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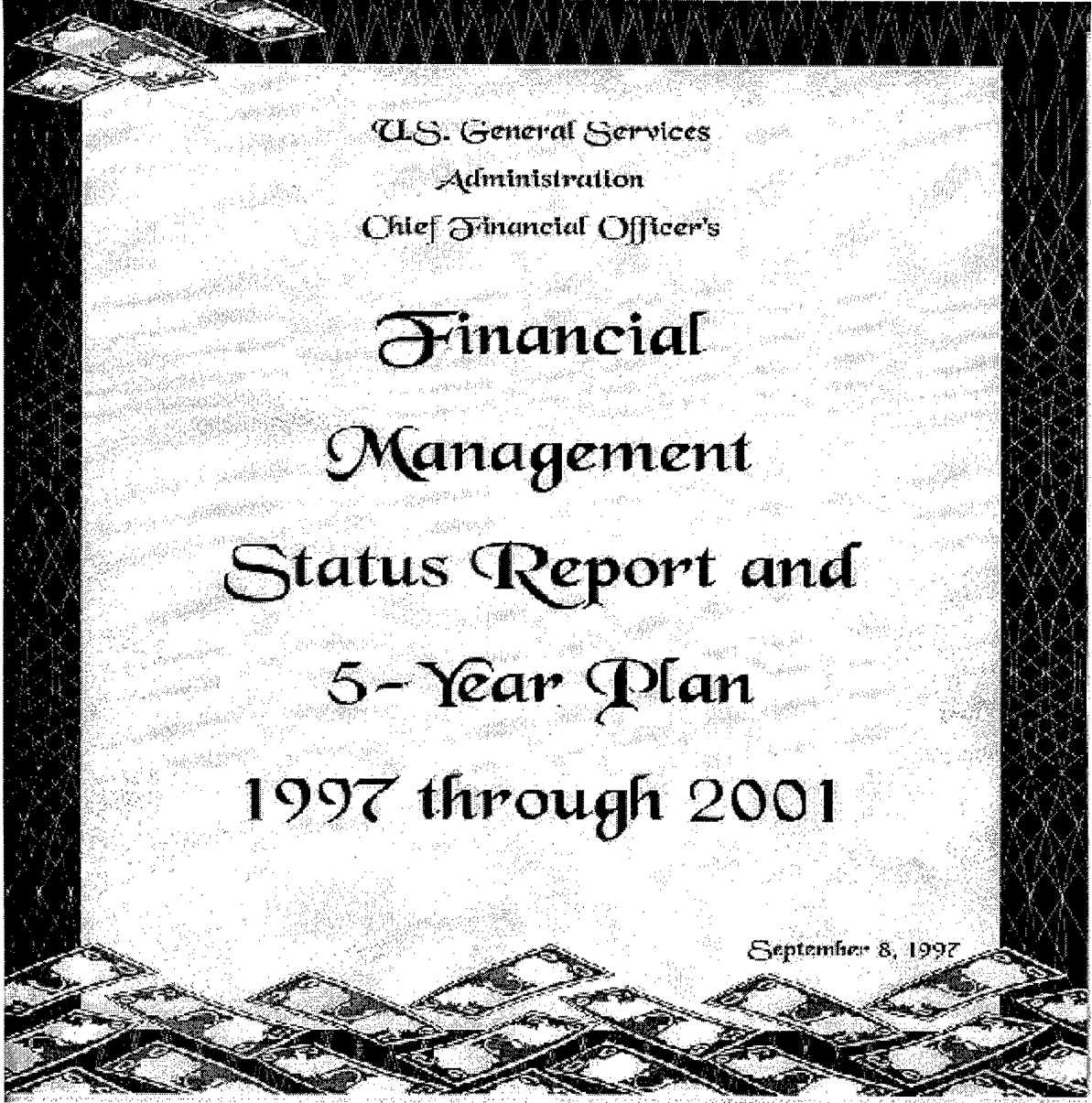
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U.S. General Services  
Administration  
Chief Financial Officer's

**Financial  
Management  
Status Report and  
5-Year Plan  
1997 through 2001**

September 8, 1997

*CFO's Financial Management Status Report & 5 Year Plan  
(1997 through 2001)*



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## **A Message from the GSA Chief Financial Officer**

During fiscal year 1997 the many interesting challenges and opportunities facing the General Services Administration (GSA) have continued.

It is still a time when Federal departments and agencies across the national spectrum are working diligently to streamline processes and reduce costs, while concurrently aiming to provide the same or higher levels of service. Likewise, we in the GSA financial community are committed to providing our clients—GSA Services and Staff Offices and 47 other Federal agencies and Presidential commissions—with the tools they need more than ever to seamlessly accomplish their missions:

fair-priced quality financial products, services, and support.

In accordance with our commitment to strengthen GSA's business lines, we continue to streamline, reengineer, and automate our financial operations for maximum efficiency, effectiveness, and responsiveness to our customer needs. We recognize that this requires the highest standards of financial accountability for our own business decisions and an understanding of how our decisions affect our customers and their clients, stakeholders, and the taxpayers.

To our credit, we have accomplished this and more with a GSA workforce that shrank overall by 26 percent in the last four years. The budget for fiscal year 1998 projects a further decrease of about 400 staff positions, bringing the cumulative decrease to 29 percent. During the same four-year period, the Office of the Chief Financial Officer reduced its own workforce by 36 percent, meeting targeted employment levels.

GSA is committed to shaping our agency into an organization that successfully meets the challenges of the 21st century by anticipating the demands of both the rapidly changing federal and private sectors. We are doing our fair share to ensure that the American taxpayers are served by a responsive civil service. We rise willingly to the challenge.

Dennis J. Fischer

Chief Financial Officer

U.S. General Services Administration

### **Vision Statement**

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**GSA Chief Financial Officer's Vision Statement**

**We provide quality financial products, services, and support to our customers at a fair price.**

**We:** The Office of the Chief Financial Officer (CFO) and its component offices will work together, sharing information and resources. We present a unified face to the rest of the General Services Administration (GSA) and to the outside community.

**Provide:** Doing, managing, or overseeing. It is not necessary to control everything centrally; we may transfer responsibilities as appropriate. Financial support will be available, regardless of the source.

**Quality financial products, services, and support:**  
Financial planning and resources, financial management policy and systems, paying and billing, accountability and safeguarding.

**Customers:** The GSA Administrator; the Office of Governmentwide Policy, the Services (Federal Supply, Federal Telecommunications, Public Buildings), the Staff Offices, and GSA regions; other Federal agencies; and State and local governments. Our vendors and contractors are our partners. The employees of GSA, the White House, the Office of Management and Budget (OMB), the Congress, and the American taxpayers are our stakeholders, with a vested interest in our continued success.

**Fair price:** Interrelated factors determine the level of cost and grade of service or product to be produced. It is our goal to strive for the highest level of value obtainable.

Goals and Strategies

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**Can't Beat GSA Results !**



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**Goals and Strategies**

The General Services Administration (GSA) has one of the most diverse missions of any Federal agency. Its work as a central management agency and a provider of goods and services is done behind the scenes so that other Federal agencies may accomplish their own responsibilities in the most cost-effective, efficient manner by concentrating their efforts on their primary missions rather than on support functions.

GSA's governmentwide policy-making responsibilities for real property, information technology, transportation, personal property, acquisition, and committee management are consolidated in the Office of Governmentwide Policy. This provides a coordinated focus and yields greater collaboration with Federal agencies and stakeholders to meet the rapidly changing needs of the Federal community. Furthermore, policy responsibilities are delineated from operational ones, ensuring a separation of duties. GSA's operational responsibilities include space acquisition and management, retail and wholesale supply sales, fleet management, travel and transportation management, telecommunications and information technology services, and asset disposition management. Through its effective operation and strategic integration of these many roles, GSA strives to enable others to work in the best possible manner by providing directly—or indirectly through other sources—the tools, facilities, and guidance on which Federal workers rely.

GSA strives to be easy to do business with, and this is furthered by making it easy to get information about and participate in GSA programs and services. GSA is a major partner in the electronic chip-embedded Smart Card pilot. GSA was an early leader on the World Wide Web with both a GSA Home Page on the Internet, which allows our customers and the public to obtain information, goods, and services, and an Intranet web site, *InSite*, which gives our employees rapid access to the information they need to improve their job performance.

