

JFMIP NEWS

A Newsletter for Government Financial Managers

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ATTENTION JFMIP NEWS Recipients:

To reduce costs for printing and mailing and to gain the benefit of a wider distribution with the use of the Internet through FinanceNet, the JFMIP is changing the way it distributes exposure drafts of JFMIP publications. JFMIP has established a new mailing list in cooperation with our liaisons from organizations in both the public and private sectors. The liaisons determine who in their organizations will receive future exposure drafts of JFMIP publications, such as financial systems requirements and core competencies for financial management personnel, in hard copy. The liaisons in federal departments and agencies are usually members of the U.S. Chief Financial Officers Council, Federal Audit Executive Council, Small Agency Council's Financial Management Committee and Executive Council on Integrity and Efficiency. You may access and download exposure drafts on FinanceNet under JFMIP:

<http://www.finanzenet.gov/Fed/jfmip/jfmip.htm>

Current Exposure Drafts

JFMIP has issued the following exposure drafts:

Core Competencies in Financial Management for Information Technology Personnel (CC-3)
— September 1997

This document is jointly issued by JFMIP and the Human Resources Committee of the Chief Financial Officers (CFO) Council. Comments are due by November 17, 1997.

Core Competencies for Financial System Analysts (CC-4) — September 1997

This document is jointly issued by JFMIP and the Human Resources and Financial Systems Committees of the CFO Council. Comments are due by November 17, 1997.

Core Competencies in Financial Management for Management Analysts and Financial Specialists (CC-5) — October 1997

This document is jointly issued by JFMIP and the Human Resources Committee of the

Update on the U.S. CFO Council

The federal financial management community will miss the following individuals who recently left their positions as chief financial officers:

- Bonnie Cohen, formerly CFO, Department of the Interior, is now the Under Secretary for Management at the Department of State.
- George Munoz, formerly CFO, Department of the Treasury, is the Chairman, Overseas Private Investment Corporation.
- Louise F. Stoll, formerly CFO, Department of Transportation, has taken a position in the private sector.

Some new members of the CFO Council are:

Kenneth Bresnahan was sworn in as the Deputy Chief Financial Officer (DCFO) of the Department of Labor on October 15, 1996. He is currently the Acting CFO at Labor. Prior to his Labor Department appointment, Mr. Bresnahan has held financial and program

continued on page 4.

Educating Millions on EFT 99

The Department of the Treasury, Financial Management Service (FMS), is leading the effort to implement the Debt Collection Improvement Act (Public Law 104-134), which will have a major impact on the way the Federal government issues payments. The law requires the use of Electronic Funds Transfer (EFT) for all Federal payments after January 1, 1999, with the exception of tax refunds. These disbursements include Federal benefit payments, such as Social Security and veterans' benefits, Federal salary payments, and vendor payments. The Treasury Department refers to this effort as EFT 99.

On September 16, 1997, Treasury issued a Notice of Proposed Rulemaking, 31 CFR Part 208, for implementing the EFT requirements. The proposed rule addresses how current and new recipients of Federal payments will arrange to have their payments delivered electronically, how those without accounts at financial institutions will receive their payments, and who is eligible for a waiver. EFT is defined as any transfer of funds using other than paper instruments. This includes electronic transactions such as Automated Clearing House (ACH), Fedwire, credit cards, automated teller machine (ATM) and point-of-sale (POS) transactions. Public hearings on the proposed rule will be held in

Inside this Issue

<i>Surcharge for FMSS</i>	2
<i>CFOC Human Resources Committee</i>	3
<i>Profile: Elizabeth Smedley</i>	5
<i>FASAB Update</i>	8
<i>HUD's Accountability Report</i>	10
<i>TIN Regulation Proposed</i>	12

continued on page 4.

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GAO Issues Executive Guide on Measuring Performance of Information Management and Technology

Continuing its efforts to assist agencies in understanding and devising effective information management practices, the General Accounting Office (GAO) recently issued an executive guide that presents a suggested framework for designing and implementing IT performance management approaches. Issued as an exposure draft under the title *Executive Guide: Measuring Performance and Demonstrating Results of Information Technology Investments* (GAO/ALMD-97-163), the guide is based upon GAO's research of several leading public and private organizations with established reputations for their IT performance leadership and management expertise. The organizations studied included Xerox, Eastman Kodak, Texas Instruments, Motorola Semiconductor Products Sector, American Express Travel Related Services Company, the Oregon Department of Transportation, and the cities of Phoenix, Arizona and Sunnyvale, California.

Several management reform laws, including the Government Performance and Results Act of 1993, the Federal Acquisition Streamlining Act of 1994, and the Clinger-Cohen Act of 1996, contain provisions that require agencies to measure performance and report results for investments made in information technology (IT). GAO's research basically found that organizations that use comprehensive performance information for its IT spending decisions make much better informed decisions that focus on IT's contribution to improvements in mission, or business, performance. In addition, measuring IT performance (1) provides an early warning indicator to correct problems or mitigate risks, (2) provides better input into resource allocation and planning, and (3) provides feedback to employees, customers, stakeholders, and the general public about the quality, cost, and timeliness of products and services.

The Executive Guide presents an approach that emphasizes three primary practice areas: (1) *aligning* IT systems with agency missions, goals, and programs, (2) *constructing* measures using a balanced approach that determine how well IT is supporting strategic, customer, and internal business needs, and (3) *implementing* performance measurement mechanisms at various decision-making levels throughout an organization. In addition, two supporting practice areas, *performance data collection and analysis* and *strengthening processes being used to deliver IT products and services* are important to achieving an effective IT measurement system.

The approach outlined includes several distinguishing features, including:

- differentiating between IT's impact on intermediate versus final program outcomes,
- using a good mixture of different kinds of IT measures to increase confidence in measurement results,
- understanding that measures may differ by management tier within an organization, and
- evaluating both the overall performance of the IT function within an organization and the outcomes for individual IT projects.

In addition, the guide notes that IT organizations can start by measuring the quality and effectiveness of existing internal IT operations—a critical first step that strengthens credibility and experience essential when constructing other measures aimed at IT's strategic contributions to mission or business results.

Copies of the report may be obtained by calling 202/512-6000. An electronic version (.pdf format) is available on GAO's Internet WEB page at:

<http://www.gao.gov/policy/al97163.pdf>

Surcharge for Use of Financial Management Systems Schedule

The General Services Administration (GSA) will be collecting a surcharge for any orders issued against the Financial Management Systems Software Multiple Award Schedule (FMSS Schedule) contracts effective October 1, 1997. The FMSS Schedule must be used by federal agencies in acquiring core financial management systems software unless a waiver is granted. The FMSS Schedule also provides technical support services, training, documentation, and maintenance. Most of the vendors also offer optional software modules, such as property accounting or procurement, to be used with the core financial system software.

GSA recently communicated the surcharge to senior procurement officials, chief financial officers and other senior management officials in federal agencies by a memorandum dated September 18, 1997 from Robert J. Woods, Commissioner, Federal Technology Service, GSA. As a result of organizational and budgetary changes within GSA, the agency needs to recoup the costs of operating this program, which was provided to federal agencies at no cost since the inception of the FMSS Schedule program. The surcharge to users of the FMSS Schedule will be used to cover GSA's costs of establishing and administering the FMSS Schedule contracts.

