurate by use of a single point of entry to all systems, single point of control, and one database for all information. A key feature is the capability to access the lowest level of detail; the system allows the user to return to original transactions and information sources.

IBS eliminates redundant systems (budgeting, reporting, job/shop order billing, etc.), reduces printed reports, integrates work management systems, reduces the budget cycle, enhances decision making, increases accountability, and achieves personnel savings.

The system is projected to have a payback period of three years. [Randy Trusley (615) 632-4575]

The Tennessee Valley Authority implemented the accounting part of its Fuels Accounting and Contract System (FACS), an automated system designed to provide for the accounting and contractual information of the agency's coal supply. The system interfaces with multiple systems and tracks detail coal inventory information such as contractual data, receipts, consumption data, inventory levels, coal and freight payments, unvouchered purchases, and escalation and coal quality adjustment data (actual and estimated). Accounting entries and financial reports are generated monthly and available on-line to contract administrators, purchasing agents, accounting personnel, and others. Modifications have made the system more user friendly and more enhancements are planned. FACS could benefit agencies that track large volume inventories that result from complex and varying contractual agreements. [Colleen McCracken, (615) 632-2690]

The Department of Transportation completed departmentwide implementation of its core accounting system—Departmental Accounting and Financial Information System (DAFIS)—with the Federal Transit Administration and Volpe National Transportation Systems Center implementing the system.



DAFIS replaced 10 nonstandard accounting systems and 17 subsidiary systems/applications departmentwide; it incorporates the U.S. Standard General Ledger at the transaction level, debt collection and cash management, Prompt Payment Act requirements, Automatic Clearing House-Electronic Funds Transfer (ACH-EFT), use of multiple Agency Location Codes, and "M" account legislation requirements; and produces auditable financial statements at the administration level of operations. Benefits actual and estimated include enabling the Coast Guard to consolidate 12 accounting offices into one finance center, eliminating redundant subsidiary financial systems, and improving budget and management decisions from more accurate and timely program based information. Future plans for DAFIS, which is entering the maintenance phase of its life cycle, include such measures as taking advantage of new technology, improving functionality, and other enhancements. [Doug Sawin, (202) 366-5625]

The Coast Guard, **Department of Transportation**, developed a Production Control System (PCS) as part of the reengineering of its accounts payable process. PCS has Production/Process Control (aging and controlling documents throughout a payment's life cycle), Document Returns, and Customer Call Management modules. Using barcoding technology, it can track

over one million incoming financial documents by location, processing status, (receipt, returned), and paperwork management status (filed, shipped, archived). [Bob Bowles, (804) 523-6762]

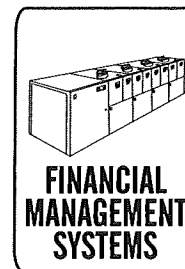
The Federal Aviation Administration, **Department of Transportation**, is developing a Financial Information Management System (FIMS) to facilitate the collection, management, analysis, and reporting of FAA's financial and management data. FIMS will be a single source of information for senior managers to meet legislative reporting and financial control requirements and will provide analytical capability to accounting, budget, and program offices. FIMS implements industrywide standards using off-the-shelf software and hardware. The core accounting system and the Integrated Payroll and Personnel System will provide actual data monthly to FIMS. Financial plan information will be loaded electronically. The data processing layers will link by structured query language, mainframe processing, local area network data management, and desktop spreadsheet analysis. FIMS is scheduled for completion in September 1994. [Wil Laird, (202) 267-9061]

The **Department of the Treasury** implemented its departmentwide financial management systems oversight program, a responsibility of its Office of Financial Systems

and Reports established in 1992. The oversight program encompasses departmentwide financial management, revenue systems, department level financial reporting, and the high risk area related to improving departmental coordination and oversight over systems development in the bureaus. Demonstrated improvement in the high risk rating has been attributed to this oversight program. [Dennis Mitchell, (202) 622-0440]

The **Department of the Treasury** continued efforts to reduce the number of core financial systems to two systems in the next few years. It has reduced the number of core systems in the past 4 years from nine systems to four systems, with the Bureau of Public Debt selecting an off-the-shelf financial management system—the Federal Financial System—and initiating efforts to implement it by October 1994. Two other bureaus' systems are nearing completion of their useful life cycle. This effort reduces duplicate and redundant systems and complies with the government objective for single, integrated financial management systems. [Dennis Mitchell, (202) 622-2287]

The **Department of the Treasury** established a departmentwide Federal Financial System (FFS) users group to facilitate development of the Treasury perspective and strategy to address software and vendor support pricing, identify system



enhancements, develop the baseline definition, and determine the schedule and composition of future software releases. The users group, which meets monthly, provides input relating to the operation, maintenance, and funding of systems, serves to facilitate implementation of department efforts on financial system configuration control policies and procedures, and also serves as a basis to provide guidance to the software and for identifying and prioritizing enhancements to the software. [Michael Zuckerman, (202) 622-2287]

The Department of the Treasury's Financial Management Systems Advisory Committee (FMSAC) compiled an inventory of financial management systems and established project teams to make departmentwide standardization recommendations.

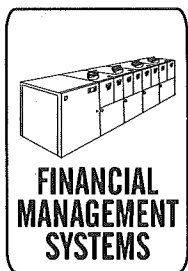
The travel project team completed work and recommended the commercial Travel Manager Plus system as the departmentwide travel system. The FMSAC revenue project team is evaluating whether to recommend standardizing and integrating revenue systems departmentwide. The inventory and fixed assets project team is evaluating systems development and the standards related to management of inventory and fixed assets; its goal is to select a departmentwide standard inventory and fixed assets

management reporting system. A departmental requirements project team is to develop requirements for a departmental database that meets the oversight need of the department and the management need of the bureaus and constitutes the database from which data is transmitted to central systems such as ADEPT and STAR. Efforts underway include defining all transactions using the U.S. SGL chart of accounts and identifying and defining common data elements and cataloging the elements needed for decisionmaking. Additional project teams for procurement, budget, standard general ledger, and cost have been organized. [Dennis Mitchell, (202) 622-0440]

The Department of Veterans Affairs developed an accounts receivable program to automate debt collection after a review identified more than 1,700 accounts outstanding. The accounts were verified, reconciled, and input to the automated system. Contacts were made with more than 500 debtors to recover the outstanding receivables, 99 accounts under \$25 were identified for write-off, and an additional 800 accounts under \$600 were reviewed and identified for possible write-off. The program has resulted in accounts being liquidated or being repaid through the installment process. [Corinne Farabaugh, (202) 233-3901]

The Department of Veterans Affairs continued implementing its modified off-the-shelf system, Federal Financial System, to create a single integrated Financial Management System (FMS). FMS will replace at least eight of the current financial systems and interface with 24 other systems. During 1993, the replacement of the Centralized Accounting for Local Management (CALM) System began with 10 regional benefits offices converted to FMS. The effort to convert CALM to FMS is expected to take 18 months with over 200 field stations to be converted and the personnel trained. Previously, the Centralized Accounting System for Construction Appropriations consisting of 2,681 project records, 3,950 vendor records, and project account data totaling more than \$6 billion had been converted to FMS. [Hal Metcalf, (202) 233-6019]

The Department of Veterans Affairs implemented an automated accounting system to facilitate the conduct, three or four times annually, of sales of VA portfolio loans to investors. The new system, which replaced a manual process of accounting, was first used in a February 1993 sale of about 7,000 loans from 46 regional offices that produced about \$600 million in cash inflow. The application generates accounting entries automatically for each regional office and enters them into the General Ledger System. [Robert King, (202) 273-5554]



The **Department of Veterans Affairs** has accommodated in its general ledger system automated accounting for transactions related to Veteran Mortgage Life Insurance. The automated application replaces former practices of manual accounting for transactions and manual adjusting of the monthly consolidated financial statements. [Robert King, (202) 273-5554]

Personnel-Payroll Systems

The **Department of Commerce** updated its National Finance Center on-line system, to make the data immediately accessible by managers, administrators, and planners. New reports on payroll, time and attendance, and accounting information were also designed and made available. Future enhancements will let users download data to use in spreadsheets or other software, develop financial projections and attrition reports, and perform batch printing. The system is planned for department-wide implementation by fiscal year 1995. [Elizabeth W. Stroud, (202) 482-4807]

The **Department of Commerce** formed a group with representatives from other departments to evaluate the benefits and costs of an electronic personnel system (PERSACTION). The system, which is PC based and paperless, automates the personnel process related to initiating, advertising,

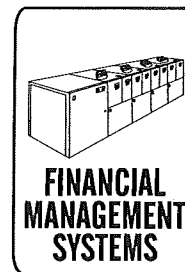
and tracking a request for staff, and entering the data into the NFC personnel/payroll system without rekeying. The group found the system feasible and cost effective as an alternative to using a processor at the front end. Commerce entered into an interagency agreement with the Department of the Navy to use the system; the system will be pilot tested in the Spring 1994. [Elizabeth W. Stroud, (202) 482-4807]

The Defense Finance and Accounting Service, **Department of Defense**, is implementing its Defense Joint Military Pay System (DJMS); it replaced three payroll systems in 1992, two systems in 1993, and is scheduled to be completed by December 1995. A separate system, the Marine Corps Total Force System (MCTFS) was started in January 1992 and is scheduled to be completed in October 1994. DJMS will standardize pay operations, computations, and interpretations; and reduce operating costs. Its estimated life cycle cost savings is \$64 million, which includes \$14 million from MCTFS and \$37 million in reduced communication and maintenance costs by revising the Navy Source Data System. The system will use Joint Service Software that resulted from efforts by the Army and Air Force to standardize their active, Reserve, and National Guard pay systems, and will be modified to accommodate Navy, ROTC, AFHPSP, and Academy

requirements. DJMS will encompass two separate systems: one system operating at the Indianapolis, Cleveland, and Denver Centers for paying Army, Navy, and Air Force personnel and the other system operating at the Kansas City Center for paying Marine Corps personnel.

A feasibility study had been conducted to determine the feasibility of standardizing and consolidating the 18 active, Reserve, and National Guard systems into one system and if inefficiencies and duplication could be eliminated. The decision to implement the Defense Joint Military Pay System (DJMS) was made in 1991 and it was decided to also include the ROTC, AFHPSP (Armed Forces Health Professional Scholarship Program) and Academy systems. The Marine Corps was not included because the high level of integration of the personnel and pay systems made implementation of a single software system impractical. [Stephen Williams, (317) 543-7542]

The Defense Finance and Accounting Service, **Department of Defense**, continued with the implementation of its Defense Retiree and Annuitant Pay System (DRAS). DRAS is the standard pay system for supporting DOD military retirees and annuitants. During 1993, DOD completed two of the four phases by bringing Air Force and Navy military retirees and annuitants into the system;



these account for about 59 percent of the two million pay accounts. DOD plans to bring the Army and Marine Corps military retirees and annuitants into the system in 1994. DRAS is one consolidated pay system that operates at two DFAS Centers—the Cleveland Center will process payments for military retirees and the Denver Center will process payments for annuitants. DRAS is to provide for uniform interpretations of regulations and pay calculations; standard operating procedures, forms, and training; a reduction in documentation requirements; and a staffing reduction of 242 positions. Additionally, DRAS is to support standardization and integration in personnel and accounting areas. Life cycle savings are estimated at \$25.3 million. [Sylvia Hanneken, (216) 522-6320]

The **Department of Energy** began a multi-phased, departmentwide implementation of its automated time and attendance system, a personal computer based system designed to operate in stand-alone mode or with local area networks, that is intended to eliminate the submission of hard-copy time and attendance to Headquarters, improve the efficiency and accuracy of the time and attendance function, and eliminate the need for closing out time and attendance reporting before the end of a pay period. The system provides multiple on line capabilities, reduces paper flow,

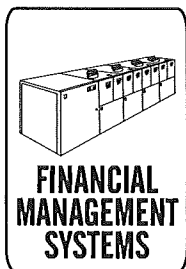
and provides for efficient electronic transmission of time and attendance data to the department's Payroll/Personnel System. At the end of 1993, about one-third of the 1,300 time and attendance reporting units were using the system. It will eliminate time and attendance forms and save some \$250,000 per year. Full implementation is expected in October 1994. [James T. Campbell, (301) 903-5040]

The Food and Drug Administration, **Department of Health and Human Services**, is developing a system to track program costs to facilitate collection of user fees authorized by the Prescription Drug User Fee Act related to the FDA review of human drug applications. The FDA initiative is to implement a system that allocates payroll costs to organizational units, extracts appropriate program and supplies costs from each organization's total operational costs. The cost reports will allow the oversight necessary of total program spending relative to the appropriations and user fees. Managers are to have access to reports that give detailed program information on payroll and operational costs within each organizational unit. Implementation is projected by the end of fiscal year 1994. [Michael Roosevelt, (301) 443-4872]

The **Department of the Interior** is completing implementation of its fully integrated, on-line

personnel/payroll system—Federal Personnel/Payroll System. The first delivery was the Automated Standard Form 52 (SF 52) Process that provides front-end paperless processing. Implementation started in November 1992. Next to follow is the design, development, and implementation of the personnel and payroll functionality. The users have approved the system requirements that will serve as the baseline for continuing analysis, and the design and development. The system will meet personnel/payroll requirements, include enhanced user access, and facilitate management decisionmaking. [Wayne Howard, (202) 208-4701]

The Bureau of Prisons, **Department of Justice**, implemented its Inmate Performance Pay System at two Bureau of Prisons institutions. The system, which had been pilot tested, provides a personal computer program on which inmate pay information is entered and calculated. This information is then downloaded to a floppy disk and processed in the Federal Prison Point of Sale System. At this time, the inmates' accounts are automatically updated. The process eliminates the need to have the inmate payroll manually entered. The program will receive field distribution; a user manual will be provided. [Robert Spry, (202) 307-3829]



The **National Aeronautics and Space Administration** completed a consolidation of 14 individual personnel and payroll systems into a single integrated system. Benefits include reduced cost of sustaining engineering through the centrally managed and maintained software; standard reports that satisfy common requirements; standard controls for data integrity and security; more timely availability of information; easier access by users through on-line, interactive reports and ad hoc queries; and standard interfaces with other systems. Future plans call for better integration with time and attendance, labor collection and distribution, and accounting systems. [Richard Nelson, (202) 358-0982]

The **Tennessee Valley Authority** developed and implemented an automated system using an off-the-shelf database to be used for special off-cycle payroll related payments and accounting transactions. Annual savings in labor costs over the manual process are estimated at \$50,000. [Rick Anderson, (615) 632-3846]

The **Department of Transportation** initiated a project to develop its Integrated Personnel and Payroll System (IPPS) to replace 12 nonstandard administrative systems and applications and full implementation is targeted for fiscal year 1996. [Doug Sawin, (202) 366-5625]

The **Federal Aviation Administration, Department of Transportation**, developed a Remote Install Package for its Electronic Time and Attendance Management System (ETAMS). When used in conjunction with modem software PC Anywhere, it allows ETAMS to be electronically transmitted and automatically installed at sites, resulting in savings of \$10,000 or more in travel and contractor costs. ETAMS transmits time and attendance records electronically into DOT's civilian payroll system. ETAMS has resulted in a 50 percent reduction in the number of manually prepared T&A records and significantly more accurate records. ETAMS is credited with savings of over \$120,000 in postage and payroll overtime in 1993. [Jack Rogers, (202) 267-7382]

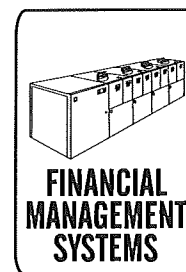
The **Office of Thrift Supervision, Department of the Treasury**, developed a tracking system on promotions to provide information to office managers on their offices' year-to-date expenditures for promotions. The system tracks dollar amounts for promotions that are entered into the Payroll/Personnel system against the budget for promotions in each office. [Dick Abood, (202) 906-6149]

The **Office of Thrift Supervision, Department of the Treasury**, developed a Retiree Tracking/Billing System to ensure greater accuracy and accountability over the billing of health and life

insurance premiums to retirees of the agency. The system replaced a manual process subject to billing errors, time consuming efforts to track payments, and significant reporting deficiencies. [Dick Abood, (202) 906-6149]

The **Office of Thrift Supervision, Department of the Treasury**, developed the Personnel Information Query System that provides managers the ability to access at any time current information on their employees—service computation date, salary history, sick and annual leave, year-to-date bonuses and awards, etc.—and allows user designed reports on groups of employees to be generated. [Dick Abood, (202) 906-6149]

The **Department of Veterans Affairs** implemented a procedure to incorporate messages from the Secretary of VA into Earnings and Leave Statements as a means of reaching 260,000 employees throughout the country. The procedure allows messages to be incorporated into the print program with minimal administrative requirements and lead time. The Secretary has used this means of communication to inform payees that salary payments under electronic funds transfer would be made available earlier than in the past, for informing employees of goals for ensuring women veterans receive comprehensive and gender-related care, and for other matters. [Larry Jefferson, (202) 233-2295]



The **Department of Veterans Affairs** started implementing its paperless time and attendance reporting within its Veterans Health Administration and other stations that use the Decentralized Hospital Computer Program System. The new system eliminates the need for printed timecards, tour of duty memorandums, and forms to request and record overtime/compensatory time. It enhances the security and controls related to time and attendance reporting, decreases the workload in the payroll office by the system's audit of the timekeeper's entries, improves timekeeper accuracy by automating the rules and guidelines for posting time and attendance, eliminates central system rejects, and meets personnel/payroll system requirements. The system automates the calculation of hours of pay and station tour of duty memoranda and allows for electronic certification of the time and attendance data. Nationwide training was completed in September 1993 and 23 stations implemented the system. Full implementation is projected for September 1994. [Larry Jefferson, (202) 233-2295]

Travel Systems

The Federal Crop Insurance Corporation, **Department of Agriculture**, completed implementation of its off-the-shelf software, Travel Manager, corporation-wide in 1993. Travel Manager integrates with the automated segment of the

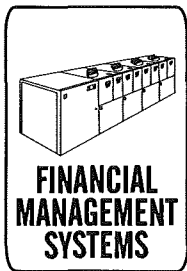
department's travel system; it was customized for use in the non-automated segment of the travel system. Plans for 1994 include upgrading to the LAN version of Travel Manager to enable interfacing electronically with the department's travel system and availability of all the audits performed by the department's travel system. Electronic routing and electronic signatures are future goals. The Agricultural Stabilization and Conservation Service plans to phase in Travel Manager beginning in 1994 [Sue Manning, (816) 926-7975 and William Waggener, (703) 305-1395].

The National Finance Center, **Department of Agriculture**, initiated a project to enhance the automated travel processes. The two segments of the travel system are to be unified to one unified process for all travel. The unified process will enter data electronically to create travel authorizations, request advances, and claim expenses incurred during authorized travel. A reduction in the need for all agencies to code manually is expected to result in more accurate transactions, eliminate mail time, enable same-day processing, and reduce processing time and costs. The capability to audit data electronically is intended to ensure consistency in applying regulatory requirements and more efficient and cost effective operations. [Diane Sims Tillman, (504) 255-5230]

The National Security Agency, **Department of Defense**, is developing an automated Travel Interface Module (TIMS) to interface the systems that perform the travel order writing system, the settlement computation system, and the disbursing system. TIMS enables entering travel data only once, by writing the travel order. Subsequent travel process steps will utilize and build upon this data; the Travel Voucher Processing Branch will use the available information. Phases one and two of TIMS development involve establishing an interface between the travel order writing system and the settlement computation system (completed) and a subsequent interface to the disbursing system. Phase three is to be an interface between the disbursing system and the accounting system. Phases four, five, and six will involve automating the flow of data for travel advances and collections. A contract is being negotiated for the design related to the uncompleted phases. [Charles Meade, (410) 859-6851]

The **Department of Education** initiated a project to implement an automated travel process system, PC-TRVL, that is a stand-alone application allowing point of entry data validation and generating hard copy forms on the traveler's personal computer.

