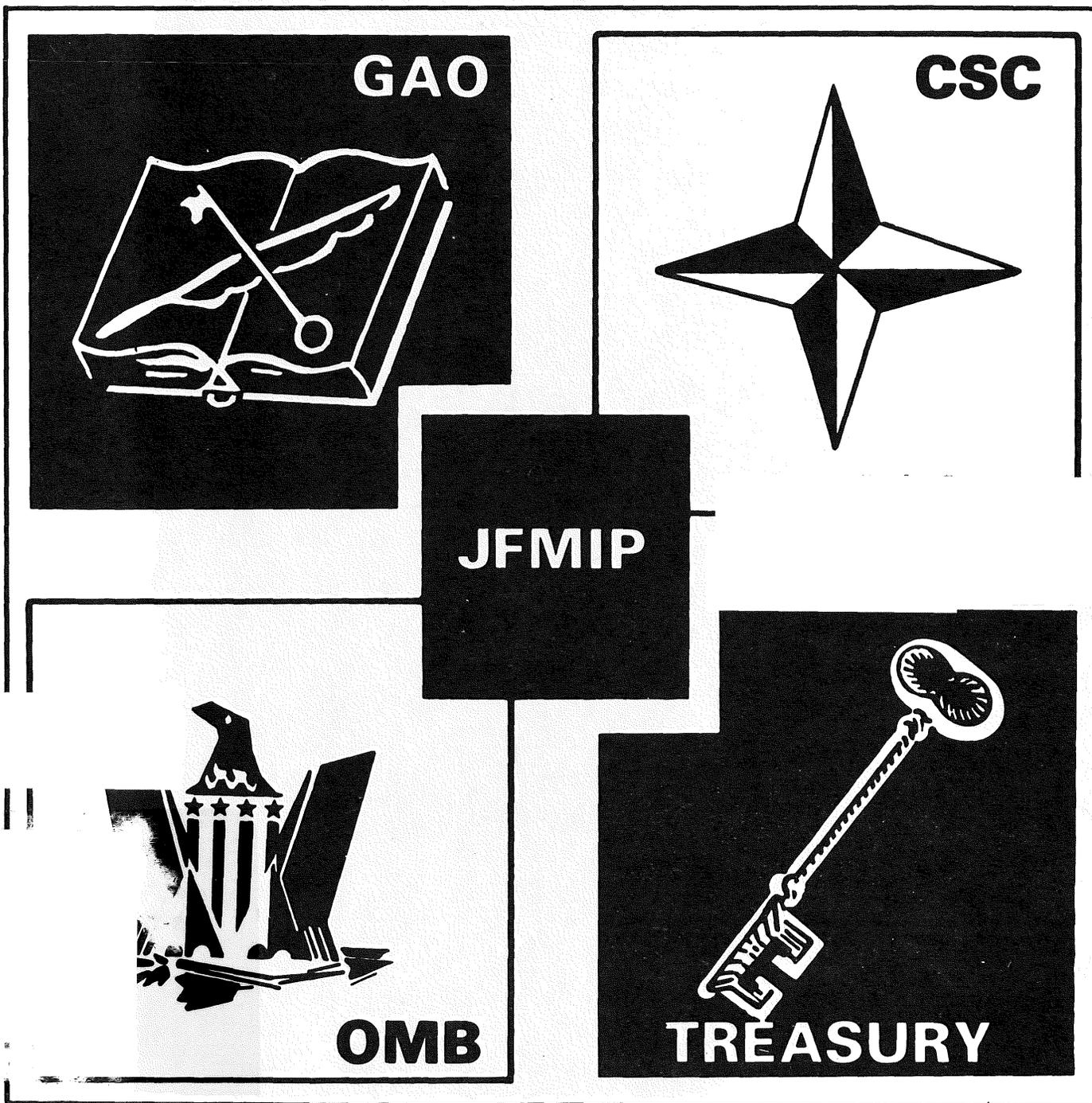


Annual Report 1977

Joint Financial Management Improvement Program





JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM

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F O R E W O R D

The Joint Financial Management Improvement Program (JFMIP) is a cooperative effort of the Department of the Treasury, the Office of Management and Budget, the General Accounting Office and the Civil Service Commission, working together and with other agencies to coordinate and improve financial management policies and practices throughout the Government.

We have prepared this report to further fulfill our goal of coordinating and sharing financial management improvement activities and experiences. Accordingly, this report describes the JFMIP activities during 1977 and summarizes specific projects undertaken by the central agencies to improve financial management government-wide. Also, the report includes examples of financial management improvements achieved during the year by the Federal agencies. Appendices are also provided to furnish certain pertinent information that may be useful to financial managers, including a list of agency liaison representatives to JFMIP.

We sincerely believe that the financial management community will find this report interesting and informative for further improvement in their own financial operations. We welcome and encourage requests for additional information concerning the reported matters either through the JFMIP staff or the appropriate agency liaison representatives.

On behalf of JFMIP, we would like to extend our congratulations to all those who have dedicated hard work and long hours to improving financial management. We also encourage everyone to continue sustained efforts for improvements in financial management in the coming year. We look forward to working with you to this end so that the next annual report will contain many additional success stories.

Susumu Uyeda
Executive Director

April 1978

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I. JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM

A. BACKGROUND

The Joint Financial Management Improvement Program (JFMIP) is a government-wide cooperative program to improve and coordinate financial management policies and practices throughout the Federal Government. The Budget and Accounting Procedures Act of 1950 established the JFMIP officially. Leadership and program guidance are provided by the four Principals of the Program--the Comptroller General, the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Chairman of the Civil Service Commission. The Program is administered by a Steering Committee, which is composed of representatives of the Principals. Under the guidance of the Steering Committee, the Executive Director is responsible for developing and directing programs and projects for JFMIP. Appendix A contains a listing of key officials of the JFMIP.

The overall objective of the JFMIP is to improve financial management practices and policies throughout the Federal Government. The JFMIP carries out a variety of activities aimed at achieving this objective. It sponsors conferences, workshops, and seminars. It publishes a quarterly news bulletin and various other documents to disseminate information on progressive financial management practices. It reviews the management improvement efforts of the Federal agencies and coordinates financial activities of the central agencies. The JFMIP sponsors or conducts research or other studies on financial management matters of general interest and assists operating agencies in dealing with specific financial management problems.

A number of projects are carried out through interagency project teams organized by the JFMIP. Such teams may include staff members from operating agencies as well as the central agencies. Some financial management problems may be dealt with by referral to a source of expertise, some by assignment to one of the central agencies, and some by informal consultation. The JFMIP serves as a catalyst to stimulate action by whatever approach suits the circumstances.

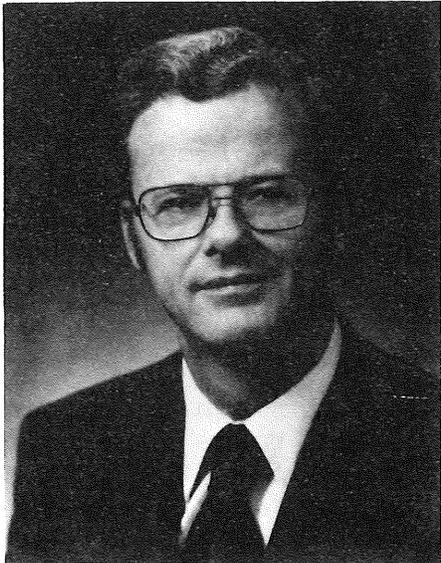
Achievement of financial management improvements depends heavily on the interest and active participation of personnel from the central agencies and operating agencies. The JFMIP plays a key role in mobilizing resources and coordinating cooperative efforts. To fully achieve the necessary coordination and cooperation, the head of each Federal agency has

designated a liaison officer to serve as a point of contact on matters relating to the JFMIP. Appendix B provides a listing of agency liaison representatives.

B. CHANGES IN JFMIP STAFF

1977 was a year of transition for the JFMIP. After 34 years of Federal service and 3 1/2 years as Executive Director of the JFMIP, Donald C. Kull retired from the Federal Government on July 1, 1977. Upon retirement, Mr. Kull accepted a position of vice-presidency in a private firm.