For orders issued on or after October 1, 1997, agencies will be required to provide a fee (surcharge) to GSA of .75% of the total dollar value of each delivery/task order issued under the FMSS Schedule program. This surcharge will be reviewed periodically and adjusted as necessary to cover GSA's cost of maintaining this program.

For information on the FMSS Schedule or this procedure, please contact Kathy Wood at (703) 756-4214. □

U.S. CFO Council Human Resources Committee

The U.S. Chief Financial Officers (CFO) Council, comprised of the CFOs and Deputy CFOs of the largest 24 Federal agencies and executives of the Office of Management and Budget (OMB) and Treasury, was established to improve Federal financial management. Acknowledging that a highly qualified financial workforce is key to achieving success and sustaining progress, the Council chartered the Human Resources Committee (HRC).

The HRC began its work by first establishing the framework for a highly qualified financial workforce. In collaboration with JFMIP, the *Framework for Core Competencies for Financial Management Personnel in the Federal Government* was published in November of 1995. This document begins a series of documents that identifies the core competencies (knowledge, skills, and abilities) for personnel within a specific occupational grouping, and it identified core competencies for financial managers, budget analysts and accountants. Recognizing that a government that works better and costs less requires a sound partnership between program and financial managers, the second document in the series identified core competencies in financial management for program managers. Exposure drafts are in process for financial systems analysts, information technology personnel, management analysts and financial specialists. In addition to identifying core competencies, the documents identify learning objectives and training resources.

With work nearing completion on development of core competencies, the HRC has begun focusing on the recruitment, development and retention of personnel, with the core competencies as the foundation. The HRC and the Interagency Advisory Council (IAG), which is the Federal human resources equivalent to the

CFO Council, have established a workgroup to address recruitment and retention. Their first product is a publication, *Current Recruitment and Retention Tools*, that summarizes into six pages information on existing authorities (some rarely used, scattered throughout three volumes of Title V of the Code of Federal Regulations) available to management for recruiting and retaining highly qualified personnel. The HRC/LAG group is working with OPM to update classification and qualification standards for financial management positions. Also, the HRC formed a team to develop an entry level recruitment program to enable the federal government to compete for highly qualified personnel.

The HRC has several projects underway related to the development of financial personnel. The CFO Council approved the concept of a CFO Fellows Program, to be inaugurated in FY 1998, that will be a highly competitive program for developing potential executive financial managers. A subcommittee is working to define selection criteria and identify a training sponsor/administrator. The HRC is also exploring strategies with the Private Sector Council and academia for delivery of uniform and consistent quality financial management training to Federal personnel throughout the nation.

Further information and news is available on the HRC's Internet home page on FinanceNet at <http://www.finanenet.gov/financenet/fed/cfo/hrc/hrc.htm>

The HRC welcomes volunteers to help with these initiatives. For further information, please contact Ken Bresnahan, Chair, at (202) 219-6891. □

OMB Issues Implementation Guidance for FFMIA

Edward DeSeve, Acting Deputy Director for Management, Office of Management and Budget (OMB), transmitted a September 9th memorandum to Chief Financial Officers (CFO) and Inspector Generals (IG) at the CFO Act agencies that provided guidance to agencies on the implementation of the Federal Financial Management Improvement Act (FFMIA) of 1996. The guidance was prepared by an interagency working group composed of the CFO Council's Systems Committee, President's Council for Integrity and Efficiency's (PCIE) Audit Committee, the General Accounting Office (GAO), and OMB.

The guidance stated that FFMIA fundamentally does two things:

- in statute, establishes financial management system requirements that are already established by Executive Branch policies, and
- establishes new requirements for auditors to report on agency compliance with these basic requirements, and for agency heads and agency management to correct deficiencies within a certain time period.

The FFMIA is effective for fiscal year ending September 30, 1997. The first report required by FFMIA will be a part of the auditor's report on the FY 1997 financial statements. The guidance that OMB issued is intended as interim guidance to be used as part of audits of Federal financial statements for FY 1997 reporting.

The implementation guidance explains the circumstances when an agency or department is substantially in compliance

continued on page 11.

CFO Council Update continued from front page.

management positions at the Department of Agriculture. Since 1991, he was the Budget Officer for Agriculture's Food and Consumer Service. He also served as Acting Deputy Administrator for Financial Management at Food and Consumer Service. Mr. Bresnahan is the Chair, CFO Human Resources Committee.

Peter J. Rabideau, Deputy CFO, Nuclear Regulatory Commission was appointed the Deputy CFO on August 17, 1997. He has been with the Federal government for 18 years. Prior to his current position, Mr. Rabideau was the Budget Director, Director of Accounting and Finance, and held progressively more responsible management positions involving policy development, planning, program and resource analysis, and administrative support at the Nuclear Regulatory Commission.

W. Scott Gould was sworn in as the CFO and Assistant Secretary for Administration, Department of Commerce, on September 30, 1997. Prior to this

appointment, Mr. Gould was Deputy Assistant Secretary (Departmental Finance and Management), Department of the Treasury, where he was responsible for budgeting, planning, procurement, payroll, personnel and organizational management for the department and its eleven bureaus. He was a White House Fellow, and has worked also for the Governor of Massachusetts. His private sector experience includes being a management consultant and an Assistant Professor of Naval Science at the University of Rochester.

Nancy Killefer was confirmed as Assistant Secretary (Management) and the Chief Financial Officer, Department of the Treasury, on September 19, 1997. Prior to her appointment, she was a director and senior partner for McKinsey & Company, an international management consulting firm, for 18 years. She was an associate for Metropolitan Cultural Alliance, and worked with members of associations of nonprofit arts organizations to develop their financial management and control systems. She

received a Master of Science Management with a major in finance from the Massachusetts Institute of Technology and a Bachelor of Arts degree in economics from Vassar College.

President Clinton sent the following nominations to the U.S. Senate for confirmation:

- John Berry, CFO, Department of the Interior
- Richard Keevey, CFO, Department of Housing and Urban Development
- Michael Telson, CFO, Department of Energy
- Sally Thompson, CFO, Department of Agriculture

For more information on the CFO Council, please go to the CFO Council website under FinanceNet at <http://www.financenet.gov/fed/cfo/>.

EFT 99 continued from front page.

October and written comments must be received no later than December 16, 1997.

Currently, Treasury issues over 300 million checks annually. While many individuals choose to receive their payments by Direct Deposit, there may be as many as 10 million people currently receiving Federal benefits that do not have bank accounts and cannot, therefore, enroll in Direct Deposit. Their reasons vary from perceived difficulty in managing an account and being overdrawn to not having enough money to need an account. FMS, with the help of other Federal agencies, financial institutions, and trade and consumer organizations, has been involved in an effort to educate Federal payment recipients on the benefits of receiving their payments through various EFT methods. A contractor with public relations and advertising experience is helping plan and execute a public education campaign.

The public education campaign will focus on educating the public on the law and its implications and encourage individuals without accounts to join the banking mainstream. The campaign will also promote the most popular EFT benefits:

- EFT is safer, faster, and more convenient than a check payment and doesn't get lost or stolen; and
- EFT saves taxpayers money.