Within this framework, the CFO's objective is to provide better information, services, and tools for management and staff to perform effectively and efficiently, not only within the Agency but governmentwide, and to strengthen the oversight of all GSA financial activities. We have continued to work diligently this past year to meet our responsibilities for overall financial management under the Chief Financial Officers Act of 1990, the Government Performance and Results Act of 1993, and the Government Management Reform Act of 1994 and to further fulfill GSA's business strategy.

**Financial Management Organization**

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**Financial Management Organization**

**\$ Financial Management Structure within GSA**

The CFO reports directly to the Administrator, oversees all financial management activities throughout the Agency, and participates fully with the Administrator and other senior leadership in the agencywide policy making process to ensure sound financial management principles and practices are reflected in GSA program decisions. The Office of the CFO is comprised of four offices: Performance Management, Budget, Finance, and Financial Management Systems. The Director of Finance also serves as Deputy CFO. GSA's CFO is responsible for implementing the Government Performance and Results Act of 1993 and Section 4 of the Federal Managers' Financial Integrity Act of 1982.

GSA's greater financial community consists of the Office of the Chief Financial Officer, Service and Staff Office Controllers, and regional financial staffs. The Council of Controllers, established as a forum for the regular discussion of financial management issues, is chaired by the CFO. Regular members include the CFO's Office Directors, the four Service and Staff Office Controllers, and the Chief Information Officer.

**\$ CFO Annual Financial Training Conference**

The fifth CFO Annual Financial Training Conference, "Ready, Set...Go!—the Race to the 21st Century," was held in the Spring of 1997. Participants included not only headquarters and regional senior CFO staff but also senior representatives from Federal Supply Service, Federal Telecommunications Service, Public Buildings Service, Office of Governmentwide Policy, Office of the Chief Information Officer, Office of the Inspector General, and Office of Management and Workplace Programs.

The annual training conference is a key tool used by the CFO to demonstrate persuasively that quality financial management in all program areas is crucial to the Agency's continued success. This message is reinforced and its impact leveraged most economically through the annual forum with its series of carefully chosen thematic lectures, workshops, and discussion opportunities. By gathering selected program managers from across the nation whose daily responsibilities cover the entire spectrum of GSA financial functions together with senior GSA financial managers, a unique opportunity is created for lasting impact. Topics covered in 1997 included strategic improvising, thrilling customers, change management, marketing, programmatic updates, and new financial initiatives and legislative requirements. Speakers ranged from the GSA Administrator and his senior management team to the Senior Vice President for Marketing, Product and Organizational Development at the American Institute of Certified Public Accountants.

The follow-on survey of attendees demonstrated a clear understanding of the need to forge a common bond within the GSA community and showed that this approach is working and highly appreciated. Results were even more positive than those following the 1996 conference, "The Future Isn't What It Used to Be," which had been the most favorably received financial training conference to date. Work is underway for planning the 1998 financial training conference, which will continue the topical thematic approach and diverse attendee structure.

Financial Management Personnel

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## **Financial Management personnel**

Good financial management personnel are a valued resource and the backbone of good financial management. Agency management relies on its financial staff to ensure its compliance with laws and regulations, monitor program performance, provide financial analyses, meet tight deadlines for mandated reporting, progressively adapt new technology for enhanced quality and cost savings, and perform hundreds of operational responsibilities of the organization. For these reasons it is imperative that financial staffs are of the highest caliber and have the skills and tools necessary to do their jobs.

### **\$ A Reinvented GSA: Continued Success**

The substantive progress GSA has made to reinvent itself into a leaner, more customer-focused agency has put the Agency in a better position than most in this atmosphere of change. Between fiscal years 1993 and 1997, GSA's operating appropriations have been reduced by 19.6 percent, our workforce streamlined by 26.3 percent (through buyouts, attrition, and a hiring freeze), and the employees have remained focused on reorganizing the Agency to better leverage its \$43 billion governmentwide financial responsibility.

### **\$ The CFO Outreach Program**

Through the CFO Outreach Program the CFO and Office Directors have "adopted" regional offices and senior CFO employees nationwide will soon "adopt" one of approximately 100 field office locations having 10 or more GSA employees. Each of these senior CFO staff members will visit his or her assigned site annually, interacting and educating local employees about the CFO's functions, services and initiatives. Through the exchanging and sharing of information and experiences, the CFO Outreach participant will serve as an additional contact point for GSA field offices. By interweaving field office experiences with those of headquarters, we seek to improve the work all of us do and better serve our customers.

### **\$ Other Channels of Financial Communication**

The Chief Financial Officer continued his series of periodic CFO Town Meetings. These forums have enabled us to foster a sense of unity and ensure the free exchange of ideas. Furthermore, they are a cost effective method of maintaining focus on our common goals and ensuring that all employees are kept informed of the many issues affecting both GSA and our organization.

Ongoing communication is also enhanced through the use of a CFO Information Bulletin Board available nationwide to all CFO employees via the electronic mail system. General information of interest to CFO employees is regularly included. A second bulletin board, accessible to headquarters CFO employees, allows for questions and subsequent responses on any issue of interest to the affected employees relating to financial processes or administrative issues.

### **\$ Financial Management Training in 1997**

**GSA Provides OMB a CFO Fellow:** Under the CFO Council's CFO Fellows Program, a GSA senior staff member was selected to serve as a CFO Fellow in OMB's Office of Federal Financial Management for a three-month rotation—later extended for a total of five months—with the major responsibility for the coordination and production of the Federal Financial Management Status Report and Five-Year Plan as well as the separate Executive Summary pamphlet. This rotation was a productive experience for both GSA and OMB, yielding a better understanding of governmentwide financial management for the Fellow and a better



understanding of agency perspectives for OMB.

**Financial Management:** The effort to establish a unified financial management training program at GSA is continuing. The primary goal of this program is to ensure that all GSA employees who have financial management responsibilities obtain the appropriate training to effectively perform their assignments. A secondary objective is to assist employees in their career development opportunities.

Emphasis is placed on the National Electronic Accounting and Reporting (NEAR) System. This comprehensive training addresses both accounting system and program area reporting requirements. To date, we have provided this training to over 600 employees from GSA's Public Buildings Service (PBS). We anticipate extending this training to an estimated 200 employees of GSA's Federal Telecommunications Service (FTS) during the months of February and March in 1998.

**Accountability Standards**

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**Accountability Standards**

**\$ Financial Accounting**

GSA has a centralized accounting system that pays bills on time, produces accurate reports for external submission and internal use, protects GSA's assets, and passes the test of audit. The system complies with the Joint Financial Management Improvement Program's (JFMIP) Core Financial Systems Requirements and the U.S. Standard General Ledger reporting requirements through a "crosswalk" program. It has been subjected to an outside audit of the financial statements and earned unqualified audit opinions for the past nine years. This standard of excellence is unmatched by any other large Federal agency.

To underscore the excellence of GSA's processes, GSA has for more than 30 years served as one of the primary service providers of accounting, payroll, and personnel services to a variety of Federal activities. In addition to managing about 40 funds, GSA provides cross-servicing support for 47 client agencies and Presidential commissions.

GSA continues to emphasize electronic commerce in its billing and payments functions. Through the third quarter of fiscal year 1997, 47% of total dollars disbursed was via electronic means, an increase from 41% at third quarter in fiscal year 1996 and 30% at third quarter in fiscal year 1995. By the third quarter of fiscal year 1997, the percent of invoices paid electronically had increased to 27%, up from 22% at the third quarter in fiscal year 1996. The percent of total invoices received electronically increased to 7% at the third quarter in fiscal year 1997, from 3% at the third quarter in fiscal year 1996.

Through the third quarter of fiscal year 1997, we provided payroll services for an average of 14,600 GSA employees and 9,400 client employees (775 per FTE). The Direct Deposit Program for employee payroll continues to maintain its upward trend. During fiscal year 1997, GSA's participation increased to 95% from 93% in fiscal year 1996, 92% in fiscal year 1995, and 88% in fiscal year 1994.

