federal financial management status report and five year plan

June 1999

Executive Office of the President

Office of Management and Budget

Washington D.C.

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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

June 30, 1999

The Honorable J. Dennis Hastert
Speaker of the House of Representatives
Washington, DC 20515

Dear Mr. Speaker:

The *1999 Federal Financial Management Status Report and Five-Year Plan*, which is hereby submitted, marks the eighth annual report on governmentwide efforts to reform financial management. For the fifth year in a row, the report--prepared pursuant to the Chief Financial Officers (CFOs) Act of 1990--was written jointly by the Office of Management and Budget (OMB) and the CFO Council.

Over the past year, OMB and the CFO Council continued to increase financial management accountability; improve financial management systems; develop human resources; implement new debt collection tools; improve financial management with electronic commerce; and improve the administration of Federal grant programs. This report discusses accomplishments and future plans in each of these six priority areas.

Improving Federal financial management is integral to accomplishing the Federal Government's program performance goals. Agency CFOs are working within their agencies and through the CFO Council to achieve the critical objectives described in this plan. The continuing support of the Congress and the General Accounting Office are also important to the long-term fulfillment of these plans.

This plan includes information required by the CFOs Act, the Federal Financial Management Improvement Act of 1996, and the Debt Collection Act of 1982, as amended.

Sincerely,

Jacob J. Lew
Director

Enclosure

Identical Letters Sent to the Honorable Al Gore, the Honorable Fred Thompson, the Honorable Joseph Lieberman, the Honorable Dan Burton, and the Honorable Henry A. Waxman

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This report is also available at: http://www.whitehouse.gov/OMB/financial

foreword

The Chief Financial Officers Act of 1990 (CFO Act) requires that the Director of the Office of Management and Budget (OMB) annually submit to the Congress a governmentwide financial management status report and five-year plan. This document is the eighth such plan and the fifth time the plan has been prepared jointly with the Chief Financial Officers (CFO) Council. Authorized by the CFO Act, the CFO Council is a governmentwide body which collaborates to address critical Federal financial issues. The CFO Council is comprised of the CFOs and Deputy CFOs of the 24 largest Federal agencies, and senior officials of OMB and the Department of the Treasury. OMB's Office of Federal Financial Management works toward improved governmentwide financial management by providing policy guidance, leadership, and support to the Federal management and audit communities and to the government's external partners who administer Federal programs.

In April 1999, the CFO Council reviewed governmentwide progress in each of the Council's priority areas listed in the *1998 Federal Financial Management Status Report and Five Year Plan* to determine any needed mid-course adjustments. This 1999 plan reflects the results of those discussions.

The CFO Council's highest priority is assuring the reliability of financial information demonstrated by obtaining unqualified opinions on the governmentwide consolidated and individual agency financial statements. Other critical priority areas identified by the CFO Council include: implementing Federal accounting standards and financial management systems to provide program managers with complete and accurate information on the cost of programs; promoting the recruitment, retention, and professional development of a high-quality Federal financial management work force; improving debt collection for major receivable accounts; modernizing financial practices with electronic commerce; and providing management guidance for the over $200 billion in Federal grants. For each priority area discussed in this report, there is a summary of accomplishments and plans for achieving specific objectives.

This plan includes information required by the CFOs Act, the Federal Financial Management Improvement Act of 1996, and the Debt Collection Act of 1982, as amended.

The CFOs Act requires that this report include an estimate of the cost of implementing the governmentwide five-year plan. For 1999, the 24 agencies covered by the CFOs Act estimated that the cost of maintaining, operating, and improving financial management activities will total approximately $7.4 billion.

Norwood Jackson
Acting Controller

Sallyanne Harper
Executive Vice-Chair, CFO Council

executive summary

The *Federal Financial Management Status Report and Five-Year Plan* describes the Administration's accomplishments and plans for strengthening Federal financial management as required by the CFO Act of 1990, as amended. The CFO Council, OMB, and the Department of the Treasury (Treasury) are working aggressively on the priority initiatives described in this report. These priorities are to:

- improve financial accountability;
- improve financial management systems;
- develop human resources and CFO organizations;
- improve management of receivables;
- use electronic commerce to improve financial management; and
- improve administration of Federal grant programs.