Converting vendor payments from paper to electronic transactions represents another challenge to the Federal government and financial community. Federal EFT payments to vendors include remittance information, in an electronic data interchange (EDI) format, which vendors use to reconcile their accounting systems. Many vendors, financial institutions, and Federal agencies now lack the capability to pass or receive financial information due to

technological deficiencies or cost factors. The new EFT law, however, should drive demand up, as vendors look to their financial institutions to provide EDI services.

Information on the EFT 99 effort, the Notice of Proposed Rulemaking, the locations and times of public hearings on the proposed rule, and the *Guide to Federal Financial EDI Payments* and other materials, are available on the Internet at: <http://www.fms.treas.gov/eft/>

For additional information, please contact Susan Alvarez at (202) 874-6908. □

FINANCIAL MANAGEMENT PROFILE

Elizabeth E. Smedley (Betty) is the Deputy Chief Financial Officer, Department of Energy (DOE). She joined DOE in 1979 from the Department of the Navy. She was appointed Controller in 1985 and served as Acting Chief Financial Officer when the CFO office was established in 1991 and again this year when the position was vacant. The CFO manages budget and accounting operations which total over \$20 billion annually in resources, develops financial policy, and conducts a review program to ensure compliance with financial procedures. She has also been Director of Financial Policy; Deputy Director, Office of Budget; Agency Budget Officer; and Assistant Controller for Budget, Policy, and Compliance.

At Navy, she was Head of the Operating Forces Branch, Office of the Comptroller. She had responsibility for formulation, defense and execution of the portion of the Navy budget which provided operating funds for the Atlantic and Pacific fleets. From 1964 to 1975, she served in positions of increasing responsibility with the Public Health Service, Department of the Army, Defense Communications Agency, and Department of the Navy.

Ms. Smedley received a Bachelor of Arts degree in International Relations from Goucher College in 1964 and did graduate work in Business and Public Administration at George Washington University. In recognition of her work at DOE, she received the rank of Distinguished Executive in the Senior Executive Service in 1982; the DOE Meritorious Service Award in 1984 and 1990; the rank of Meritorious Executive in the Senior Executive Service in 1988; the Secretary's Award in 1989; the Donald L. Scantlebury Memorial Award in 1989; and the Superior Performance Award in 1989, 1990, 1991, and 1992.

She attributes former Secretary O'Leary's commitment to total quality management (TQM) as having a major impact on her career. Secretary O'Leary took all of her senior staff to Motorola Corporation to see how a major corporation benefitted from TQM. Ms. Smedley was impressed with what she saw. Especially, a presentation by the Motorola Controller in which he described how the company used TQM to reduce the time it took to close their books at the end of the year, from thirty days to two. The Department of Energy took 45 days to close its books. Ms. Smedley came back and personally conducted a mini-TQM training class for her entire staff. After the class, they held an idea day during which employees broke into their work groups and brainstormed ideas to improve the way they performed their work. These sessions resulted in over 600 ideas for improving operations ranging from simple, low cost improvements that could be done immediately to longer range ideas. As ideas were implemented they led to additional ideas. This total innovation package led to a series of accomplishments which

won a National Performance Review's Hammer Award for the office.



This early emphasis on TQM also facilitated implementing the Government Performance and Results Act (GPRA) because both required strategic planning and measuring results. In the 1995 Budget, DOE began to display performance measures to indicate results expected from each of its programs. These measures have evolved, but the Department still has a major challenge in identifying true outcome oriented performance indicators for its varied business lines which include such divergent missions as radioactive waste clean up, basic research and maintenance of the nation's nuclear weapons stockpile.

Ms. Smedley's management style is to be a coach and mentor, open and willing to share information, and receptive to the ideas of others. She believes this approach encourages staff to contribute their ideas and talents and to buy in to the decisions that are made. She said that one of the most important factors in achieving accountability in the financial management arena is to have the senior leadership in the agency demonstrate commitment to doing the right thing and having zero tolerance for improprieties. She feels fortunate to have worked for such leaders during the course of her career.

One of the key challenges facing the financial community is to find ways to support the programs and activities of the administration within the rules of sound financial management. This is particularly challenging when resources are scarce and when there are basic differences in priorities and philosophy between the administration and the Congress. She believes that communication between field and headquarters financial personnel is critically important to ensure all have current information and to discuss solutions to complex problems in advance. At the Department of Energy major field organizations each have a CFO who reports both to the field office manager and to the headquarters CFO. These men and women are all qualified financial management professionals and are responsible for proper stewardship of resources. A monthly conference call, annual meeting and use of email to disseminate information are some of the tools used to promote communication. Currently, the Department is installing an Executive Information System which will make key financial and program data available across the department in a user friendly format.

The past 2 years have seen significant downsizing. The CFO headquarters office has dropped from 285 to 210 people including one reduction in force of 15 employees last year. In addition to loss in numbers, much valuable expertise has been lost as long term

continued on next page.

employees accepted buyouts. During this same period, headquarters took on additional responsibility by becoming one of three consolidated accounting centers for the Department picking up work previously performed at four field locations. Ms. Smedley said that automation has been very important in allowing her to make this transition, and to function at reduced staffing levels. One of her major automation initiatives has been the adoption of Travel Manager software coupled with the mandatory use of the American Express Card for airline tickets, hotels and meals and cash advances. This has substantially reduced the audit of travel vouchers from every 10th voucher to every 100th voucher allowing savings of over 7 FTEs at headquarters alone. It has also allowed the Department to move to a paperless travel authorization and voucher system and to reimburse travelers 24 hours after receiving their voucher.

Other significant activities include bringing together the more than 40 contractors who operate the Department's laboratories and weapons complex facilities in a Financial Management Systems Improvement Council (FMSIC) to share best practices and work on common solutions to financial management issues, and consolidating accounting activities, previously performed at nineteen offices throughout the country, into three centers of excellence. As a result of the consolidation effort, all payments are now made from 3 centers at a savings of \$17 million and over 60 FTEs.

Ms. Smedley said DOE is about to look into what DOE systems of the future should look like. The ongoing effort in standardizing the contractor's systems will be examined to look for relevance to this project, and the Department intends to address not only systems needs but ways processes can be re-engineered to improve customer service and reduce costs.

Cross training and professional development are particularly important in DOE's downsizing environment. DOE developed a Financial Management Development Program in 1991. This program provides a curriculum for Accountants, budget analysts, accounting technicians and financial managers. The curriculum includes formal course training, on-the-job development activities, self study initiatives and opportunity for rotational assignments and special projects. Certificates are issued to employees who complete one of the curriculums. She sees many employees completing the curriculum in their area and then working on a curriculum from another area to broaden their skills. Her office also sponsors a mentoring program. Currently 17 pairs of mentor-mentee are in place. She credits this program as a major factor in enabling her office to build new skills and transition employees out of dead end jobs, such as branch secretary, into jobs with career potential. It has been a major factor in her office's ability to manage under a total hiring freeze for the last two and a half years.

DOE prepared its initial Department-wide financial statements for FY 1996 and received an unqualified opinion. An early start helped her department focus on processes and issues, such as how

to quantify the extensive environmental clean up liability DOE faces. She indicates that her staff are currently hard at work on the FY 1997 statements and she is hopeful that the department will continue to receive clean audit opinions.