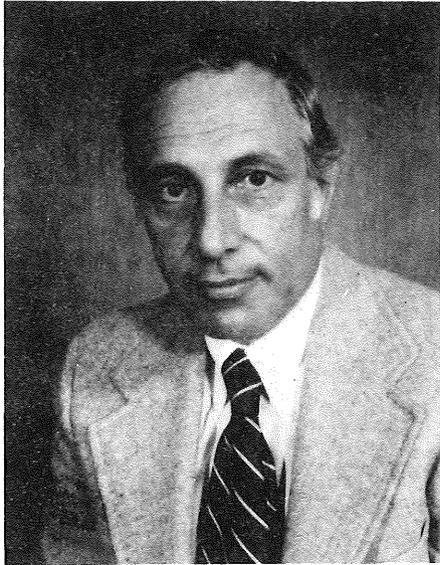
Prior to 1973, operational leadership of the JFMIP was provided by the central agencies on a rotating basis. However, because of the growing size and complexities of the Government's financial management improvement operations, the position of Executive Director was created to provide the day-to-day leadership and continuity of the Program. Mr. Kull was selected as Executive Director in December 1973. Mr. Kull's accomplishments are described in a memorandum from the Comptroller General Elmer B. Staats:



"During the 3 1/2 years that Don has served as Executive Director, the JFMIP has made many significant contributions to improving financial management practices throughout the Government. During his term the JFMIP has performed significant work in measuring and improving the productivity of Federal workers. The JFMIP has also been a prime mover in encouraging agencies to take a more active interest in money management and in developing a set of guidelines for use by executives in developing operating budgets."

Prior to his selection as JFMIP Executive Director, Mr. Kull held a variety of positions in financial and general management at the Tennessee Valley Authority and the U.S. Atomic Energy Commission.

With the retirement of Mr. Kull, Mr. Wallace Wasserstein of the Treasury Department was named as Acting Executive Director of the JFMIP.



Mr. Wasserstein directed the operations of the JFMIP, including preparations for the Annual Financial Management Conference and Improvement Awards ceremony in February 1978, in addition to his ongoing responsibilities as Director of the Division of Government Accounts and Reports in the Bureau of Government Financial Operations. In recognition of his effective leadership and personal dedication in both positions during this period, Mr. Wasserstein was honored with an award by Mr. D.A. Pagliai, Commissioner, Bureau of Government Financial Operations, and Mr. John D.R. Cole, Chairman, JFMIP Steering Committee. Mr.

Wasserstein served as Acting Executive Director through March 4, when Mr. Susumu Uyeda assumed the duties of Executive Director.

In addition to the change in the Executive Director's position, a transition took place in the JFMIP staffing in 1977. To meet the increasing demand on the JFMIP day-to-day workload accompanied by deeper and broader JFMIP involvement, a decision was made to augment the JFMIP staff with professionals from the central agencies. The central agencies agreed to assign professionals on a rotating basis for a period of one year. The members selected to serve on the staff for 1977 were:

Richard E. Pectol, U.S. Civil Service Commission
James V. Rinaldi, U.S. General Accounting Office
James Wu, Jr., Department of the Treasury

The contributions by these three professionals were noteworthy during the transition period. Due largely to their devotion and hard work, the Program maintained its continuity and fulfilled its objectives. JFMIP expresses its great appreciation for their fine work.



JFMIP STAFF FOR 1977

RICHARD PECTOL

CIVIL SERVICE COMMISSION

JAMES RINALDI

GENERAL ACCOUNTING OFFICE

JAMES WU

DEPARTMENT OF THE TREASURY

C. JFMIP ACTIVITIES IN 1977

1. Productivity Program

In April 1977, the JFMIP issued comprehensive guidelines on developing productivity programs for Government organizations. The booklet, Implementing a Productivity Program: Points to Consider, was developed from the information presented at a January 1976 conference on "How to Implement a Productivity Program" sponsored by the JFMIP and the National Center for Productivity and Quality of Working Life. This program featured presentations by officials of four business firms which have effective productivity programs:

- Edward L. Maier, Vice President for Operations, Xerox Education Group - "Productivity at Xerox."
- Norman D. Edmonds, Director of Corporate Management Services, Travelers Insurance Company - "Productivity Improvement -- The Travelers."
- A.J. Benes, General Auditor, The Detroit Edison Company - "Productivity Measurements -- Today's Challenge to Management for Tomorrow's Survival."
- Paul Elsen, Director of Human Resources. Honeywell Inc. - "So You Want To Do Something About Productivity...? How To Get A Program Going In Your Organization."

These presentations were contained in the Appendices of the booklet.

There was considerable diversity in the approaches used by the different companies, just as there is diversity in the approaches used by the various government and other organizations whose programs have been reported as case studies in previously published JFMIP productivity reports.

There are, however, certain common threads running through these successful programs, which are discussed in detail in the booklet including:

- strong central leadership;
- meaningful involvement by top management;
- operational management, workers and unions;

- sound organizational and administrative arrangements;
- a measurement system, including provision for data collection and reporting;
- analytical capability; and
- motivation.

The guidelines contained in the booklet demonstrate that it is both possible and practicable to measure the productivity of many governmental operations. The data from productivity measurement systems can be extremely useful in the management of government programs. If the potential benefits are to be achieved, a high degree of leadership and management skill must be applied to the development, operation, and use of a comprehensive productivity program.

The booklet is available from the JFMIP and has been requested by hundreds of local governments as well as interested parties from all over the world, demonstrating a great concern and recognition by public sector managers of the need to measure the performance of government workers.

Under Public Law 94-136, responsibility for measuring and reporting of Federal productivity programs was transferred from the JFMIP to the Center for Productivity and Quality of Working Life. The JFMIP role in productivity is now focused primarily on providing advice and assistance to agencies on financial management aspects of productivity and encouraging wider use of improved productivity systems.

2. Audit Improvement Project

For some time it has been Federal policy to rely, to the maximum extent possible, on State and other non-Federal auditors to audit federally assisted programs administered by State and local governments. Full implementation of this coordinated effort has not been achieved because of a number of difficulties arising from the size and complexity of the programs involved.

Several Federal and State studies and reports have focused on the problems surrounding the audit of federally assisted programs. These problems were also pointed out in a Department of Treasury report on "Federal Government Audits: Abuses and What Corrections are Needed."

Subsequent to the Treasury report, the Joint Financial Management Improvement Program was asked to undertake a study of the audit of federally assisted programs. The study was aimed at improving audit performance and coverage through cooperative action by all levels of government. Further, the JFMIP was directed to work closely with and through the intergovernmental audit forums.

Beginning in January 1977, a survey of the problems previously identified was started. A report on the survey issued in April 1977 identified a number of issue areas. From these issues, seven were selected and approved for inclusion in the detailed phase of the study. The issues selected were:

- possible audit duplication and audit overlap;
- possible lack of audit coverage;
- coordination of audits;
- mechanisms for reimbursing State and local auditors for audits involving federally assisted programs;
- varied and differing Federal audit organizational structures, audit guidelines, and reporting requirements;
- reliance by Federal agencies on other Federal audit organizations for audits; and
- reliance by Federal agencies on State and local organizations for audits.

Seventeen federally assisted programs were selected for review as a representative cross-section of federally assisted programs administered by State and local governments. The study team with representatives from five Federal agencies is receiving assistance from the National Intergovernmental Audit Forum and a number of regional audit forums whose membership includes Federal, State, and local audit officials.

The study is being performed in ten states and provides for reviews of five Federal regional headquarters, 8 State governments, 38 cities, 37 counties, 28 nonprofit agencies and 28 planning agencies. The study will be completed and a final report issued during Fiscal Year 1978. Team members are listed in Appendix C.

3. Annual Financial Management Conference

For several years the JFMIP has sponsored an annual one-day Financial Management Conference. The purpose of this conference is to stimulate the development and widespread use of good financial management practices.

The Sixth Financial Management Conference was held in Washington, D.C., on February 7, 1977. Speakers from Federal, State and local governments addressed the 460 conference participants on the theme of "New Challenges for Financial Managers." Afternoon workshops provided an opportunity for indepth consideration of Zero-Base Budgeting, intergovernmental auditing, cash management and consolidated Federal financial statements.