Working collaboratively since the passage of the CFOs Act of 1990, the CFO Council, OMB, Treasury, and the General Accounting Office (GAO) have made substantial improvements in Federal financial management. A comprehensive set of basic Federal accounting standards is now in place. These standards have led to significant advances in financial reporting. For the second year in a row, Treasury has issued consolidated financial statements for the Federal Government. In addition, 13 of the 24 CFO Act agencies received or are expected to receive unqualified opinions on their 1998 departmentwide audited financial statements, compared with 11 agencies in 1997.

Reliable financial information is needed to enable Congress and the executive branch to effectively evaluate the cost and performance of Federal programs and activities. For example, better financial information at the Health Care Financing Administration (HCFA) led to reductions in improper payments. The Department of Health and Human Services (HHS) Inspector General (IG), while auditing the financial statements of HCFA for 1996, 1997, and 1998, performed an extensive analysis of the extent and causes of improper payments in the Medicare program. As a result, HCFA reported estimated improper payments of $12.6 billion (7.1 percent) for 1998, down from about $20.3 billion (11 percent) for 1997, and $23.2 billion (14 percent) for 1996. HCFA program staff continue to work with the IG to reduce improper payments.

It is the Administration's goal to achieve an unqualified opinion on the 1999 consolidated financial statements of the Federal Government. Toward this end, the President issued a memorandum to agency heads on May 26, 1998, directing them to take additional steps to improve financial management. Selected agencies have submitted plans with milestones for resolving financial reporting deficiencies. These agencies provide quarterly reports to OMB. OMB monitors agency progress towards an unqualified audit opinion on the 1999 consolidated Federal Government financial statements and provides periodic reports to the Vice President.

In a 1999 report, the Director of OMB recognized that an unqualified opinion on the 1999 consolidated finanical statements of the Federal Government was a "daunting" goal, considering the magnitude of obstacles at the Department of Defense (DOD) and the complexity of eliminating intragovernmental transactions. DOD now targets a departmentwide unqualified opinion for 2003. Agencies have difficulty properly identifying and eliminating transactions between Federal Government entities because financial processing systems were not designed with a consolidated statement in mind and do not easily provide for such eliminations.

The development of financial management systems that support Federal accounting standards and concepts will, over the

long term, improve Federal financial management. This is recognized in the Federal Financial Management Improvement Act (FFMIA). The Federal Government now has a comprehensive set of accounting concepts and standards. Fiscal control will be improved as agencies implement these standards. Also, complete, consistent, reliable, and timely information on the cost of programs becomes available to program managers.

OMB and the Joint Financial Management Improvement Program (JFMIP) are working to provide agencies with governmentwide financial systems' requirements and to make financial systems that meet these requirements more available. The JFMIP Program Management Office (PMO) was established in 1998 and funded by the 24 CFO Act agencies through a share of Federal charge card rebates. This joint investment illustrates the governmentwide commitment to improve Federal financial systems. Such pooled investment will support the development of common tools and information sharing. The PMO will develop financial management systems requirements, address systems integration issues, interpret requirements in the context of off-the-shelf software, develop comprehensive testing vehicles, serve as an information clearinghouse for Federal financial systems, and facilitate communication with the private sector. In the 2000 Budget, the Administration has proposed the enactment of language to facilitate this and other similar improvements that cut across the boundaries of individual departments and agencies.

Over the next several months, CFO Act agencies will continue to ensure that financial management systems critical to their missions are capable of meeting the requirements of the Year 2000. As of June 1999, the CFO Act agencies reported that 85 percent of their critical financial management applications were Year 2000 compliant.

The CFO Council is also striving through educational and outreach activities to improve the overall quality of the financial management work force. Over the past year, the Human Resources Committee (HRC) established training standards for Federal financial management personnel, improved recruitment strategies, and strengthened qualification standards. The HRC will continue to strengthen recruitment and retention of financial management personnel in the coming year.