Ms. Smedley believes the budget process is too rigid and that some barriers need to be removed if operations are to become more efficient. DOE uses management and operating contractors to operate most of its sites. Under the auspices of the Financial Management Systems Improvement Council these contractors undertook a benchmarking initiative against each other and the best in corporate America. This initiative indicated that DOE spends more than five times more than private firms for the budget function. One of the reasons this is true is the rigidity of the budget process. One example was a problem DOE recently experienced with inadequate funding for security clearances. Because clearances could not be processed, projects requiring cleared personnel were delayed, overtime costs increased and inefficiencies resulted as cleared employees had to accompany uncleared ones during certain assignments. DOE would have liked to be able to use some funds from a project that would otherwise be delayed, to process the clearances needed to move it forward, but since security clearances is a separate category in the DOE budget, this wasn't possible. Ms. Smedley believes that the only way to increase budget flexibility is to build an environment of trust with OMB and the Congress so they will be willing to allow flexibilities which make sense. DOE has one advantage in that their budget and accounting structures are the same. □

News from FinanceNet

FinanceNet is the Internet's home for government financial management worldwide and the JFMIP's clearinghouse for electronic financial management documents. Some recent major changes and enhancements to FinanceNet include:

1. World wide web (WWW) based, user friendly access is now available to the newly created government newsgroups (GovNews). A WWW browser can easily read and post to over 200 government agency and topical newsgroups without the need for a special newsreader and provides users with the best of both the WWW and Usenet worlds. GovNews rapidly broadcasts government information, organized by topic and agency, to users with access to the Internet. An International GovNews project seeks to stimulate electronic access to public government information and electronic "open democracy" by establishing the framework for a dedicated government hierarchy on the Internet's Usenet news service.

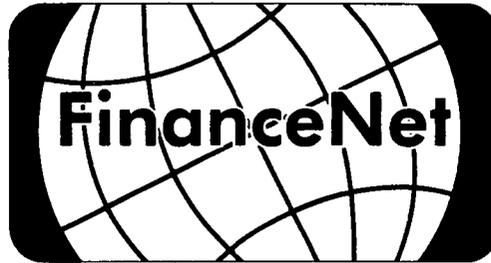
A targeted search facility for the immense GovNews database is available at:

<http://www.finance.net.gov/finance.net/mhcnarc/>

FinanceNet has its own special page of financial management newsgroups within the GovNews Project at:

<http://www.finance.net.gov/finance.net/mhcnarc/fnewsgrp.htm>

2. Online interactive Web-based discussion forums have been added to many FinanceNet organizational WWW pages. (Messages are posted to the forums after a user posts a message, presses the enter key and refreshes his browser screen.) Forums have been established for all CFO Council Committees and most organizations hosted by FinanceNet such as JFMIP, FASAB, GASB, AAPC, and others. WWW archives of many popular FinanceNet exploder lists are now available in this same format.



Online conferences on breaking topics can now be created nearly "on the fly" with discussions either open or password protected as requested. For details, contact FinanceNet

<http://www.finance.net.gov/finance.net/fed/cfo/forum.htm>

3. An expanded search routine using "targeted" databases brings government financial management to the desktop. Virtually all government financial management Internet sites and documents are now fully indexed for your query and updated daily. Information from all major federal government finance offices and CFO websites is downloaded daily. Click on a response to a query takes a user to the web server of the information. Access this search routine at:

<http://www.finance.net.gov/finance.net/start/Fsearch.htm>

4. A new WWW gateway for automatically subscribing to any of over 50 FinanceNet Internet mailing lists is available at:

<http://www.finance.net.gov/finance.net/start/sub.htm>

Mailing lists target financial management topics and organizations, such as the FASAB and GASB. Many lists are set up to permit both distribution of related news and information and discussions of breaking topical or organizational issues. The rate of subscriptions has more than doubled and now totals over 30,000. Two new public mailing lists have just been

released. One is accessible at fin-legislation@finance.net and is a one-way distribution list only. Messages sent this address will consist of monthly updates and status reports on all pending legislation that may impact government financial management. Some of the reports will be prepared by the U.S. Chief Financial Officers Council Legislation Committee.

The second public mailing list is accessible at fin-operations@finance.net and is a moderated open discussion list that targets the full range of government administrative financial management operations such as vendor payments, cash management, travel, accounting functions, financial reporting, management controls, etc. Active participation in sharing best practices, lessons learned, fresh approaches and other topical information is welcomed and encouraged.

To subscribe to any FinanceNet public mailing list, visit the FinanceNet WWW mail list page at:

<http://www.finance.net.gov/finance.net/start/news.htm>

and follow the instructions for each particular list.

A groupware document editing capability via the Internet will be available soon that will provide the capability to comment on and/or modify certain draft documents and materials.

FinanceNet encourages all users to actively participate in these new, easy-to-use services to share information and best practices and use as research tools. FinanceNet also is working on a financial management improvement incentive award to reward active participants in its various communication tools.

For further information, contact B. Preston Rich at (703) 306-1282, or preston.rich@nsf.gov.

FASAB Update

Highlights of FASAB actions taken at recent meetings are as follows:

August 29 Meeting

Issuance of Interpretation Number 3, Pension Measurement Date

The Board approved its third Interpretation of Federal Financial Accounting Standards, Interpretation Number 3: Measurement Date for Pension and Retirement Health Care Liabilities. The interpretation provides that liabilities for pension and retirement health care will be measured as of the end of the reporting period, but may be based on an actuarial valuation performed as of an earlier date during the reporting period with suitable adjustments for the effects of changes during the year in major factors.

National Science Foundation Request for Guidance

Both the Chief Financial Officer and the Inspector General of the National Science Foundation requested guidance from the FASAB on applying SFFAS 6, Accounting for Property, Plant, and Equipment, to property, plant, and equipment (PP&E) acquired and/or used by grant awardees but for which the National Science Foundation holds title, but for which it is prohibited by law from controlling or operating. Specifically, they asked whether the provision regarding "reversionary interest" in PP&E applies in specific types of the National Science Foundation's grants or operations. After discussion the Board asked the FASAB staff to do further research on the issues and present possible approaches for resolving the basic question.

The discussion on this request for guidance continued at the September meeting, discussed below.

Technical Corrections to SFFAS 6 and SFFAS 8 Considered

Members continued their discussion on the proposed definition and reporting requirements of Federal Mission Property, Plant, and Equipment (PP&E), the category of stewardship PP&E which the Board is

proposing to redefine as National Defense PP&E. At earlier meetings, the Board had proposed that National Defense PP&E include only weapons systems used by military departments solely in performance of their military missions, and the Maritime Administrations's Naval Defense Reserve Fleet ships. The Board's discussion centered on the definition of National Defense PP&E and addressed specific items that should be included or excluded from the category such as munitions, Coast Guard vessels and aircraft, and government furnished material.

The Board will be issuing draft language related to the proposed changes to accounting standards for PP&E for public comment. An exposure draft is expected to be issued before December 1997.

September 26 Meeting

Board Defers Implementation of Cost Accounting Standards

After discussing responses to the exposure draft issued following a request from the Chief Financial Officers Council for a two year deferral of the effective date of the standards prescribed in SFFAS 4, Managerial Cost Accounting Concepts and Standards for the Federal Government, the Board decided, albeit reluctantly, to defer for a one year period the effective date of the standards prescribed in SFFAS 4, Managerial Cost Accounting Concepts and Standards for the Federal Government. This decision will change the date from FY 1997 to FY 1998. The Board did not defer the effective date of Interpretation No. 2, Accounting for Treasury Judgment Fund Transactions. Interpretation 2 is effective in FY 1997.