The Financial Management Improvement Awards for 1976 were presented by Comptroller General Elmer B. Staats to Alice M. Rivlin, Director, Congressional Budget Office, and Joseph T. Davis, Assistant Commissioner (Administration), Internal Revenue Service.

The Seventh Financial Management Conference, held on February 6, 1978, addressed a theme of "Impact of New Initiatives on Financial Management." Speakers at the morning session were:

- Elsa A. Porter, Assistant Secretary for Administration, U.S. Department of Commerce
- Comer S. Coppie, Special Assistant to the Mayor, and Director, Office of Budget and Management Systems, Government of the District of Columbia
- J.P. Bolduc, Director, Public Administration Services, Booz, Allen and Hamilton, Inc.

Topics of the afternoon workshops were: "Crisis in the Public Pension Systems," chaired by Edwin C. Hustead, Chief Actuary for the Civil Service Commission; "Zero-Base Budgeting: An Evaluation," led by David A. Winfield of the Office of Management and Budget; "The Effects of Federally Assisted Programs on State and Local Governments," led by Susumu Uyeda of the Office of Management and Budget; and "The Relationship of the Accounting Profession to the Federal Government," chaired by Roscoe L. Egger, Jr., Price Waterhouse & Company.

The Financial Management Improvement Awards for 1977 were presented by Civil Service Commission Chairman Alan K. Campbell to Rear Admiral James R. Ahern, Deputy Comptroller of the Navy, and Lloyd F. Hara, County Auditor for King County, Washington.

The Proceedings of the Conferences, containing the morning speeches and detailed summaries of the workshops, have been published and are available from the JFMIP.

4. Cash Management Workshops

A JFMIP study on cash management in 1973 concluded that there was a general lack of attention to specific plans and procedures by operating agencies with respect to cash management. This study, summarized in a JFMIP publication, Money Management Study, demonstrated that substantial savings can be achieved by careful attention to cash management. Recognizing the need for follow-up action in this area, the JFMIP during the past year sponsored two workshops -- one on loan accounting systems and another on letters of credit. The objectives of these workshops were to enhance financial managers' understanding of the principles of cash management, examine case studies of agency problems and resolutions, and promote wider use of sound cash management.

Loan Accounting Workshop. In an effort to deal with the problem of managing the Government's cash resources efficiently, the need for management to weigh all program cost considerations in its decisionmaking was stressed. A case problem was used to demonstrate how selective strategies might be developed to assist in minimizing the total cost of a program decision. Another session concerning the design of a new loan disbursement system, emphasized the importance of doing an adequate front-end analysis of developing loan disbursement requirements for the loan disbursement system of the Farmers Home Administration (FmHA), U.S. Department of Agriculture. The design features of the new loan system and a comparison of the advantages of the new loan disbursement system versus the old system for FmHA were summarized. The key aspect of the new system is that money is withdrawn from the U.S. Treasury only as needed. Use of the new system is expected to produce substantial savings in interest costs while at the same time reducing FmHA budget outlays. Other improvements relating to loan accounting systems were presented by representatives from the Veterans Administration, the Export-Import Bank, and the Small Business Administration.

Letter-of-Credit Workshop. As a result of many audits of large Federal grant programs, it was revealed that substantial amounts of cash were being withdrawn from the U.S. Treasury long before the cash was actually needed for disbursement by the recipient organization. In September of 1963, a team was formed under the JFMIP to study and improve the timing of payments in large Federal grant programs. The JFMIP study recommended the letter-of-credit method as the most favorable means of slowing the date of cash withdrawals from the Treasury.

The various letter-of-credit systems and techniques for making advance payments are major tools available to improve cash management by Federal agencies. Effective use of letters of credit can save the Treasury Department a substantial amount of interest costs and significantly reduce Federal borrowing. With proper application of the letter-of-credit methods, greater savings are possible.

Treasury has two letter-of-credit systems, the Federal Reserve Bank (FRB) letter-of-credit (LOC) system and the Regional Disbursing Office (RDO) letter-of-credit system. The three basic differences between the RDO and the FRB systems are described in the following table:

	<u>FRB System</u>	<u>RDO System</u>
Source of Payment	FRB charges Treasury account and credits commercial bank reserve account.	Treasury check issued by Regional Disbursing Office.
Information required on letter-of-credit disbursement form	Minimal information on payment voucher.	Miniature status of Federal funds report on request-for-payment form.
Procedures available to control outstanding balances	Monitor activity after-the-fact.	Monitor activity prior to issuance of Treasury check, with capability to reject payment request.

The RDO System was first introduced with the Department of Agriculture on a test basis in November 1973 and is currently being used by nine agencies. Results from its use demonstrate an overall decrease in balances held by recipient organizations without causing any significant problems for the recipient organizations or the Federal agencies.

Representatives from the Department of Agriculture, Environmental Protection Agency, and the Department of Health, Education and Welfare summarized their experiences with these letter-of-credit systems. A listing of the speakers for both workshops can be found in Appendix D.

5. Training Program

The JFMIP continued its efforts to encourage other universities to apply concepts used at The American University's Institute for Applied Public Financial Management. Now in its third year, the Institute was established as a result of a JFMIP cooperative project with the Farmers Home Administration. The objective of this program is to educate government employees and other students in financial and related management skills which will contribute directly to improved government programs. The Institute uses the capabilities and resources of the School of Business Administration and the School of Government and Public Administration. The curriculum places heavy emphasis on practical application and is responsive to the needs and objectives of the students and the government organizations where they are employed.

Institute Director Raymond Einhorn explains, "Business schools have historically been turning out graduates with little understanding of public management, while government school management programs traditionally have been graduating those with little understanding of financial management. This Institute, on the other hand, emphasizes the most pertinent aspects of business management and public administration education."

In January 1978, fifteen students who are all employed by Farmers Home Administration comprised the first graduating class of this program. The student-employees gained the distinction of graduating as published authors. One of the Institute's unique features is the two-semester project in managerial problem-solving, which requires each student to work on a real problem selected by the governmental organization for which he works. Analyses and solutions to the problems are intended to contribute to the student-employee's understanding of governmental operations and to assist the particular agency or organization in strengthening its management. The projects are now available in paper or microfiche to the public, other universities and to Federal, State and local agencies through the National Technical Information Service.

Today, some 80 students are enrolled in the Institute, with sponsors including Farmers Home Administration, several Defense Department agencies, other Federal agencies, and local governments. Thirty-two

students are expected to graduate in August and December 1978. Since the Institute's inception, other universities have shown strong interest in establishing programs similar to the program at The American University. Information has been furnished to many other universities throughout the country.

Editor's Note. Just before press time for this annual report, it was announced that Institute Director Raymond Einhorn received The American University award, "For Outstanding Contribution to Academic Program Development," for his role in managing the Institute. The JFMIP wishes to congratulate him on this achievement.

II. CENTRAL AGENCIES' INITIATIVES IN SUPPORT OF
IMPROVED GOVERNMENT-WIDE FINANCIAL MANAGEMENT

The central agencies -- the Office of Management and Budget, the General Accounting Office, the Department of the Treasury, and the Civil Service Commission -- have undertaken many activities to improve financial management during the past year. This section describes some of the more significant undertakings by the central agencies.

The Office of Management and Budget (OMB) issued guidelines for the implementation of Zero-Base Budgeting, which changed the procedure for budget submissions to OMB from the agencies. A Federal cash management project team jointly sponsored by OMB and the Department of the Treasury has been making a comprehensive review of cash management policies and practices in Executive Branch agencies. A major effort to update fund control regulations was also initiated by OMB.

Various methods to improve cash management, including revisions of the regulations on the letter-of-credit systems, expansion of the Treasury Financial Communications System, expansion of the Direct Deposit-Electronic Funds Transfer System, and revision to the Federal Tax Deposit System were initiated by the Department of the Treasury. Treasury issued a second set of prototype Consolidated Financial Statements for the Federal government for Fiscal Year 1977.

A current status of the approval for the principals, standards and designs of accounting systems within Federal agencies was reported by the General Accounting Office.