Through the third quarter of fiscal year 1997, GSA processed \$7.2 billion in billings for supplies and services (a decrease of 10% from fiscal year 1996) and made approximately 1.3 million payments (12,600 per FTE) totaling \$7.2 billion. We earned 85% of available early payment discounts for a savings of \$1.8 million, as compared with 92% and savings of \$2.2 million in fiscal year 1996. 90% of vendor payments were made on time, compared with 94% in fiscal year 1996. We incurred interest payments per million dollars disbursed of \$129, an increase from \$82 in fiscal year 1996. Actual performance was below established goals due to continued downsizing of our financial operations.

GSA's financial statements and those of its accounting service customers are prepared in accordance with generally accepted accounting principles and are consistent with the recent standards issued as a result of the work of the Financial Accounting Standards Advisory Board and with U.S. General Accounting Office (GAO) Policies and Procedures Manual for Guidance of Federal Agencies, Title 2 - Accounting. In those cases where published standards are silent regarding the proper accounting treatment of an issue, GSA follows generally accepted accounting principles as promulgated by the Financial Accounting Standards Board of the American Institute of Certified Public Accountants.

Proposals for new policies and standards are controlled from a central point within the accounting policy office and implemented after consultation with all policy, systems, and operations staffs affected by the proposals.

**\$ Cost Accounting Standards Board**

GSA's CFO is one of the five Board members of the Cost Accounting Standards Board. The Board has exclusive statutory authority to develop, amend, and rescind cost accounting standards and interpretations to achieve uniformity and consistency in the cost accounting standards governing measurement, assignment, and allocation of costs to Federal Government contracts. Uniformity and consistency in cost accounting practices among government contractors reduce the incidence of contract disputes; increase the effectiveness of the contract administration process; facilitate equitable contract settlements; and lead to equitable contract negotiation, pricing, and award—the basic objective of the Cost Accounting Standards Board.

Because of GSA's governmentwide acquisition policy responsibilities, contracting activities, and daily concern with controlling the costs it must pass on to its customers, GSA has a strong interest in ensuring that comprehensive cost accounting standards are developed. Inclusion of GSA on the Board ensures that GSA's concerns are addressed.

## **\$ Program Accountability**

**Government Performance and Results Act of 1993:** The purpose of the Government Performance and Results Act of 1993 (GPRA) is to improve the efficiency and effectiveness of Federal programs by establishing goals for program performance, measuring results, and holding managers accountable. GSA has embraced the principles of GPRA as a valuable tool in our reinvention process. Through our strategic and program planning, we are challenged to anticipate the needs and expectations of the customers we serve.

**GSA Strategic Plan:** GSA is in its ninth year of strategic planning. Over the years, the Strategic Plan has been revised not less than every two years, well within the three-year guideline set by GPRA. The current plan has been revised during fiscal year 1997. The focus has always been on anticipating the changing requirements of our customers, coupled with the demands of a rapidly-changing business environment. GSA's strategic planning process is designed as the core to successfully meet the challenges of the next century.

**Annual Performance Plans:** GSA's major business lines have been developing performance plans since 1991. The 1997 plans reflect the strategic direction of the agency as outlined in the Agency's strategic plan.

**Performance Measurement:** As organizations everywhere seek reform, performance measurement is the keystone. Early plans were a mix of milestone-measured projects and input- and output-oriented measures. As a result of this early work on performance measures coupled with ongoing efforts to streamline processes and become more customer focused, GSA has been stressing the need for measures that reflect whether our programs are successful in meeting our mission. These measures are reviewed periodically against prior performance, industry standards, and stated goals. We continually seek improvement to be the "best in class."

**General Performance Reviews:** As part of GSA's management review process, the Service Commissioners and the Associate Administrator for Governmentwide Policy meet quarterly with the Administrator, the Deputy Administrator, the Chief of Staff, the Chief Financial Officer, the Chief Information Officer, and regional representatives to review how well programs are furthering the Agency mission and meeting projected goals.

## **\$ Samples of 1997 Annual Performance Measures**

### **Public Buildings Service**

- Customer Satisfaction
- Operating Costs Per Square Foot vs Private Sector
- Compare Value of Sales to Fair Market Value
- Incidence of crime in Government Buildings
- GSA's Leasing Costs vs Private Sector
- GSA's Construction and Repair & Alteration Costs vs. Private Sector

#### Cycle Time for Space Alteration and Leases

- Tracking non-revenue producing space
- Major Repair & Alteration and Construction—% of estimated construction cost on schedule and within budget
- Building Security Council status

### **Federal Supply Service**

- Cost per \$100 - Utilization, Donation, Sales
- Reduce Inventory
- Increase Stock Turn
- Number of Vehicles Consolidated
- Dollar Volume - Transferred/Donated Property
- Percentage Savings over Competition
- Business Volume Growth
- Customer Satisfaction
- Cost per Mile vs Competition

### **Federal Telecommunications Service**

- Actual Revenue vs Planned Revenue
- Employee Satisfaction
- Market Share
- Acquisition Cycle
- Stakeholder Relations
- Customer Satisfaction

### **Chief Financial Officer**

- Discounts Earned
- Percent of Employees Paid by Electronic Funds Transfer
- Percent Dollars Disbursed Electronically
- Percent of Invoices Paid Electronically
- Percent of Invoices Received Electronically (EDI)
- Percent of Vendor Payments Made On Time
- Payments Processed per FTE
- Average Number of Employees Payrolled
- Employees Payrolled per FTE
- Credit Card Usage

### **Office of Governmentwide Policy**

#### *Office of Acquisition Policy*

- Annual comparison of contract actions and funds obligated by the agencies for commercial items
- Number of contract actions and funds agencies obligated to small woman-owned businesses (SWB) and other socioeconomic goals (i.e., small disadvantaged business (SDB) compared year to year
- Number of contract actions and amount of funds obligated by agencies per employee in the acquisition workforce compared year to year
- Agency use of performance measures and benchmarks
- Cost and effectiveness of the Governmentwide Acquisition Career Development Program compared to 1998 baseline.
- Number of acquisition job tools available via Acquisition Reform Network (ARNet)
- Number of training courses available on-line

Availability, usefulness and cost of Academic Acquisition Programs.

### ***Office of Electronic Commerce***

- Percentage of EC transactions per year to total transactions
- Extent of agency use of Office of Electronic Commerce promoted best practices
- Extent of agency use of smart cards for identification systems
- Availability of EBT across the U.S.
- Cost of benefit delivery using EBT compared to non-EBT delivery

### ***Office of Information Technology***

- Agencies use of OIT-developed or -promoted IT policies and best practices in:
  - Architectures;
  - Business process reengineering
  - Capital planning
  - infrastructure strategies
  - Performance measurement
  - Privacy-security features
- Participation at OIT-sponsored forums & conferences
- Agencies use of Trail Boss and 1000 x 2000 leadership development, academic, and information exchange programs
- CIO Council, GITSB, and ITRB use of OIT skills and their contributions to the effectiveness and accomplishment of interagency committees objectives
- Status of agencies' activities to address Year 2000 problem.
- Status of agencies' critical systems
- Agencies adoption of OIT collaboratively developed policies, FAR regulations, and acquisition guides to acquire IT

### ***Office of Real Property***

- Use of ORP-promoted best practices by top 24 agencies
- Use of ORP as a resource for Real Property training information
- Use of shared information systems by top 24 agencies
- Use of real property performance measures by top 24 agencies
- ORP evaluation of Governmentwide real property programs, policies, and processes

### ***Office of Transportation and Personal Property***

- Cost and timeliness of the transportation processes at the top 24 agencies
- Extent of use of performance measures
- Cost and timeliness of the personal property disposition process
- Quality of training provided
- Cost and timeliness of agencies' mail processes
- Quality of training provided
- Cost and timeliness of agencies' travel processes

### ***Office of Intergovernmental Solutions***

- Number of products developed that facilitate intergovernmental collaboration
- Number of shared exchanges between the OIS and other governments

### ***Regulatory Information Service Center***

- Timeliness of management reports
- Responsiveness to OMB/EOP inquiries
- Federal managers access to data and Internet reports
- Quality of the Unified Agenda in the Federal Register and access through the Internet
- Availability of the Unified Agenda and OMB report on the Internet
- Responsiveness to public inquiries

### ***Committee Management Secretariat***

- Timely Submission and access of regulatory information
- Improved Understanding of Federal Advisory Committee Act (FACA) related statutes

### **Asset Management**

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# **Asset Management**

## **\$ Process Reengineering**

**Increased Use of the Governmentwide Credit Card:** In Fiscal Year 1997, GSA began the migration of its governmentwide credit card invoices to a more streamlined electronic processing system for payment. This system will provide faster payment of invoices, on-line management of accounts, and more flexibility in reporting.