Department of Defense Presents Illustrative Report on National Defense PP&E

Board member Nelson Toye and the Department's Director of Accounting Policy, De Ritchie, presented the Department of Defense's suggestion for an illustrative stewardship report. Mr. Toye suggested that such an illustrative report could convey the reporting requirements of the standard in lieu of the text of the

standard providing specific reporting requirements and data sources. The Board felt that the reporting classifications are sound and that the illustrative report would provide a good sample report to include in the soon-to-be-issued technical amendment exposure draft to SFFAS 6, Accounting for Property, Plant, and Equipment, and SFFAS 8, Supplementary Stewardship Reporting. The Board feels that continued work by the Department and comments on the exposure draft could be used to finalize the illustrative report that would appear in the final recommended standards.

Social Insurance

The Board discussed (1) whether to establish definitive criteria for social insurance programs or list the specific programs included in the standard, and (2) which programs, in addition to Social Security and Medicare, should be covered by the standard. The Board discussed whether the standard should provide definitive criteria, or list the specific programs covered and describe typical characteristics. The Board agreed that the standard should describe "characteristics" rather than try to set definitive "criteria." The Board agreed on six characteristics for social insurance programs:

- (1) Sponsorship and regulation by the Federal Government.
- (2) Financing from, or on behalf of, participants.
- (3) Eligibility derived from taxes and/or fees paid.
- (4) Benefits not directly related to taxes and/or fees paid.
- (5) Benefits prescribed in law.
- (6) Intended for the general public and not solely for Federal employees.

The Board will list in the standard the specific programs covered, and will provide for any further additions of programs to the list; decisions on inclusion will not be at the discretion of the agencies.

Other issues discussed included (1) which programs, in addition to Social

Security and Medicare, should be included in the social insurance standard and (2) reporting improper payments.

Additional Programs

The Board agreed to include Railroad Retirement and Black Lung Benefits in the social insurance standard. The Board also tentatively agreed to include Unemployment Insurance, but directed the staff to develop alternative supplementary stewardship information on Unemployment Insurance for the Board's review before making a final decision.

Reporting Improper Payments

During its first comprehensive audit of Medicare records, the Inspector General of the Department of Health and Human Services sampled 5,300 claims, finding problems with 14 percent of the payments (\$23 billion). The problems ranged from a lack of documentation (47 percent) and improper coding, to fraud. The Board realized that the scope of this issue is much larger than Medicare. Therefore, if the Board were to address the issue of improper payments, it should be done outside of social insurance standards. The Board agreed that reporting of improper payments would provide performance and management information and that such information could improve control over payments throughout an agency and assist the auditor. The Board agreed that the scope of such a project would be complex, but that the issues would be researched.

Exposure Draft

The Board anticipates issuing an exposure draft on social insurance standards by the end of the calendar year.

National Science Foundation Request for Guidance

As a continuation of the discussion from the previous month's Board meeting, the focus at the September meeting was on whether the accounting and reporting entity for the PP&E should be based on (1) who controls the asset; (2) who picks up the

operating costs of the asset; (3) who gets the economic benefit from the asset; or (4) who holds title to the asset. Members generally agreed that, although some guidance to the National Science Foundation is in order, a special interpretation should not be issued at this time. Instead, the language of the PP&E standard should be further examined and may need clarification. FASAB staff will further research the issues and present possible approaches for resolving the question posed by the National Science Foundation.

For additional information on FASAB, contact Dick Tingley, (202) 512-7350.

Accounting and Auditing Policy Committee

July and August Meetings

As a result of the discussions at its July and August meetings, the Accounting and Auditing Policy Committee (AAPC) approved both its Charter and its Operating Procedures. The Charter includes the following mission statement:

"The mission of the AAPC is to assist the Federal Government in improving financial reporting through the timely identification, discussion, and recommendation of solutions to accounting and auditing issues within the framework of existing authoritative literature."

The Charter and Operating Procedures address topics such as selection of members, tenure, voting, and issue processing. Both documents are posted on the AAPC's home page:

<http://www.financenet.gov/fed/aapc.htm>

The AAPC approved three issues for its agenda: (1) responsibility for providing legal representation letters; (2) determining whether environmental liabilities are

probable and estimable; and (3) preparation and audit of interagency confirmations.

In early August, the Accounting and Auditing Policy Committee (AAPC) provided guidance to members of the Chief Financial Officers Council and the President's Council on Integrity and Efficiency on submission of issues to the AAPC. This guidance provides that matters may be referred to the AAPC by its members: OMB, GAO, Treasury, FASAB Board members, Federal agency CFOs or Deputy CFOs, IGs, or other interested parties. Submission or referral of an issue to the AAPC should be addressed to the AAPC Chairperson, Ms. Wendy M. Comes at:

Accounting and Auditing Policy Committee c/o
Federal Accounting Standards Advisory Board #41
G St., N.W., Suite 3B18 Washington,
D.C. 20548

September Meeting

At the AAPC's September 12 meeting, members discussed the following issues:

- Who should be the source of legal representation for matters involving the Treasury Judgement Fund and litigated by the Justice Department on behalf of other federal agencies?

The Committee reviewed draft guidance for agencies on legal representation letters. Primary concerns were that current systems (databases) for tracking litigation handled by the Department of Justice are not adequate. In addition, internal controls at each agency may not result in reliable and complete case listings. The Committee generally agreed that each agency's General Counsel should take the lead.

- What criteria should be used for determining when it is probable and reasonably estimable that a liability exists for environmental cleanup costs for past transactions or events?

The Committee reviewed and gave tentative approval of guidance on environmental liabilities. It was agreed that the document will be circulated to AAPC

continued on next page.

HUD's FY 1996 Accountability Report

The Department of Housing and Urban Development (HUD) published its FY 1996 Accountability Report in mid-April, 1997. HUD was one of eight agencies participating in a pilot program to enhance reporting of financial information. The objective of the pilot program is to determine an effective way to integrate reporting of financial information, normally included in several separately issued reports, into one Accountability Report. The FY 1996 report was HUD's first such report. The FY 1997 report will be the final year of preparing Accountability Reports under this pilot program.

In past years, the Office of the Chief Financial Officer (CFO) at HUD spent a great deal of time in producing the annual reports required under the Federal Managers Financial Integrity Act (FMFIA), and the Secretary's Semiannual Reports to Congress. These reports included detailed information on the status of material weaknesses, system

non-conformances with Federal requirements, and audit recommendations of the Inspector General. By participating in the pilot program, HUD was able to summarize this information in its Accountability Report. This helped HUD streamline the reporting process and saved time and resources.

The Accountability Report serves as "one-stop shopping" for a reader to gain a good overall understanding of the Department, including its mission, objectives, significant programs, program and financial performance, and status of internal control weaknesses. Prior to the Accountability Report one had to review several reports to obtain this same information.