Qualification standards for the accounting series were revised by the Civil Service Commission (CSC). The status of financial management training was also reported by CSC for last year. These improvements initiated by the central agencies are explained in further detail in the following section.

A. OFFICE OF MANAGEMENT AND BUDGET

1. Implementation of Zero-Base Budgeting

President Carter instructed all Federal agencies in the Executive Branch to use Zero-Base Budgeting (ZBB) techniques for the preparation of their 1979 budget requests. Using ZBB guidelines outlined by OMB Bulletin 77-9, agencies began the work of system design, staff

training, and preparation of decision packages. All Executive Branch agencies submitted their budget requests to OMB in September 1977, justified by ranked ZBB decision packages.

Although Federal agencies got off to a good start in installing Zero-Base Budgeting, it was inevitable that agencies would encounter some problems in converting to ZBB in one year. For instance some agencies could not complete the design of their ZBB systems and provide needed training for their personnel in time. Overall, however, the Administration was pleased with the first-year results.

The OMB guidelines for the 1980 budget cycle are not expected to significantly change from 1979 budget guidelines. However, many agencies will make changes to the design of their internal systems. The ZBB process should begin earlier than last year, thereby aligning more closely to major planning and policy decisions and providing more time for internal agency development. The quality of budget analysis and the related materials should improve, which will ease the review and ranking process. Many agencies will encourage both broader and deeper involvement in the formulation of the budget request, which should improve internal decisionmaking. Overall, OMB expects the 1980 budget process to yield greater ZBB-related benefits than the 1979 process. For further information, contact George Strauss: 395-3172.

2. Government-Wide Update of Fund Control Regulations

In the summer of 1977, OMB initiated a major effort designed to upgrade financial management practices within the Government and support the President's commitment to improve public accountability. To insure that the Executive Branch of Government has adequate financial controls over its funds, the OMB directed the major departments and agencies to examine their fund control procedures, update and revise as necessary, and submit them to OMB for approval.

The main purpose of the Antideficiency Act (Section 3679 of the Revised Statutes) is to prohibit expenditures and obligations of funds in excess of the amount available in any appropriation or fund account. One provision of the Act requires each Executive agency to have an OMB approved regulation prescribing its system of administrative control. It specifies that all such systems must

be designed to keep obligations and expenditures from exceeding apportionments or reapportionments and must enable the agency head to fix responsibility for violations of the Act.

To assist the agencies in this major undertaking, OMB, with the assistance of the General Accounting Office, developed a guideline specifying all the necessary ingredients for an acceptable administrative control of funds regulation. This guideline was disseminated government-wide. In addition, OMB staff have provided assistance to agencies, on an individual basis, as requested. This has resulted in a great exchange of information and an increased awareness throughout the Government of the importance of proper fund control.

An informal survey conducted by OMB prior to the initiation of this project showed that many agencies' regulations for administrative control of funds were not adequate to meet current needs, as most were outdated (75 percent were approved more than 10 years ago, 20 percent were approved more than 20 years ago). They did not reflect current agency organizations; had not been revised to conform to changes in law and regulations; or had not been updated to reflect advances in management techniques.

As of December 31, 1977, all but six of the 24 major agencies involved had submitted revised regulations for approval, some on an informal basis (four had been granted extensions). One agency's regulation had been approved. All submissions had received an initial OMB review, and comments had been provided, usually through individual meetings with officials of the various agencies. In addition, all but two of the submissions had been reviewed by GAO. OMB plans to complete this project in 1978. The result should be a significant improvement in the way the Executive Branch controls obligations and expenditures of the funds with which it is entrusted. For further information, contact John Lordan: 395-6823.

3. Federal Cash Management Project

In November 1977, the President instituted the Federal Cash Management Project to undertake with the Treasury Department a comprehensive review of cash management policies, practices, and organization throughout the Executive Branch.

The study is part of the President's Reorganization Project in the Office of Management and Budget. The cash management project has just recently completed a study design and is proceeding with its work.

Effective cash management means collecting money as quickly as it is due--by billing for it on a timely basis and efficiently processing receipts so that funds can be put to work rather than be tied up in paperwork. Second, cash management means ensuring that the Government pays its bills and makes other disbursements on time--not early or late. Finally, good cash management means making sure that excess money is put to work--either by earning interest or by repaying short term debt and eliminating interest that might otherwise be paid.

The primary goal of the Federal Cash Management Project is to save the Government money through the implementation of sound cash management practices. At the same time, the Project staff fully understands that the Government has special responsibilities to those it serves and with whom it does business. To this end, the Project will carefully weigh the potential impact of cash management improvements on affected groups (e.g., small vendors, the financial community, recipients of transfer payments, State and local governments) as well as the impact on associated social programs (e.g., the minority banking program).

To achieve better cash management practices, the Federal Cash Management Project will seek to identify opportunities for:

- accelerating the inflow of receipts;
- streamlining receipt processing;
- selecting and compensating financial institutions in a fair and economical way;
- controlling disbursements more closely;
- eliminating excessive idle cash balances;
- establishing policies, authorities and responsibilities to ensure excellence in institutional cash management; and
- developing incentives to make Federal managers better cash managers.

The overall scope of the effort covers all money transactions of the Government including tax receipts, trust funds, loan programs, revolving and stock funds, foreign currency activities, borrowing, proprietary receipts, and all budget and off-budget funds. While the scope is wide, the Project will focus on the most massive elements of the cash flow or those areas where there is reason to believe that substantial opportunity for improvement exists.

The Cash Management Project will perform onsite management reviews at Federal agencies. This effort will bring early savings and benefits to the Government, effectively increase and enhance the staff resources of the Project, and most importantly place the responsibility and credit for strengthened cash management where it belongs--at the departments and agencies. In addition, it is anticipated that products of the individual agency reviews will be (1) insights into opportunities with wider application and (2) working knowledge of highly successful techniques and practices that might be installed elsewhere in the government.

It is envisioned that the Federal Cash Management Project and each agency would jointly create a review team task force that would report to the top administrative officer of the agency. This small team, largely staffed by agency financial and program professionals, would gain technical cash management and project management leadership expertise from one or two senior members contributed by the Federal Cash Management Project. For further information, contact Dick Cavanagh: 395-5870.

B. DEPARTMENT OF THE TREASURY

1. Cash Management

One area of improvements reported by Treasury was in cash management. Specific objectives of Federal cash management are:

- to accelerate receipts;
- to properly time disbursements; and
- to invest any surplus cash balances.

The immediate payoff from achieving these objectives is increased availability of funds, which in turn has a direct impact on the amount of Federal borrowing, and a corresponding decrease in related interest costs on the Public Debt. Some projects that were initiated by the Bureau of Government Financial Operations that improve cash management are discussed in the following paragraphs.

Letter of Credit. Regulations on the letter-of-credit systems (Treasury Department Circular No. 1075, and the related procedural instructions in Treasury Fiscal Requirements Manual Volume I, Part 6, Chapter 2000) have been revised. The revised regulations improve the

administration of advances by more clearly defining responsibilities of Federal program agencies. Major changes include the formal establishment of the Treasury Regional Disbursing Office (RDO) letter-of-credit system, in addition to retaining the Federal Reserve Bank letter-of-credit system, as a means of advancing funds. In addition, more programs will be brought under this funding device because the monetary criterion requiring the use of letters of credit was lowered from \$250,000 to \$120,000.

Payments utilizing letters of credit exceeded \$75 billion during Fiscal Year 1977. It is conservatively estimated that proper use of the letter-of-credit method would increase the daily availability of funds to Treasury by approximately two to three billion dollars. For further information, contact Daniel McGrath: 566-5125.

Treasury Financial Communications Systems. During Fiscal Year 1977, \$26.9 billion in receipts and \$25.5 billion in payments were made electronically via the Treasury Financial Communications System (TFCS). The TFCS automates the processing of nonrecurring payments and the receipt of large dollar Government deposits, and provides a comprehensive accounting and audit control mechanism for streamlining financial recordkeeping and reporting. Currently nineteen agencies are utilizing the TFCS for receiving deposits. This system is expected to realize annual interest savings of approximately \$11.1 million.