This system will bring GSA another step closer to the President's initiative

of a governmentwide procurement/payment system through electronic commerce. To continue the initiative of streamlining payment processes and reducing costs, GSA is implementing the use of checks issued by the governmentwide credit card contractor for payments to vendors who do not accept credit cards. This will increase the use of governmentwide credit card services in place of paper purchase orders for procurements.

**Reengineer the travel process:** GSA's internal travel policies and programs continue to be reengineered to eliminate unnecessary regulations and to streamline the travel processes, and to reissue the GSA travel regulations in a "plain English" format similar to that of the Federal Travel Regulations. In addition, GSA will develop and implement an Intranet application providing answers to the most frequently asked travel questions with links to related travel information on other Internet and Intranet pages.

GSA also plans on expanding the number of direct billing arrangements with "preferred" hotels and car rental agencies, issuing American Express Cards to all travelers and encouraging the use of Sprint Foncards or prepaid telephone cards by all travelers to reduce the cost of lodging and telephone calls.

GSA will continue to explore other avenues of streamlining, and whenever possible, eliminating the vouchering process through direct billing of all major travel expenses and processing miscellaneous expenses through a module of FEDdesk.

**Reengineer The Managerial Cost Accounting Process:** A major goal of managerial cost accounting is to accurately measure the amount of financial resources consumed to perform specific work activities and provide specific products and services to customers. In order to accomplish this goal, cost data must be collected, summarized, and assigned to various costing objectives in a meaningful way. Also, this cost information needs to be readily accessible to both financial and program managers for timely use in making pricing, resource allocation, and program-related decisions. Accordingly, cost information is an integral part of both financial and program management.

One emerging costing technique to improve the quality of the managerial cost accounting process is cost management, commonly referred to as activity-based costing (ABC) and activity-based management (ABM). ABC seeks to more accurately assign and distribute direct and indirect costs to various costing objectives on the basis of resource utilization, not arbitrary and less meaningful allocation techniques that are commonly used by more traditional costing methodologies. ABM seeks to leverage this more accurate and relevant means of costing to continuously improve service delivery and operational performance. Taken together, both ABC and ABM provide the missing link necessary for Federal agencies to improve their internal costing processes and cost-related performance measures, while also improving customer service delivery and operating efficiency and effectiveness.

At GSA, short-term process improvement goals will continue to use cost management techniques to improve internal costing practices and methods and expand the use of activity-based costing to support the strategic business needs of the Agency. Two major goals will be to develop and implement improved labor distribution and overhead costing capabilities to support ongoing financial management system improvement initiatives. Labor distribution improvement efforts are described more fully in the financial systems planning portion of this report. The initiative to improve overhead costing will focus primarily on enhancing the means by which overhead costs are distributed or assigned to various GSA organizations and Services for costing purposes. The first step of this effort will be to conduct a comprehensive review and analysis of current overhead cost distribution practices to include both general administrative and Service overhead costs. This review is scheduled to begin in the first quarter of fiscal year 1998. It is anticipated that this review will identify a number of opportunities for improved costing and cost distribution in accordance with ABC techniques and principles.

Longer term goals will focus on integrating these newly developed capabilities as part of GSA's future financial management system and leveraging these new capabilities to more fully integrate both program and financial management within GSA. This latter effort will ensure the Agency's ability to meet various externally imposed financial management mandates while also supporting the additional cost information needs of internal agency managers.

## **\$ FTS2000**

**Cheapest Phone Calls Anywhere:** FTS2000 continues to provide high quality long distance telecommunications service to its customers at prices lower than any commercial equivalent. For fiscal year 1997, the average base price paid to AT&T and Sprint for basic voice service is estimated to be 5.47 cents per minute. In fiscal year 1998, the average price per call is expected to be even lower by one-quarter cent per minute.

**Program Expansions:** To satisfy changing user requirements, FTS continues to focus on service acquisition projects.

The Federal Wireless Telecommunications Service (FWTS) contract, awarded to GTE, Inc., in November 1996, provides nationwide wireless telecommunications services, devices and accessories, as well as cellular telephone services and equipment at rates 20% to 60% below those charged by commercial providers.

The International Direct Distance Dialing (ID3) contract, awarded to AT&T in July 1997, will provide a consolidated, cost-effective, international direct dialing service for civilian and Defense Department agencies.

FTS awarded two contracts for Commerce, Internet, and Electronic Mail Access (CINEMA) in April 1997. Initiated by the Interagency Management Council, CINEMA may be expanded to include additional service offerings if warranted by user demand. The CINEMA contractors will compete head-to-head for business from FTS customer agencies. The Nationwide Wire and Cable Contract, expected to be awarded in early fiscal year 1998, will enable users to economically upgrade and maintain the cable and wiring in buildings to support local area networks.

### **Financial Management Systems & Applications**

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## **Financial Management Systems & Applications**

### **\$ Financial Management Systems Strategy**

The financial management information of the Agency is a strategic and tactical resource used by GSA managers to sustain and grow the business. The vision for financial management systems at GSA is to have completely integrated financial management systems that facilitate sharing of data among all GSA financial systems. This vision requires financial management systems to support the partnership between program and financial managers and to assure the integrity of information for decision-making and measuring of performance.

GSA financial management systems fall into three categories: core financial systems, other financial and financial portions of program and administrative systems, and executive information systems. These systems must be seamlessly linked to be efficient and to facilitate the exchange of information. Financial information must be able to flow freely into and out of each system. They must meet such requirements as:

- Source data entry with integrated workflow
- Common user interface
- Standardized data
- Single source data storage
- Electronically shared data
- Easy access to financial information
- Standard external interfaces

Having a single integrated financial management system does not necessarily mean having only one software application with all information physically located in the same database. Rather, a single integrated financial management system is a unified set of financial systems and the financial portions of other systems encompassing the software, hardware, processes and data that uses electronic interfaces to facilitate the exchange of financial management information.

To meet our business needs it is essential to reassess information, policy, and process redesign. It is critical to improve federal financial management systems so that they provide more valuable information to managers. This action will result in better management, increased efficiency and effectiveness of services, and expanded financial and program manager accountability. Greater emphasis is being placed on results, and on streamlined, productive organizations. To meet these challenges, program managers must also become financial managers, utilizing current information technology and innovative techniques.

The responsibility for the integration of GSA's financial management systems rests with the Office of the CFO, but we recognize that we cannot bring this about alone. We will rely heavily on the cooperation and participation of the Services and Staff Offices (SSOs), and especially the Chief Information Officer (CIO). The CIO has a major business leadership role, and focuses on overall GSA business improvement through information technology (IT) planning, management, investment and evaluation. The CIO serves as the focal point for insuring that the IT emphasis within GSA is on meeting the Agency's business objectives through sound IT strategic and capital planning. Therefore, to ensure that we continue to move in that direction, we have developed a close working relationship with the CIO. We are currently involved in an agencywide, CIO-led project known as the "GSA Corporate Information Network." This effort will focus on how IT can enhance and support GSA's future business needs. The strategy and technology used to develop and deploy new financial management systems at GSA must be in support of and in conformance with this effort.

We recognize that financial management systems are a large part of the information systems support structure at GSA. Our vision requires financial management systems to support the partnership between program and financial managers to ensure the accomplishment of our business objectives in a manner consistent with the overall direction of the Agency.

## \$ Financial Management Systems Framework

The development of key financial management system components is imperative to the creation of an integrated financial management system. The most critical component to achieve integration is the replacement of the CFO's National Electronic Accounting and Reporting (NEAR) system. The capabilities, as well as the software and hardware environment of the new core system, will influence the process by which integration with all other systems is achieved.