HUD's report is broken down into three major sections. The first section is the Discussion and Analysis, organized by Departmental objectives, discusses the program and financial performance information which contribute to each

objective. Most of this information is provided by the various program offices, based on guidance from the CFO office. In future reports there will be a significant tie-in between this information and the requirements under the Government Performance and Results Act of 1993. The Financial Management Accountability section includes a summary of the information previously included in separately issued reports such as those required under FMFIA, the Debt Collection Act, Prompt Payment Act, and Civil Monetary Penalties Act. The last section consists of the financial statements, footnotes, and auditors' report.

A copy of the FY 1996 report can be ordered by calling 1-800-767-7468 and requesting item number 04188. For more information on the report, contact Larry Green, (202) 708-0831, extension 3710. □

AAPC continued from previous page

members for a fatal flaw review, to FASAB for approval, and then to OMB

- What schedules should be established for preparation and audit of interagency confirmations of audit assurance?

Committee member Bob Dacey, GAO, reported on progress in working with the Office of Personnel Management and the Social Security Administration. Procedures for audit assurance should be obtained on pension expense. Agency consensus should be obtained. The AAPC will leave this item on its agenda as a long-range issue and obtain interim progress reports.

The AAPC added the following issue to its agenda: When documentation to support the cost of general PP&E is not available, what acceptable alternatives are available to arrive at a value for financial reporting purposes?

October Meeting

The AAPC reviewed the draft guidance on legal representation letters and a progress report on resolving the completeness/internal control issues. It was noted that timeliness is an issue and who should deal with the timeliness issue. Tentative approval was given to a draft bulletin. Final action was deferred until after meetings are held with Department of Justice on resolving the completeness issues.

Committee members reviewed draft guidance on environmental liabilities. Some legal issues were discussed; "probable liability" is not necessarily the same as "legal liability." Committee member Bob Dacey, GAO, will make necessary changes and resubmit the guidance to AAPC for final approval.

The AAPC discussed a status report on Estimation of Undocumented Property, Plant, and Equipment Costs. Members considered alternatives for providing assistance on this issue. They noted that, although the FASAB standards are clear regarding flexibility to use estimates in the absence of documentation, the valuation of existing PP&E presents a challenge to many agencies. It was decided that the AAPC would sponsor a one-day (or longer) forum as soon as possible on selected issues and case studies related to this PP&E issue; also, a white paper should be developed which would identify "best practices." A working group led by committee member Ted David, Deputy CFO at US Department of Agriculture, is coordinating this effort.

For additional information on AAPC, contact Wendy Comes, (202) 512-7350. □

FACTS II — Collecting Budget Execution Data Electronically

The Office of Management and Budget (OMB) and the Department of the Treasury's Financial Management Service (FMS) have teamed up on a project called FACTS II to collect a single set of year-end budget execution data from Federal agencies in November 1999, rather than continuing to collect data separately on the FMS 2108 Year End Closing Statement and the SF 133 Report on Budget Execution.

FMS is seeking volunteers to participate in pilots that will take place starting in the Summer of 1998. Please contact Jeff Hoge, FMS Financial Standards and Reporting Branch on (202) 874-6179; or email JeffHoge@FMS.Sprint.Com.

The first key milestone for FACTS II, which was completed in September, is a logical data model that describes in detail the financial data that agencies need to capture in their core financial systems to meet OMB and Treasury year-end reporting requirements as described in the FMS 2108, the SF 133, and the Program & Financing (P&F) Schedule published in the President's Budget. In addition to describing the financial data reported by the agencies, the model shows how these data relate to Treasury's central accounting system, STAR, and to the President's Budget.

Chris Fairhall, a project manager from the OMB Budget Review and Concepts Division who has been involved in the FACTS II for the past year, stated, "What we are attempting to do in a broad context is integrate budget formulation and budget execution. To the degree we can do this, we will dramatically reduce reporting burdens for agency financial and budget offices, improve the quality and consistency of financial data that agencies report to OMB and Treasury, and improve budget estimates."

Over the last year, Mr. Fairhall led an inter-agency group (the Budget and Accounting Classification Structure Subcommittee of the Standard General Ledger (SGL) Board's Issue Resolution Committee) in developing the data model

that will underlie the FACTS II computer system. The subcommittee members included: Jeff Hoge and Judy Yuran, FMS; Jean Holcombe, OMB; Damon Sutton, HHS; Betty Beard, HUD; Dave Mielke, NASA; and other agency representatives from AID, DOD and Education who made contributions on a periodic basis.

The premise behind the model is that U.S. Standard General Ledger (SGL) accounts are critical to describing financial information, but they are not the only piece of data that agencies need to capture to satisfy OMB and Treasury budget execution reporting requirements. The Subcommittee reviewed each line item on the FMS 2108, SF 133 and P&F Schedule, and asked whether the information being requested could be answered from a SGL account balance, or whether additional attributes were needed to respond to OMB and Treasury requirements.

The model identifies about 20 attributes that are needed in conjunction with SGL accounts. Some of these include credit cohort, which is used for reporting of direct and guaranteed loan financing accounts; reimbursable flag, which is used to distinguish between reimbursable and direct financial information; apportionment category, i.e., Category A, Category B, or not subject to apportionment; and, availability indicator, which indicates whether a budgetary resource is available for obligation in the current period, will be available in a subsequent period, or is unavailable.

Mr. Hoge of FMS points out that not all attributes are used in conjunction with all SGL accounts. "It is really a mix and match paradigm," he says. "If you look at reporting of obligations incurred on an SF 133, agencies are required to distinguish Category A from Category B apportionments. What this means is that when agencies report undelivered orders and other SGL accounts recording obligations, they also need to tell us what the apportionment category is."

For FMS 2108 and SF 133 reporting, there are no more than half a dozen attributes used in conjunction with a single SGL account.

Mr. Fairhall described the data model, as well as crosswalks between the model and the FMS 2108 and SF 133, to members of the CFO Financial Systems Committee on September 22. The data model and crosswalks will be placed on the Internet by early October. The web address is: <http://www.financenet.gov/financenet/fed/omb/factsii.htm>

For additional information, please contact Chris Fairhall, (202) 395-4836, or email cfairhal@mail3.eop.gov. □

OMB continued from page 3.

with FFMA in the areas of financial systems requirements, federal accounting standards, and standard general ledger at the transaction level. The implementation guidance also explains the relationship between FFMA and Section 4 of the Federal Managers' Financial Integrity Act.

The guidance is available on FinanceNet at: <http://www.financenet.gov/fed/cfo/cfodocs/inpn9o2.htm>. For additional information, please contact Jean Holcombe, (202) 395-5048. □

Regulation Proposed on Taxpayer Identifying Number

The taxpayer identifying number (TIN) is a nine-digit identifier required of all individuals and businesses that file tax returns in the United States. For businesses and organizations, the TIN is the employer identification number (EIN) assigned by the Internal Revenue Service. For most individuals, it is the Social Security number (SSN). For certain aliens ineligible for a SSN, it is the individual taxpayer identification number (ITIN) assigned by the IRS.

The TIN is a critical identifier for matching payment requests with debtor information for the collection of delinquent debt by administrative offset under the provisions of the Debt Collection Improvement Act of 1996 (DCIA). The DCIA (Public Law 104-134, enacted on April 26, 1996) requires all agencies to obtain TINs from persons doing business with them (31 U.S.C. 7701 (c) (1)) and requires executive agencies to provide TINs to disbursing officials (31 U.S.C. 3325(d)). The TINs will be used to reduce or withhold an eligible Federal payment to pay the recipient's delinquent debt owed to the United States or to collect delinquent debts owed to States, including past-due child support. Federal agencies need TINs to comply with vendor income reporting requirements under the Internal Revenue Code.