Data entered by the traveler is printed on a hard copy authorization/voucher, saved, and



packaged in electronic format to be forwarded, in both the electronic and hard copy formats, to the next approval level. Upon receipt of all necessary approvals, the traveler's executive office uploads the electronic data to one of the department's mini-computer systems through the department's communication network. The Accounting and Financial Management Service compiles daily the data uploaded by the executive offices into one large file for transmission to Agriculture's National Finance Center for processing. The electronic data creates simultaneously an obligation in the department's Primary Accounting System for new travel authorizations. Implementation is scheduled to begin in 1994 at all headquarters executive offices and regional offices and be completed before the end of calendar year 1994. Among the benefits of PC-TRVL are that it maintains a travel profile of each traveler, enables front-end edits of data, and establishes an obligation electronically in the Primary Accounting System. [Raymond Kudobeck, (202) 401-0561]

The **Department of Energy** evaluated, tested, and customized Travel Manager Plus for implementation throughout DOE. The system automatically calculates estimated and actual travel costs, maintains up-to-date per diem rates, and produces laser printed forms, and it supports the capability to facilitate electronic

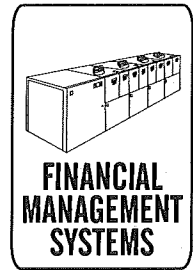
signatures, automated document routing, tracking, auditing, and importing/exporting data for interface with other systems. Following successful pilot testing, the system was made available to all offices along with training and hotline support. Plans are to develop an automated interface with the accounting systems during 1994. [James H. Maroldo, (301) 903-4466]

The **General Services Administration** began using a PC based off-the-shelf software program to perform a search for questionable travel charges in a monthly file supplied by the contractor of all travel charge card transactions. The software compares the zip codes of the vendor and the cardholder's duty station and residence to identify questionable hotel and restaurant transactions for further research. The system also identifies and reports questionable charges identified as "other" by the contractor. The system is expected to help in analyzing card usage and to lead to maximizing rebates under the new American Express contract. [Paul Taylor, (202) 501-0070]

The **Social Security Administration, Department of Health and Human Services**, included in a new 5-year contract for employee relocation services several enhancements to improve services related to the departure area and buyer homefinding and

mortgage counseling. The enhancements include: contractor financing to employees for performing repairs and improvements to enhance their home's marketability, SSA payment of a cash incentive to transferees who successfully market their homes, contractor-provided replacement-cost insurance coverage for transferee's household goods at no charge to employees, contractor-provided funds at settlement to employees who use the contractor's mortgage company and bill SSA; and the contractor provided payment of one-half percent off discount points associated with home purchase financing. [Keven Lanagan, (410) 965-0544 or David Tarr, (410) 966-1089]

The **Drug Enforcement Administration, Department of Justice**, completed a pilot implementation of the centralized Government Travel System (GTS) which allows individual DEA offices to use a centralized government individual charge card to purchase transportation tickets for government travel. The GTS program will supplement the government individual charge card program used by DEA employees for other related travel expenses. The test found substantial savings could be generated through the use of the GTS program, and DEA is in the process of implementing it at all DEA domestic offices. This program eliminates Government Transportation Requests (GTRs)



and improves control over ticket purchases and refunds. [John Osterday, (202) 307-7083]

The **Securities and Exchange Commission** is testing Travel Financial Manager Plus, a LAN software program, that interfaces with the core accounting system (Federal Financial System) and automatically creates and uploads a data file of travel transactions, including authorizations, cash advance requests, and vouchers. The system provides a single point for data entry and tracks instantly all travel obligations and expenditures. The system guides travelers through each form, estimates costs, calculates allowed cash advances and per diem allowances, prints the forms, and permits electronic submission and approval. Implementation is scheduled for the Spring 1994. [Darrell Dockery, (202) 942-0349]

The **Small Business Administration** tested the Travel Manager off-the-shelf travel software that it plans to first pilot and then use at its headquarters by the 4th quarter of fiscal year 1994. Travel Manager will be integrated with the administrative accounting system to provide funds control, accounting updates, and electronic processing of travel. Future plans include implementing the system agencywide. [Gregory Walter, (202) 205-6449]

The **Small Business Administration** is automating the reporting and analysis of ATM cash advances for travel. This will provide tighter control and oversight of the ATM initiative; capability to audit all ATM transactions; and capability for computer-based correspondence using E-Mail, letters, or reports. Programs have been developed to download the credit card member list and update the core financial system traveler file, download the ATM activity, compare it to travel orders in the core system, and create reports for analysis. Completion is scheduled for the 2nd quarter of 1994. Future enhancements may provide the capability to use data from the credit card contractor. [Gregory Walter, (202) 205-6449]

The **Coast Guard, Department of Transportation**, has a project underway—Travel Liquidation and Certification Project—to automate the process for computing travel vouchers at its 27 travel offices by using a modified Integrated Automated Travel System (IATS) that was modified to use on its workstations. The project also examines the potential of consolidating the 27 offices to one location using IATS. The 27 offices have been automated with IATS and the travel claims data is transmitted electronically to the Coast Guard's finance center, which processes the data for updating the core accounting system. A favorable decision is expected on consolidating the offices. [Barry Boisvere, (202) 267-6970]

Procurement Systems

The **National Security Agency, Department of Defense**, developed a Contract Interface System that serves as an interface between the contracting system and the financial accounting system. The system creates financial obligation transactions for the financial accounting system, de-commits any excess funds over the amount of the obligation and returns the funds to the appropriate expense detail code for reuse, provides automated status reporting of line items and updates both the Automated Purchase Request System and the financial accounting system. The automatic update process affects thousands of record transactions annually. [Richard Martin, (410) 859-6070]

The **Department of the Interior** awarded a contract for development of its Interior Department Electronic Acquisition System (IDEAS) to standardize and automate the acquisition process and eliminate redundant acquisition systems. IDEAS is to share data with the core financial system (Federal Financial System), the Procurement Data System that provides data to GSA's Federal Procurement Data System, and the individual bureau property systems. The interface will allow for the reconciliation of procurement data between the systems, enable data to be generated from source documents, eliminate redundant data entry due to the capability to



access data throughout the system, improve the reliability and timeliness of procurement and award data, and enable staff to spend more time on cost/price analysis and contract negotiations and administration. The first bureau is scheduled to begin pilot testing the system during 1994 and full implementation within the department is scheduled through fiscal year 1997. [Wiley Horsley (202) 208-3347 or Philip McKinney (703) 648-7256]

The **Smithsonian Institution** implemented an on-line accounts payable and procurement system that allows offices and bureaus to record, track, and report accounts payable and procurement information. The system allows users to print procurement documents locally, provides for separation of duties through transaction security, and produces information required for federal reporting. [Melanie Cameron, (202) 287-2088]

The **Smithsonian Institution** implemented a procurement module, using a commercial off-the-shelf clipper-based contracting system, that provides interfaces to and from the central financial system. The system provides full text management and for retrieval of procurement regulations, and it prints contract awards. The system was enhanced to provide the capability to track documents, accomplish reporting, and reconcile data with the central financial system. [John Howser, (202) 287-3343]

The Federal Aviation Administration, **Department of Transportation**, uses an Invoice Tracking System that tracks invoices from date of receipt until payment. Invoice data updates obligations in FAA's System for Acquisition Management. Benefits include notifications of interest penalties prior to payments becoming overdue, status responses to vendor inquiries, electronic communication with approving officials, and complete contract history on screen. [Roxanne Jackson, (202) 267-8992]

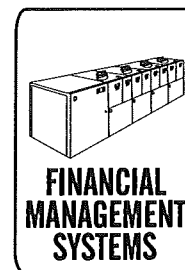
Property Management Systems

The Agricultural Stabilization and Conservation Service/Commodity Credit Corporation, **Department of Agriculture**, is exploring the use of the Property Inventory Management System, which is maintained at Agriculture's National Finance Center, to consolidate three of its inventory systems for recording personal property. Benefits include consolidation of ASCS property records, improved financial management of ASCS/CCC assets, user friendly system environment, and on-line data entry for updating ASCS/CCC property records. [Jeff Huse, (703) 305-1303]

The U.S. Geological Survey, **Department of the Interior**, is working jointly with a software vendor to develop an enhanced management system for recording

and monitoring property and equipment. Requirements incorporating enhanced design have been completed by analyzing the existing fixed asset subsystem of the core financial system (Federal Financial System). Planned for operational use in April 1994, the system is intended to improve accountability and control over all property and equipment transactions including acquisition, transfer, disposal, and reporting; improve access by program users to property data; and streamline work flow with use of electronic signature. Transactions for capitalized property and equipment are to update general ledger accounts, which will facilitate the reconciliation of fixed asset balances with the detailed property records. Other features include ability to access inventory on line and items for review, acknowledge custody on line of receipt of property, and transfer of property on line. [Joseph L. Murphy, (703) 648-7604]

The Federal Prison Industries, **Department of Justice**, began to realize its goal of achieving at least 95 percent accuracy in its inventories. Accuracy levels have risen from 60 percent to about 85 percent or better, with many of the field locations reaching 95 percent or better. Further improvement is expected in 1994. The initiative, which began in 1991, included formalizing a plan for implementation by each field location that established tolerance



levels for different types of inventories, repeated test counts, and corrective action and follow-up procedures. [Ed Smith, (202) 508-8425]

The Federal Bureau of Investigation, **Department of Justice**, implemented the Dun and Bradstreet Fixed Assets interface function into the Financial Management Information System structure during 1993. This system will interface the Property Management Application (PMA) and the General Ledger systems. The gateway will allow property acquisitions, dispositions, and depreciation to flow from the PMA and be posted to the General Ledger (GL) trial balance on a weekly basis. This process will reduce internal paperwork and increase the integrity of the data posted to the GL system. [William McDermott, (202) 324-3440]

The **Department of State** implemented an automated Nonexpendable Property Application (NEPA) to strengthen its personal property inventory management. Most personal property worldwide, except program property, i.e. security, communication equipment, and motor vehicles, are now tracked through the NEPA system. Also, an automated property management system for security was completed, and plans call for a system for communications equipment to be operational by the end of fiscal year 1995. The goal is

to integrate the personal property inventory management systems with the Integrated Financial Management System. [Chester Kuchno, (703) 875-6097]

The **Tennessee Valley Authority** installed an automated fixed asset accounting system and, in conjunction with this installation, redesigned and simplified its business processes. This resulted in increased productivity and reduced labor costs related to accounting for fixed assets through eliminating redundant and unnecessary functions. Initial savings in payroll costs were \$250,000, with \$600,000 in savings projected annually (45 percent reduction). [Billy Turner, (615) 751-8836]

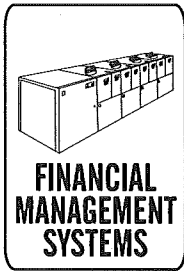
Other Automated Systems and Applications

The Food Safety and Inspection Service, **Department of Agriculture**, is modernizing its billing operation by developing a local area network computer system to enable field offices to input reimbursable data electronically. The system is to include front-end edit checks and allow data to be transmitted in batch to the National Finance Center's mainframe computer. The agency's inspection office originates 8,000 to 10,000 documents biweekly to charge applicants for their inspection work. The new system is intended to eliminate manual processing, reduce mail time, increase

accuracy, and accelerate collections to the Department of the Treasury. [Chuck Carroll, (202) 720-9853]

The Agricultural Stabilization and Conservation Service/Commodity Credit Corporation, **Department of Agriculture**, began the design phase of its Foreign Program Support System (FPSS) project during 1993. Undertaken to satisfy fully the requirements of the Federal Credit Reform Act and the CFO Act, the objectives of FPSS are to achieve life-cycle cost savings, increase system flexibility, and improve internal controls. Nine of the 11 separate databases supporting the Public Law 480 Program and the General Sales Management program are to be eliminated. The design is projected for completion in 1994, to be followed by a development phase, testing/training phase and the implementation phase, which is projected to begin in July 1995. [James Little, (703) 305-1386]

The Animal and Plant Health Inspection Service (APHIS), **Department of Agriculture**, developed the Agreement Tracking System (ATS) to plan, track, and report on all types of Agency Agreements. ATS is designed to provide descriptive details and financial status of agreements, historical reference information, and internal and external reports. For use agency-wide by awarding officials, program managers, resource



management staffs, analysts, and others involved with the agreement process, ATS implementation began in fiscal year 1994. [Linda Dianan Stuckey, (301) 436-8307]

The **Department of Commerce** undertook a major project to automate financial handbooks using the department's local area network. Benefits are ease in updating the material; savings from reduction in printing, circulation, and storage costs; and ready access to all employees of current material. [Clyde McShan II, (202) 482-1207]

The **National Security Agency, Department of Defense**, enhanced its Commercial Accounts Processing System (CAPS) to process and track discounts. When invoices are logged into CAPS, the terms of the discounts are also entered and subsequently used as part of the calculation when the invoices are processed and scheduled for payment. Between the time the invoices are logged and when they are paid, the invoices appear on the Discount Availability Report, which is used to assist the accounts payable technicians with prioritizing and managing payments to maximize advantage of discounts. NSA has increased its taking of discounts to 10 percent up from two percent in the past. [Danita Colbert, (410) 859-6890]

The **Defense Commissary Agency (DeCA), Department of Defense**,

established teams comprised of representatives of DeCA, DOD Comptroller, and Defense Finance and Accounting Service to address weaknesses within DeCA's financial structure. Actions and milestones for improvement have been incorporated into DeCA's Financial Management Improvement Plan (FMIP), which is part of its strategic plan. The FMIP covers six areas of improvements for better financial controls:

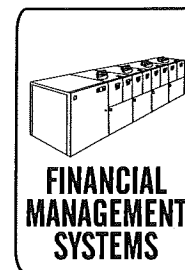
1. **ADP Systems:** document all system controls for data flow from commissaries to final processing.
2. **Accrued Expenditures:** ensure that operating expenses are accrued in the period they are incurred.
3. **Contract Payments:** document contract payment processes and internal controls.
4. **Fixed Assets:** review procedures and controls for purchasing equipment.
5. **Inventories:** reconcile resale stock inventory accounts and resale stock cash sales accounts.
6. **Sales and Deposits:** document sales and deposit business processes and internal controls.

Initiatives identified by FMIP that were not completed during 1993 are scheduled for completion in 1994. Intangible benefits from these efforts include improved visibility and control over DeCA cash; plant, property, and

equipment; construction-in-progress; receivables; and resale inventory. [Kay Walker, (804) 734-8333]

The **Bonneville Power Administration, Department of Energy**, contracted with its third party draft contractor to automate the capabilities for writing, printing, reporting, and reconciling third party drafts. The contractor is using PC Quicken, an off-the-shelf product, that requires input to only two screens to create and print a third party draft and transaction register. It is expected to save 75 percent of the time to create drafts and in reporting and 50 percent in auditing time related to reconciliation work. Full implementation is scheduled for completion in 1994. Future plans call for uploading the payment data to the automated accounts payable system to provide multiple users access to payment information, IRS tax reporting information, avoidance of duplicate payments, and an audit trail for accountability by cashiers. [Cindy Lunde, (503) 230-5379]

The **Department of Energy** is developing a Project Data System to capture project information at the source, support the process of construction project review and approval, and improve the quality of the project data sheets transmitted to the Congress. The computer-based system is intended to standardize construction project management reports, share project information with the various offices



involved in the process, improve project data consistency, and reduce redundant project data entry and storage. [Walter Eckhardt, (301) 903-2330]

The Equal Employment Opportunity Commission (EEOC) developed a registration, billing, and collection system for its Education, Technical Assistance, and Training Revolving Fund. The Fund's activities consist mainly of training seminars on the laws EEOC administers. The system is designed as a multi-user application on a LAN that interfaces with the accounting system and replaces an existing stand-alone registration system and the manual processing of bills. The system generates commercial bills, Standard Form 1080s, and dunning notices, and it interfaces with Treasury's On-Line Payment and Collection System (OPAC). Field offices that conduct seminars have the ability to access registration data. [Sandi Park, (202) 663-4229]

The Federal Communications Commission developed and implemented an automated procedure to download detail accounting transactions from the mainframe computer of the National Finance Center, which cross-services FCC, to a PC in order to meet the research and reporting needs of financial managers. FCC uses database software to customize reports, provide inquiry capability, and maintain year-to-date transaction

data (NFC maintains data for nine weeks). Greater flexibility to sort data is available beyond the sort capability of accounting code and budget object classification code that NFC provides. The procedure enables each fund manager to have a database of his or her own transactions. Capability is being developed to produce subsidiary ledgers to supplement the NFC general ledger. [Bill Lewis, (202) 632-1027]

The Federal Communications Commission developed a database management system to track the status of financial management operating procedures. It tracks procedures to be reviewed for updating, identifies the individual responsible for the updating, and states the target completion date and status of each updating effort. A monthly status report is generated. The improved procedures heighten awareness of the importance and proper use of procedure manuals. [Bill Lewis, (202) 632-1027]

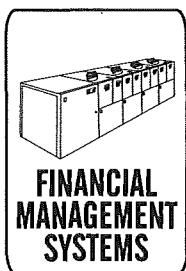
The Federal Deposit Insurance Corporation implemented an off-the-shelf system—Output Distribution Process—that provides immediate access to standard and ad hoc financial reports being generated from the agency's systems and report writers. The system produces a central inventory of reports and distributes them electronically to authorized users nationwide. Report distribution tables are administered

by financial analysts; the reports are retained for a user-defined period of time. [Steven P. Anderson, (703) 516-5094]

The General Services Administration participated in a pilot project with the Internal Revenue Service to add corporations to the list of recipients receiving 1099 forms for reporting miscellaneous income. By including corporations, the number of recipients increased from under 10,000 to 28,923. To meet this workload, GSA developed an automated process to print, fold, and mail the 1099 forms. [Lynne Johnson, (202) 501-3429]

The General Services Administration uses an executive information system, ExecuTrac, to track offices' annual performance plan objectives, projects, and performance measures. The system, which users can access through LANs, is interfaced with and accesses information technology fund data electronically from the agency's National Electronic Accounting and Reporting System. [Carole Hutchinson, (202) 501-0325]

The General Services Administration has teamed with an information resources management contractor and a consulting contractor to develop a long-term Information Resources Strategy Plan. The first milestone—delivery of a preliminary transition plan—was



completed and provides the framework of the business strategy, a preliminary review of the current systems and technical environment, and a preliminary description of the business activities and data required to support the financial management function of GSA. These will be used to define projects—pilot tests, business reengineering, and infrastructure. The final plan, scheduled for completion in 1994, is to include the architectures for information, business systems, technical, and organizational areas, and is to consider risks, constraints, costs and benefits, and impacts of alternative solutions. [Dennis Schroff, (202) 501-2242]

The Social Security Administration, **Department of Health and Human Services**, continued development of a Master Representative Payee File that is required by the Omnibus Budget Reconciliation Act of 1990. During 1993, SSA completed keying data into its system on about 75,000 institutional representative payees and initiated a 3rd mailing for 50,000 nonrespondents. In the previous year, SSA keyed in about 4.6 million representative payees. SSA appoints representative payees for beneficiaries who are unable to manage their own benefit payments. The new database is designed to store additional information regarding an applicant's ability to become or remain a representative payee and

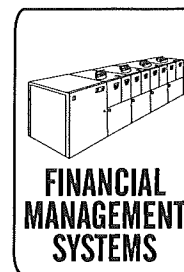
to enable SSA to monitor the selection of representative payees and the payment of benefits more effectively by accessing data on their status as representative payees. The database will be accessible by other SSA systems by automated interfaces to further enhance oversight, and it will enable SSA to monitor more closely the actual disbursement of benefits paid to representative payees, the transfer of benefits from one payee to a new payee, the status of conserved funds, and the misuse of funds. [Stanley Wagerski, (410) 965-2253]

The Social Security Administration, **Department of Health and Human Services**, is conducting a study with the Internal Revenue Service and Department of Labor in collaboration with various organizations representing states to determine possible approaches to simplify the nations' current tax and wage reporting system. The federal government requires an employer to provide Forms W-3/W-2 (Transmittal of Income and Tax Statements and Wage and Tax Statement) and Form 94x (Employer's Quarterly Federal Tax Return) information and Federal tax deposits. States require an employer to furnish tax and unemployment insurance information and payments. Because the multiple filings to the various government levels may overlap and lack coordination, one of several concepts being

considered is for employers to file employment and wage related information with a single entity, which would be responsible for providing the data to other federal and state agencies.