The replacement of the core financial management system at GSA necessitated the adoption of a structured, yet customizable, methodology, to provide effective project management and systems development techniques. The project is composed of various stages, beginning with the identification of functional requirements, definition of technical architecture plans, and the identification of the core solution. Subsequent to these initial steps, the CFO will plan and execute the implementation, training, documentation, and data conversion stages.

GSA's approach to the core replacement project focuses on the development of relationships not only throughout the CFO community, but with the SSOs as well. Through the establishment of various executive boards and the appointment of various representatives, a common vision, dedication and commitment are to be formed.

Our goal is to document all financial management requirements, select a software package that will best meet GSA's requirements, and identify additional projects that must occur to satisfy any remaining requirements and complete the core solution. However, while the core solution is being developed, we recognize that we must continue to provide more immediate customer-focused improvements. To that end, GSA's CFO and SSOs communities are currently working together on a number of projects to quickly bring improvement to GSA's financial management systems.

In order to achieve our vision, we have established the following financial management systems objectives. These objectives and supporting projects are discussed below.

**Process Transactions More Efficiently and Effectively:** In general, financial management transactions at GSA are entered into multiple systems. Our customers have expressed great interest in reduced processing requirements, source data entry, and reduction of paper handling and storage. To increase support to our customers, we must improve our current financial management processes to make them more efficient. Improving these processes will develop the foundation for other business objectives. Due to the strong relationship between processes and financial systems, it is important that state-of-the-art technology is incorporated in our processes. Furthermore, leveraging process savings in the new systems is essential. Initiatives for this effort include:

**Use of Purchase Card:** Purchase cards represent a major opportunity to reduce the cost of purchasing equipment, supplies, and services. Studies at both public and private sector organizations have shown reductions of 50 to 70 percent in these overhead costs. Currently, GSA ranks low among Federal agencies in the use of the International Merchant Purchase Authorization Card (IMPAC) purchase card.

In June 1997, GSA's CFO asked for a review of why our usage is so low and recommendations for improvement. A small team interviewed cardholders, IMPAC coordinators, financial management

personnel and other stakeholders and identified major barriers to increasing the use of the card. These problems were confirmed in two workshops, one in the Mid-Atlantic Region and one in Central Office.

First, there was no easy way to assign costs to the right financial account. This is a problem for cardholders purchasing for multiple organizations and those who need to charge their purchases to various projects. Second, the current manual system also requires duplicative data entry and extensive reconciliation between logs, cuff records, and statements. Finally, some important vendors do not accept the IMPAC card. This includes not only small merchants, but also medium to large vendors in key industries we do business with, such as lessors and communications companies. We are currently in the process of evaluating several government and commercial systems to address these barriers.

Our goal is to make it easier for customers to use the IMPAC card and improve the quality of transaction data. We plan several regional demonstrations of potential solutions. We will then choose a systems solution and pilot it in first quarter fiscal year 1998.

***Invoice Tracking and Payment (ITAP) System*** has improved and streamlined the payment process in accounts payable by automating many of the processes that were previously done manually. Development of the new version of the ITAP system is underway. The comprehensive system analysis and design phase of the development process has been completed. The "electronic inbox" capabilities will process Electronic Data Interchange (EDI) files received from vendors. The system is also being expanded to process utility invoices and to integrate electronic images of purchase orders, receiving reports and invoices.

***Federal Supply Payment (FEDPAY) subsystem*** of the core financial system was successfully modernized and implemented on schedule, by the third quarter of fiscal year 1997. Over 40 interactive screens are now in place. The entire database was redefined and streamlined, redundant data was eliminated, and data was standardized throughout the database. In addition, the update and query screens are easier to use and more efficient for the users. Processing time has been reduced over 50%. In the future, FEDPAY will be enhanced to allow for access through the Internet thereby allowing the vendor community to access FEDPAY. Vendors will not only be capable of querying FEDPAY on the status of their accounts, but they will also have access to enter invoices and update the database. FEDPAY continues to receive Electronic Invoices via EDI (ANSI X.12) as well as Electronic Purchase Orders and Receipts. The number of trading partners is now over 75, and the number of electronic invoices has increased to over 15,000 per month—more than 25% of total invoices processed.

***Schedules Industrial Funding Transaction (SIFT) System*** was designed and implemented to facilitate the collection of fees due from FSS schedules vendors to offset GSA's cost of conducting the schedules program. A SIFT lockbox was established at First National Bank of Chicago. All vendor schedules fees and sales volume data are submitted to the lockbox. The bank then converts this data into remittance advice for the CFO, or sales volume data for FSS, and submits files to GSA through SIFT. SIFT separates the payment advice from the sales data, routing the payments into NEAR and the sales data to FSS.

**Quickly and Efficiently Provide Customers Better Information:** In an effort to improve and enhance the production and delivery of financial management information, the CFO is improving processes and redesigning financial systems. This will facilitate producing agencywide reports and information for Agency executives, external agencies, and the Congress. Information will also be readily available to be merged across projects, GSA Services, and funds. In addition, GSA managers will be assured that the data provided to outside oversight organizations is current, accurate, and complete. Initiatives for this effort are:

***Information Architecture:*** A new initiative has been established to explore how IT can enhance and support GSA's future business objectives. This initiative, GSA Corporate Information Network, is extremely important to GSA and is among the Administrator's highest priorities. GSA wants to maximize its

competitive edge through a unified approach to technology, while minimizing excessive central controls that hold back creativity. GSA is committed to establishing one technology foundation. This will allow us to present one face to the customer and to enhance our internal communications. A single technology foundation will give GSA more flexibility to use technology effectively, but will also require a commitment to increased standardization and a consistent data and information architecture. This approach will have a positive impact on our ability to produce and deliver financial management information to our customers.

**NEAR Replacement:** The new financial management system will provide our customers with more valuable financial management information. It will provide increased efficiencies and eliminate labor intensive financial activities. Through the utilization of client/server technology, the new system is being developed to provide source data entry. This will eliminate the rekeying of data, program personnel will be able to input income and expense accruals, and financial managers will be able to input budget data and obligations. Manual processing will be significantly reduced because of process improvements and technology changes. In addition, integrated workflow will allow for on-line editing and approvals, electronic routing, and electronic notifications. The new system will provide managers with a better mechanism for more business analysis and require less reconciliation. It will also allow for greater empowerment of GSA employees.

On July 15, 1997, GSA sent a Letter of Interest to the vendors on GSA's Schedule for Financial Management System Software to procure the new financial management system. The technical evaluation is scheduled from September through November, with a selection anticipated in December. The new CFO Financial Management System is scheduled for implementation by October 1, 1999, with phased deployment beginning in 1998.

**Financial Management Information System (FMIS)** has been developed to expand accessibility to financial information at GSA. The first release of FMIS is complete and installed agencywide. Over 2,300 users currently have access to the system and 750 users access FMIS monthly. FMIS provides users with easy on-line access to GSA's core accounting system through a front-end query package operated from the users' workstations. The system includes a standard set of queries, access to NEAR transactions, download capabilities, and the ability to develop custom ad hoc queries. Subsequent releases will include options for other GSA financial systems, such as its Financial On-Line Data System (FOLDS), Payroll Data, and Valid Accounting Transaction (VAT) Search. These releases will be available during fiscal year 1997.

**Activity-based Costing (ABC) Pilots:** To provide more relevant costing information for GSA program managers, several ABC pilot projects have been initiated by the Office of the CFO. The primary goal of these efforts is to develop better costing information by business activity and type of service to support improved pricing and program management. Additional goals are to leverage this new information to improve customer service and plan for improved GSA-wide costing and financial management systems.

Pilot efforts have now been completed for two business lines within the Public Building Service (PBS) and are nearing completion for three other components within GSA. Another ABC pilot is planned for a major Staff Office as well. All of the ABC models are being developed using a leading commercial off-the-shelf (COTS) software package, HyperABC. This package possesses the capability to automatically download pertinent cost information from the Agency's financial accounting system and provide for the additional costing information needs of GSA's program managers.