On September 2, 1997, the Financial Management Service, Department of the Treasury, issued a notice of proposed rulemaking that would require disbursing officials to reject any executive agency payment request that does not include the TIN, beginning six months after publication of the final rule. The proposed rule is intended to ensure that agencies provide TINs to disbursing officials for debt

collection by offset and vendor income reporting. A 60-day comment period ends November 3. The proposed rule requests agencies to specifically comment on:

- The status of agency compliance with the requirement of the DCIA to furnish TINs with each certified voucher and actions planned to achieve compliance.
- Issues anticipated in connection with furnishing TINs for any specific class or type of payments or payees.
- Issues anticipated due to the rejection of payment requests which do not include TINs for any specific class or type of payments or payees.
- Issues regarding foreign currency payments, or payments to foreign governments, foreign nationals employed overseas, or other specific classes of payees overseas.
- Disbursing official readiness to reject payment requests which do not include TINs and actions planned to achieve readiness.

FMS is working with agencies to ensure that the Federal Acquisition Regulations (FAR) and the Prompt Payment Circular are compatible with provisions of the DCIA and the proposed rule. The proposed rule is available on the FMS home page at <http://www.fms.treas.gov/reg.html>.

For additional information, contact Catherine McHugh, at (202)874-7497 or catherine.mchugh@fms.sprint.com, or Barbara Wiss, at (202)874-7491 or barbara.wiss@fms.sprint.com. □

IGs Issue Journal of Public Inquiry

The *Journal of Public Inquiry* is a semi-annual publication by the Inspectors General of the United States. Articles in this journal are of interest to members of the President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE). The PCIE is a council of the Inspectors General from 24 largest departments and agencies in the federal government, chaired by the Deputy Director for Management, Office of Management and Budget. The ECIE consists of the Inspectors General from other federal agencies.

Some of the articles in the Summer 1997 issue include:

- IG Gate—Investigating Major Scandals: Climate That Leads to IG Handling Customer Dissatisfaction
- GPRA: A Catalyst for Enhanced Federal Management Processes
- Congressional Oversight: The 10 Do's for Inspectors General
- The Truth About Cats and Dogs: The Auditors and the Investigators
- The Urge to Merge: OIG Semiannual Report/Agency Accountability Report
- The Art of the Referral: Presenting Cases to U.S. Attorneys
- Cyber-Crackers: Computer Fraud and Vulnerabilities.

The Journal can be found on IGnet (<http://www.sbaonline.sba.gov/ignet>). For more information, contact Agapi Doulaveris, (410) 966-9135. □

Treasury Issues Report on Developing Financial Systems

In June 1997, Treasury's Financial Systems Integration Committee (FSIC) issued a report identifying administrative and functional actions and outcomes related to financial systems development. FSIC was established to survey Treasury departmental offices and bureaus and recommend ways for Treasury to (1) create fully integrated financial systems; and (2) improve financial systems decision-making in the Treasury CFO and Chief Information Officers (CIO) communities.

Integral to this effort were surveys conducted to identify how financial systems were developed both within the department and at other agencies. Those surveys asked (1) How do organizations choose and prioritize new or enhanced financial systems?, (2) Who authorizes and directs financial systems development?, (3) How should financial systems development change so the decision and approval processes encourage better systems integration?, and (4) What roles do the CFO and CIO Councils have in financial systems development?

FSIC recommended 3 administrative actions: (1) Define the role and authorities of Bureau information resources boards in relation to established financial investment thresholds, the shifting of financial and human resources, and the overall Treasury Information Resources Board; (2) Establish an ideal role for the CFO in the overall systems development process as a member of the IRB; and (3) Integrate the annual planning and budgeting cycle with the functions of the CFO and CIO Councils and IRBs. Administrative outcomes expected are: (1) Defined decision-making roles for the CFO and CIO Councils for integrated financial systems; (2) CFO and CIO involvement with all systems development efforts so the impact on all processes throughout the agency is clearly understood; (3) An evaluated and communicated level of appropriate CFO

and CIO decision-making authority within each bureau; and (4) Identified and recognized practices that lead to clearer, more effective decision-making.

Functional actions recommended are: (1) Develop a strategy and methodology for delivering and implementing integrated systems; (2) Prepare a set of integration evaluation criteria for all new and existing systems for assessing their impact on financial systems; and (3) Define common core data elements through the creation of a data dictionary and/or data administrator. Functional outcomes expected are: (1) Updated and consolidated Departmental guidance for developing integrated systems published; and (2) Overwhelming number of current directives regarding the development of financial systems in Treasury reviewed and streamlined into brief process oriented guidelines bound in one easy-to-use document for IRB use.

FSIC recommended that Administrative and Functional subgroups be created to assist it, with some common membership, that would lead to fully integrated financial systems and an approval process with widespread support throughout Treasury.

The report contains responses to the survey by both Treasury bureaus and other federal agencies and diagrams of the systems development processes. □



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13-14 SGL: Basic: \$335

14-15 SF 224 Statement of Transactions: \$335

15-16 SGL: Advanced: \$335

16 Reconciling Differences: \$195

27-29 Survey of FASAB: \$440

27-28 SF 1219/1220: \$335

30 Certifying Officers: \$195

To register for The Center courses, call (202) 874-9560, check the website www.fms.treas.gov/center/, or submit an SF-182 to:

Registrar
The Center for Applied Financial Management
1990 K Street NW, Suite 300
Washington, DC 20006 □

GAO Reports Improvements Needed In Draft Agency Strategic Plans

The General Accounting Office (GAO) recently issued a report to the House Majority Leadership stating that draft agency strategic plans need sustained attention if agencies are to develop the dynamic strategic planning processes envisioned by the Government Performance and Results Act (Results Act). The report: *Managing for Results: Critical Issues for Improving Federal Agencies' Strategic Plans* (GAO/GGD-97-180) was issued September 16, 1997. GAO plans to issue another report in November 1997 on the final version of these strategic plans.

The Results Act requires agencies to develop strategic plans in consultation with Congress and submit these plans in final form to Congress and the Office of Management and Budget (OMB) by September 30, 1997. The GAO report (1) summarizes GAO reviews of the latest available version of the draft strategic plans that were submitted to Congress for consultation by cabinet departments and selected independent agencies and (2) identifies the strategic planning issues most in need of sustained attention.

In performing its work, GAO used the Results Act supplemented by OMB's guidance on developing the plans (Circular A-11, part 2) as criteria in determining whether the draft plans complied with six specific elements required by the Results Act. These six elements are: (1) a comprehensive agency mission statement; (2) agencywide long-term goals and objectives for all major functions and operations; (3) approaches (or strategies) and the various resources needed to achieve the goals and objectives; (4) a description of the relationship between the long-term goals and objectives and the annual performance goals; (5) an identification of key factors, external to the agency and beyond its control, that could significantly affect the achievement of the strategic goals; and (6) a description of how program evaluations were used to establish or revise strategic goals and a schedule for future program evaluations. To make judgments about the overall quality of the plans, GAO used its May 1997 Guide, *Agencies' Strategic Plans Under GPRA: Key Questions to Facilitate Congressional Review* (GAO/GGD-10.1.16).