Such a new/simplified wage reporting system would benefit the federal and state governments by reducing the number of wage/tax reports that would be processed; reducing reports processing costs through the use of new technology (i.e., imaging, optical disk, etc.) and telecommunications advances; improving cash management through the increased use of electronic payments and other arrangements such as lockbox; improving the accuracy and timeliness of payroll and financial data; and improving program administration by providing more timely and complete information for program entitlement, eligibility, and detection of overpayment purposes. The simplified tax reporting system is expected to reduce substantially employer reporting burdens, enhance the federal and state governments ability to administer their programs, and result in substantial savings. The initial feasibility study suggests that as much as \$13 billion could be saved by modifying the existing system. [Norman Goldstein, (410) 965-1970]

The **Department of Health and Human Services** implemented an automated grant payment warehousing process within its



Division of Payment Management. Recipients may request funds up to 30 days in advance. These requests for funds will be warehoused until three work days prior to the date the recipients indicate the funds must be deposited in their bank account. If at any time during the 30-day period a warehoused request for funds (RFF) fails a funding edit, the RFF is routed to an error file for manual intervention. Requests for funds which meet all edit criteria will be forwarded to the recipients' banks via the Federal Reserve Systems Automated Clearing House (ACH) facilities. These funds will be directly deposited into the recipients' bank accounts on the payment dates designated on their RFFs. The benefit of this process is to spread the payment workload over a 30-day period. In addition, it ensures that PMS meets the Cash Management Improvement Act of 1990 requirements. [Thomas Greene, (301) 443-1660]

The Social Security Administration, **Department of Health and Human Services**, began a project to modernize the initial claims application and the post-eligibility processes of the Supplemental Security Income (SSI) program. The project is intended to result in more automated support principally for field operational personnel in administering the SSI program, which currently is paper-oriented and time-consuming. The project is being implemented through

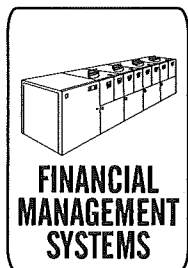
software releases. The release in March 1993 subsumed an earlier release to 122 field offices that automated initial claims and claims development for single individuals and expanded collection of data on multiple individuals (i.e., spouses, parents, children and sponsors). The third release, scheduled for release in May 1994, is to enhance data collection further and automate additional claims functions. The final release is to address the post-eligibility process. [Lois Shepperd, (410) 965-8529]

The Centers for Disease Control and Prevention, **Department of Health and Human Services**, implemented its Invoice Inquiry System (the I System) in November 1993. It provides vendors automated access to the current status of invoices and payments. Every vendor, by using an 800 number and a six-digit personal identification number (PIN), can retrieve information such as the date CDC received an invoice, projected date of payment (if completed, the actual date of payment), the amount of the payment, and whether payment was by paper check or direct deposit. During the first months of operation, calls to the system averaged 816 monthly, with only one out of seven callers being transferred to a customer service representative for more information as contrasted with the non-system average of over 400 calls monthly being handled by the representatives. The customer

service staff is able to devote more time researching complex questions. The I System provides detailed statistics on who called and the data retrieved; this facilitates analysis of the customer base and their concerns, which leads to modifying other processes for better service.

In 1994, I System is to be enhanced with PINs provided to CDC travelers to allow them to retrieve data on travel advance and voucher payments. This "Traveler's Update" capability encourages use of direct deposit for those payments, since dates and amounts of travelers' deposits will be available through the same 800 number used by vendors. Other planned enhancements include providing the option of requesting that the system generate an automated fax of a statement showing all recent activity for a vendor or traveler's account. [Al Barber, (404) 842-6828]

The Indian Health Service, **Department of Health and Human Services**, completed a pilot using the Payment Management System (PMS) to make tribal contractor payments. The pilot was completed at the Oklahoma Area and Nashville Area Offices. Payments for tribal contracts of those offices during the test were made by PMS. Instead of tribal contractors receiving 24 payments a year on approximately the 1st and the 15th of each month, contractors requested payment directly from



the PMS system. This process established more effective controls over payments. As a result, a Headquarters PMS guidance document was developed for use in establishing PMS as the system for payments to tribal contractors. DFS and HRSA monitors the transactions and reporting to and from the Area Offices and the PMS/HAS systems interface. The initial plan for implementation calls for establishment of PMS payments to tribal contractors at all IHS Area Offices by yearend. [James Dunnick, Jr., (301) 443-1270]

The Federal Housing Administration, **Department of Housing and Urban Development** completed a strategic plan for implementing its FHA Mortgage Insurance System (FHAMIS). The goals are to achieve full integration of FHA mortgage insurance data and functions; support the requirements of the Single Family, Multifamily and Title I programs; provide timely and accurate information; improve data integrity and productivity; and enhance internal control and the ability for audit of the data. FHA will examine existing business processes and meet with other industry sources to examine approaches to integrating mortgage functions. FHA has met with systems staff of the Federal National Mortgage Corporation regarding the current system, projects underway, and future plans. Similar meetings are to be held with others, including the Mortgage

Bankers Association. A consolidation plan approved by FHA's Systems Integration Steering Committee includes Information Strategy Plans for Multifamily and Single Family programs, consolidating existing Single Family systems databases, and returning systems for in-house operation that are currently contracted out. [Eleanor Clark, (202) 401-8800]

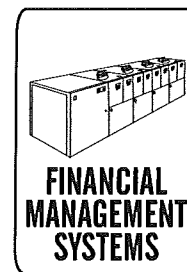
The National Park Service, **Department of the Interior**, developed and implemented a PC application to enable parks and offices to access data from Interior's core financial system. The data provides field office managers with timely, accurate and useful information for use in producing standard financial management and ad hoc reports. A future enhancement planned is to provide parks and offices with budget formulation capability. [Jim Guglielmino, (703) 487-9305]

The U.S. Postal Service implemented an Executive Information System. Periodic reviews monitor actual versus budgeted productivity and financial performance. The system provides access by personal computer to performance data in tables, bar charts, and trend lines. Users may select the type of data, level of detail, time period, and type of presentation desired. Monthly, teleconferences are conducted between headquarters and area and field managers at about 100

locations to discuss the information displayed on the screens at all locations. Field locations can use the system to conduct the same reviews with their lower level operating units. [Jean D. Parris, (202) 268-5737]

The **Small Business Administration** is developing an application to use its Electronic Certification System (ECS) to reduce the turnaround time associated with transferring large, interest-accruing payments to banks for loan guarantees. Wire transfers are to be entered daily into ECS for transmission directly to the San Francisco Financial Center for same-day payment, resulting in 1-day less in interest charges. Completion is scheduled for the 3rd quarter of 1994. Further enhancements being considered are interfaces between ECS and the automated disbursement system or an interface to the Federal Reserve Bank through the FEDLINE system. [Gregory Walter, (202) 205-6449]

The **Small Business Administration** is developing an Electronic Data Interchange system for receiving electronic information to support the On-Line Payment and Collection (OPAC) summary bills charged to the SBA appropriation. The system involves establishing methods to receive and process data from billing agencies in a timely manner. The system performs periodic downloads of multiple General Services Administration data files,



reformatting GSA and Government Printing Office data files, and preparing reports for updating accounting data. Completion is scheduled for the 3rd quarter of 1994. Enhancements include future interface with the core financial system, future capability to receive EDI data through GOALS/OPAC, participation of other agencies, and for use of E-mail detailed reports to the field.

SBA has begun an effort to integrate EDI with the administrative accounting system to enable commercial invoices to be processed electronically. The system is intended to transmit, route, and track documents and verify payments electronically, eliminate hard copy records, and reduce the float time associated with mailing payments. [Gregory Walter, (202) 205-6449]

The Small Business Administration established a nationwide database of office mailing addresses and phone numbers. Field offices update the database, which provides all data processing systems with access to the current SBA servicing office's address for use in providing computerized forms, letters, payment statement, and other information.

SBA implemented a Pre-Authorized Debit process nationwide that allows SBA borrowers to make loan payments electronically at

regular intervals. In addition to more effective collection of loan payments, other benefits include eliminating check handling and allowing faster use of the funds from more timely collections. SBA now offers four different payment dates in a month.

SBA has provided its personnel with on-line capability to access current information in its Financial Institution Reporting System by looking up a name or ID number for a financial institution. The application eliminates the need for printing and mailing directories for the system. [Frederick Klein, (202) 205-6010]

The Smithsonian Institution developed and implemented a tracking and control system to monitor money due and received from its revenue producing contract sources. The system, which provides an automated interface between Smithsonian's contract and financial management systems, facilitates the monitoring of contractual performance. [Bill Passerini, (202) 287-3456]

The Department of Veterans Affairs developed a reconciled Master Cost Center/Fund Control List used to edit data entered for use by accounting systems. The list is coded into all associated interface systems to prevent mismatches and erroneous coding prior to obligation of funds. The application provides the central finance office the ability

to automatically reconcile the Status of Funds Report (funds control) with the obligation by sub-account report (cost center). The application enhances internal controls to prevent anti-deficiencies, eliminate out-of-balance conditions, and reconcile subsidiary accounts quickly. [Corinne Farabaugh, (202) 233-3901]

The Department of Veterans Affairs developed databases that contain cumulative fiscal year information to provide financial managers with more timely and accurate data. The databases include all transactions by obligation, cost center, and budget object class that affect a station. New data is added after each daily processing cycle to maintain currency. Users are able to view cumulative records in this single source and can view changes as needed. [Corinne Farabaugh, (202) 233-3901]

The Department of Veterans Affairs awarded a contract to install a Document Management System (DMS) at its Austin, Texas Finance Center. It replaces all microfilm and microfiche systems now used for storing and retrieving documents. It manages workflow to and from Finance Center staff. Records are to be scanned, stored electronically, and moved to optical disk for long-term storage. Benefits include improved access to records and improved service to customers in VA and the vendor



community. Future enhancements include providing field stations the capability to access the system for downloading copies of records. [Don McLaughlin, (512) 389-5056]

The Department of Veterans Affairs' electronic invoicing system provides vendors access through telephone modem to determine if an invoice has been paid, the payment processing date, and future payment dates for pending invoices. By the end of fiscal year 1993, 66 vendors had access to the Austin Finance Center's system, with 23 of the vendors being regular users and making an average of about 125 inquiries monthly. The system eliminates telephone calls and research efforts related to vendor questions and improves cooperation with the vendor community. The VA plans to utilize a mainframe access system in 1994 that can be used by all vendors. [Robert Heath, (512) 389-5302]

The Department of Veterans Affairs participated in the implementation of the Service Members Occupational Conversion and Training Act of 1992. The Act assists military personnel released from service due to the drawdown with job training programs and locating of stable employment. VA developed pro forma accounting entries and participated in the formulation of policy and system development for tracking beneficiaries entitled to services and the processing of payments to them. VA will use this

system to disburse \$70.5 million to employers for approved job training programs for eligible candidates. [Paul Mulligan, (202) 273-5567]

The Department of Veterans Affairs implemented several computer applications to assist with processing payments to other federal agencies and distributing costs to the stations. One application uses a standardized common number for the FTS 2000 long distance telephone charges from GSA, automatically associates the station number and accounting transaction with the specific long distance charges from GSA, and automatically prepares the accounting entry to record the charges on the station's records and reduce unliquidated obligations. [Don McLaughlin, (512) 389-5056]

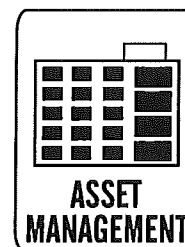
The Department of Veterans Affairs developed an automated "aging" report for suspense account items (unassociated accounts). A communications software package (FT TERM) is used to download suspense account files from the mainframe computers to personal computers in the Finance Center. Two other applications are then used to select record fields, sort data, edit records, and format reports. Procedures for monthly accounting reconciliations of the U.S. Treasury Statement of Difference Reports (TFS 6652) were also automated, reducing the amount of time required to complete the reconciliations. [Harlan Hively, (512) 389-5000]

ASSET MANAGEMENT

Credit and Debt Management

The Food and Nutrition Service, Department of Agriculture, expanded use of the Federal Tax Refund Offset Program during 1993 by including about \$28 million in delinquent debt for nine state agencies that resulted in collecting \$8.7 million. The debt of recipients under the Food Stamp Program, the agency's largest program, is managed by agreement with participating State agencies. The Federal Tax Refund Offset Program has proven to be the most effective means of collecting this delinquent debt. The use of the program dates to 1991 when the agency piloted the program with state agencies in California and Alabama. In 1992, FNS and state agencies received more than \$3.5 million in offset and voluntary payment collections due to the offset. For 1994, 21 state agencies are to participate, with collections estimated between \$20-\$25 million. Plans call for committing 13 more state agencies to participate in 1995 and for efforts to continue through 1997. [Kenneth Bresnehan, (703) 305-2046]

The Agricultural Stabilization and Conservation Service/Commodity Credit Corporation, Department of Agriculture, has undertaken a 3-phase project to develop an Automated Claims and Debt Management System (ACDMS) to



substantially upgrade debt management capabilities. ACDMS improves controls, data accuracy, and servicing and monitoring capabilities by reducing delinquent debt and costs through prompt initiation and follow-up of debt collection; providing capabilities to monitor the timeliness in establishing claims and of collection activities, appeals, litigation, and collections by source and method (debtor payment, administrative offset, IRS tax refund offset, federal salary offset, collection agencies, and others); monitoring debt management policies and procedures; and providing the information for analyzing the impact of current legislation, policies, procedures, and programs. Completion is projected for 1995. [Wayne Connelly, (703) 305-1487]

The Defense Finance and Accounting Service, **Department of Defense**, implemented its Defense Debt Management System (DDMS) in 1993 at its Kansas City, Cleveland, and Indianapolis Centers for processing debts of individuals and at its Columbus Center for processing delinquent contractor debt. The capability to also process debts of individuals by the Columbus Center was implemented in 1992. DDMS is a debt management system that processes both debts of individuals and contractors. It replaced automated systems of the Army, Navy, and Air Force by establishing a standard debt

collection operation at each DFAS Center. DDMS is the payment system supporting standard federal and DOD out-of-service debt policies and practices. It is maintained in the DFAS Denver Center, and it manages out-of-service debts using automated interfaces from the active duty military pay, civilian and annuitant pay, reserve and guard pay, and retired military and annuitant pay systems from which debts originate; automated letters, bills, and tax certificates to debtors; centralized, automated interfaces with other organizations (i.e., commercial credit bureaus, commercial collection agencies); and automated management and other mandatory reports. An economic analysis indicates life cycle savings equal \$500,000 through fiscal year 2002. [Patrick Malvaso, (703) 607-1587]

The **Department of Education** expanded use of computer matching to improve its management of student aid programs. The Department made additional agreements with the Social Security Administration and Internal Revenue Service. The agreements supplement seven existing computer matches (Selective Service System, IRS, Immigration and Naturalization Service, Postal Service, and the Departments of Defense, Justice, and Housing and Urban Development). The computer matching aids the enforcement of student aid requirements and the

collection of \$14 billion in defaulted student loans. The agreement with SSA is expected to save about \$1.5 million annually. Loan collections are expected to increase annually by \$5 million through the use of more reliable data from working with such sources as the IRS, credit bureaus, and employment records. Data from the tax returns is to be used to establish appropriate repayment amounts under the new Federal Direct Student Loan Program, which is expected to have over \$750 million in loans issued in the first year of the program. [Dave Dexter or Max Rudmann, (202) 401-1194]

The **General Services Administration** implemented the Federal Tax Refund Offset Program that performs computer matching of taxpayer files with GSA's delinquent debtors file and allows for refunds to be offset against the debt. Using the REMIT database software of the Financial Management Service to accumulate and transmit data to the IRS, GSA created an automated interface between its database and the REMIT database for entering the data. GSA transmitted data on over \$100,000 in delinquent debt in 1993 and expects it to double for 1994. [Bernie Kanzler, (202) 501-2923]

The Social Security Administration, **Department of Health and Human Services**, completed its second year of offsets



under the tax refund offset program. Since 1992 when offsets of delinquent title II debts began, SSA has collected \$56 million from 108,298 offsets. The amount collected for 1993 was \$14.2 million from 28,791 offsets, and collections of \$11 million are estimated for 1994. In addition to the offsets, the program results in voluntary collections from debtors who wish to avoid the offset. Since 1992, SSA has collected \$13.5 million in such voluntary repayments (\$10.4 million in 1992, \$2.3 million in 1993; and \$0.8 million in 1994). Collections from offsets and voluntary repayments total \$69.2 million to date. [Martin Hansen, (410) 965-5328]

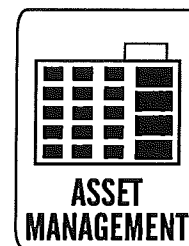
The Federal Housing Administration, **Department of Housing and Urban Development**, implemented a demonstration program for pre-foreclosure sales in five cities. Under this program, HUD pays a claim to the mortgagee in certain cases where the home is sold for a loss and the claim is the difference between the sales price and the loan balance outstanding. HUD contracted for administration of the program in four of the five demonstration locations, and the program is proving successful. Savings are realized in the claims paid and the costs of foreclosure, maintenance, and marketing. HUD anticipates implementing the program departmentwide during fiscal year 1994. [Eleanor Clark, (202) 401-8800]

The Federal Housing Administration, **Department of Housing and Urban Development**, implemented new regulations in January 1993 that revise substantially the eligibility requirements for approving participation of mortgagees in HUD mortgage insurance programs. The performance standards for maintaining approved status were modified. The new regulations increase the net worth requirement for mortgagees, improve monitoring of mortgagee performance, and support actuarially-sound practices. The new regulations require increased capital and liquidity, and monitoring of mortgagee defaults and claims. HUD is working with Treasury's Financial Management Service to enhance evaluation capabilities using an automated pilot application. Plans are to make the application operational in fiscal year 1994. [Eleanor Clark, (202) 401-8800]

The **Department of Housing and Urban Development** revised its Single Family Property Disposition Handbook. The revised handbook integrates fiscal procedures, internal controls, program processing procedures, and Single Family Accounting and Management System requirements into a single handbook. The Handbook will be issued during fiscal year 1994 to provide a single reference to field offices for all aspects of Single Family property disposition. [Eleanor Clark, (202) 401-8800]

The Government National Mortgage Association, **Department of Housing and Urban Development**, initiated action to mitigate the effects of future losses by obtaining two Master Subservicers for its defaulted manufactured housing portfolios. These Master Subservicers are to serve also as consultants to GNMA on manufactured housing production and servicing issues. GNMA is strengthening its management through actuarial analyses of the manufactured housing portfolio, including premium structures; strategies for dealing with the \$700 million of previously defaulted manufactured housing servicing portfolios, including the sale of all or part of the portfolios; and evaluations of existing underwriting and servicing guidelines for GNMA issuers/servicers. [William Dobrzykowski, (202) 401-2064]

The **Department of Housing and Urban Development's** Office of Chief Financial Officer studied HUD's debt collection policies, practices, and reporting. It was determined that financial management policies should be drafted for Write-Offs, Tax Refund Offset, and Treasury Standard Forms (The Report on Guaranteed Loans and the Report on Receivables Due from the Public). Plans call for the policies to be implemented during fiscal year 1994. [Marta Angueira, (202) 708-0654]



The **Railroad Retirement Board** moved its railroad retirement and survivor debt recovery activities to a centralized unit directed by an experienced executive in the debt recovery profession. Its goal is to ensure all available means are used to recover the approximately \$100 million owed to the RRB. For fiscal year 1993, collections continued to increase over the base year of 1990: \$681,318 (66 percent increase) was collected through the Internal Revenue Service's tax refund offset program; and \$111,980 (versus \$7,000 in 1990) was collected through referrals to private collection agencies. RRB conducted a second computer match with the Defense Manpower Data Center and, together, they identified 167 debtors who owed about \$158,000 (\$35,600 collected as of the end of fiscal year 1993). Recommendations by the new unit were adopted that streamline and centralize the verification of death process and stop the automatic issuance of a check when a financial institution returns an electronic fund transfer transaction on closed accounts. [Thomas McCarthy, (312) 751-4727]

