



United States  
General Accounting Office  
Washington, D.C. 20548

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Accounting and Information  
Management Division

B-265822

August 25, 1995

The Honorable Richard M. Moose  
Under Secretary for Management  
Department of State

Dear Mr. Moose:

Our recent reviews of the Department of State and the Agency for International Development<sup>1</sup> (AID) focused--in part--on concurrent major efforts to develop integrated financial management systems. We found significant similarities between State's Integrated Financial Management System (IFMS) initiative and AID's Worldwide Accounting and Control System (AWACS) initiative in terms of financial capabilities, completion dates, and agency processes.

We believe that these similarities offer an opportunity for State and AID to work together to combine their system development efforts. Combining these efforts can result in significant savings to the federal government and allow State and AID to use one financial management system for both agencies' accounting purposes.

To date, State has spent about \$8 million in developing IFMS and in earlier plans estimated that IFMS would cost about \$50 million to complete. However, State is currently developing a new 2-year plan for the IFMS initiative which will contain revised cost estimates when completed. To date, AID has spent \$21.4 million for AWACS and plans to spend about \$32.7 million to complete the initiative.

Both the IFMS and AWACS initiatives involve developing and implementing a single agencywide financial management system to link or replace many current systems.

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<sup>1</sup>Financial Management: State's Systems Planning Needs To Focus on Correcting Long-standing Problems (GAO/AIMD-94-141, August 12, 1994) and letter to the Administrator, Agency for International Development (GAO/AIMD-95-213R, August 4, 1995).

GAO/AIMD-95-228R State Financial Systems Planning

155078

Specifically, the IFMS and AWACS initiatives encompass similar financial management capabilities and implementation time lines as shown in attachment I to this letter. In addition, State's and AID's overseas offices are generally collocated and use common administrative and financial management systems. State also handles foreign currency disbursements for AID. Therefore, one system could facilitate the accounting and administrative needs of these agencies.

We have recently discussed this matter with senior AID officials and would be pleased to further discuss this opportunity with you at your convenience. If you have any questions, please contact me at (202) 512-6240 or Ernst F. Stockel, Assistant Director, at (202) 512-3291.

We are sending copies of this letter to the Chairmen and Ranking Minority Members of the House and Senate Committees on Appropriations, the Senate Committee on Foreign Relations, the House Committee on International Relations, the Senate Committee on Governmental Affairs, the House Committee on Government Reform and Oversight; and the Director, Office of Management and Budget.

Sincerely yours,



Jack L. Brock, Jr.  
Director, Information Resource  
Management/National Security and  
International Affairs

SIMILARITIES BETWEEN FINANCIAL MANAGEMENT CAPABILITIES  
AND IMPLEMENTATION TIME LINES FOR AWACS AND IFMS

<u>Financial Management Capability</u>	<u>Implementation Time Line for AWACS</u>	<u>Implementation Time Line for IFMS</u>
General ledger	October 1995	October 1995
Accounts receivable	October 1995	October 1995
Accounts payable	October 1995	October 1995
Funds distribution/ budget execution	October 1995	October 1995
Cost accumulation	October 1995	Not applicable
Disbursing	To be determined	October 1995
Payroll	To be determined	June 1996
Fixed asset management	To be determined	To be determined
Budget	To be determined	September 1996
Procurement	To be determined	To be determined
Operations	To be determined	Not applicable
Human resources and personnel	To be determined	To be determined
Travel	To be determined	To be determined
Property management	To be determined	To be determined
Currency purchasing, investment, and reconciliation	Not applicable	July 1997



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