GAO found that a significant amount of work remained to be done by executive branch agencies if their draft strategic plans are to fulfill the requirements of the Results Act, serve as a basis for guiding agencies, and help congressional and other policymakers make decisions about activities and programs. All 27 draft plans included the required mission statement; however, 21 plans lacked one or more of the other required elements and over one fourth lacked three or more. For example, two plans did not contain long-term strategic goals, and six did not describe approaches or strategies for achieving those goals and objectives.

GAO also identified the following critical strategic planning issues in need of sustained attention:

1. Most of the draft plans did not adequately link the required elements. For example, some plans did not consistently describe the alignment between an agency's long-term strategic goals and objectives and the strategies planned to achieve those goals and objectives. Nineteen plans did not describe the linkages between long-term strategic goals and annual performance goals.
2. Long-term strategic goals often tended to have weaknesses. GAO said the intent of the Results Act is for agencies to focus their strategic goals on results to the extent feasible. However, GAO found that several plans contained goals that were not as results oriented as they could have been. In addition, several plans also contained goals that were not expressed in a manner that would allow future assessments of whether they were being achieved. Further, in three plans, long-term goals were not developed for major functions or activities.
3. Many agencies did not fully develop strategies explaining how their long-term strategic goals would be achieved. For example, GAO found that each of the plans could be strengthened if the sections on strategies included, among other things, specific actions, planned accomplishments, and implementation schedules. Also, the plans for most of the 27 agencies did not reflect strategies for addressing key management challenges that could affect the

agencies' ability to achieve strategic goals.

4. Most agencies did not reflect in their draft plans the identification and planned coordination of activities and programs that cut across multiple agencies. GAO has recently reported that mission fragmentation and program overlap appear widespread throughout the federal government. GAO noted that interagency coordination is important for ensuring that crosscutting program efforts are mutually reinforcing and efficiently implemented. However, 20 of the draft strategic plans lacked evidence of interagency coordination.
5. GAO's work suggests that the questionable capacity of many agencies to gather performance information has hampered, and may continue to hamper, efforts to identify appropriate goals and confidently assess performance. For example, the lack of reliable data to measure the costs and results of agency operations has been a long-standing problem for agencies across the federal government. Moreover, agency officials with experience in performance measurement cited ascertaining the accuracy and quality of performance data as 1 of the top 10 challenges to performance measurement.
6. The draft strategic plans did not adequately address program evaluations. For example, 16 plans did not discuss program evaluations and the discussions of program evaluations in the remaining 11 plans lacked critical information, including the lack of descriptions of how evaluations were used in setting strategic goals and schedules for future evaluations. GAO said evaluations are important because they potentially can be critical sources of information for ensuring that goals are reasonable, strategies for achieving goals are effective, and that corrective actions are taken in program implementation.

For copies, call (202) 512-6000 or an electronic version is available on GAO's Internet web page at <http://www.gao.gov>

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Inspectors General Issue Progress Report to the President

The Vice Chair of the President's Council on Integrity and Efficiency (PCIE), June Gibbs Brown, and the Vice Chair of the Executive Council on Integrity and Efficiency (ECIE), Thomas D. Blair, released its fourth joint annual report of the PCIE and ECIE. This report highlights the accomplishments of the Federal Inspectors General (IGs) during Fiscal Year (FY) 1996.

Based on recommendations from the IGs, agency managers agreed to change their spending plans for \$15.1 billion, which can now be put to better use. Also as a result of IG recommendations, managers agreed to cancel or seek reimbursement of over \$5.5 billion in questioned costs.

IG investigations in FY 1996 resulted in the recovery of more than \$1.1 billion from companies and people who defrauded the Federal government. IG investigative work resulted in 12,508 successful criminal prosecutions of wrongdoers and 4,633 debarments, exclusions and suspensions of firms or individuals doing business with the Federal government.

During the past year, PCIE and ECIE committees explored issues of common interest and concern, including a survey of the Offices of Inspector General on their involvement in Government Performance and Results Act activities and finalization of a governmentwide "master contract" that all IGs can use for their independent public accountant contract needs. The PCIE's Audit Committee is updating the *Audit Peer Review Manual*, which will incorporate recent changes to the *Government Audit Standards* and improve the quality and completeness of future peer reviews.

This committee also established a task group to revise the PCIE *Federal Financial Statement Audit Manual* in response to changes mandated by recent legislation.

The Inspection and Evaluation Committee issued a July 1996 report on *Accountability for Block Grants* that documents existing provisions for accountability in the 13 Federal block grant programs. The review identifies general accountability concepts, discusses specific issues concerning block grant statutes, and suggests ways to modify existing block grant programs to improve their accountability. The Inspection Roundtable worked closely with the directors of IGnet to develop a library of inspection report abstracts for public reference via the Internet, and created a training resource on IGnet to help inspection personnel identify worthwhile training opportunities.

The Professional Development Committee hosted several forums covering a wide variety of technical and management topics with professional educators credits. These topics included: "How IGs Confront Change," "The Office of the Future" and "IGs and Chief Financial Officers: Coming Together in Changing Times."

This report is available on IGnet <http://www.sba.gov/ignet> □

Internet Site for Human Resources Management

The U.S. Office of Personnel Management has a website for human resources management that contains data that ranges from Accountability to Worker-Trainee Programs and Weather Dismissal Procedures. It is but a few mouse clicks away at <http://www.opm.gov>

This site is designed to provide a ready reference for federal personnel offices. It allows them to obtain the latest information and policy guidance on issues and programs that affect federal employees. Employees can access this site to find answers to common questions about federal personnel programs and policies.

Some of the information that can be found on this website are listed.

- Annual Review of Special Salary Rates
- Application Forms
- Buyout Guidance
- Career Transition Assistance
- Civil Service Retirement System
- Combined Federal Campaign
- Computing Retirement Benefits (CSRS)
- Disabilities, Jobs for Persons with
- Disabled Veteran's Employment
- Downsizing
- Electronic Forms
- Employee's Guide to Buyouts Under Public Law 104-208
- Employment Information
- Executive Schedule positions
- Family Medical Leave Act
- Federal Employees Retirement System
- Federal Executive Boards
- Federal Salary Tables
- Health Insurance
- Holidays, Federal Government
- Jobs
- Open Season Health Benefits
- Reimbursable Services
- Veterans and Uniformed Services
- Voluntary Separation Incentive Program Guide □

JFMIP 27th Annual Financial Management Conference

The Joint Financial Management Improvement Program's 27th Annual Financial Management Conference will be held March 25, 1998 at the Washington Hilton and Towers Hotel, 1919 Connecticut Avenue NW, Washington, DC.

The conference theme is: *Vision to Reality: Change, Implementation and Results*. Speakers and panel sessions will be announced in future issues of the JFMIP News.

Mark your calendar for March 25, 1998! □

JFMIP wishes to acknowledge and thank the following contributors to this issue:

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Suggestions and article submission are encouraged and may be sent to JFMIP News at the above address, fax 202/512-9593, email kletzb.jfmip@gao.gov

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March 25, 1998

*Vision to Reality:
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