The Small Business

Administration is working with Treasury's Financial Management Service to pilot test electronic data interchange to report electronically the status of SBA guaranteed loans. The EDI system is to replace a manual, paper-based system which reports quarterly and requires field offices to input on

documents from each lender. Benefits from the paperless system include reporting monthly to provide more timely information for quicker action on problem loans and eliminating costs associated with printing and mailing out over 12,000 forms. The pilot was completed in March 1994 and implementation is planned for other lenders. It may be used by other credit agencies with guaranteed loan portfolios. [Walter Intlekofer, (202) 205-6481]

The Small Business

Administration is implementing a LAN-based system to track all loan accounting documents to provide the status and location of a document from day of receipt until date of disposition, as well as information on all documents related to a specific loan. The system is expected to be operational in 1994 and provide benefits including better customer service, measurement of employee performance, and distribution of labor. [Gregory Walter, (202) 205-6449]

The Small Business

Administration expanded its tax refund offset program by including loan guarantors along with direct loan obligors that were already being referred. SBA's field offices identified about 1,500 loan guarantors who were the subject of liquidation decisions. The Offices of Information Resources Management and Portfolio

Management worked together to develop an automated process to enable field offices to refer guarantors and other obligors to IRS. The automated process became operational in January 1994. Collections are expected to increase significantly. [Walter Intlekofer, (202) 205-6481]

The Department of

Transportation implemented an automated administrative offset system for delinquent and excessive travel advances that is designed to recover delinquent and excessive travel advances from employees by automatically issuing notifications demanding payment or an accounting for the advance through submission of a travel voucher. If an employee does not respond to the notification, the system automatically begins an administrative offset of the employee's salary payment for the full amount of the delinquent or excessive travel advance, and it also offsets an administrative charge to cover the costs of the collection. The process and procedure were developed from guidance in the Federal Claims Collection Standards. Since testing began in April 1993 until the end of calendar year 1993, outstanding travel advances and serious delinquent accounts were reduced by \$3 million and \$89,000, respectively. [Howard Globerman, (202) 366-5628]



Cash Management

The Farmers Home Administration, **Department of Agriculture**, is integrating the Concentration Banking System into Treasury's CASH-LINK system by pilot testing it in several states during fiscal year 1993. CASH-LINK, Treasury's deposit reporting and cash concentration system, is designed to streamline the collection process and move government funds more quickly to the Federal Reserve through collections and recording by a concentrator bank of FmHA field offices business day deposit records and the initiation of Automated Clearinghouse (ACH) credits to move the funds from the local financial institutions to the Federal Reserve in Richmond, Virginia. CASH-LINK consolidates the FmHA deposit reporting and cash concentration function and saves about \$1.3 million in contractual cost for a data service facility, and it decreases the collection delay resulting in reduced interest expense, makes funds available more quickly for investment, and improves budget forecasting. Plans are to implement CASH-LINK in all states and territories in 1994. [Clarence Squellati, (314) 539-2360]

The Forest Service, **Department of Agriculture**, is preparing a Money Focus Strategy Report (MFSR) process to assess financial, administrative, and other processes that involve funds. For processes

including real property, timber sales accounting, billings, accounts receivable, and collections, the strategy involves prioritizing a list of applications which provide the best cost-benefit through re-engineering. Information engineering models are developed to assist in analyzing what actually needs to be done and how to do the work most efficiently. The development of systems is scheduled to begin in late fiscal year 1994. [Dave Heerwagen, (703) 235-3170]

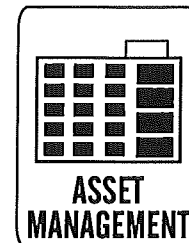
The National Security Agency, **Department of Defense**, is developing a Cash Management System (CAMS) to automate cash management throughout its disbursing offices (includes all disbursing agent functions—cashiers, imprest fund cashiers, Class A & B Agents and Deputies). The system is being developed in four phases. Phase I: record advances, handle ordering/issuing traveler checks, and automate end-of-day tasks. Phase II: process collections and prepare the cash blotter. Phase III: automate disbursing operations outside headquarters. Phase IV: interface to other systems. Phases I and II were completed during fiscal year 1993 and Phase III is scheduled for completion in fiscal year 1994. CAMS is expected to reduce the disbursing agent's daily workload in balancing and reconciling each accountability; increase accuracy of data (serial numbers of issued travelers

checks); provide immediate on-line query capabilities; improve control over traveler checks; track collections; process cancelled checks; accumulate and print monthly statistics; interface with the Disbursing Automated Payment System to print checks for cash; update travel and accounting records with advance information; and improve reliability of data transfers between remote sites. [Alan Smith, (410) 859-6260]

The Equal Employment Opportunity Commission

(EEOC) began use of Treasury's Credit Card Collection Network to allow customers to charge fees on VISA or Mastercard for goods or services provided by EEOC through the Education, Technical Assistance, and Training Revolving Fund. The benefits are reduced cash holdings and next-day availability of funds. In conjunction with this effort, EEOC also implemented Treasury's CASH-LINK as the means to obtain all deposit information. CASH-LINK provides EEOC timely deposit information and facilitates cash reconciliation. [Sandi Park, (202) 663-4229]

The **Department of Labor** developed a Prompt Payment User Guide in response to OMB's call for improved quality control over Prompt Payment; it answers frequently asked questions and includes step-by-step procedures on statistical sampling for reporting under the act. Detailed



system-generated reports on problem areas were developed and quarterly standard reports from the Accounts Payable are made available. On-time payments steadily increased in 1993 from 86 percent to 95.3 percent. [Mark Wolkow, (202) 219-8184]

The **Library of Congress** implemented the Small Purchase Credit Card Program (IMPAC) in 1993. It tested use by four units and purchases under \$2,500. All units will become users next year. Training of the cardholders and approving officials was conducted by the Library's Contracts and Logistics Division. Benefits are expected to eliminate numerous requisitions, purchase orders, invoices and checks; lower administrative costs; reduce procurement timetable; and improve cash management. [Jane Englund, (202) 707-7663]

The **Library of Congress** installed the first of three Valustations—stand-alone vending machines that accept Mastercard, Visa, and currency as payment for a value-encoded, on-site debit card (copy card) for photocopying. Customers can purchase cards valued at \$5, \$10, and \$20. The credit card transactions are processed by a private firm that transfers data electronically to the Mellon Bank, which makes the data available next day to the Library. Mellon debits accounts of customers and deposits funds to the Library's account on the 2nd

business day by using the CA\$H-LINK collection network. [Robert Handloff, (202) 707-2897]

The **Smithsonian Institution** initiated a monthly report for all funds in a deficit condition. The report, which is viewed as essential for cash management and for monitoring Smithsonian's cashflow, provides information on the accountability of each bureau and serves as the basis for remedial action. The monthly report has improved management of funds at the bureau level and reduced fund deficits significantly. [Ardelle G. Foss, (202) 287-3796]

The **Department of State** has undertaken an agencywide modernization program to deliver sound financial management systems in support of its program managers, its approximate 280 locations worldwide, its servicing of over 40 other federal agencies, and its management of hundreds of bank accounts involving over 200 foreign currencies. As part of this modernization program, the department has initiated a project to replace its current systems with the Integrated Financial Management System (IFMS). The department published an Information Strategy Plan, the vision of its new business strategy. The plan defines the business of financial management and outlines the functional and technical aspects for meeting the core requirements, implementing a standard general ledger, and

effecting worldwide financial systems integration and modernization. Improved financial reporting, standard general ledger controls, standard financial data elements, and the accounts receivable subsidiary records are some of the functions to be addressed. Some of the key milestones beyond 1993 include completing the requirements analysis in early 1994, completing testing and installation in September 1995, initial overseas post operating capability in October 1996, initial integration with other applications in October 1997, and full IFMS capability in October 1999. [Wayne Bobby, (703) 875-6927]

The Bureau of Engraving and Printing, **Department of the Treasury**, streamlined its invoice payment process (STATPAY) for small-dollar, service-related invoices. A statistical sample of invoices is periodically examined to verify the appropriateness of the payment and the effectiveness of the procedures. The process reduced processing time and improved compliance with the Prompt Payment Act requirements. [Greg Carper, (202) 874-2097]

The **Department of the Treasury** developed Quality Control Program guidance and a statistical sampling plan for use in quarterly quality control reviews. It sets forth policies, procedures, and requirements for use in establishing



bureau programs. The quarterly reviews statistically sample all invoices paid that were subject to the Prompt Payment Act; all bureaus are to begin the quarterly reviews in fiscal year 1994. [I. Ming Clarke, (202) 622-0934]

The **Department of Veterans Affairs** is making the Governmentwide Commercial Credit Card, I.M.P.A.C. VISA card, available for use at VA facilities nationwide. The goal is to establish the credit card as a procurement alternative at every VA site. For the VA Central Office, over 100 employees are involved in the program as either cardholders or approving officials. [Susan Spurling, (202) 233-4452]

The **Department of Veterans Affairs** reduced the amount of cash advanced to agent cashiers from \$8.3 million to \$5.8 million. VA achieved the reduction through continued monitoring of the cash management practices by agent cashiers and mandating the use of electronic replenishments and alternative payment mechanisms, such as third party drafts and the use of Diners Club charge cards. [Robert Myer, (512) 389-5121 or Ted Ploskon, (202) 233-3266]

The **Department of Veterans Affairs** earned \$1.3 billion of interest income in fiscal year 1993 by investing the nearly \$14 billion of assets in VA's Insurance Program in Treasury certificates

and bonds. The Insurance Program is comprised of seven insurance funds. The interest is credited to the funds and available for distributing to veterans and beneficiaries and reducing the annual premiums paid by veterans. [Ted Ploskon, (202) 273-5541]

Also during fiscal year 1993, VA issued a Debt Collection policy manual and revised policy and procedures to transfer responsibility internally to the Veterans Benefits Administration to develop and revise their own collection letters. The Office of Financial Management retains oversight/approval functions. Authority was given to the VBA Debt Management Center to develop and revise collection letters programmed in the Centralized Accounts Receivable System. Additionally, VA initiated a project to inform veterans that their eligibility for education benefits has expired and to file a claim for their contributions. VA will offset accounts receivable when the claims for refund are processed. [Dee Harkins, (202) 233-3187]

The **Department of Veterans Affairs** continued to increase on-time payments under the Prompt Payment Act from 53 percent in 1991 to 87 percent during fiscal year 1993. OMB has recognized VA's quality controls systems for excellence in processing over 250,000 invoices electronically, making over 4.6

million payments totalling \$5.1 billion, and taking advantage of nearly 464,000 discounts. VA also designed and implemented two new Prompt Payment Act Performance Reports that cover the majority of administrative payments processed through its Computer Assisted Payment Processing System (CAPPS) and the nationwide centralized Fee Basis System. The reports provide a monthly and year-to-date status of processing performance in accordance with the Prompt Payment Act and are being used by the Austin Finance Center to monitor nationwide trends as well as individual station performance and to assist in the implementation of corrective action. Additionally, guidance was provided to field activities for routing invoices directly to the paying office, except where the on-time payment percentage is at least 90 percent. For invoices requiring program office certification, a fiscal/finance officer may determine whether they should be sent directly to the program office rather than being initially routed to the fiscal/finance office. Policy was clarified to require that all certified invoices under prompt pay are processed through CAPPS to ensure that money management and the calculation of cash discounts and interest penalties are proper. [Henry Rodriguez, (512) 389-5110]

The **Department of Veterans Affairs** continued efforts to reduce the number of outstanding travel



advances by mandating the use of the Government issued American Express card for official temporary duty travel expenses. Except for emergencies, cash travel funds must be obtained by purchasing travelers checks or through ATM cash advances that are charged to the American Express card. Management reports are prepared monthly and follow-up letters are sent to collect outstanding balances. [Ted Ploskon, (202) 233-3266]

Additionally, a VA review of all travel advance accounts identified 480 accounts that were outstanding. To expedite recovery of outstanding advances, outstanding advances were billed and tracked electronically. In fiscal year 1993, over 200 accounts were settled, others are being settled through installment payments, and the remaining accounts are being followed up. [Corinne Farabaugh, (202) 233-3901]

The VA accepts credit card payments and, in fiscal year 1993, collected over \$9 million through its Veterans Canteen Service, Regional Offices, and VA Medical Centers. The VA processes replenishments of agent cashiers through EFT, which is now used by almost all VA agent cashiers; this accounted for \$92 million in fiscal year 1993. [Ted Ploskon, (202) 233-3266]

Inventory

The **Smithsonian Institution** implemented an institution-wide office supply program to meet office supply needs efficiently. The program uses three sources: a central stock room (highly specialized items), the General Services Administration's Customer Service Center, and a commercial vendor. GSA and commercial vendor purchases are placed using facsimile or by telephone, with delivery occurring with 24 hours. For commercial vendor orders, the Smithsonian receives obligation and payment data files electronically in predefined formats. Data is uploaded to the financial system for recording obligations (prior to month end) and automated processing of payments. [Robert Tanner, (202) 287-3025]

Other Initiatives

The **Library of Congress** implemented its Investment Management System in fiscal year 1993 for the investment and tracking of its over 70 trust funds. Created in-house, the system uses the pooling or mutual funds concept of combining the individual endowment funds for investing in various securities. The Library uses a PC database programmed to track the cashflows of the trust funds and prepare Treasury and Library reports. The system manages the Library's

short-term investment of \$4.2 million; its use will expand to administer the allocation of funds to various private sector money managers. [Ajit Gadre, (202) 707-3985]

The **Resolution Trust Corporation's** four Financial Service Centers completed their first full year of operation in providing asset and accounting operational support of RTC's asset sales, management, and disposition activities. The centers maintain the accounting records related to the \$40 billion of assets that RTC currently retains from 679 failed savings and loan institutions. The centers process all sales transactions, reconcile accounting systems, and maintain the cash receipts and disbursements functions. [Casey Catterton, (703) 908-6462]

ELECTRONIC INITIATIVES

Direct Deposit

The **Department of Agriculture** initiated a policy change to allow Direct Deposit salary payments to be made available at the same time or earlier than payment by check. By changing the date to the 2nd Monday from the 2nd Thursday of the pay period, most employees receive their Direct Deposit posting up to three days earlier. The rate of participation in Direct Deposit increased four percent in the three months since the policy



became effective in early 1994. The revised policy also allows the 450,000 employees to receive their net pay and savings allotments as quickly as allowed. [Dale Theurer, (202) 720-1167]

The Social Security Administration, **Department of Health and Human Services**, has a pilot program to test the feasibility of transmitting direct deposit sign-up information from the financial institutions to program agencies using the Automated Clearing House system. With the receipt to date of over 250,000 direct deposit enrollments from 25 participating financial institutions, SSA is developing a business case proposal to submit next year to the National Automated Clearing House Association for formalizing a new industry standard to accommodate automated enrollments. Financial institutions that participate are able to electronically transmit bank account information to SSA's National Computer Center for direct deposit sign up and are able to predict more accurately the date that the first direct deposit payment will be received. [Michael Johnson, (410) 965-2863]

The **Department of Labor**, working with the Department of the Treasury, implemented a strategy which increased direct deposit salary payments by placing salary payments by direct deposit

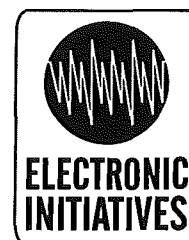
(electronic funds transfer) on an equal footing with issuance of payroll checks. Payments by direct deposit are released to the banking system on the same day checks are processed and mailed, resulting in credits to bank accounts under direct deposit before checks are received by the other employees. Previously, checks were received in the mail as much as four days before the official pay date whereas employees under direct deposit received a credit to their bank account on the official pay date. Since implementing this strategy in late 1993, participation in direct deposit has increased two percent a month through February 1994. [James Smoot, (202) 219-8184]

The **Securities and Exchange Commission** increased employee participation in its payroll Direct Deposit (DD/EFT) to 98.5 percent in 1993 through an intensive marketing campaign by the Office of Comptroller. The Comptroller's office contacted all employees who were not participating in the program during this marketing campaign. [Darrell Dockery, (202) 942-0349]

The **Department of Veterans Affairs** increased participation in its Direct Deposit/Electronic Funds Transfer program to over 80 percent from 72.5 percent in fiscal year 1992. With the Department of the Treasury saving 30 percent per transaction or \$7.80 per year for each employee on DD/EFT, the increased participation saved over

\$180,000. The increased participation resulted from continuation of the awareness program, contacts with stations having the lowest employee participation rates, and publication of rates for each station. Forty-three stations were recognized for achieving this percentage rate. In addition, VA began testing the use of its Outreach Kiosk Project to intensify the DD/EFT program marketing campaign and increase participation by beneficiaries who receive VA compensation and pension benefits. In addition, modifications to the PAID systems have been completed that enable employees who participate in the DD/EFT program to have their salary payment credited to their bank accounts as early as the Friday before the official Tuesday payday. The availability of funds earlier is intended to encourage increased participation in the DD/EFT program. [Al LaBombard, (512) 389-5250]

The **Department of Veterans Affairs** expanded its Chief Financial Officer Awards Program during fiscal year 1993 by encouraging all VA facilities to raise their employee participation in the Direct Deposit/Electronic Funds Transfer (DD/EFT) program. As a result, 61 facilities were awarded with a plaque for exceeding 90% participation in the program, and VA participation increased to more than 80%. [Susan Spurling, (202) 233-4452]



The VA initiated use of third party drafts for its annual Performance Management System Awards. The use of third party drafts allows for planning the day for making the awards within two or three days of the award date, reduces processing errors, and enhances control over the award process. [Corinne Farabaugh, (202) 233-3901]

Automated Clearing House (ACH)

The Environmental Protection Agency expanded use of its PC-based Automated Clearing House system at its Financial Management Center-Las Vegas. The system was expanded from making payments under assistance agreements to include payment of travel vouchers on a pilot basis, payment of EPA's bankcard vendor for small purchases, and (next year) the payment of third party draft transactions. During fiscal year 1993, the center disbursed about \$2.4 billion through ACH. The PC based ACH system with enhanced security is designed to initiate ACH payments for any Treasury Agency Location Code and may be useful to other agencies. [Alan B. Lewis, (702) 798-2485]

The Federal Deposit Insurance Corporation began a pilot program to allow 40 financial institutions to remit insurance premiums to FDIC using the Automated Clearing House network. FDIC expects to benefit through more timely

settlement of receipts, increased revenue from more timely deposits into the U.S. Treasury, and reduced processing costs. FDIC expects this will provide the basis for meeting the future payment, collection, and information needs of the agency. The pilot will be evaluated for use by all insured financial institutions. [Michael Hetzner, (703) 516-5679]

The Social Security Administration, Department of Health and Human Services, instituted use of a standard approved by the National Automated Clearing House Association that allows payors, such as SSA, to communicate immediately with banks on the death of a recipient that was to have received the payment. SSA receives about 2,700 notifications of death daily and dispenses about \$195 million annually to deceased persons due to a cutoff it must use to process the large number of monthly payments. SSA is the largest payor using direct deposit—56 percent of its 575 million payments valued at \$325 billion annually are direct deposit—and maintains a national death report database. In the first year of operation, about one million such entries were made that resulted in a reduction of 63 percent in the number of request that SSA would otherwise have had to make to recover the funds, and it resulted in banks returning over \$113 million in such payments. In recognition of the

success with the process, SSA received two national awards and a letter of commendation from Vice President Gore. [Michael Johnson, (410) 965-2863]

The Federal Housing Administration, Department of Housing and Urban Development, implemented a regulation that mandates front-end premiums be collected through ACH. The use of ACH in fiscal year 1993 increased to 49 percent or \$900 million of the amount received for risk-based premiums. ACH collection was marketed for Multifamily Premiums and allows for billing and paying premiums electronically. Currently, \$270 million in Multifamily Premiums are being collected through the paper lockbox. HUD developed software for collection of Title I premiums using ACH. [Eleanor Clark, (202) 401-8800]