Improvements are continually being made to the government's management of debt collection and payment. The Debt Collection Improvement Act of 1996 (DCIA) created incentives and provided tools for Treasury and other debt collection agencies to reduce debt losses and increase collections. For example, HHS' Child Support Enforcement Program collected $14.4 billion in 1998, an increase of more than seven percent over 1997. In the coming years, Treasury and the CFO Act agencies will continue to improve debt collection for major receivable accounts using DCIA incentives and tools.

DCIA also mandated that Federal agencies process payments electronically and modernize the business operations of the Federal Government via electronic commerce. The CFO Act agencies, such as the Department of Veterans Affairs (VA), are enhancing electronic commerce tools and techniques. VA's electronic vendor payments increased from $2.9 billion in 1997 to $3.3 billion in 1998. This resulted in interest penalties decreasing by four percent and rebates increasing to $7.4 million. VA has also implemented a totally electronic and paperless payment system, the Prime Vendor Payment System, which automates pharmaceutical company payments totaling more than $825 million. Collaborating with the Electronic Processes Initiatives Committee, the CFO Council agencies will continue to implement the electronic commerce strategic plans in the coming years.

The CFO Council's Grants Accounting Committee and OMB have been very active over this past year. The Committee adopted a plan to reduce the number of grants payment systems used by the Federal Government and provided assistance to OMB in the development of new grants management policies. OMB revised Circulars A-21, "Cost Principles for Educational Institutions," and A-122, "Cost Principles for Non-Profit Organizations." Revising these standards was one of several steps undertaken to standardize the methods for determining the percentage of a Federal grant that may be used to cover facilities and administrative costs. This percentage is commonly called the indirect cost rate. OMB, with assistance from other Federal agencies, also developed a draft standard format for educational institutions to use in submitting their indirect cost rate proposals. The format will be issued as a proposal in the summer of 1999. OMB and agencies will continue to study ways to streamline various grant procedures, e.g., design common forms for

grant application and financial reporting, review the General Terms and Conditions for grants and contracts, and study the feasibility of creating a single grants-management circular.

Improving Federal financial management is necessary to achive the Federal Government's program performance goals. The CFO Council and the central agencies–OMB, General Services Administration (GSA), Office of Personnel Management (OPM), and Treasury–played important roles in setting standards, developing policies, and removing obstacles to reforming the way agencies do their work. CFOs are working within their agencies and through the CFO Council to achieve the critical objectives described in this plan. They will continue to pursue high standards of fiscal discipline to make significant contributions to the improved management of their agencies and the Federal Government

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federal financial management status report and five-year plan

June 30, 1999

1. improve financial accountability

priority:

Assure the integrity of Federal financial and performance information, and inter nal controls by:

1) ***Updating accounting standards to provide the basis for Federal financial statements and consistent, reliable financial information;***
2) ***Preparing annual financial statements and obtaining unqualified opinions for all CFO Act agencies, agency components, and the Federal Government as a whole;***
3) ***Implementing the Government Performance and Results Act (GPRA); and***
4) ***Issuing accountability reports.***

background:

Until recently, Federal Government programs had not generated the financial and performance information commonly produced in the private sector and by State and local governments. As a result, agency decision makers, the Administration, Congress, and most importantly, the taxpayers, lacked basic information on the costs of Federal programs. The Administration is committed to developing the kinds of reliable and timely financial and performance information necessary for effective management. The CFO Council has designated agency financial accountability as its priority goal. Recent efforts have focused on: 1) updating accounting standards to support the financial statement effort; 2) the preparation and audit of agency and governmentwide financial statements; 3) generating the performance information required by GPRA; and 4) expanding the Accountability Report project. While each of these efforts will be discussed separately, together they represent a comprehensive effort to provide consistent and reliable information needed to better manage the government and to report on government performance to the American people.