Short-term plans are to continue to complete ABC pilots where needed to support immediate business needs within the Agency for better costing and program management. Longer-term efforts will be directed toward incorporating these new costing capabilities as part of GSA's planned financial management system.

As a natural follow-on to GSA's ABC pilot projects, it is expected that additional cost management or

activity-based management techniques, such as process analysis, cycle time analysis, and value-added analysis will be utilized to provide additional information that can be used to better manage business operations and improve customer service. These techniques are designed to identify new opportunities to streamline work tasks and activities, reduce the amount of time required to deliver services and meet customer needs and eliminate or reduce the amount of resources that are assigned to perform those tasks and activities that are of marginal or no value to GSA's customers.

As such, these cost management techniques offer new opportunities for GSA to continue to do more with less and maximize both workforce productivity and customer service.

**Labor Distribution:** Another major initiative is to more efficiently and effectively capture and distribute labor time (and related cost) information so that it supports both payroll processing and costing systems requirements in an integrated fashion. To provide for an improved GSA-wide capability in this area, a requirements analysis and systems development team was recently established. This team is tasked with identifying GSA's requirements and implementing a cost-effective system of accounting for and distributing labor time in various ways to meet both payroll and costing needs within the Agency.

**Personnel Information Resources System (PIRS)** serves as GSA's main personnel information database and is derived from the Air Force's Personnel Civilian Data System. The present mainframe-based system, over 20 years old, is difficult to maintain, to retrieve data from, and to integrate with other program systems; i.e., GSA's Payroll and Accounting System (PAR). The Air Force plans to move to a client-server platform by fiscal years 1998 to 1999, at which time the current PIRS legacy system will no longer be supported. The Office of Human Resources plans to move to a Commercial Off-the Shelf (COTS) human resources software product by fourth quarter fiscal year 1998. The Comprehensive Human Resources Integrated System (CHRIS) is being designed to support a client-server platform and meet our customers' unique functional requirements.

The new system includes reengineering the current interface with the current GSA payroll system. When fully implemented, CHRIS will allow GSA to integrate personnel and payroll data. In addition, the system will be able to provide automatic updates to the Office of Personnel Management's Central Personnel Data File. Ultimately, GSA plans to market the new human resource/payroll system to other Federal clients. The system will provide desktop accessibility for line managers, electronic signature, automatic action notification, as well as numerous other features not supported by the current system.

**Provide Managers with Business Analytical Tools:** Having access to business analytical tools is essential for managers to be able to monitor financial data. These tools will allow for better business analysis and provide data for decision making and performance measurement which will increase overall productivity. The increased use of analytical tools also will allow managers to detect abnormal or "out of range" conditions. Early detection can often avoid a management crisis and save resources that may be spent correcting the situation.

**Executive Window,** GSA's agencywide executive information system, is an automated system designed to provide summary level time-series data and graphs. On demand, it also provides narrative information for GSA executives, managers, staff analysts and others on the Agency's financial and employment trends. It optionally supports various strategic planning processes and performance measurement initiatives.

Executive Window utilizes state-of-the-art, commercial off-the-shelf technology to deliver electronic information with the full range of analytical tools on-line. These OLAP (On-Line Analytical Processing) tools include: ad hoc data navigation, graphs, trend analysis, color-coded exception reporting, and calculator/worksheet functions in an easy to use Windows environment.

Executive Window is being enhanced by migrating it to the Intranet and establishing an integrated client/server environment to permit interactive business analysis. A recent enhancement to this module offers the viewer the capability to download to Excel detailed information about all PBS buildings in each region. Two downloads are possible: one dealing with profitability and another which is comprehensive in nature. Another enhancement permits the viewer to select a specific building report directly, rather than navigating from higher level information. It also facilitates later access by allowing the user to "bookmark" particular buildings for ready access.

This capability will assist GSA staff to better accomplish their functions and responsibilities by providing all personnel with Intranet access, a view of performance and financial information with functionality for multidimensional analysis, on-screen data visualization, ad hoc data navigation, business summaries, trend analysis and forecasts. It should act as a valuable tool, capitalizing on efficiencies realized in centralization, standardization, reduced reporting, and reduced manual processing of data.

The Executive Window user community increased to about 2,200 in fiscal year 1997, up from 1,500 in fiscal year 1996. Use of the financial information module has almost doubled.

***Inventory Reporting Information System (IRIS) and Project Management ToolBox (PMT)*** are a combined effort between the Property Management and Property Development organizations to provide PBS employees with a modern project tracking and management tool. The combined IRIS/PMT project will replace the functionality of several existing PBS systems. IRIS/PMT will utilize the standard Microsoft suite of GSA, including MS-Project, MS-Access, and MS-Word. System installation should be completed in fiscal year 1997.

***System for Tracking and Administering Real-Property (STAR)*** provides realty specialists, property managers, asset managers and customer agencies a tool that will enable them to perform their job more quickly, easily, and cheaply. It assists employees with lease project planning and lease administration by tracking the basic property inventory and its attributes, recording and executing financial relationships with lessors and customer agencies, and yielding workflow management associated with those processes. Deployment is currently projected for first quarter of fiscal year 1998.

**Provide Improved Vendor and Employee Support:** The ability to provide financial information on-line to enhance business for vendors and employees has become increasingly important at GSA. GSA is providing financial data through on-line access which provides support, enhancement of reporting, and eliminates the need for extensive and labor intensive reconciliations. Expanding accessibility to financial data will improve the productivity of financial employees by allowing more time for the analytical process. Also, vendors are provided with improved support by being able to retrieve payment and invoice status information on-line. Initiatives include:

***Intranet/Internet CFO Home Page Project:*** The CFO Home Page has been designed and implemented on the GSA InSite, an electronic resource for all GSA employees (Intranet), as well as the externally focused GSA Home Page (Internet). The CFO Intranet Home Page was published in the second quarter of fiscal year 1997, and the CFO Internet Home Page was announced in the third quarter of fiscal year 1997. The CFO products and services portrayed on these home pages are informative, useful, and pleasing to our customers and stakeholders, both GSA and external; e.g., Congress, OMB, federal financial community, vendors, taxpayers. Broad categories of information include budget, finance, travel, reports, and services. These pages are a centralized gateway to financial and budgetary information of all types, including individual invoice status, vendor payments, program resource status, project status, financial systems information, financial reports, payroll information, travel information, Annual Reports, Strategic Plans, and Agency budget submissions to Congress. The CFO Web page is continuously being expanded to provide our customers with easy access to financial information. Enhancing on-line access to financial data helps reduce printing and distribution

costs.

***Federal Administrative Desktop (FEDdesk)*** is a navigator screen developed for GSA and GSA's customers by the CFO. FEDdesk allows users' PC desktops to be standardized, thus permitting the use of a single user id and password to run many secured functions (e.g., Electronic Time and Attendance Management System [ETAMS], Travel and Miscellaneous Reimbursements). FEDdesk was developed to run in several modes: on a network, as a stand-alone workstation, and on GSA's Intranet. FEDdesk has been installed at Central Office and several customer agencies. Plans are to have all regions on FEDdesk by the end of this calendar year.

***Electronic Remittance Advice:*** The CFO provides payment notification to GSA vendors via electronic mail. Any GSA vendor can request automatic notification of remittance advice for payments that GSA processes. The remittance advice includes information about the total payment amount, Electronic Fund Transfer (EFT) or check date, and invoices being paid. Vendors can sign up for this via the CFO web page at <http://www.finance.gsa.gov/>.

***Intranet Access to Employee Pay and Leave Statements (EPLS):*** To reduce paper pay and leave statements, a system where the equivalent information can be accessed on-line has been developed. With passwords, employees can access their current and prior pay and leave statement information. Tax withholding information can be updated interactively.

***GSA Advantage! &trade;*** is an on-line electronic catalogue system that allows customers to browse and electronically order items from GSA schedules and supply programs. This electronic ordering system enables customers to browse, search on specific product information, review delivery options and place orders without having to maintain paper copies of schedules and catalogs. Items may be purchased using government credit cards or a GSA account number. *GSA Advantage! &trade;* is accessible on the Internet's world wide web with a secure Internet browser. Currently, there is ordering capability for 26,000 stock items, approximately 3,400 Special Order items, and 238,000 Federal Supply Schedule products from over 475 vendors. Target upon completion of the system in first quarter fiscal year 1998, is 4 million products from over 5,000 vendors.