The Federal Housing Administration, Department of Housing and Urban Development, implemented the ACH disbursement process for paying Single Family program claims. Under this process, mortgagees are to submit claim data electronically and, following review by HUD, the claim payment is to be made automatically through the ACH process. Currently, checks are used to pay \$4.7 billion in claims. For Multifamily Claim Payments, HUD implemented Electronic Certification to disburse



Multifamily Claim Payments of \$2 billion by ACH rather than wire transfer. Multifamily claims generally exceed \$1 million and could be paid only by wire transfer due to Treasury requirements. Electronic Certification allows HUD to key payment data directly to a Treasury system where it is combined with other payments on an ACH tape. The Electronic Certification System and Automated Clearing House were implemented for the payment of multifamily notes expenses and multifamily property expenses. [Eleanor Clark, (202) 401-8800]

The **National Credit Union Administration** began using the Automated Clearing House system in its southwestern region to collect credit union capitalization balance adjustments and federal operating fees. Lockbox processing is performed by the Mellon Bank. A credit union makes a toll-free call to the Mellon Bank to record the payment information. Mellon processes the payment electronically on the day the payment is due. Payment information can be warehoused up to one month before the payment due date. Benefits expected are reduction in late payments and time saved from eliminating the processing of hardcopy checks. Full implementation for all credit unions is scheduled for next year. NCUA estimates collecting about 11,000 payments totalling \$206 million this year. [Mary McCarrick, (703) 518-6582]

The **Railroad Retirement Board** began use of the Automated Clearing House system to collect about \$45 million in railroad unemployment insurance contributions electronically from over 500 employers. RRB is working with the Internal Revenue Service and the Department of the Treasury to establish an ACH system for the collection of about \$4.2 billion in railroad retirement taxes from employers. With information on tax deposits from the ACH and other information, RRB expects to be able to fully reconcile tax deposits. [Charles Weaver, (312) 751-4593]

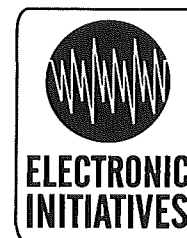
Third Party Drafts

The Federal Bureau of Investigation and the Drug Enforcement Administration, **Department of Justice**, expanded their use of Third Party Drafts. The FBI received authority from the Department of the Treasury to increase the level of confidential payments processed by third party draft, enabling the agency to limit further the amount of cash held outside of Treasury in the area of investigative related direct advances. During 1993, the number of FBI sites using third party drafts increased from 58 to 63, and the third party draft obligation function was implemented by headquarters divisions. The system interfaces the information directly into the agency's Financial Management System. The Drug Enforcement

Administration expanded use of the third party draft system to 21 offices as of December 31, 1993, and, during 1993, it issued 44,169 drafts totaling over \$23 million as compared with 26,459 drafts for almost \$12 million in 1992. [William McDermott (FBI), (202) 324-3440 or John Osterday (DEA), (202) 307-7083]

The Federal Aviation Administration, **Department of Transportation**, modified its third party draft system and will implement it at all regional accounting offices during 1994. The system is networked, operates in a Windows environment, captures data at the source level (personal computer), and is interfaced with and transmits data to the core accounting system through a Dynamic Data Exchange Link. The system automatically issues checks to vendors and travelers and avoids delays associated with mailing checks and the need to maintain large petty cash balances. [Carol Omaggio, (202) 267-7732]

The Federal Highway Administration, **Department of Transportation**, began using third party drafts in its headquarters and 14 of 64 field locations to improve the timeliness of payments for travel claims and expand its capabilities related to small purchases. The use of third party drafts strengthens internal controls by reducing the number of imprest funds in field locations. Thus far,



12 imprest funds have been dissolved and imprest funds reduced. FHWA's goal is to have 50 field locations using third party drafts in fiscal year 1994. [Alfonse Febraio, (202) 366-0562 or Harry Prugh, (202) 366-2859]

The **Department of the Treasury** expanded use of third party drafts in its Bureau of Engraving and Printing and the Secret Service. At BEP, the expanded use of third party drafts has reduced cash imprest funds by 88 percent in the past two years. [Greg Carper, (202) 874-2097]

The Secret Service, **Department of Treasury**, approved use of third party drafts to pay hotel bills of up to \$10,000 on protective assignments. All resident offices and agencies are allowed to issue drafts, with 99 percent of all offices now doing so. Benefits are reductions of imprest funds and improved relations with vendors. [Patricia J. Becker, (202) 435-5939]

Other Electronic Initiatives

The Rural Development Administration and the Farmers Home Administration, **Department of Agriculture**, have initiated efforts to use the lockbox system for borrowers to submit payments (with an Optical Character Recognition payment coupon) directly to a lockbox facility. Remittances are deposited daily and accounting information

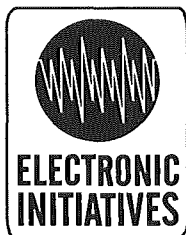
captured from the payment coupons is transmitted to the department's National Computer System for updating borrower accounts. Field offices can spend more time servicing loans instead of processing payments, and borrowers do not have to come to a local field office for processing of payments. A cost analysis by RDA estimated over \$400,000 could be saved in five years from lockbox. Both agencies project implementation for 1994. [Robin Seaman (RDA), (202) 720-9636 and Clarence Squellati (FmHA), (314) 539-2360]

The Farmers Home Administration and the Rural Development Administration, **Department of Agriculture**, plan to use the Preauthorized Debit system to debit a borrower's bank account on a payment due date for a loan payment due. The system uses an agreement between the borrower and lender authorizing a direct Automated Clearing House (ACH) debit against the borrower's bank account by the agency. A cost analysis by RDA estimated savings of over \$550,000 in five years. Implementation by FmHA and RDA is projected by September 1994. While the program is voluntary, borrowers will be encouraged to use the system. [Clarence Squellati (FmHA), (314) 539-2360 and Robin Seaman (RDA), (202) 720-9636]

The Rural Development Administration, **Department of Agriculture**, initiated a two-phase

effort to use Electronic Funds Transfer (EFT) to electronically disburse loan and grant funds directly into a borrower's account by wire (same day) or Automated Clearinghouse (next day) EFT payment. Once a grant or loan is closed, a request is made to the appropriate Federal Reserve Bank to wire or use the Automated Clearinghouse to transfer funds to a borrower/grantee account at a local financial institution. A pilot program is to be implemented by October 1994 and the system tested for other borrowers by June 1995. Several states with a large volume of nonprofit borrowers (promissory notes) and grant-only recipients (such as the Rural Business Enterprise Grant Program) will participate in the test. [Yoonie MacDonald, (202) 720-1501]

The Food and Nutrition Service, **Department of Agriculture**, is adopting Electronic Benefits Transfer (EBT) nationwide by fiscal year 1996. The National Performance Review established the goal for a national system capable of issuing all federal individual assistance benefits on a single card. EBT is an Electronic Funds Transfer application that uses automated financial transaction processing and card access technologies to electronically deliver benefits to recipients through the use of Point of Sale terminals and Automated Teller Machines (ATMs). During 1993 when the number of food



stamp recipients grew 55 percent nationwide to 536,000, Maryland became the first state with an on-line statewide EBT system. Currently, seven pilot projects are operating of which four are planning state-wide expansion, eight other states announced pilot projects, and 15 other states are planning future projects. Expected benefits include improved services to recipients and states; reduced vulnerability to fraud, waste, and abuse; improved cash management; and more efficiently provided data from states on participation rates and costs of operations. To provide the financial platform for governmentwide EBT operations, the agency has undertaken two initiatives: (1) design and implement an improved Settlement Service to ensure an efficient, uniform Federal funds transfer system for both food stamp and governmentwide EBT operations, and (2) oversee the development of uniform operating rules under which governmentwide EBT will function. [Kenneth Bresnehan, (703) 305-2046]

The **Environmental Protection Agency** implemented electronic data interchange (EDI) processing at its Research Triangle Park Financial Management Center for EPA's Contract Payment System. Vendors submit invoices electronically and are paid through the Automated Clearing House. Benefits include eliminating data re-entry, mail delays, and postage

costs; providing vendors with timely notice of receipt of invoices and payment; and enabling EPA to solicit and take advantage of discounts offered by vendors. Discussions are being held with additional vendors with high numbers of invoices to bring them into the program. The goal is to process 50 percent of the invoices using EDI by 1997. [Dennis A. Schur, (919) 541-3041]

The **General Services Administration** developed specifications and began testing use of electronic data interchange (EDI) for processing vendor invoices by its Federal Supply Service. EDI is being considered for high volume invoice areas as furniture and office supply and later for all supply vendors. Benefits include cost savings from faster processing and fewer personnel. Implementation is scheduled to begin in June 1994. [Reginald Norwood, (202) 501-1670]

The **Department of Health and Human Services** is developing an implementation plan for electronic benefits transfer. The project intends to allow state and federal programs the means to provide benefits on one card to recipients/clients using existing commercial bank networks and debit card technology. This approach will "package" benefits onto one card. The client/recipient would access the benefits via either Automatic Teller Machines or

Point of Sale machines. Testing on the packaging of benefits have been conducted of HHS, Agriculture, and Veterans Affairs benefit programs at city, county, and state government levels. Many states are in various stages of investigating, planning or developing pilot projects. In the pilot projects, EBT has been supported strongly by recipients, state welfare agencies, food retailers, banks, and participating commercial networks. HHS plans to participate in fiscal year 1994 to staff the effort to develop the implementation plan. [Ted Tracy, (202) 401-2806]

The Social Security Administration, **Department of Health and Human Services**, began using the Electronic Certification System (ECS) in May 1993 to certify centrally the social security payments made by two Department of Treasury Finance Centers, thereby eliminating the need for SSA program service centers to certify the payments. While details on the payments are being provided to Treasury by magnetic tape, plans call for direct transmission of these data from the SSA National Computer Center to Treasury's finance centers by July 1994. SSA pays over \$25 billion to about 42.4 million beneficiaries monthly.

All SSA payment schedule certifications and the transmission of payment files now use ECS. SSA began using the Electronic

Certification System (ECS) in November 1991 to certify special supplemental security income payments and, in 1992, it acquired the software and hardware and after some testing began to certify all SSI payments (\$2 billion and \$6 million recipients monthly) by ECS.

ECS allows for the keying, transmission and certification of payment schedule information to Treasury's finance centers, using special security encoding devices installed on personal computers. Access to keying, certification and transmission of schedules and affixing of electronic signatures by certifying officers is protected by electronic security software. ECS eliminates the cumbersome task of manually preparing the certification document (which requires an optical character reader printwheel), obtaining signatures from certifying officers, and mailing the documents to the Treasury finance centers. About two days in mailing time alone are saved and the resources associated with this process. Benefits are tighter audit controls and faster issuance of payments. [Joe Giordano, (410) 965-7808]

The Department of Labor began paying state tax withholdings to 23 states during 1993 using electronic funds transfer. States join the program upon notifying DOL they are ready and pass processing tests. Fifteen other states are interested in joining the program; some are awaiting internal authorization or

are not yet equipped for EFT capability. Benefits include more timely transfer of funds and reduced processing time. [Charles Culpepper, (202) 219-9201]

The National Credit Union Administration will pay travel claims by electronic funds transfer. When operational, the travel system will identify whether a payment is due; if so, the system will access an employee's EFT file to determine if an EFT basic record is available for the employee. If a record exists, the file will be identified for Automated Clearinghouse processing and downloaded to the Treasury Finance Center by producing a tape (eventually downloading will be direct by dataline). Completion is scheduled for the Spring 1994. [Mark L. Burnett, (703) 518-6577]

The Small Business Administration revised its process of handling disbursement tapes by allowing the Denver office of financial operations to create disbursement tapes from the core financial system and transmit them the same day to the San Francisco Financial Center. Previously, processing was done through Treasury's Hyattsville, Maryland, computer center and the Washington Financial Center. Benefits realized include reductions of ACH rejects by 90 percent and from 3-4 weeks to 3-4 days in receiving ACH rejects from Treasury; elimination of late payments due to problems with

tapes; ability to resolve ACH problems using the present system format; and reduction of data entry of payment data, vendor inquiries, and the number of late payments due to the former tape processing turnaround time. Future plans are to consolidate multiple check payment tapes into a single disbursement tape, implement electronic file transfer between SBA and Treasury, and create the capability to submit ACH files to the Federal Reserve Bank through FEDLINE network to take advantage of expanded ACH formats. [Gregory Walter, (202) 205-6449]

The Small Business Administration is targeting a number of its economic assistance programs for use of audio response units and other mechanisms to initiate ACH transactions for submitting loan payments. The initiative will provide payors a means of making payments in addition to checks and wire transfers. It also costs less than wire transfers and eliminates float time and processing costs associated with checks mailed. By the 4th quarter of fiscal year 1994, it will be used for home and business loans (checks are now received); later, it will be expanded to more complicated loans. Another advantage is the system's use to provide loan recipients with immediate access to loan status information. [Gregory Walter, (202) 205-6449]



The **Tennessee Valley Authority**, in cooperation with the telephone company, developed a consolidated electronic invoice file that reduced the total number of invoices processed from 2,000 a month to four a month, entails 95 percent less manual processing, and results in more timely and accurate payments. A similar procedure is planned for other areas with voluminous, recurring transactions such as utility and cellular phone invoices. [Ronald Disney, (615) 632-2345]

The Coast Guard, **Department of Transportation**, enhanced its capability for receiving vendor invoices electronically by developing its Rapid Electronic Interchange Method (FREDIM) that is able to receive vendor invoices using ANSI X12 standard formats. FREDIN automatically edits data for accuracy and completeness, forwards acceptable invoices for payment matching, creates a letter for an incorrect invoice, maintains data for query and history, and eliminates storage of paper files, long-lead times for mail and manual processing, and lost or misrouted invoices. Document numbers are automatically matched with purchase orders and receiving reports and results in more timely payments. FREDIN currently processes purchase order invoices and is to begin processing utility invoices, which require considerable manual effort, for

payment through the core accounting system. [Ed Burgh, (804) 523-6763]

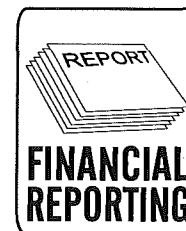
The Federal Highway Administration, **Department of Transportation**, now uses electronic signature, an enhancement to the fully automated payment option that is available to states which have the technological capability to submit their claims for payment to FHWA. Six states use the fully automated option and electronic signature in submitting their claims electronically to FHWA headquarters; 15 states use the fully automated option and are interested in using the electronic signature. FHWA's goal is to add eight more states to the fully automated process during fiscal year 1994. In addition, FHWA developed the capability to create same-day payments to comply with the Cash Management Improvement Act. [Alfonse Febraio, (202) 366-0562 or Harry Prugh, (202) 366-2859]

The Financial Management Service, **Department of the Treasury**, implemented its Check Payment Postage initiative to encourage agency customers to use the less expensive electronic funds transfer method of making payments. Beginning with IRS and Agriculture's National Finance Center in 1993, FMS began to charge the agencies for the costs of postage for mailing checks. Both agencies are now sponsoring

programs to convert their payees to EFT. The FMS appropriation for postage was reduced by the amount of postage funds available for these two agencies. Future plans call for extending this practice to other agencies. [Kris Wescott or Calvin McMann (202) 874-7070]

The **Department of Veterans Affairs** provided all medical facilities the capability to generate electronic orders to vendors through the Austin Finance Center's electronic invoicing systems. Vendors receive accurate purchase order numbers, catalog/item numbers, and pricing; electronic confirmation by vendors to VA confirms purchase order information and allows for corrections before goods are shipped. [Keith Wanless, (512) 389-5310]

The **Department of Veterans Affairs** expanded its use of electronic invoicing. VA's Austin Finance Center received over 322,000 invoices electronically in fiscal year 1993, or an increase of 59 percent over fiscal year 1992 levels, and the number of vendors submitting invoices electronically increased from 48 to 66. Testing is underway with selected medical centers and regional offices to transmit certified invoices to stations through the internal electronic E-mail systems. The objective is to integrate these invoices into VA payment systems to eliminate data entry. [Keith Wanless, (512) 389-5310]



FINANCIAL REPORTING

Audited Financial Statements

The Department of the Army, a pilot agency for preparing agencywide financial statements under the CFO Act, developed a guide to assist managers to use and understand information contained in the Annual Financial Report. The "Financial Management in Today's Army" publication is informative as a stand-alone document and may be read in conjunction with the financial statements. The objective was to provide quick reference information and financial results in non-financial terms. [June Adelsberger, (703) 697-3971]

The Department of Health and Human Services expanded to 92 percent audit coverage for the fiscal year 1993 financial statements by audit of the Health Care Financing Administration (HCFA), which accounts for 41 percent of the HHS budget. The HHS budget exceeds \$586 billion, representing 40 percent of the federal budget. Furthermore, the Social Security Administration completed financial statements and audit in mid-February, ahead of OMB's accelerated due date and in time for the Budget process. SSA followed OMB's optional form and content standards which incorporated the reporting and disclosure requirements of the first three standards statements of the Federal Accounting Standards

Advisory Board. [Frank Abruzzino, (202) 690-6214]

The Social Security Administration, Department of Health and Human Services submitted its fiscal year 1993 Annual Financial Statement to the department in February 1994 for transmission to OMB. SSA's Annual Financial Statement includes an overview of SSA, its mission, activities, accomplishments and results of operations, the principal financial statements and related notes, financial statements by program, and supplemental financial and management information. The Overview section was enhanced to present a clear and concise message, with performance measurable goals depicted in color charts and graphs that address financial and programmatic performance. The performance measures reported in the Overview and Supplemental Financial and Management sections present comparisons, assess performance against targets and standards, and provide an explanation of trends and analysis. The combined financial condition and results of operations of all business processes and programs are presented for fiscal year 1993 (total \$334.8 billion), with a comparison to fiscal year 1992 (\$288.1 billion). The audited financial statements are due to the Congress to use during its consideration of the fiscal year 1995 budget. [Elizabeth Lawson, (410) 965-5324 or Gary Bechtel, (410) 965-0174]

The Federal Aviation Administration, Department of Transportation, used DOT's Financial Statements Module to prepare the fiscal year 1993 Annual Report as a single source report of the agency's activities and accomplishments. The fiscal year 1993 report included financial statements produced from the core accounting system's Financial Statements Module, which was developed by DOT and uses data from the general ledger that is downloaded from the core accounting system. In addition to financial statements, other reports prepared from the system include the monthly Report on Budget Execution and the annual SF-220 series of Treasury reports. [David C. Thomas, (202) 267-9012]

The Department of the Treasury issued a comprehensive financial statement model to assist its bureaus in preparing statements and lead to greater standardization within the department. The model supplements OMB's form and content guidance by considering Treasury's internal needs, consolidating guidance for all financial statement components (e.g., entity description, performance measures, and financial statements) into a single package, and providing examples and sample formats for each report section. The model will be revised as experience is gained and feedback is received on the statements. [James Lingeback, (202) 622-0818]



The Department of the Treasury established a Financial Management Council in fiscal year 1993 that incorporates the former Audited Financial Statements Task Force. The council assisted those Treasury bureaus producing audited financial statements under the CFO Act. The requirement for audited financial statements has been expanded to include all activities. The council has representatives from all bureaus and is chaired by the department's Deputy CFO; it meets monthly and provides a forum for senior financial managers to discuss financial management issues and exchange information and discuss experiences on financial statement audits and to hear from invited speakers. [Edwin A. Verburg, (202) 622-0750]

The Bureau of Engraving and Printing, Department of the Treasury, accelerated preparation and the audit of its financial statements for fiscal year 1993, with the audit completed on November 30, 1993 and the Chief Financial Officer's Annual Report completed on December 21, 1993. For the prior year—in which BEP participated in OMB's pilot program to accelerate the preparation and audit of financial statements—the audit was completed in December 1992 and the CFO Annual Report was in January 1993, five months ahead of schedule. [Paul Blackmer, Jr. (202) 874-2020]

The Department of Veterans Affairs is one of the 10 pilot agencies required by the CFO Act to produce organizationwide audited financial statements. To comply, VA classified its financial activities into five functional areas: medical and construction (39 percent of total expenses), veterans benefits (48 percent), housing credit assistance (5 percent), life insurance (7 percent), and administration and cemeteries (1 percent). The 1993 Annual Report included the Department's fiscal year 1992 financial statements and program performance measures, the auditor's reports, and other critical financial management issues and statistics.