The TFCS is currently being used for deposit of funds by State agencies to the Unemployment Trust Fund and deposit by foreign governments to the Federal Financing Bank and to various other deposit fund accounts. This system has allowed for improved controls by providing greater timeliness and verification of the deposit fund transactions. Currently about 80 percent of the Unemployment Trust Fund transfers to State agencies are accomplished using the TFCS. This gives the State agencies more flexibility in their cash management. The TFCS also allows for better control of the various Government loans made to private contractors. Other major users of this system include: Export-Import Bank, Interior Department, Federal Home Loan Bank Board, and Government National Mortgage Association. For further information, contact Charles Schwan: 566-5665.

Federal Tax Deposits. Revision to the Federal Tax Deposit System was completed in 1977. Under the previous system, approximately 45 million tax deposit cards submitted by employers, went from commercial banks through Federal Reserve Banks to the Bureau of Government Financial Operations before being forwarded to the Internal Revenue Service. Under the revised system, tax cards flow directly from the commercial banks where the payment is made to the appropriate Internal Revenue Service Center. In addition to eliminating the handling and mailing of these cards by the Federal Reserve Banks and Bureau of Government Financial Operations and expediting the transmission of this information to the Internal Revenue Service for credit to taxpayers' accounts, this change provides the Federal Reserve Banks and the Bureau with the necessary data to pinpoint remittance delays for taking corrective action to expedite the availability of funds to the Treasury. These efforts resulted in increased availability of funds of \$82 million during the period July 1, 1976, through September 30, 1977. For further information, contact Daniel McGrath: 566-5125.

Direct Deposit-Electronic Funds Transfer System for Federal Recurring Payments. The Treasury's Direct Deposit-Electronic Funds Transfer (EFT) System is used to transmit Federal recurring payments directly to financial organizations at the request of the beneficiaries. This system has been expanded to virtually all classes of Federal recurring payments. The program now includes the following types of payments: Social Security, Supplemental Security Income, Railroad Retirement, Veterans Administration Compensation and Pension, and Civil Service Retirement. The funds transfer system also includes revenue sharing payments which are made quarterly.

As of December 1977, approximately 6.7 million beneficiaries had elected to participate in the Direct Deposit Program and approximately 86.8 million payments had been made by EFT.

Implementation will begin on the conversion of Federal employee salary payments to the Direct Deposit-EFT System. Additional future plans include exploring the desirability of bringing other types of Federal payments into the system and determining the feasibility of developing a Debit EFT System. For further information, contact L.W. Plumly: 566-2525.

Investment of Tax and Loan Accounts. Public Law 95-147 enabled the Treasury Department to invest \$240 billion of Federal income and other tax receipts deposited annually in Treasury tax and loan accounts in over 14,000 commercial banks. It is estimated that Treasury will earn \$50 to \$100 million annually on its operating cash. This represents a net gain after payment for services performed for the Government by financial institutions, which previously was compensated from the banks' interest-free use of tax and loan deposits. This law is a culmination of more than three years' effort by Treasury to acquire an important cash management authority. Procedures for implementing this new legislation will be released in 1978. For further information, contact Daniel McGrath: 566-5125.

2. Government-Wide Accounting

In December 1975, the Secretary of the Treasury approved a plan to publish Annual Consolidated Financial Statements on the accrual basis for the Federal Government. This project attempts to address the need for improved disclosure and more comprehensive fiscal data called for by the Congress and the Executive Branch and the need to improve information available to the public.

The first prototype statement covering Fiscal Year 1975 was released in November 1976. The second prototype, for the period between July 1, 1976 and September 30, 1977, was released in November 1977. Treasury plans to publish consolidated financial statements for Fiscal Year 1977 in July 1978.

An interagency Advisory Committee on Consolidated Financial Statements was formed in July 1977, consisting of top-level representatives from various Government agencies and headed by the Comptroller General. This committee will recommend to Treasury practical solutions and implementation procedures for the major problems identified by a former external Advisory Committee. Of the problem areas identified, six are currently under study with estimated completion dates between November 1978 and June 1979. These problems and the related task group objectives include:

Accrual of Taxes. From existing tax accrual information, a realistic method which takes into account taxes earned, potential refunds, and uncollectible amounts will be developed.

Allowance for Losses on Accounts and Loans Receivable. Criteria, based on each agency's experience, to evaluate the collectibility for receivables and calculate appropriate loss ratios will be established.

Asset Valuation. Reliable historical cost data which will provide the basis for calculating current value using the applicable valuation method for each asset category will be developed.

Federal Employee Retirement Systems. The determination of which Federal system plans should be included, the identification of the best method(s) for calculation of the liabilities, and suggestions for guidelines for the disclosure will be made.

Social Security Systems. The best method(s) of calculating the extent of the liability will be identified and guidelines for disclosure will be suggested.

Inflation Accounting. The proper method of adjusting the financial statements for the effects of inflation will be developed.

For further information, contact Michael Smokovich:
566-8543.

C. GENERAL ACCOUNTING OFFICE

Status of Accounting Systems Approval

The JFMIP has always had a strong interest in the development of good accounting systems for the many agencies of the Federal Government. The Financial and General Management Studies Division of the General Accounting Office provides advice and assistance to agencies in the development of their systems and it also carries out the GAO responsibility for evaluating and approving agency accounting systems.

GAO has reported that, as of December 31, 1977, principles and standards had been approved for 98 percent of the 330 accounting systems subject to approval. Designs had been approved for 60 percent of the systems.

The following table summarized the status of accounting systems approved as of December 31, 1977.

For addition information, contact Richard Maycock:
275-5071.

STATUS OF ACCOUNTING SYSTEMS APPROVAL AS OF
DECEMBER 31, 1977

	<u>Principles and Standards</u>		<u>Designs</u>		<u>Subject to Approval</u>
	<u>Approved</u>	<u>Unapproved</u>	<u>Approved</u>	<u>Unapproved</u>	
Civil departments and agencies:					
Agriculture	16	1	10	7	a/17
Commerce	8	-	7	1	8
Health, Education and Welfare	19	-	6	13	b/19
Housing and Urban Development	1	-	1	-	1
Interior	19	-	13	6	19
Justice	13	-	10	3	13
Labor	2	-	2	-	2
State	8	-	5	3	8
Transportation	8	-	7	1	8
Treasury	19	-	18	1	19
Executive Office of the President	4	-	4	-	4
Independent agencies	53	4	43	14	57
Total	<u>170</u>	<u>5</u>	<u>126</u>	<u>49</u>	<u>175</u>
Percent	<u>97</u>	<u>3</u>	<u>72</u>	<u>28</u>	<u>100</u>
Department of Defense:					
Air Force	40	-	29	11	40
Army	23	-	8	15	23
Navy (including Marine Corps)	70	-	28	42	70
Defense agencies	21	-	7	14	21
Total	<u>154</u>	<u>-</u>	<u>72</u>	<u>82</u>	<u>154</u>
Percent	<u>100</u>	<u>-</u>	<u>46</u>	<u>54</u>	<u>100</u>
District of Columbia government	1	-	-	1	c/1
Total	<u>325</u>	<u>5</u>	<u>198</u>	<u>132</u>	<u>330</u>
Percent	<u>98</u>	<u>2</u>	<u>60</u>	<u>40</u>	<u>100</u>

a/ Number of systems will be reduced to six when planned consolidations have been made.

b/ Number of systems in the Social Security Administration is expected to increase by six.

c/ Actual number of accounting systems not yet determined.

D. CIVIL SERVICE COMMISSION

1. Position Classification and Qualification Standards

The Civil Service Commission revised qualification standards for the Accounting Series (GS-510, Accountants and Auditors). The standards now require completion of 24 semester hours in accounting and auditing subjects with few exceptions for individuals with comparable backgrounds. These standards set high-level professional qualifications for positions in the series throughout the Federal service, thus indirectly enhancing financial management efforts.

Revised classification and qualification standards for the Accounting Technician Series (GS-525) were approved for printing, distribution, and use in August 1977. These standards provide appropriate guidance for properly classifying and staffing financial management support positions and benefit financial management by helping insure proper classification of these positions.