***Electronic Acquisition System (EAS)*** support contract has been awarded and will result in a streamlined procurement process. EAS will be capable of supporting GSA's procurement operations nationally from initial requisition entry through contract close-out, and will replace the Federal Acquisition Management and Evaluation (FAME) system which needed to be replaced because of an outdated hardware and technical software structure. Initial implementation was completed in fiscal year 1997.

***Telecommunications Ordering and Pricing System (TOPS)*** provides GSA and its client agencies the ability to electronically order local telecommunications equipment and services from GSA consolidated locations. TOPS also reconciles invoices from the vendors with the inventory in TOPS. The system was implemented nationwide in the first quarter of fiscal year 1997. TOPS improves the timeliness of services provided to the customer, increases the accuracy of information, and expedites billing. It provides real-time on-line access to current inventory, itemized order information and reference data; e.g., customers, locations and rates.

***Smart Card:*** A smart card is a credit card sized plastic card with an integrated circuit embedded in it. The integrated circuit holds information in electronic form and controls who uses this information and how. Smart cards are a relatively new technology that already affect the everyday lives of millions of people.

Smart cards provide the opportunity to address the limitations associated with single purpose systems, since they are capable of supporting multiple applications. In that way, smart cards reduce administrative processing costs. Other opportunities represented by the shift to smart card technology and systems are in

the replacement of outdated federal processes for delivering services; improving accountability and reporting; and satisfying a growing demand for efficient transaction processing capacity. Smart cards solve storage and processing problems, given they provide both local data storage and local computational power.

GSA has issued the smart card to its employees. This hybrid card, with a magnetic stripe, a bar code, and a computer chip, also has space for a photograph of the employee. The card is used now as an employee identification device. It can also be used as a platform for various operations by incorporating the identification card with a service provider card. Some of these various operations include travel, telephone, purchase, and miscellaneous reimbursements.

GSA intends to use the smart card to provide an integrated travel and purchase solution. Once provided on the card, the travel and purchase functions can be activated and deactivated by an authorized official through input to a cardholder database. This will allow the card to be used only for official business and assist employees in performing their mission. GSA is working on expanding the capabilities of the smart card, building on the initial computer chip application by adding more GSA unique data and applications to the chip over time.

**Schematic: Baseline Financial & Mixed Systems**

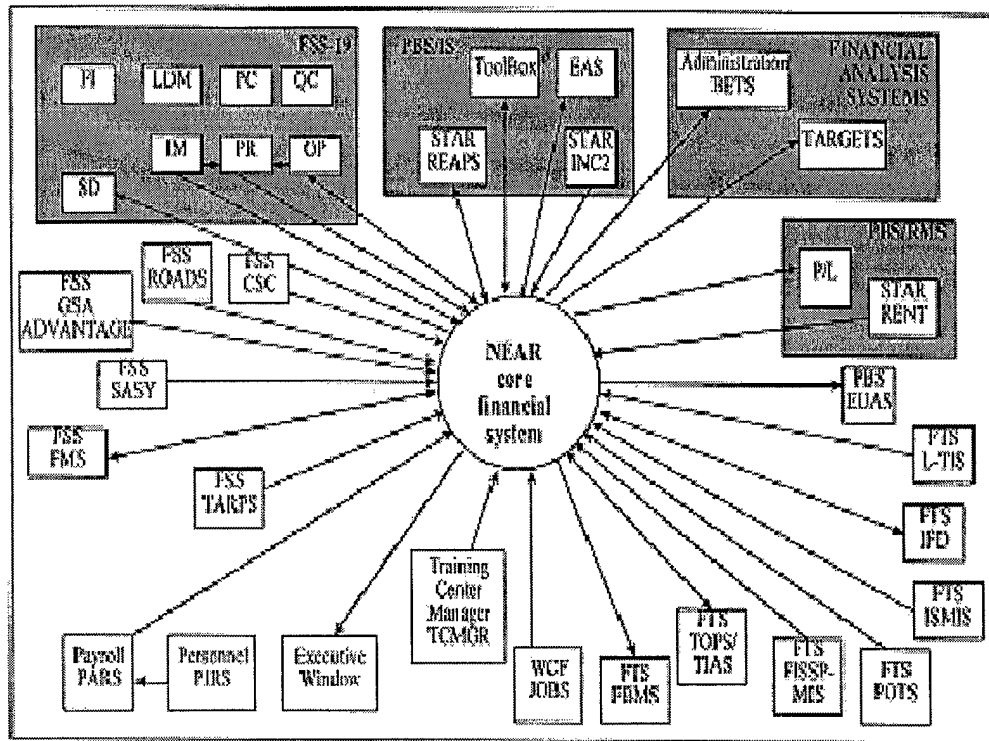
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## Schematic of Baseline Financial and Mixed Systems

### *Schematic: Baseline Financial and Mixed Systems*

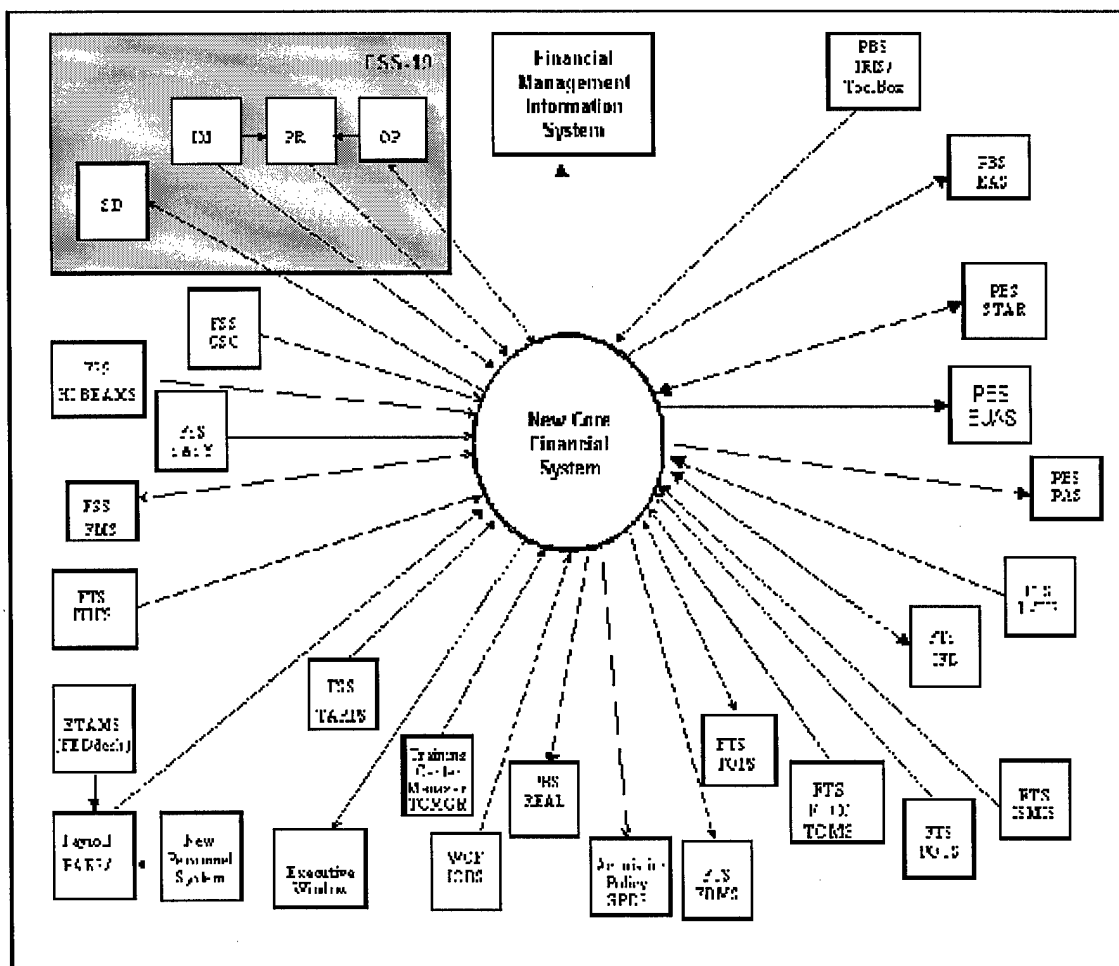


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### Schematic of Future Financial and Mixed Systems

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## Schematic of Future Financial & Mixed Systems



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## **Management Accountability and Control**

### **\$ Federal Managers' Financial Integrity Act (FMFIA)**

GSA's annual assurance statement for fiscal year 1996, included as part of GSA's 1996 Accountability Report, reported no new material nonconformances under Section 4 of the Act (financial management systems), nor any material control weaknesses under Section 2 of the Act (internal control systems). There are no outstanding material nonconformances. Corrective action plans are in place for our five remaining material control weaknesses, and corrective actions are being closely monitored. Of the two high risk areas reported for fiscal year 1995, "Oversight of GSA Major Information Systems" has been eliminated, and "Multiple Award Schedule Program" is currently being reported as one of the five material control weaknesses.