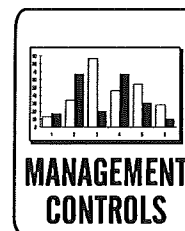
In addition, VA's 1993 Financial Management Status Report and 5-Year Plan discussed seven areas of financial management: financial management organization, financial management personnel, accounting standards, financial systems, management controls, asset management, state and local government communication, and audited financial reporting. Each section included the status of progress made on prior year and new initiatives, and the Department's plan for continued improvements over the next five years. The report identified 135 milestones for implementation of the 5-Year Plan, which incorporated the CFO's fiscal year 1994 Credit Management and Debt Collection Plan. [Jack Gartner, (202) 273-5528 or Dianne Shields, (202) 273-5525]

Other Financial Reporting

The Federal Deposit Insurance Corporation developed a quarterly report that integrates budget and financial statement information to enable managers to see how their decisions affect the financial statements and, in particular, the insurance fund balances. In addition to linking the budget and financial statements, the report shows the effect of cost containment and other efforts on the insurance fund balances. Program expenses, planned and budgeted, are linked to the insurance fund balances, allowing managers to see how these flow into the financial statements. [Jim Anderson, (703) 516-5083 or Jim Watkins, (703) 516-5730]

The General Services

Administration initiated a monthly Income Statement and Statement of Retained Earnings which portrays detailed information on revenues, cost of goods and services, and operating expenses. It replaces a monthly summary operations statement that provided lump sums for sales, expenses, and net income. The new statements compare actual monthly financial performance to a targeted financial plan and provide financial data for the previous fiscal year to identify variances. The statements are being issued for four revolving funds. [Carole Hutchinson, (202) 501-0325]



The Social Security Administration, **Department of Health and Human Services**, issued for the fourth consecutive year its "Software Specifications and Edits for Annual Wage Reporting" (Forms W-2 and W-3) that are designed to improve the accuracy of employer reports and guide payroll processors and software firms on proper reporting. It and a publication "Software Specifications and Edits for Correcting Annual Wage Reports" (i.e., Forms W-2c and W-3c) help ensure 260 million workers receive full credit each year for their wages and Social Security taxes paid. The 1993 version (for W-2s and W-3s) includes examples of reporting to help the public comply with the guidelines and understand how wage and tax data that is reported to SSA should coincide with similar data reported to the IRS on quarterly tax returns (Form 941). The guidelines assist the public to properly report employee wages to SSA, reduce SSA resource expenditures to process annual wage reports, and improve the timeliness and accuracy of wage posting to the SSA system of records. The specifications and edits help reduce the number of electronic tasks needed to post wages to individual earnings records and the workloads of SSA and IRS in reconciling wages. As a result, benefit computations and other programmatic operations that use earnings data are enhanced. The 1993 specifications and edits, distributed nationwide,

were well received by employers, software developers, and payroll processors; SSA plans to update the guidance for tax year 1994. [Lois Shepperd, (410) 965-8529]

The **Department of Veterans Affairs** initiated several projects to improve the process of consolidating its financial reporting data by replacing its Nationwide Trial Balance System, a batch processing system, with on-line capability of its new Financial Management System (FMS) that is being implemented. The short-term objective is to provide a simple and effective tool through which the staff accountants can produce monthly and annual CFO Financial reports more quickly, uniformly, and accurately. The new process replaces a largely manual report production effort. A long-term effort that involves the FMS is intended to produce these monthly and annual reports automatically. [Jack Gartner, (202) 273-5528]

MANAGEMENT CONTROLS

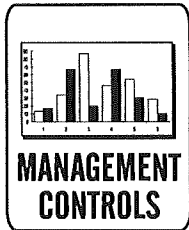
The Office of Inspector General, **Agency for International Development**, committed to providing continuous technical advice and support toward implementing the agency's Information System Plan. This up-front commitment enables the OIG to provide technical input in the audit areas of risk assessment and internal control evaluation

and to actively participate in work sessions on determining the scope of each development effort. This approach enables the OIG to have input at the front-end of the process, rather than through recommendations after development and implementation. [Philip Heneghan, (703) 875-5498]

The Office of Inspector General, **Agency for International Development**, has begun auditing the integrity of historical data applicable to ongoing programs and projects for input to a new corporate database for decisionmaking. The audits will help determine the accuracy of the data and the sources of inaccurate data. The audits will be conducted of 41 overseas accounting stations over three years. [Philip Heneghan, (703) 875-5498]

The Office of Inspector General, **Agency for International Development**, undertook initiatives in several overseas offices to enhance financial audits of the agency's projects and programs. The Kenya office provided audit training to about 1,100 participants—AID missions, recipient organizations, and private auditing firms—in 16 African countries. It has produced a substantial increase in audit coverage of AID grants and improved accountability over funds.

The Costa Rica office published a Financial Audit Manual, in English and Spanish, to promote better



understanding of the policies and procedures of the Financial Audit Program by AID personnel in Latin America and the Caribbean. The Costa Rica office also developed a model audit agreement for use by AID missions in negotiating audit agreements with host government supreme audit institutions. The agreements establish the terms by which audits of AID grants are performed; it is hoped involvement by supreme audit organizations will strengthen host countries' capabilities of accounting for AID funds.

The Singapore office convened a conference for supreme audit institution representatives from eight Asian countries to explain the Single Audit concept, discuss professional audit standards and IG audit guidance, and open a dialogue on problems in meeting the AID audit requirements. It is hoped the conference will lead toward establishing a more effective audit process and improved accountability over AID funds in the Asian region. [Lou Mundy, (703) 875-4358]

The Office of Inspector General, **Agency for International Development**, has changed the focus of audits by public accounting firms and the Defense Contract Audit Agency to auditing whether costs incurred were reasonable, allowable, and allocable. The audit approach will be directed toward potential problem areas based on the experience and risk indicators

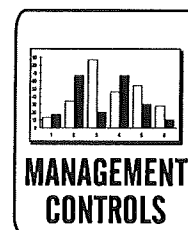
identified from OIG research and input from AID managers. Benefits anticipated are identifying more unallowable and unallocable costs for recovery. To improve compliance by AID grantees with OMB Circular A-133 on allowable and allocable costs to be charged to AID grants, the OIG took several actions including providing additional guidance to AID recipients on reporting on such areas as subrecipient audits and indirect costs and soliciting input from AID grant managers and recipients on areas warranting increased audit coverage. [B. R. Howard, (703) 875-4171]

The Office of Inspector General, **Agency for International Development**, evaluated financial statements audits of four AID entities for fiscal year 1992 and found an inordinate amount of audit effort expended on accounts and transactions of limited dollar value (e.g., depreciation of furniture); inefficiently designed tests; and excessive field testing. The audits for fiscal year 1993 financial statements are redirected to concentrate on areas of greatest audit risk and reduce overtesting in low risk areas. Benefits expected are audit costs reduced two-thirds or \$500,000 and improved audit coverage. [B. R. Howard, (703) 875-4171]

The Foreign Agricultural Service (FAS), **Department of Agriculture**, developed one automated tracking system and is

in the process of developing another system to support its reviews on compliance. A system for the General Sales Management Program, funded by the Commodity Credit Corporation, was implemented in 1993, and the system for the Market Promotion Plan Program is under development. Benefits of the tracking systems are primarily to improve managerial control and reporting by providing status of resolved, partially resolved, and outstanding issues related to compliance. The database provides status on findings of noncompliance by type, program participants, and the dollar value of refunds resulting from the reviews. [Hal Wynne, (202) 720-7457]

The Office of Inspector General, **Department of Agriculture**, has begun emphasizing a solution-based audit approach by working with management to identify solutions to problems areas. The OIG participated as a member of Agriculture's coordinating committee in providing technical assistance, improving financial reporting, and implementing requirements of the CFO Act. In addition, the OIG is actively monitoring three major automated data processing initiatives of the department by reviewing decisions and products as they are developed and providing both formal and informal comments and technical assistance on an ongoing basis. [Robert W. Young, (202) 720-8235]



The **Air Force Audit Agency** has begun use of an automated tool, called CA-EXAMINE, in evaluating the susceptibility of financial systems to unauthorized access. CA-EXAMINE searches the Multiple Virtual Storage operating system (used on IBM mainframe computers) for weak points, allowing the auditors to concentrate resources more quickly to potential problem areas. Preliminary results from its use are encouraging for producing a more efficient, effective audit at less cost. [Mike Bristow, (513) 257-5381]

The **Department of the Army** conducted an assessment of its management control process that included reviewing audit and inspection reports, GAO's review of the department's financial management operations and controls, IG reviews of management control processes of major commands, and a private accounting firm review. As a result, the Army is restructuring its management control process to improve the process. The changes will occur during fiscal year 1994, with implementation scheduled for the beginning of fiscal year 1995.

The restructure is designed to identify basic requirements of the FMFIA and OMB Circular A-123; empower commanders and managers by giving them more flexibility in implementing and evaluating their management control processes; promote efforts to embed management control

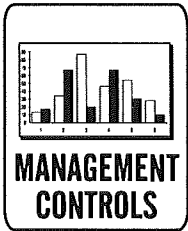
evaluations into existing management reviews; and strengthen accountability by eliminating administrative barriers and providing commanders and managers with a clear statement of their management control objectives. To accomplish these objectives, the restructure will emphasize evaluation of key management controls, provide commanders and managers with options for evaluating these key management controls (i.e., either checklists or alternative functional management processes or reviews), raise the level of accountability for certifying management control evaluations to Colonel/GM-15, and promote use of functional management reviews to evaluate controls. [William Harris, (703) 697-1812]

The **Army Audit Agency** is developing a Property Accountability Expert System to assist auditors in the audit of property. The system categorizes accountability into 14 functional areas, such as requisitions, receipts, inventories, and reconciliations; it also poses questions for determining whether internal controls are operating for each area. The system will cite the regulation (paragraph and brief synopsis) for a control that is not operating and explain the control to enable users to understand the importance of it. Benefits include reduced audit time and enhanced audit work leading to identifying excess property, untimely posting,

etc. After distribution within the Army in fiscal year 1994, plans call for the system to be distributed throughout DOD. The system may be adaptable for federal civilian agencies, with modification of the internal control requirements to fit their specific situations for property. [Don Mullinax, (703) 756-2979]

The **Army Audit Agency** updated its Statistical Sampling Software System to enhance sampling techniques such as cluster sampling, ratio estimation sampling, post-stratification sampling, dollar unit sampling, and random selection methodology and to include the regulation governing the use of statistical sampling. The software provides the computational requirements for most statistical sampling plans used in the audit environment. Completion is scheduled for early 1994. [Clifton Horton, (703) 756-2929]

The Office of Inspector General, **Department of Defense**, chairs an Education and Training Working Group comprised of training managers from the DOD, Army, Navy, and Air Force OIGs that is to develop nontechnical managerial training courses for their managers. This will provide a single source for developing such courses and use of a common approach for managing auditors. Courses planned include teamwork, motivation, conflict management and negotiation, and



coaching and counseling. Plans are to offer the course about six times annually. [John Gampel, (703) 693-0007]

The Office of Inspector General, **Department of Defense**, identified from its oversight reviews the need to improve training for its contract auditors related to identifying potential signs of fraud. In March 1993, the OIG issued a "Handbook on Fraud Indicators for Contract Auditors" to all contract auditors. It is designed to increase the auditors' awareness of the indicators of potential fraud. The Handbook contains actual scenarios of fraud, compiles the indicators of fraud related to common fraudulent schemes and other situations, and recommends when auditors ought to make referrals for investigation of potential fraudulent situations. [Wayne C. Berry, (703) 693-0013]

The Office of Inspector General, **Department of Education**, issued a staff memorandum that sets forth policy and procedures for implementing its new Report Quality Evaluation System. The system is designed to measure and improve continuously the quality of final audit reports and management improvement reports. A Report Quality Evaluation Form and a Product Quality Survey are to be completed for each report. The evaluation form is to be completed by three auditors assigned to review all reports for a one year period, and the survey is

to be completed by agency action officials at the time the report is issued. Feedback is provided to the region issuing the report. [Tom Carter, (202) 205-9327]

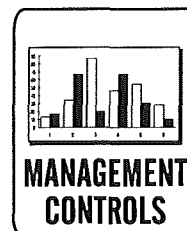
The **Department of Education** improved the timing of status reports on corrective reports, procedures for documentation review, and the uniformity of corrective action reporting formats. These improvements will greatly reduce the workload and reporting burden wherever feasible, streamline processes, and eliminate duplication in reporting requirements. [Charles Miller, (202) 401-1773]

The **Department of Education** formed a committee to address post audit issues resulting from the passage of the Higher Education Act 1992 Reauthorization as well as other audit resolution workload. The Act places new audit requirement on lending, servicing, and school entities. Education's post audit workload is expected to more than double by fiscal year 1995 and reach an annual level of 16,000 audits. The committee developed a strategic plan to determine the best use of audits to Education and its programs, match resolution resources to expected benefits, and reinvent its post audit process. The committee has also committed to implement the post audit strategic plan. [Charles Coleman, (202) 401-0207]

The **Department of Education** established a method for classifying the significance, according to materiality, of findings disclosed in audit reports prepared under the requirements set forth in OMB Circulars A-128 and A-133. Under the policy, resources for resolution actions are more effectively allocated. [Charles Miller, (202) 401-1773]

The Office of Inspector General, **Department of Energy**, published release 3.0 of its automated audit manual and implemented procedures to make updating easier. Each auditor received a 3.5" floppy diskette, which contains the complete 629 page audit manual (also available in hard copy). The OIG credits use of this audit manual with the finding of no material weaknesses in its operations during a peer review of its operations by another OIG. The manual is cross-indexed to PCIE's audit guide for these external peer reviews. Copies of the audit manual are available to the OIG community. [George Collard, (202) 586-2016]

The Office of Inspector General, **Department of Energy**, is implementing its New Cooperative Audit Strategy by pilot testing it at 15 contractors in 1993, with plans to expand it to all 52 management and operating contractors next year. The new approach was developed by a quality team comprised of the OIG, a broad cross-section of headquarters and



regional officials, and contractor internal audit personnel. The objective is to improve audit coverage of the department's major facilities and eliminate duplicative audit effort. The new strategy emphasizes risk assessments as the basis for planning assignments, replacing a 5-year audit cycle approach. It makes greater use of work by internal audit staff of the department's major contractors. The completed pilot testing has been judged successful. [Gregory H. Friedman, (202) 586-1951]

The Office of Inspector General, **Department of Energy**, began a training program on written communication and has integrated it with decisions on advancement. It teaches that auditors' writing is based on analysis and deductive presentation. Each course is taught by a writing expert and an auditor from the field or from headquarters. This instruction is integrated with practicing writing in the workplace. The training is introduced gradually from the entry-level to GM-15.

An auditor's advancement to GS-12 is linked to written competence determined from a formal assessment of writing samples. Based on evaluations of these samples by senior auditors, a certificate of achievement is awarded to successful auditors. The certificate is necessary for, but does not guarantee, promotion to GS-12. In addition to helping auditors become better writers, it

also provides the reviewers of the writing samples with experience in reviewing written materials and in providing constructive criticism. Assistance and additional opportunities are available to unsuccessful candidates.

The training has resulted in reports requiring fewer revisions and time-consuming rewrites. Other audit organizations interested in the program have received formal briefings. [John Lucas, (202) 586-1947]

The **General Services Administration** began the process to award a contract for a range of professional financial management support services using a task order approach. The services being considered are completing financial systems and management reviews, and performing various accounting and auditing services. The contract may also be used to help in transitioning during this period of hiring freezes and downsizing. The contract will be for five years. [Robert Suda, (202) 501-2265]

The Office of Inspector General, **General Services Administration**, arranged for on-site training of its entire headquarters and regional offices audit staff by the Department of Agriculture's Graduate School. The Graduate School offered a 4-day course on Assessing Internal Controls in Performance Audits and had a 3-day course underway at the end of 1993 on Conducting

Performance Audits. The courses are taught to auditors at all levels to broaden the overall capabilities and enhance skills in controls and risk assessment and program evaluation techniques. [Rhudy J. Tennant, (202) 501-0368]

The Social Security Administration, **Department of Health and Human Services**, will improve fraud monitoring and reporting within the Agency. The effort involves revising current SSA procedures, developing a National Fraud Monitoring and Reporting System (NFMRS), improving procedures for reporting client/representative and employee fraud cases, and reinforcing current SSA and OIG liaison activity. The SSA expects to enhance the ability to accurately track and analyze incidents of fraud and abuse, improve baseline data, and develop additional safeguards to complement current audit and integrity review programs. A NFMRS pilot was completed and the system was implemented nationwide in October 1993. Regional security officers and Integrity Sections and Branches now transmit records from NFMRS, replacing hard-copy reports. Reporting procedures on fraud were revised to expand the role of regional security officers in reporting, tracking, and reporting incidents of potential fraud and abuse. [Art Mayhle, (410) 965-2765]



The **Department of Housing and Urban Development** will redesign its existing management control structure to better address risks. HUD will better integrate the management control program with the program delivery and budget formulation and execution processes. The CFO will work with program management to ensure front-end management controls are considered on new or substantially revised programs and corrective actions on known material control weaknesses are taken. Implementation of the revised program departmentwide is projected for 1994. [Owen Jones, (202) 708-0638]

The Office of Inspector General, **Nuclear Regulatory Commission**, initiated a process known as issue area monitoring to strengthen its planning process and oversight of agency operations. Issue area monitors, generally senior auditors (GS-14) and team leaders (GS-15), are responsible for knowing the organizations and functions associated with their issue areas through establishing agency points of contact, reviewing applicable agency and industry publications and regulatory documents, and briefing OIG personnel on activities. All areas receive equal consideration during the audit planning process, response to Commissioner's and congressional inquiries is better provided, and OIG rapport with agency management is strengthened. [Gary S. Janosko, (301) 492-4057]

The Office of Inspector General, **Office of Personnel Management**, is implementing a commercial PC-based program for reviewing claims data which is maintained by various insurance carriers of the Federal Employees' Health Benefit Program. The program provides the capability to review large numbers of outpatient claims from a medical perspective. The program is intended to enable auditors to make an overall assessment of the accuracy of each insurance carrier's adjudication process as well as of particular diagnoses and medical procedure analyses, and to identify inappropriate physician billing practices and unnecessary medical practices.