A study was initiated to revise the classification standards for the Voucher Examiner Series (GS-540) and the classification and qualification standards for the Budget Administration Series (GS-560). When approved these standards will assure appropriate classification and staffing of these positions which are used in various financial management functions. For further information, contact Sue Scheig: 632-9790.

2. Financial Management Training

The Civil Service Commission's Management Sciences Training Center serving the Washington metropolitan area conducted 132 financial management related training sessions for a total of 4,263 participants. Additionally, 392 financial management related training sessions were conducted by regional training centers for 9,805 government employees.

The Management Sciences Training Center also developed two self-contained instructional packages on Zero-Base Budgeting for use by agencies in their internal training programs and as an aid in briefing management officials. In addition to helping agencies implement their own ZBB training programs, the Commission itself trained 6,105 people in ZBB nationwide. For further information, contact Edward Murphy: 632-5600.

III. OPERATING AGENCIES' INITIATIVES IN IMPROVED

FINANCIAL MANAGEMENT

There were a significant number of financial management improvements initiated by various Government agencies in 1977. The improvements reported by the agencies are in these areas: Cash Management, Accounting, Payroll, Budgeting, Automatic Data Processing, Audit, and Specialized Systems and Other Improvements. Examples of agency improvements in these categories that were implemented and developed in the past year are summarized below. For further information, agency contacts are provided following each improvement.

Note: The area code for the telephone numbers listed is (202) unless otherwise designated.

A. CASH MANAGEMENT

An on-line automated Travel Advance System was installed in the AGENCY FOR INTERNATIONAL DEVELOPMENT to expedite the recovery and deobligation of unexpended funds and to reduce excessive balances in AID Washington travel advance funds. The system maintains the current status of each outstanding travel advance. The system also monitors the anticipated date a traveller is to return and produces periodic notices to the traveller and his supervisor to expedite the filing of travel vouchers and collection of advances. The system provides for the deduction of advances not liquidated in 90 days from payroll. Contact Bruce Birnburg: 632-0162.

The CIVIL SERVICE COMMISSION has implemented an automated service credit billing and collection system to replace the manual preparation of account statements and posting of receipts for deposits for the retirement fund. The new system reduces the "grace" period for interest charges and computes interest and up-to-date balances due when processing receipts and account inquiries. Under this system, the claimants are expected to pay their accounts sooner, because the interest charges are shown on their statements. This will benefit the retirement fund which can earn over five percent on investments compared to the three percent charged to claimants. Contact Ludovico Giordano: 632-7450.

Letter-of-credit financing has been applied to all qualifying grantees for the ENVIRONMENTAL PROTECTION AGENCY. Agency procedures for the issue and control of cash advances to grantees not qualifying for letters of credit have been improved. EPA's accounting system is designed to produce monitoring reports which identify grantees with low cash turnover rates. Finance officers follow up exceptions to reduce or recover under-utilized advances. As a result of these improvements, EPA's grant program advances were reduced from \$30.9 million to \$20.5 million, a 34 percent reduction. Contact Tom Hammond: 755-4523.

The FEDERAL COMMUNICATIONS COMMISSION designed and implemented a documents payable system, which keeps track of all disbursements from the time of receipt until payment. This system operating with action suspense dates, has allowed FCC to identify all commercial invoices, agency billings and employee reimbursements submitted for payment as well as the time frame in which they should be paid in order that payments will not be made sooner than necessary. Contact Wayne Leshe or Mary Cole: 632-6900.

In the AIR FORCE over 70 percent of active duty members and 60 percent of retired members participate in the program whereby the Air Force electronically transfers funds to the Federal Reserve Banks for payments to members. In addition, significant civilian employee participation in the Direct Deposit of Net Pay has been achieved by both the NATIONAL SECURITY AGENCY (almost 70 percent) and the Air Force (almost 66 percent). Both of these Department of Defense components have developed and maintained a concerted campaign for a number of years to take advantage of the efficiencies inherent in both programs. The Direct Deposit Program-Electronic Fund Transfer System saved the processing of approximately 1.3 million checks per month. The effort is estimated to save the Air Force \$3 million per year. Contact Ed Yohe: FTS (303) 320-7471.

The AIR FORCE has established a Currency Clearing House for F-16 Aircraft producers in Europe. The primary function of the activity is to exchange any of the five country currencies (U.S., Norway, Belgium, Netherlands and Denmark) that are participating in the program, so that contractors or subcontractors will not realize any gain or loss due to currency rate fluctuations. This clearinghouse was established as an incentive to get contractors to bid on the F-16 aircraft project.

The contract agreements are made in terms of U.S. dollars. The clearinghouse had fixed rates of exchange for these monies. All funds, whether in dollars or European currencies are held in a trust fund account. Any gain or loss from the currencies' exchange is borne by the country's government. Contact Carl Miller: FTS (303) 320-7581.

B. ACCOUNTING

The Energy Research and Development Administration (ERDA), now part of the DEPARTMENT OF ENERGY, developed a program funds tracking system. This system tracks on a daily basis the status of all allotted funds affected by procurement requests. This system certifies to the Procurement Office that funds are available before a procurement request is processed. More importantly, it provides a reliable, single source of funds status information which program offices can query to obtain up-to-date funds status information to assist in program management and to ensure that allotment ceilings are not exceeded. Contact P.W. Williams: 353-2929.

The National Electronic Accounting and Reporting (NEAR) System has been developed by the GENERAL SERVICES ADMINISTRATION to meet the requirements of Federal accounting for one-year appropriations, multiple or no-year appropriations, and revolving funds. The NEAR System is designed to record, classify, and summarize in a significant manner financial events occurring in the operation of Federal entities and to meet management and external reporting requirements. The system automates many manual processing procedures and eliminates manual card handling and sequential processing of magnetic tapes and reports present under the current system. Exception reporting is emphasized. The system produces a daily disbursing office tape for delivery to Treasury to create payments for goods and services. It has billing and collection routines for reimbursable work and payroll distribution routines.

During Fiscal Year 1977, the second NEAR application was completed on the Operating Expenses-Federal Supply Service. Future conversions include Presidential Commissions and other GSA appropriated funds (October 1, 1978), the General Supply Fund (October 1, 1981), and all other revolving funds (October 1, 1982). Contact Rebecca Prather: 566-1877.

The CIVIL SERVICE COMMISSION changed procedures for processing payments for health benefits, group life insurance, and Civil Service retirement, so that Government agencies will no longer use a check as a means of payment to the Commission for withholdings and contributions for health benefits, group life insurance, and retirement. Instead a journal voucher will be prepared to charge the paying agency's appropriation or fund symbols and credit the Civil Service receipt account. Based on this journal voucher, the Commission will be able to classify and invest the amounts credited to the receipt account on the date payroll is paid. This new procedure should increase the investment earnings for the health benefits, life insurance, and retirement funds. Contact Ludovico Giordano: 632-7450.

The Langley Research Center in the NATIONAL AERONAUTICS AND SPACE ADMINISTRATION developed an Overhead Reporting System which identifies for management review and tracking the overhead costs of the Center. The reporting system determines whether a cost is direct program support or overhead by examining the nature of the cost, determining the responsibility for cost incurrence, and identifying the cost benefits. Contact Ed Howe: 928-2724.

The GENERAL SERVICES ADMINISTRATION converted the Advanced Records System (ARS) billing transactions of the Federal Telecommunications Fund to the Simplified Intragovernmental Billings and Collections (SIBAC) System. ARS is a government operated communications network leased by the General Services Administration under contract with the Western Union Telegraph Company to provide civilian agencies with a modern and efficient records communication service.

This application was the seventh billing system to use SIBAC. The SIBAC System was started as the result of a study by a JFMIP interagency team and was first implemented in January 1972 when the Federal Supply Service began billing the Department of Defense for supply services.

The SIBAC System eliminates interagency receivables and payables, reduces the need for checks and deposits in payment of bills, and simplifies collection procedures by providing for simultaneous billing and collection. This system collected over \$24 billion in 1977, and GSA plans to convert other operations totaling over \$218 million to SIBAC in the near future. Contact Rebecca Prather: 566-1877.