**Financial Management Systems:** GSA evaluates its financial management systems on an ongoing basis to ensure that they are in compliance with the FMFIA, the CFO Act, all pertinent Federal financial management system requirements, and the policies of OMB Circular No. A-127, Financial Management Systems. GSA's financial management systems are reviewed annually on either a detailed or general basis.

Detailed systems reviews are comprehensive system evaluations to assess whether specific financial management systems comply with the key provisions contained in OMB Circular No. A-127 and related Federal financial management system requirements. These systems reviews typically involve extensive evaluation and testing of significant system controls, data integrity, documentation, training, and operating effectiveness and efficiency. Since 1989, detailed systems reviews have been performed by an independent public accounting firm with specialized expertise in this area. Systems selected to undergo this form of review are chosen in accordance with specified criteria that is detailed as part of GSA's annual financial management systems review plan.

General systems reviews are more limited in nature and are performed by the responsible systems manager. These reviews are conducted by means of a short questionnaire which is intended to identify any significant system conditions or nonconformances with OMB Circular No. A-127 and related Federal financial management system requirements.

**Material Weaknesses:** No new material weaknesses were identified in fiscal year 1996. Of the eight material weaknesses reported for fiscal year 1995, four were corrected in fiscal year 1996. One previously reported high risk area is now being reported as a material weakness, leaving a balance of five material weaknesses. GSA management continues to take corrective action to close out those items while guarding against the occurrence of new ones. The CFO plays a key role in the development and implementation of the required changes.

**Reportable Conditions:** The auditors also identified in the 1996 annual audit report a number of issues that were of sufficient severity to require that they be reported to GSA management. Although these items did not meet the auditing criteria for classification as material weaknesses, GSA management views them as serious and is taking corrective action. As with all financial issues, the CFO has been actively involved in developing and implementing the required changes.

#### *Federal Buildings Fund:*

- Financial management practices in the Public Buildings Service require continued improvement.
  - Procedures to identify completed construction projects continue to be insufficient to ensure the accuracy of property account classifications.
- Procedures for establishing reserves for past due accounts continue to require improvement to ensure

that adequate reserves are recorded.

- Operation of procedures designed to establish and evaluate the accuracy and completeness of year-end accruals requires improvement to ensure that goods and services are recorded in the period in which they are received.

#### *Information Technology Fund:*

- Procedures for establishing and evaluating the accuracy and completeness of year-end accruals for automatic data processing services were not adequate to ensure that the financial statements were properly stated.

**Management Control Systems:** GSA's Management Control Oversight Council (MCOC), chaired by the Deputy Administrator, prescribes policy, oversight, and leadership regarding GSA's Management Control Improvement Program. GSA managers periodically evaluate their management control systems in accordance with instructions in OMB Circular No. A-123, Management Accountability and Control. Each program component of the Agency is identified in GSA's Management Control Plan (MCP). The MCP provides a systematic approach for scheduling and monitoring the completion of management control evaluations which are performed using a variety of information sources.

Besides the evaluations performed under the Agency's MCP, Heads of Services, Staff Offices and the Office of Governmentwide Policy and the Regional Administrators prepare annual assurance statements covering their operations. These assurance statements, Office of Inspector General and General Accounting Office audit reports, and information from the MCP evaluations performed during the year are the basis for the Administrator's FMFIA assurance letter pertaining to management control systems.

**Audit Resolution and Follow-up System:** The GSA Audit Resolution and Follow-up System operates under the overall direction of the Deputy Administrator. GSA's system monitors the resolution of audit recommendations and ensures the prompt implementation of corrective actions. It provides for: the management evaluation of and response to audit findings and recommendations; a mechanism for the resolution of any disagreement; the development of formal action plans to implement agreed upon recommendations; the review, evaluation, and approval of management's response to ensure it sufficiently addresses the deficiencies identified; and the tracking of action plan implementation by an independent organization.

## **\$ Planning and Accountability Reports**

In 1996, GSA continued as a pilot agency in the second year of an OMB and CFO Council sanctioned pilot project to consolidate and streamline Federal statutory reports, the genesis of which is described below. During this stage two additional agencies, the Departments of Interior and Housing and Urban Development, joined the original six agencies: GSA, National Aeronautics and Space Administration, Nuclear Regulatory Commission, Social Security Administration, and the Departments of the Treasury and Veterans Affairs.

In the Federal Financial Management Status Report and Five-Year Plan issued in June 1997, GSA was praised by OMB for raising the standard of timeliness when it issued its 1996 Annual Report on December 17, 1996. In addition to the consolidated financial statements and narrative describing agency responsibilities, GSA's report includes the GSA Strategic Plan and performance measurement data required by the Government Performance and Results Act (GPRA), the Federal Managers' Financial Integrity Act (FMFIA) report and assurance letter, a summary and extract of the Semiannual Report to Congress from GSA's Inspector General, and financial performance statistics relative to the Prompt Payment Act, electronic payments, debt collection, and civil monetary penalties.

The Government Management and Reform Act (GMRA) of 1994 allowed OMB to consolidate or adjust the frequency and due dates of certain statutory financial management reports after consultation with the Congress. Subsequently, the governmentwide CFO Council examined statutory reporting requirements and issued Streamlining Governmentwide Statutory Reports, which recommended consolidating similar reporting requirements on current agency operations to make financial management reporting more productive and to better integrate management initiatives. The case was made that doing so would allow better program oversight as well as achieve efficiencies. Senior GSA financial management staff participated in writing the report for the CFO Council.

The result was an annual reporting cycle with only two broad phases. In the first phase a consolidated report sets forth plans and requested funding (planning); in the second phase another consolidated report describes what had been accomplished with the resources that had been made available (accountability). The CFO Council's recommendations were accepted by OMB and House and Senate staff, but with a request that the delivery schedule of the Accountability Report be accelerated. Consequently, it was decided to move ahead on a pilot basis with two all-encompassing reports: a Planning and Budget Submission and an Accountability Report. (This CFO Financial Management Status Report and Five-Year Plan is a component of the budget submission for the second time.)

**Audited Financial Statements**

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Verified through Audit

## Audited Financial Statements

### \$ Annual Audit of Financial Statements

GSA continues as a leader in the Federal community by receiving unqualified audit opinions from an independent external auditor for the ninth straight year. GSA has prepared Consolidated Financial Statements as well as individual fund statements (Federal Buildings Fund, General Supply Fund, and Information Technology Fund) and subjected them to audit annually since fiscal year 1985. The Agency has received unqualified auditors' opinions on the statements since fiscal year 1988. This record continues to be unmatched by agencies of GSA's size and complexity.

The Consolidated Financial Statements encompass all GSA funds. In GSA's fiscal year 1996 Accountability Report, the annual financial statements were presented with the related auditors' report in compliance with OMB Bulletin 93-02, "Form and Content of Agency Financial Statements." Included were overviews of financial performance, program performance, and financial management. Each overview incorporated comparisons of goals versus actual results for selected performance measures. The accompanying letter of transmittal from the GSA Inspector General certified that the independent external auditor had planned, executed, and reported the results of its audit in accordance with *Government Auditing Standards* issued by the Comptroller General of the United States.

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