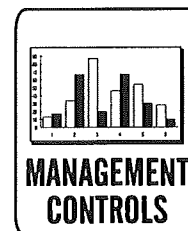
This office also developed and implemented a PC-based program, *Audit Support Program (AUSUM)*, for use in auditing the Federal Employees' Health Benefits Program. Benefits are improved analysis of claims data, more efficient use of audit time, improved selection of areas for detailed analysis, and less reliance on others, such as mainframe operations for the data. The program provides user friendly dBase routines such as creation, editing, sorting, and reporting facilities; look up tables; and the capability to develop systematic random samples. [Harvey D. Thorp, (202) 606-1200]

The Office of Inspector General, **Resolution Trust Corporation**,

has begun to analyze electronically stored data. It uses computer assisted auditing techniques that allow large volumes of data to be sorted, merged and processed with simple commands; its reporting capabilities reduce workpaper documentation, permit the analysis of a large part of the audit's universe, and strengthen the evidence underlying the findings and recommendations. [Leo Gallagher, (703) 908-7875 or Michael Silagyi, (703) 908-7874]

The Office of Inspector General, **Resolution Trust Corporation**, implemented a multi-step process to retrieve data from different sources on legal fees paid to law firms. Using a variety of commercial software packages, the OIG uses Statistical Analysis Software to retrieve data from the Federal Deposit Insurance Corporation's Accounts Payable system and RTC's Journal Entry and Accounts Payable systems. Structured Query Language software is used to extract data from RTC's Legal Information System. FOCUS software is used to split out payments to individual firm, and merge and match the various extract files to create an output file using Lotus 1-2-3 or PARADOX. [Michael Silagyi, (703) 908-7874]

The **Resolution Trust Corporation** implemented a Management Reporting System that tracks audit and review findings and recommendations and



generates management reports to ensure effective oversight. In addition, new audit follow-up procedures were implemented and training was provided to over 1,000 managers and senior personnel agencywide on internal controls and audit follow-up. [Douglas Stinchcum, (202) 416-4391]

The **Small Business Administration** completed reviews under a contract awarded the prior year for Computerized Internal Control Reviews, lender reviews, and Minority Small Business and Capitol Ownership Development program reviews. The Office of the CFO follows up on internal control deficiencies to ensure weaknesses are corrected, performs lender reviews to augment reviews performed by the field, and provides counseling assistance. Another contract was awarded in 1993 to determine due diligence, provide a portfolio valuation of its 7(a) loan program, and provide information based on industry, geographic location, local economy, and other factors. [Gregory Walter, (202) 205-6449]

The **Smithsonian Institution** developed a Principal Investigator's Guide that combines and summarizes sponsored project policies and procedures and provides a comprehensive summary of administrative and financial management information. The Guide answers commonly asked

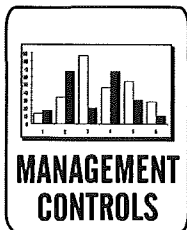
questions on the management of grants and contracts. [Ardelle G. Foss, (202) 287-3796]

The **Tennessee Valley Authority** implemented a Business Alignment process within its Business System that connects every person, team, and organization to the strategic plan. It is intended to be a tool to enable every employee to identify his or her role in meeting the agency's mission and is viewed as critical in efforts to improve quality and institute new business processes. It links the strategic plan, the business plan and its implementation, and business reporting.

Implemented at the start of fiscal year 1994, the Business Alignment process focuses business activities to achieve customer satisfaction, aligns improvement activities at all levels of the organization, communicates goals and targets, establishes priorities, develops improvement plans based on performance, links resource requirements, and enables reviews to ensure followup and corrective action. The approach is expected to aid significantly in the budget cycle by providing strategic and financial guidance and enabling of the formulation and reviews of the budget. The automated business planning process is linked to the new financial reporting system and allows for tracking and comparing performance indicators against targets. [Robert Johnson, (615) 632-3258]

The Office of Inspector General, **Department of Transportation**, finalized a document "What to Expect During a Financial Statement Audit" which provides guidance to management and auditors on data, documents, and records required for the audit and establishes a common frame of reference at the entrance conference. The OIG discontinued its practice of preparing a report summary for each contract audit report; instead it issues a biweekly notification to the department's procurement offices of contract audit reports completed and the management actions required on the audit findings and recommendations. The staff assigned to financial audits have received formal financial audit training by in-house classes of a national CPA examination review program. A total of 45 staff members participated; 11 have passed the exam. The course has been opened to other OIGs' staffs. In addition, the Tennessee State Controller's Office of Audit presented a 2-day course on forensic auditing/auditing for fraud. [Mario A. Lauro, Jr. (202) 366-6767]

The Office of Inspector General, **Department of the Treasury**, initiated several improvements and refinements to its planning process to strengthen coordination upfront and the interaction with the department and the bureaus on financial statement audits. Beginning with



the fiscal year 1994 annual audit plan issued in September 1993, the OIG will discuss with department officials and bureau management the proposed timing and objectives of the audits to obtain their support for audit proposals, minimize disruption to operations, and make efficient use of available resources. The OIG also initiated a process to maximize the value of the financial audits that have cross-cutting implications. The results of an audit of the department's total seized and forfeited property inventory, for example, will be used for an audit of the department forfeiture fund and two bureau audits, and the results will be provided to seven bureaus for improving management of seized property. The approach was used in a more expansive way in the audit of the department's working capital fund. The OIG plans to incorporate excerpts from its long range strategic issue plan into its annual plan to demonstrate how the individual audits address major issues of the department. [Jay Weinstein, (202) 927-5400]

The Office of Inspector General, **Department of Veterans Affairs**, established a financial audit unit in headquarters that is committed full time along with selected field staff to perform financial audits. The financial audits are completed more timely because the staff perform interim work and gain expertise in the systems and the financial audit process. Next, the OIG plans to do more

auditing through centralized computer analysis and nationwide sampling to test transactions. Benefits expected include reduced travel and personnel costs for evaluating the financial records and controls in areas such as loan guaranty program accounting; property and equipment capitalization and depreciation transactions, accounts receivable valuation and collection practices, and payment processing controls. [John Johnson, (202) 233-3881]

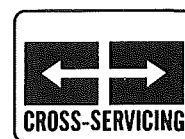
The Office of Inspector General, **Department of Veterans Affairs**, developed an audit guide to use in reviewing key actions and events in the development and award of VA contracts. The guide focuses on essential areas of the contracting process, such as documentation of key actions and decisions for conforming with laws, rules, and regulations. The guide has helped the OIG to identify nonconformances with certified cost and pricing requirements, questionable noncompetitive procurement actions, and other deficiencies. The guide was used in training personnel involved in local procurement and has been made available to other non-OIG personnel for use in conducting site reviews at VA facilities. [Stephen L. Gaskell, (202) 233-8197]

The **Department of Veterans Affairs** published "ADP Systems Integrity Guidelines" as an aid to Systems Integrity Service auditors in performing the independent

verification and validation of financial applications software. Published by VA's Office of Financial and ADP Systems Integrity, the guidelines describe requirements and activities that are based on the systems development life cycle prescribed by the "Model Framework for Management Control Over Automated Information Systems." They are applicable to all financial systems processed at the Austin Automation Center and any systems which interface with those financial systems.

The Department also drafted a "Handbook for ADP Financial and Interfacing Systems Integrity" as a guide for project managers of financial and interfacing systems. The handbook describes detailed procedures, requirements, responsibilities, and deliverables associated with the independent verification and validation of financial systems. The draft is being reviewed for concurrence by the Office of Financial Management. [Kenneth L. Otte, (512) 326-6456]

The **Department of Veterans Affairs** is implementing an internal control and security review process of financial management application software to provide the CFO with a documented basis for the summary report on internal accounting and administrative control systems which is submitted to the President and the Congress. During 1993,



VA's Financial Integrity and Assistance Service worked with software developers and program managers to document the internal controls incorporated into new software and major modifications to existing software. The internal control documentation is intended to support management's financial statement assertions that information is presented fairly and represents the results of government operations as mandated by the CFO Act of 1990. In addition, a review guide was developed to provide for an independent review of the internal control documentation and a directive titled "Management Control Over Automated Financial Information Systems" was developed to establish policy for this function. [Linda H. Cole, (512) 326-6937]

CROSS SERVICING

The National Finance Center, Department of Agriculture, implemented the Payroll/Personnel System for the U.S. Department of Justice in April 1993. At year-end, NFC was maintaining the payroll biweekly for about 450,000 federal employees.

Cross-servicing by the NFC is estimated to have resulted in substantial savings. [Conrad Newsom, (504) 255-5200]

PROFESSIONAL DEVELOPMENT

The Farmers Home Administration, Department of Agriculture, is developing an Accountant Professional Development Program (APDP) to develop the accountants' professional knowledge and skills. Position descriptions and individual development plans will cite the need to meet continuing professional education (CPE) requirements; initially, the requirement is to be 80 CPE units every two years. A CPE Advisory Board will be formed to provide oversight of the APDP, assess annual training needs for the accountants and determine how to meet them, establish a management intern/development program for accountants, and expand training programs to assist accountants in pursuing undergraduate and graduate college level courses in related fields of computer science, general business, or public administration. Plans are to implement the APDP for all finance office accountants in fiscal year 1995. [Clarence Squellati, (314) 539-2360]

The Department of Education is establishing a departmentwide financial management training program. A three-tiered approach is to be used. Level I, designed for headquarters, is to convey the commitment of top management to improving financial

management; clarify the reasons why good financial management stewardship is required; show how stewardship is exercised in various jobs; and demonstrate how financial management, performance measurement, and other initiatives interact. Level II is to consist of five half-day sessions for a broad audience of managers, supervisors, and employees to focus on the key financial management responsibilities inherent in the department's basic processes and emphasize the importance of each employee's role in improving financial management. Level III, which continues ongoing training activities, focuses on a wide range of programs covering financial management skills, tools, technologies, and responsibilities from which managers and employees can build skills and career development plans. It is intended to help managers develop a staff knowledgeable about a variety of processes, clear about their role (and the roles of others) in ensuring financial integrity, and better able to handle their current and future financial management responsibilities. The new Level I training is projected for 1994 and Level II sessions are scheduled to begin in January 1995 and include Budget, Financial Accounting, Program Accountability, Administrative Program Management, and Grants and Contract Management. [Hazel Fiers, (202) 205-3512]



The **Department of Education** initiated an effort by its Office of Postsecondary Education related to improving fiscal service to the 7,500 postsecondary schools participating in the Federal Pell Grant and the Federal Campus-Based student financial assistance programs whose eligible students receive \$12 billion in financial assistance. Ten workshops and seminars were sponsored to promote awareness of high quality service using such means as customer service videos. The training showed how to integrate quality customer service into daily operations and led to improvements in financial systems, procedures, and communications. Other changes and improvements resulted in more readable customer-oriented letters of instruction to school administrators; improved voice mail services; establishment of a multi-organizational team to identify changes in work processes and to review all fiscal publications; monthly meetings with the secretaries to discuss customer service concerns; a Customer Service Advocacy team comprised of first level supervisors to focus on customers' service issues; an employee recognition program to acknowledge outstanding service; and acquisition of an interactive voice processing system to provide 24-hour customer service. The customer outreach program will be expanded by scheduling another series of seminars and workshops

for 1994. [Mollie Hockman, (202) 708-6234 or Effie Ayers, (202) 708-8086]

The **Department of Energy** enhanced its Financial Management Development Program by including curricula for accounting technicians and adding secretarial development content. The initial program included curricula for accountants, budget analysts, and financial managers. The program uses on-the-job experiences, rotational assignments, classroom and self-study courses and individual development plans. In October 1993, 113 employees received a certificate upon completing the core requirements of the program for their level and occupation. The Office of the CFO is developing an 80-hour classroom course, Introduction to Financial Management at DOE, and plans to pilot the course in mid-1994. Self study courses on Pricing and Reimbursable Work were published in 1993 and two self study courses on Capitalization and Budget Formulation are scheduled for publication in the Spring of 1994. [James Maroldo, (301) 903-4466 or Ann Commeree, (301) 903-0342]

The **Environmental Protection Agency** developed a users manual for use by recipients of EPA payments under the 125 International Assistance Agreements, valued at \$21.1 million, that EPA manages in 39 countries. The manual provides

detailed step-by-step and block-by-block instructions to the international recipients for completing payment request documents and other documents. Efforts are underway to translate the manual into foreign languages. [Alan B. Lewis, (702) 798-2485]

The **General Services Administration** drafted a Financial Management Career Planning Roadmap document to provide guidance on the skills and experiences needed to aspire to high level financial positions. The Roadmap, drafted by the Financial Management Career Board, is for SES and GM-15 positions and is intended to provide future executives with a broad range of experiences across various functional areas, various levels within different organizations, and field, regional and headquarters assignments. [Carole Hutchinson, (202) 501-0325]

The **General Services Administration** revised its Certification Training Plan for Financial Management Analyst (GS-501) within its Occupational Certification Program. Certification Plans have been developed for Accountant (GS-510) and Budget Analyst (GS-560). The Certification Program is a career development program covering 42 occupations. It establishes the competencies needed from entry level up to the full performance level and the training and development activities



at each level. Of about 400 employees in the Office of the Chief Financial Officer, 30 percent are presently enrolled in the program and a dozen have been certified. GSA also is considering programs to encourage employees to seek additional training and certifications, to increase the number of certified professional accountants and other certified professionals, and to design a career development plan. [Carole Hutchinson, (202) 501-0325]

The Federal Prison Industries, **Department of Justice**, developed a training course of 40 hours for its financial managers and accountants that covers cash management, inventory and property management, budgeting, and cost accounting. Training was completed in the summer of 1993. Other classes are being developed for 1994 that include Cost Management for all managers, a training session for accountants, and another session for all financial managers. [Ed Smith, (202) 508-8425]

The **Nuclear Regulatory Commission** developed a funds control handbook for its financial managers, a financial management training program, a set of Principles of Good Financial Management, and a budget execution report.

The funds control handbook specifies policies and procedures for maintaining proper control of funds during budget execution; defines the roles and responsibilities

of allottees, allotment financial managers, and funds certifying officials and supplies guidance for carrying out their duties; and provides an overview of the federal laws and policies related to proper funds control. Topics include legal requirements, appropriations and apportionments, NRC's allotment process, reprogramming procedures, commitment and obligation of funds, reimbursable work, de-obligations, and carryover of unobligated balances. [Joel Dorfman or Debi Mahdi, (301) 492-7108]

A financial management training program for allotment financial managers and funds certifying officials consists of two courses: Financial Management Seminar and Administrative Control of Funds. The seminar course includes the fundamentals of appropriations law, federal and NRC budget processes, funds control, accounting, and internal controls. The funds control handbook is used as the text for the course on administrative control of funds. [Charlotte Turner, (301) 492-7231]

NRC's Principles of Good Financial Management statement was developed as part of its effort to promote high quality financial management. The NRC now is developing performance measures to use in measuring the progress toward implementing those Principles. [John Evans, (301) 492-9812]

A budget execution report was developed for NRC to convey summary information on financial resources to the CFO (monthly) and the NRC Commission members (quarterly). The report uses graphics, tables, and text to maximize the usefulness of the information reported. [Edward New, (301) 492-7230]

The **Department of the Treasury** is establishing a Departmentwide Financial Managers Honors Program in recognition of the need for a comprehensive employee development program that promotes the broad-based knowledge leading to excellence in financial management. The program will ensure quality and consistency in the selection of employees for development and the design and delivery of training. During the first year of operation, the program will include those individuals whose next career progression is to senior, managerial, or executive positions. A decision will then be made regarding the program's use for other levels. The program, chaired by the Deputy CFO, has a Board of Directors (CFOs or their equivalent from each of the bureaus) and a Program Coordinator who are jointly responsible for the specific design and implementation of the program. [Joel C. Taub, (202) 622-0030]

The Bureau of Public Debt, **Department of the Treasury**, established a professional



development program for its Parkersburg, West Virginia, location to which most of its Washington DC, operations are being relocated. Designed to attract, develop, and retain high quality financial management personnel, the program's core training curricula is in financial management. It develops accounting technicians, accountants, budget assistants, and budget analysts. Several accounting technicians have earned 24 hours in accounting and qualified to compete for accounting positions. Other employees have obtained advanced degrees or passed their examinations for certified public accountants certificates. The program includes an Outstanding Scholar Program with recruiting from participating colleges and universities; this has shown to be a good source for recruiting budget analysts. [Steve Longacre, (304) 480-6793]

The Department of Veterans Affairs is in the process of completing a multi-year effort to provide financial policy manuals and manual updates to field station personnel in an electronic format. During fiscal year 1993, a significant number of paper financial policy and procedures manuals were converted to an automated format. The fiscal manuals, scheduled for completion in fiscal year 1994, will provide VA personnel with the most current version online, facilitate use of the manuals through computer

searches for key subjects or words, and accomplish changes and distribution at less cost and more quickly. Once new issuances have been reviewed online and approved, the draft versions will be moved to the library on manuals to eliminate paper. Plans are to automate the issuance of interim guidance and draft policy and procedures for comments and concurrences. [Patti Costello, (202) 233-6075]

The VA published guidelines for both the Fiscal Officer and Chief Financial Officer designations in Veterans Health Administration medical facilities. These guidelines, while not intended to substantially alter the medical facility organizational structure, facilitate the CFO's plan to improve the quality and integrity of financial management in VHA medical centers. [Susan Spurling, (202) 233-4452]

The Department of Veterans Affairs created a compendium of training courses to assist financial managers in the field to identify and select appropriate courses (and providers). It identifies courses, sources and organizations and it lists courses under specific functions of a Medical Center Fiscal Officer's job so that persons seeking to improve their skills can easily find applicable courses and the providers. The VA conducted a nationwide survey during fiscal year 1993 to assess the training and development needs of financial

management staffs in its Veterans Health Administration; as a result of the survey, initiatives have been developed to meet present shortages of training opportunities.

The VA enhanced two training programs in 1993: Accountant Interns and Cooperative Education Program for Accountants. A guide for the Accountant Interns program was revised to provide VA field stations with information on participating in the program. The program, which currently included 19 interns, has attracted and retained high quality college graduates and includes VA employees with institutional knowledge. The Cooperative Education Program is a partnership with colleges around a medical facility; it feeds into the Accountant Interns Program (students enter the cooperative program in their junior year receive college credits for working at the medical facility for two years and are eligible for non-competitive selection upon completing the program). VA also developed a Training Guide for Cooperative Education Students in Accounting. [Susan Spurling, (202) 233-4452]

TOTAL QUALITY MANAGEMENT

The Department of Education is implementing an Account Executive Program. As the primary liaison between principal offices and the department's Accounting and Financial Management



Service, the Account Executives are to maintain a thorough understanding of products and services available to support the principal offices in fulfilling responsibilities for financial management and accountability, provide support to principal offices in their roles as consultant, advocate, and facilitator, facilitate the delivery of technical support services to principal offices, and if necessary organize a team of various skills to meet the need of a customer. [Philip Maestri, (202) 205-3511]

The **Department of Energy** established a Total Quality Management initiative within the Office of Chief Financial Officer. Seminars were held that included presentations on quality management principles and the CFO strategic plan for financial management. A quality coordinator and five customer focus advocates were appointed and work groups have developed opportunities for improvement. A strategic plan on financial management for the department is being developed that covers five strategic areas: customer oriented, human resources, stewardship of financial resources, full partnership, and technology information architecture. As part of the ongoing planning, the Office of the CFO surveyed its customers to evaluate the quality of its service, and it received 58 suggestions for improvements.