C. PAYROLL

The NAVY's continued progress in standardizing civilian payroll this year resulted in a further reduction of payroll systems to 10 from 57 in the United States in 1976. In addition, it is designing and developing a Navy Standard Civilian Payroll System. The system will utilize automated equipment and telecommunication methods inherent in the Navy's Integrated Accounting and Disbursing System. Contact Commander Nix: 695-5424.

VETERANS ADMINISTRATIONS's Personnel Accounting Integrated Data (PAID) System was modified to produce an automated voucher and check issue tape for payment of taxes to States and local taxes authorities.

All PAID System input from Department of Medicine and Surgery facilities was changed to wire transmission in lieu of hard copy. This system makes delivery accurate and on time. The system also gives the field facilities more time to check the payroll before it is forwarded to the Austin Data Processing Center for processing. The PAID System handles approximately 291,000 pieces of input biweekly from 192 field facilities. Contact Samuel Harris: 389-3008.

The SOCIAL SECURITY ADMINISTRATION and the INTERNAL REVENUE SERVICE are jointly working on a Combined Annual Wage Reporting (CAWR) System that will result in a significant reduction in the amount of paperwork which must be prepared by employers and subsequently processed by government agencies. Schedule A of Forms 941 Employer's Quarterly Tax Return and 943 Employer's Annual Tax Return for Agricultural Employees will be eliminated. All Forms W-2 (Wage and Tax Statements), W-2P (Statement for Recipient of Annuities Pension or Retired Pay), and W-3 (Transmittal for Income and Tax Statements) and their magnetic media equivalents will be filed directly with SSA to process and match against employers' 941 and 943 information. The CAWR will reduce the detail reporting currently required for individual employees.

Currently, IRS, in conjunction with SSA, has been working toward the effective implementation of CAWR. Also, the above forms are being revised to include information beneficial to both agencies. Publications such as Circular E Employer's Tax Guide and Tax Guide for Small Business are also being revised to inform taxpayers of the new requirements. Contact SSA-Paul Bennett: FTS (301) 594-2700, or IRS-Richard Smith: 566-7540.

D. BUDGETING

The BUREAU OF ALCOHOL, TOBACCO AND FIREARMS within the TREASURY DEPARTMENT implemented fully computerized obligation and allocation budgeting systems. These systems are designed to accommodate the allocation and obligation operations separately and in conjunction with each other. The allocation system formulates how the Bureau's current fiscal funds will be apportioned, by quarter, to each of its organizations. This system enables the Budget Officer to monitor the Bureau's current financial condition and provides the information necessary for making end-of-year obligation projections. The systems are integrated by a report which compares the current obligations to the current allocations and identifies any remaining funds. Contact Tom McQuillan: 566-7720.

An automated budget execution system, developed in the U.S. CUSTOMS SERVICE allows its Budget and Planning Division to quickly respond to changing requirements in organizational and program financial plans. This system has facilitated, through automation, the preparation of financial plans. Changes are keyed into an on-line dial service terminal. New financial plans are calculated by the computer, based on terminal input, and returned to the Budget and Planning Division in printed form via the terminal. The system also provides summaries of resources allocated by object classification and activity on an "as needed" basis. Previously, these summaries were prepared manually. Contact C. Wayne Hamilton: 566-2303.

The NATIONAL AERONAUTICS AND SPACE ADMINISTRATION developed and placed into operation a computerized resources management system. The Space Transportation Systems Operations Resource Management (STORM) System has the capability to completely track data through a program operation cycle and analyze data according to centers' budgets and the associated portion of the Congressional budget.

STORM can calculate cost changes and obligations, as well as show where they occurred. All of these capabilities have released the analysts from the time-consuming job of calculating and manipulating data, and have resulted in a more efficient process. STORM will be made available to other operations in NASA, which will lead to a more efficient and timely budgeting process. Contact Don Ryan: 755-2424.

The SOCIAL SECURITY ADMINISTRATION developed a computer-based budget analysis system which allocates administrative cost estimates among the social security trust and Federal fund programs by activity. It also produces workload, manpower, and unit cost data which are used in the presentation of SSA's administrative budget. Contact William Kelly: FTS (301) 594-6440.

E. AUTOMATIC DATA PROCESSING

The FOOD AND NUTRITION SERVICE of the DEPARTMENT OF AGRICULTURE uses telecommunications networks, with intelligent terminals located in each of its regional offices, to transmit food stamp and child nutrition data to a central computer facility in Washington, D.C. Recently, FNS has pilot tested the use of other time-sharing terminals for inputting certain financial and program data from regional offices directly into the main computer system, and also for direct retrieval of certain data relating to letter-of-credit disbursements and accrued expenditure information. Contact Barbara Williams: 447-4880.

A Federal Software Conversion Center has been established as a result of the initial Department of Defense ADP Management Improvement Conference. The Center will be operated by the AIR FORCE to:

- assist Federal agencies in planning for the scope of a particular conversion;
- develop standard cost estimating relationships for particular types of a conversion;
- assist agencies in locating qualified contractors in the private sector and assist in the monitoring of such contracts; and
- update conversion policy.

Contact Paul Oliver: 695-9927.

The Federal Software Exchange Program has been established by the GENERAL SERVICES ADMINISTRATION to reduce the costs of computer software development throughout the Federal Government. The program is established to promote the sharing of common use computer programs and related documentation among Federal agencies. To effectively coordinate the functions involved in the collection, processing, and dissemination of software, the Federal Software Exchange Center has been established at the National Technical Information Service of the Department of Commerce. The Center

collects and catalogs summaries of Federal agency software. Agencies needing new software can have a search made of the catalog for an appropriate program, which the Center will acquire for the agency, complete with documentation and user's guides.

The Federal Software Exchange Catalog, first published in 1977, contains abstracts of available systems, programs and subroutines written in a wide range of computer languages for a wide variety of hardware, covering numerous applications areas. In addition to a short summary of the software's purpose, significant factors such as processing mode, computer manufacturer and model, operating system, programming language(s), input/output media, memory requirements, and the prices for obtaining the software and documentation are included. Contact Helen McEwan: 566-1120.

F. AUDITING

The COMMERCE DEPARTMENT has computerized its internal audit inventory system. Each auditable area in the Department was identified and assigned a priority ranking. The top ranking audit areas were then selected for audit during Fiscal Year 1978. The office also initiated an ADP System which is designed to track the progress of internal and external audit work assignments and staffing from the initiation of a project to issuance of the final report. Contact Ben Friedman: 376-7670.

The DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE implemented a system for controlling and accounting for monetary audit disallowances. Under this system, each finance office is capable of controlling and accounting for all monetary audit disallowances associated with grants and contracts. The system tracks and reports disallowances from the time the recommendation is sustained through any appeals to final collection, offset, or write-off. Contact Andrew Kapfer: 245-6031.

G. SPECIALIZED SYSTEMS AND OTHER IMPROVEMENTS

The AGENCY FOR INTERNATIONAL DEVELOPMENT has installed a Planning, Budgeting, Accounting and Reporting System under a data base management system. This system makes program, budget, and actual data on AID projects, as well as technical bibliographic information and socio-economic data, available on demand throughout

AID via computer terminals. This system is being used in the preparation of budget submissions, management control, and in the design of future activities. One component, the Project Accounting Information System, provides management with both planned and actual obligations and expenditures of projects. Contact Bruce Birnberg: 632-0162.

In order to improve the processing and control of simultaneous filings for its oil and gas leases, the INTERIOR DEPARTMENT is instituting a pilot program in its Wyoming State office. The new process will allow input and control over filings at the local State office, communication with a central computer via a telecommunications link, and printout of report data in the State office. The office is manually processing a maximum of 182,000 applications per month. This new program will greatly speed up processing time, reduce the number of man hours expended, and improve the control and accuracy of collections and filing cards received and processed. Contact Edward Greenberg: 343-3067.

The DEPARTMENT OF LABOR developed an automated position control system to maintain a control over authorized and actual personnel positions. Listings of authorized, budgeted and nonbudgeted positions by office are used to monitor Agency employment against permanent and other employment ceilings. The data base is used to generate required reports to CSC and OMB. It provides reports to management for use in budget planning and execution, monitoring career ladder development, and providing for within grade promotions. Contact Bill Reise: 523-6891.

The DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT has achieved marked quality improvements in financial reporting by initiating a formal Quality Assurance Program in Finance and Accounting. The purpose of this program is to (1) promote the highest level of quality (accuracy and timeliness) in field activity (regions) reports and (2) improve the responsiveness of the Headquarters in providing quality financial data and accounting reports to internal program managers, Office of Management and Budget, Department of the Treasury, the Congress, and other Government agencies. The Quality Assurance Program results are furnished to all Regional Administrators through a monthly publication called SCORECARD. SCORECARD provides the performance standards, shows the

relative ranking of all regions for accuracy and timeliness, the individual ratings for each report measured, performance profiles on each region for the current month and the year-to-date, and significant interest items. HUD has achieved 100 percent timeliness on its financial reports almost every month from all regions. Accuracy of reports has reached a high of 99.66 percent from a low of 79.88 percent since inception of the program. Contact Frederick Brady, Sr.: 755-5151, or Fred Wyant: 755-5105.

The NATIONAL AERONAUTICS AND SPACE ADMINISTRATION's Purchase Request Tracking System (PRTS) was developed to provide procurement and financial information for individual purchase requests. Organizations can instantaneously determine the procurement, financial, and signature status of any specific purchase request. While the tracking system is primarily a procurement management control method, there are substantial benefits which accrue to the financial process. Managers are able to ascertain the current status of purchase requests such as (1) receipt in procurement, (2) projected or actual award (obligation) date, and (3) the procurement buyer assignment, without the necessity of making time-consuming personal or telephone contacts. Savings accrue to both operating and finance offices which investigate and answer inquiries. Contact Ralph Shawlee: 488-5303.

The NAVY is continuing its development of the Integrated Disbursing and Accounting System. Some of the primary features of the system are:

- consolidation of accounting services on a regional basis;
- establishment of a teleprocessing system and a one-time data capture;
- integration of accounting/disbursing records and bill paying functions; and
- simultaneous payment to vendor and recording of expenditures.

To accelerate implementation, the Navy initiated a part of the System in 1977 in the Washington Region at one activity for a selected number of procurement contracts. So far, 12 accounting activities have been consolidated into 5 and a further reduction to 2 accounting activities has been approved. It is anticipated future consolidations will reduce the number of accounting activities to one and the number of separate accounting systems will decrease from 24 to 5. Contact Charles Plutkis: 697-4716.

The OFFICE OF THE SECRETARY OF DEFENSE is automating the analysis of performance measurement information contained in the Supplemental Contractor Cost Report which provides summary level performance information reflecting the cost/schedule progress of individual controls of major programs. In addition to status information, this data lends itself to trend and regression analysis which are useful for predicting "at completion" estimates. The performance data analysis is to be disseminated to DOD officials to assist in controlling the acquisitions process and in correcting any emerging problems. Contact Winfield Scott: 697-8363.

The BUREAU OF THE PUBLIC DEBT in the Treasury Department consolidated two separate accounting systems, one for Treasury securities and one for Agency securities, into one automated system designed to improve timeliness and accuracy in the production of statistical data and the maintenance of control accounts. The newly implemented Treasury and Agency Securities Accounting System provides the capability for acceptance of transaction and accountability data from Federal Reserve Banks via magnetic tape and also provides for stricter control of daily transactions. Eight Federal Reserve Banks have been reporting daily activity of securities transactions to the Bureau via magnetic tape. Contact Gary Chester: 447-1224.

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Alan K. Campbell (Chairman, JFMIP)	Chairman, U.S. Civil Service Commission
James T. McIntyre	Director, Office of Management and Budget
Elmer B. Staats	Comptroller General of the United States

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Donald L. Scantlebury	Director, Financial and General Management Studies Division, U.S. General Accounting Office
Susumu Uyeda	Executive Director, Joint Financial Management Improvement Program

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NATIONAL GALLERY OF ART
Robert C. Goetz

NATIONAL MEDIATION BOARD
Rowland K. Quinn, Jr.

NATIONAL SCIENCE FOUNDATION
Fred K. Murakami

NATIONAL SECURITY AGENCY
Irene C. Addicks

U.S. NUCLEAR REGULATORY COMMISSION
James D. Lincoln

OFFICE OF MANAGEMENT AND BUDGET
John Lordan

PANAMA CANAL COMPANY
W.D. Bjorseth

PENSION BENEFIT GUARANTY CORPORATION
Charles Sneider

U.S. POSTAL SERVICE
John L. Gentile

RAILROAD RETIREMENT BOARD
John S. Suker

RENEGOTIATION BOARD
E. Richard Rhodes

SECURITIES AND EXCHANGE COMMISSION
Lawrence Haynes

SELECTIVE SERVICE SYSTEM
Arnold B. Brodsky

SMALL BUSINESS ADMINISTRATION
Herbert T. Mills

SMITHSONIAN INSTITUTION
T. Ames Wheeler

U.S. SOLDIERS' AND AIRMEN' HOME
Arthur Curry

DEPARTMENT OF STATE
John M. Thomas

U.S. TAX COURT
Donald H. Baxter

TENNESSEE VALLEY AUTHORITY
John S. Barron

DEPARTMENT OF TRANSPORTATION
Robert Kessler

DEPARTMENT OF THE TREASURY
Wilbur R. DeZerne

VETERAN ADMINISTRATION
Samuel E. Harris, Jr.

AUDIT IMPROVEMENT PROJECT TEAM

<u>Name</u>	<u>Organization</u>
W.A. Broadus (Project Director)	General Accounting Office
Curt Alexander	Department of Agriculture
John Justis	Office of the Comptroller, Tennessee
Dale Knowles	Department of Health, Education and Welfare
Gary Lawson	General Accounting Office
Violet Lidinsky	Office of Auditor General, Illinois
William Logan	Department of Health, Education and Welfare
Sam McGeorge	Department of the Treasury
Richard Pectol	Civil Service Commission
James Rinaldi	General Accounting Office
Jack Sheehan	Office of Management and Budget
Thomas Sheets	Office of Auditor General, Pennsylvania
Gary Whittington	Department of the Treasury
James Wu	Department of the Treasury

CASH MANAGEMENT WORKSHOPSTOPICS AND SPEAKERS

<u>Speaker</u>	<u>Agency/Organization</u>
<u>Loan Accounting System Workshop</u>	
John J. Lordan	Office of Management and Budget
Russell Morris	U.S. Postal Service
Mel Flaherty	Wolf and Company
David Blickenstaff	Farmers Home Administration
Charles Rohmiller	Veterans Administration
James Hess	Export-Import Bank
Helen Wall	Export-Import Bank
John Lagos	Small Business Administration

Letters of Credit Workshop

Lloyd Morgan	Department of the Treasury
Daniel McGrath, Jr.	Department of the Treasury
Paul Gist	Department of the Treasury
Alan Strelser	Department of Agriculture
Marcus W. Pugh	Environmental Protection Agency
James Hickey	Department of Health, Education, and Welfare
Lew Lauria	Department of Health, Education, and Welfare

NOTE: Speakers are listed in the order of appearance.

JFMIP PUBLICATIONS

1975

Productivity Programs in the Federal Government for FY 1974
Volume I "Current Efforts and Future Prospects" - June 1975
Productivity Programs in the Federal Government for FY 1974
Volume II "Case Studies" - June 1975
Operating Budgets - A Practical Approach - November 1975

1976

Money Management Study - 1976
Government Productivity, Volume I,
"Productivity Trends and Current Efforts" - July 1976
Supplement to Volume I "The Measurement Data Base" - July 1976
Government Productivity, Volume II "Case Studies" - July 1976

1977

Principal Addresses Presented at the Sixth Financial
Management Conference - February 1977
JFMIP Annual Report for 1976 - March 1977
JFMIP Quarterly News Bulletins
Implementing a Productivity Program: Points to Consider -
March 1977

1978

Federal Financial Management Directory - March 1978
JFMIP Quarterly News Bulletins
Seventh Financial Management Conference - February 1978