Quality teams have been formed to improve the following CFO related processes: headquarters travel voucher reimbursement, department's management control program, correspondence, and procedures for preparing the Report on Budget Execution and Year-End Closing Statement. The travel voucher recommendations reduced the time in preparing and processing a voucher from 35 days to three days and led to a pilot project for testing use of Travel Manager software and third party drafts. Benefits from Total Quality Management include increased productivity, lower costs, higher customer satisfaction, and improved employee morale. [Mary Rosicky, (202) 586-4860]

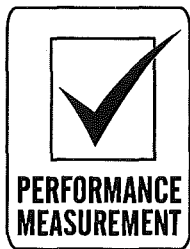
The **Environmental Protection Agency** implemented an automated Customer Assistance Tracking System to collect information on the services provided by the financial management division to other agency offices. The system provides automated reports that identify areas such as payroll, travel processing, vendor payments, etc. which are the subject of inquiries from within the agency. The system is expected to improve the process for identifying more expeditiously areas in financial management for improvement. [Debra A. Bennett, (202) 260-5100]

The Office of Inspector General, **General Services Administration**, established an Office of Quality Management to promote the Total Quality Process within all

components of the OIG and coordinate quality improvement initiatives with other federal entities. The approach includes training and team-based problem solving. Teams have been established to identify ways to make reports more timely, become more customer oriented, and focus on employee performance and recognition, communication practices, and review procedures for contracted audits. Results to date are improved quality and timeliness of contract audit reports and downsized workpapers. [Rhudy J. Tennant, (202) 501-0586]

The **Library of Congress** implemented procedures to control and monitor vendor delivery orders issued by federal libraries and information centers for financing and procuring information services under the Library's Federal Library Information Network (FEDLINK) program. The procedures implemented relate to tracking and resolving problem delivery orders rejected by the Library and performing quality assurance reviews of delivery order upon receipt. The procedures eliminated the backlog of 300 rejected delivery orders, reduced the monthly rejection rate from 150 to less than 10, and improved the timeliness in posting the funds to member accounts for obligation. [Joseph S. Banks, (202) 707-4950]

The **Department of Veterans Affairs'** TQM program during fiscal year 1993 continued



leadership and support by senior managers who serve as champions for individual Quality Action Teams. The VA chartered 34 Quality Action Teams to improve the quality of services related to mission and goals of the Office of Financial Management (OFM). The teams completed regular Quality Action Team reports covering problems, accomplishments, and results. Some results derived from team facilitators, leaders, and members having crossed organizational lines to model open communication and provide the internal customer perspective. TQM Coordinators and Team Facilitators met regularly to share success stories, brainstorm new approaches, and learn from each other. Just-in-time training was provided as needed for TQM Awareness, Team Leader/Member Skills, Team Facilitator Skills, and the Pursuit of Excellence. [Rene Fecteau, (202) 273-5514]

PERFORMANCE MEASUREMENT

The Farmers Home Administration, **Department of Agriculture**, participated in a task force with the General Accounting Office to develop performance measures for managing the FmHA Single Family Housing Program. A guide was developed for managers to use in developing performance indicators and measures. A sound performance measurement system will provide useful information for strategic planning, early warning

system, program marketing, budgeting, customer focus, program improvement, and program accountability. The program will help FmHA to meet the requirements of the Government Performance and Results Act. [Dan Wanamaker, (202) 690-0501]

The **Department of the Air Force** significantly revised its semiannual status report on trends in the corporate financial performance of the department's Morale, Welfare, and Recreation (MWR) operations. The report provides the MWR Advisory Board and its Finance and Audit Committee with a detailed assessment of the corporate financial health of the Air Force's appropriated and nonappropriated MWR activities. The report uses basic financial measures such as net income (adjusted for inflation) and inventory turnover rates to track trends in performance. The report is expected to help identify areas of MWR operations where additional management initiatives will improve revenues or reduce costs. Plans for 1994 include adding Air Force lodging operations to the report and expand analysis of factors underlying the financial trends. The Air Force believes such performance measures can be applied to other government operations involving nonappropriated fund services or resale operations. [George Crew, (703) 697-1152]

The **Department of Health and Human Services'** Financial Statements now contain more performance measures linked to primary missions, Secretarial themes, and program operating goals and objectives. The Social Security Administration is the leading HHS organization in relating performance measures to long term goals. Its strategic plan contains service delivery and operating objectives and reports on a large set of performance measures. Overall, these measures reflect generally positive results in health areas and increased quality and customer satisfaction in operations at reduced costs. SSA reports on customer satisfaction, a key HHS performance measure, in terms of courtesy, satisfactory service, and access to and accuracy in the handling of '800' calls. A User Satisfaction survey is being prepared for 1994. [Harry Hadd, (202) 260-6572]

The **Department of Health and Human Services** is developing a planning process for fiscal year 1997 that is mandated by the Government Performance and Results Act (GPRA). GPRA requires agencies to implement a planning process that links strategic plans to annual performance plans and performance measures. The pilot program is to be staffed by representatives from all segments of the department to work as a collaborative forum to develop annual performance plans and



identify appropriate measures. Participants in the pilot program are to be able to share ideas, obtain formal and informal training, and obtain current guidance from internal and external sources. The intent is to coordinate the strategic planning process with GPRA through program participation. An emphasis is to be placed on building on the performance measures in the financial statements and thereby integrating GPRA and the CFO function. [Shirl Ruffin, (202) 690-6441]

The Federal Housing Administration, **Department of Housing and Urban Development**, established performance measures during fiscal year 1993 for its three major program areas. Much of the information necessary to quantify the measures is currently available within FHA; however, certain information relating to the multifamily program will not be available until the Multifamily National System is operational in 1994. FHA also completed the implementation of a formal monthly financial and performance measure reporting system. [Eleanor Clark, (202) 401-8800]

The Office of Public and Indian Housing (PIH), **Department of Housing and Urban Development**, developed a Business Strategy Plan (BSP) that contains key mission-related objectives, strategies for achieving those objectives, and goals and

performance measures. It is organized by function, rather than by program, and serves as the basis for the PIH Information Strategy Plan (ISP) to coordinate long-term systems development and integration with departmental systems. ISP is to be used to define the information needed to support the business of PIH, including performance measurement information. ISP is scheduled to be completed during in fiscal year 1994. [Casimer Bonkowski, (202) 708-0444]

The Federal Bureau of Investigation, **Department of Justice**, is coordinating four pilot projects (Drugfire, National Name Check, Organized Crime/Drug, and Property Procurement and Management Section) within its Budget Section to develop performance measures required in 1997 by the Government Performance and Results Act. The pilot projects are to develop measures that increase accountability for program resources and efficiency and effectiveness, and improve the allocation of resources. Plans call for using the same four projects for pilot projects in performance based budgeting in 1997 and 1998 under GPRA. [John Imhoff/Chris Boehringer, (202) 324-2211]

The Financial Management Service, **Department of the Treasury**, developed performance measures for each of its nine major products and services areas:

payments, collections, reconciliation, claims, reimbursable services, financial accounting and reporting, asset and liability management, support services, and information resources. Classroom sessions were conducted for each of the major products and services areas. Managers and others developed 44 performance measures for these nine areas. [Levy Mazyck, (202) 874-7020]

OTHER IMPROVEMENTS AND INITIATIVES

The U.S. Geological Survey, **Department of the Interior**, has begun phasing the use of document imaging technology into its overall workflow for processing vendor payments, customer billings and collections, and travel voucher processing. Starting in fiscal year 1993, document imaging was used to archive and retrieve accounting source documents in the Office of Financial Management. In subsequent phases, document imaging will be used to streamline and minimize existing paper flow by integrating work flow and image flow. The imaging system will prioritize and assign vouchers to individual voucher processing workstations as the payment vouchers are received. Images of source documents will be used to process vouchers. The anticipated benefits will include improvements in employee productivity, management control, and



customer service; reductions in processing costs and prompt payment penalty assessments; and increases in vendor discounts taken. [Joseph L. Murphy, (703) 648-7604]

The Nuclear Regulatory Commission's entire procurement process has been designated as a reinvention laboratory by the National Performance Review. The objective is to determine whether empowering an individual agency to be fully responsible and accountable for operating its contracting program under the governing statutes would contribute measurably to a more efficient procurement process. Waivers and delegations of authority related to procurement have been provided by the General Services Administration and are being sought from the Office of Management and Budget and the Small Business Administration. Initiatives to streamline procedures for ADP and technical assistance procurement and measure the benefits are under development. [Tim Hagan, (301) 492-4347]

The Office of the Comptroller, **Securities and Exchange Commission**, developed an index of OMB Circular A-130, Management of Federal Information Resources, that is sorted alphabetically by subject/key word. For example, the index identifies the use of the word *cost* 34 times; for example, cost recovery. The index was developed to ease access to the circular by using subject/key word. In addition to being used internally, the index has received interest from outside sources. [Glynis Long, (202) 942-0348]

Appendix A

JFMIP Officials and Staff in 1993

Principals

Lloyd Bentsen
Secretary of the Treasury

Charles A. Bowsher (Chair)
Comptroller General

James B. King
Director,
Office of Personnel Management

Leon Panetta
Director,
Office of Management and Budget

Steering Committee

Donald Chapin (Chair)
Chief Accountant
General Accounting Office

Dennis Fischer
Chief Financial Officer
General Services Administration

Kathleen McGettigan
Acting Chief Financial Officer
Office of Personnel Management

Gerald Murphy
Fiscal Assistant Secretary
Department of the Treasury

Virginia Robinson
Executive Director
Joint Financial Management
Improvement Program

Harold Steinberg
Deputy Controller
Office of Management and Budget

JFMIP staff

Virginia Robinson
Executive Director

Doris Chew
Assistant Executive Director

Kenneth Winne
Senior Project Director

Frank Kramer
Publications Manager

Bruce Kletz
Publications Specialist

Donna Tebeau

Dennis Jackson

Detailed Staff

Rena Diaz
Department of the Treasury,
Financial Management Service

Bernie Trescavage
General Accounting Office

Project Teams

Updating Core Financial System Requirements

Stephen Balsam
*Department of Agriculture,
Food and Nutrition Service*

Raymond Kudobek
Department of Education

Robert Lee
Department of the Treasury

Schuyler Leshner
Office of Management and Budget

Sylvia Lynch
Department of Transportation

Jean Morgan
Department of Energy

Robin Myaing
*Department of the Treasury,
Financial Management Service*

Robyn Seaton
Office of Management and Budget

Clarence Smith
Department of the Interior

Bernard Trescavage
*Joint Financial Management
Improvement Program*

Edward Wadding
*Department of Health and Human
Services, Public Health Service*

Kenneth Winne
*Joint Financial Management
Improvement Program*

Inventory System Requirements

Ray Carroll
Department of Energy

Emil Carson
*Department of Justice,
Federal Prison Industries*

Doris Chew
*Joint Financial Management
Improvement Program*

Walter Fisch
Department of Defense

Ed Harris
Department of Defense

Tom Heiple
*Department of the Treasury,
Financial Management Service*

Peter Holbrook
Department of Defense

Frank Kesterman
*Department of the Treasury,
Financial Management Service*

Schuyler Leshner
Office of Management and Budget

Henry Maury
General Services Administration

Robin Myaing
*Department of the Treasury,
Financial Management Service*

John Reifsnyder
General Accounting Office

Jack Rigsby
*Department of Justice,
Federal Prison Industries*

Frank St. Mark
Department of Defense

Robyn Seaton
Office of Management and Budget

Janett Smith
General Accounting Office

Frank Synowiec
General Accounting Office

Terry Trepal
Department of Defense

Direct Loan and Guaranteed Loan System Requirements

Edward Chase
Office of Management and Budget

Schuyler Leshner
Office of Management and Budget

Robin Myaing
*Department of the Treasury,
Financial Management Service*

Robyn Seaton
Office of Management and Budget

Joyce Tabbs-Wade
*Department of the Treasury,
Financial Management Service*

Continuing Professional Education - Budget Analysts

Doris Chew
*Joint Financial Management
Improvement Program*

Bena Cramer
*Department of the Treasury,
Financial Management Service*

Terry Conroy
Department of Labor

Patricia Dews
General Services Administration

Thad Juszcak
Internal Revenue Service

Albert Kliman
*American Association of Budget and
Program Analysts*

Rebecca Sweeney
Department of Treasury

Appendix B

JFMIP Liaisons

This Appendix provides a list of individuals designated as liaisons to JFMIP, current at the time of printing this annual report. Where used, "FM" refers to the designated financial management liaison; "IG" to that of the Office of Inspector General.

ACTION

FM Carmine DiFazio

IG Joseph M. Suszko

Administrative Conference of the U.S.

Daniel F. Mann

Administrative Office of the U.S. Courts

Raymond A. Karam

African Development Foundation

Thomas Wilson

Agency for International Development

FM Michael G. Usnick

IG James R. Ebbitt

Agriculture, Department of

FM Irwin (Ted) David

IG James R. Ebbitt

Appalachian Regional Commission

Kenneth L. Shepard

Arms Control and Disarmament Agency

William Amoroso

Board for International Broadcasting

Patricia Schlueter

Central Intelligence Agency

Leo Hazelwood

Commerce, Department of

FM Clyde McShan

IG John D. Newell

Commission of Fine Arts

Charles H. Atherton

Commission on Civil Rights

George Harbison

Commodity Futures Trading Commission

Madge A. Bolinger

Congressional Budget Office

Stanley L. Greigg

Consumer Product Safety Commission

Thomas W. Murr, Jr.

Defense, Department of

FM Alvin Tucker

IG Donald E. Davis

Education Department of

FM Mitchell L. Laine

IG Steven A. McNamara

Energy, Department of

FM James A. Reid

IG Gregory H. Friedman

Environmental Protection Agency

FM Sallyanne Harper

IG Kenneth A. Konz

Equal Employment Opportunity Commission

Kassie A. Billingsley

Executive Office of the President

Andris Kalnins

Export-Import Bank of the U.S.

James K. Hess

Farm Credit Administration

FM Michael A. Bronson

IG Patricia Wensel

Federal Accounting Standards Advisory Board

Ronald Young

Federal Communications Commission

Thomas Holleran

Federal Deposit Insurance Corporation

FM J. Russell Cherry

IG Steven A. Seelig

Federal Election Commission

Richard Pullen

Federal Emergency Management Agency

James Lucas

Federal Energy Regulatory Commission

Sherry L. Booye

Federal Labor Relations Commission

Clyde B. Blandford, Jr.

Federal Maritime Commission

FM Frederick F. Trutkoff

IG Tony P. Kominoth

Federal Mediation and Conciliation Service

Richard A. Nelson

Federal Reserve System

George E. Livingston

Federal Trade Commission

Richard Arnold

General Accounting Office

Donald Chapin

General Services Administration

FM Dennis J. Fischer

IG Edward F. Hefferon

Government Printing Office

Thomas Muldoon

Health and Human Services, Department of

FM Kenneth Apfel

IG Dennis J. Duquette

Housing and Urban Development,
Department of
FM Steven O. App
IG Chris Greer

Information Agency, U.S.
Stanley M. Silverman

Inter-American Foundation
Dorothy Burruss

Interior, Department of the
FM Theodore Woronka
IG Harold Bloom

International Trade Commission
Philip Katz

Interstate Commerce Commission
Anthony Jacobik, Jr.

Justice, Department of
FM James E. Williams
IG Guy K. Zimmerman

Labor, Department of
FM William R. Reise
IG Gerald W. Peterson

Library of Congress
John D. Webster

Merit Systems Protection Board
Robert Lawshe

National Aeronautics and Space
Administration
FM Arthur W. Frater
IG Robert Raspen

National Archives and Records
Administration
David M. Millane

National Capital Planning Commission
Connie M. Harshaw

National Credit Union Administration
Herbert S. Yolles

National Endowment for the Arts
Marvin A. Marks

National Endowment for the Humanities
Ray Gleason

National Labor Relations Board
FM Karl E. Rohrbaugh
IG Harding Darden, Jr.

National Mediation Board
Mary Maione-Pricci

National Railroad Passenger
Corporation
Norris W. Overton

National Science Foundation
Albert Muhlbauer

National Security Council
Janis K. Whitley

National Transportation Safety Board
Dwight R. Foster

Nuclear Regulatory Commission
FM Ronald M. Scroggins
IG Thomas J. Barchi

Occupational Safety and Health
Review Commission
Larry A. Hoss

Office of Government Ethics
Robert Lammon

Office of Management and Budget
Harold Steinberg

Office of Personnel Management
FM Anne Kirby
IG Harvey D. Thorp

Office of Science and Technology
Barbara Ferguson

Office of Technology Assessment
John T. Boertlein, Jr.

Office of Thrift Supervision
Elizabeth M. Gustafson

Overseas Private Investment
Corporation
Mildred O. Callear

Panama Canal Commission
Barbara Sanders

Peace Corps
Lana Hurdle

Pennsylvania Avenue Development
Corporation
Alexander K. Milin

Pension Benefit Guaranty Corporation
N. Anthony Calhoun

Postal Rate Commission
Charles L. Clapp

Postal Service, U.S.
M. Richard Porras

Railroad Retirement Board
FM Peter A. Larson
IG Frank V. Santella

Resolution Trust Corporation
FM Donna Cunningham
IG Stephen Beard

Securities and Exchange Commission
FM Henry Hoffman
IG Walter Stachnik

Selective Service System
G. Huntington Banister

Small Business Administration
FM Lawrence R. Rosenbaum
IG James F. Hoobler

Smithsonian Institution
Nancy Suttentfield

Soldiers' and Airmen's Home, U.S.
Robert J. Grider

State, Department of
FM Larry Eisenhart
IG Edward T. Brennan

Tax Court, U.S.
Washington B. Bowie

Tennessee Valley Authority
FM William H. Malec
IG William L. Hinshaw, II

Transportation, Department of
FM Louise F. Stoll
IG Raymond J. DeCarli

Treasury, Department of
FM Edwin A. Verburg
IG Karla Corcoran

Veterans Affairs, Department of
FM Robert A. Wilson
IG Michael G. Sullivan

Appendix C

JFMIP Publications

1994

JFMIP News (quarterly newsletter)

Federal Financial Management
System Requirements:

*Core Financial System
Requirements* (Interim Final)

1993

Federal Financial Management
System Requirements:

*Seized/Forfeited Asset System
Requirements*

Direct Loan System Requirements

*Guaranteed Loan System
Requirements*

*Proceedings of the 22nd Annual
Financial Management Conference*

*Directory of Federal Financial
Managers*

*Annual Report - 1992 Report on
Financial Management
Improvements*

1992

*Strategies to Improve
Communication between Program
and Financial Managers*

*Proceedings of the 21st Annual
Financial Management Conference*

*Annual Report - 1991 Report on
Financial Management
Improvements*

*Directory of Federal Financial
Managers*

1991

*Financial Handbook for Federal
Executives and Managers
(Updated)*

*Proceedings of the 20th Annual
Financial Management Conference*

*Federal Financial Management
Systems Requirements:*

Travel System Requirements

*Continuing Professional Education:
Federal GS-510 Accountants'
Report, Compendium of Courses*

*Annual Report - 1990 Report on
Financial Management
Improvements*

*Directory of Federal Financial
Managers*

1990

*Proceedings of the 19th Annual
Financial Management Conference*

Federal Financial Management
System Requirements:

*Personnel/Payroll System
Requirements*

*Annual Report - 1989 Report on
Financial Management
Improvements*

*Proceedings of conference on
Implementing the Administration's
Plan for Audited Financial
Statements in the Federal Government*

*Plan for Audited Financial
Statements in the Federal Government*

*Continuing Professional Education:
Federal GS-510 Accountants' Report*

*Directory of Federal Financial
Managers*

JFMIP Annual Report Customer Satisfaction Survey

1. Type of Organization

- ☐ Central Agency (i.e., GAO, OMB, Treasury, OPM)
- ☐ Program Agency
- ☐ Interagency Council
- ☐ Private Sector Organization
- ☐ Other _____

2. I use the JFMIP Annual Report to . . . (Please check all that apply)

- ☐ Evaluate the progress of my agency
- ☐ Evaluate the progress of other federal agencies
- ☐ Learn about new federal agency programs or innovations
- ☐ Learn about central agency initiatives
- ☐ Learn about the activities of interagency boards and councils
- ☐ Reference the list of JFMIP federal liaisons
- ☐ Reference the list of JFMIP publications
- ☐ I do not use the JFMIP Annual Report

3. In your opinion, does the JFMIP Annual Report serve its purpose of disseminating and sharing financial management information?

- ☐ Yes ☐ No

Comments: _____

4. Does the information requested for the JFMIP Annual Report overlap with OMB's request for the Five Year Plan?

☐ Yes ☐ No

Comments: _____

5. To your knowledge, has your agency received inquiries from other federal agencies regarding programs or innovations highlighted in the JFMIP Annual Report?

☐ Yes ☐ No

If yes, what types or inquiries have you received? (Please check all that apply)

- | | |
|---|---|
| <input type="checkbox"/> General | <input type="checkbox"/> Financial Systems |
| <input type="checkbox"/> Cross-Servicing | <input type="checkbox"/> Accounting/Budgeting |
| <input type="checkbox"/> Financial Reporting | <input type="checkbox"/> Cash and Credit Management |
| <input type="checkbox"/> Other (please explain) _____ | |

6. Currently, the JFMIP Annual Report chapter which highlights governmentwide initiatives by central agencies is structured by agency (i.e., OMB, Department of the Treasury, General Accounting Office, Office of Personnel Management). The chapter on initiatives by individual agencies is organized by subject matter (i.e., Budget Formulation and Execution, Accounting Policies and Procedures, etc.). Are these organizations structures easy to follow and reference?

☐ Yes

☐ No

Comments: _____

7. Would the information contained in the JFMIP Annual Report be useful in an electronic bulletin board format?

☐ Yes

☐ No

Comments: _____

8. What other suggestions or comments do you have that could enhance the JFMIP Annual Report?

Requests for copies of JFMIP reports should be sent to:

**Joint Financial Management Improvement Program
666 11th Street NW
Washington, DC 20001-4542**

Telephone (202) 512-9209
Fax (202) 512-9593

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