Update accounting standards to provide the basis for Federal financial statements and consistent, reliable financial infor mation

accomplishments:

The Secretary of the Treasury, the Director of OMB, and the Comptroller General of the United States established the Federal Accounting Standards Advisory Board (FASAB) in October 1990 to recommend accounting standards for the

Federal Government. Since the *1998 Federal Financial Management Status Report and Five-Year Plan*, FASAB:

- Recommended the following standards and clarifications of previous standards:
  - *Amendments to Accounting for Property, Plant, and Equipment - Definitions;*
  - *Recognition of Contingent Liabilities Arising from Litigation;*
  - *Material Revenue Related Transactions Disclosures;*
  - *Management Discussion and Analysis (Standards);*
  - *Management Discussion and Analysis (Concepts);*
  - *Amendments for Deferred Maintenance Reporting (cur rently under congressional review); and*
  - *Accounting for Internal Use Software (currently under con gressional review).*

- Issued the following exposure drafts for comment:
  - *Accounting for Social Insurance;*
  - *Accounting for Property, Plant, and Equipment Amendments; and*
  - *Amendments to Accounting for Direct Loans and Loan Guarantees.*

The Accounting and Auditing Policy Committee (AAPC) works to clarify and resolve implementation issues on the preparation and audit of financial statements. The AAPC consists of eleven members -- three each from the CFO and IG communities, one each from the FASAB principals (OMB, Treasury, and GAO), one at-large member, and a non-voting staff member. The AAPC chairperson currently is the Director of FASAB. Key AAPC accomplishments include:

- Development of *Technical Release 3, Preparation and Audit of Direct Loan and Loan Guarantee Subsidies*;
- Initiation of projects on stewardship reporting, inter-entity costs, and seized and forfeited property; and
- Release of informal guidance for addressing financial statement preparation and audit issues.

The Cost Accounting Committee is a forum for open discussion and resolution of cost accounting issues.

- In February 1998, the Committee completed and the JFMIP issued the *Managerial Cost Accounting Implementation Guide*. The guide assists Federal entities in implementing *Statement of Federal Financial Accounting Standard No. 4, Managerial Cost Accounting*. It includes recommendations for addressing certain cost accounting issues and tools for implementing a managerial cost accounting process.

future initiatives:

FASAB

FASAB continues to address issues that arise with implementation of the core body of standards. FASAB will also initiate a national defense property, plant, and equipment project, a comprehensive research project intended to develop relevant accounting guidance for this area.

In future years, FASAB will sponsor projects on accounting for grants, possibly including accounting for joint ventures and cooperative agreements; accounting and reporting issues associated with Federally-controlled natural resources; definitions for assets; reporting on internal controls; and reporting on custodial activities and balances, trust funds, and fiduciary funds.

AAPC

AAPC will undertake and continue projects addressing stewardship reporting and auditing, inter-entity costs, and imputed liabilities. The 1998 audit reports on the financial statements will be reviewed in mid-1999 in an effort to identify implementation issues.

Financial Statements and Standards Committee

A subcommittee of the Financial Statements and Standards Committee will conduct a survey of the status of cost accounting implementation and assess the need for revisions to the cost accounting guide based on survey results.

Tasks:	*Milestones:*
Issue *Technical Release #3: Preparation and Audit of Direct Loan and Loan Guarantee Subsidies* (AAPC)	05/99
Finalize standards and guidance currently under congressional review (FASAB)	
- *Accounting for Internal Use Software*	06/99
- *Amendments for Deferred Maintenance Reporting*	09/99
Issue recommended standards for current exposure drafts (FASAB)	
- *Accounting for Social Insurance*	10/99
- *Accounting for Property, Plant, and Equipment Amendments*	12/99
- *Amendments to Accounting for Direct Loans and Loan Guarantees*	12/99

Prepare annual financial statements and obtain unqualified opinions for all CFO Act agencies, agency components, and the Federal Government as a whole

accomplishments:

- For 1998, the 24 CFO Act agencies prepared financial statements covering all of their accounts and activities, and 13 of the 24 received or are expected to receive unqualified opinions. This is an increase of three over 1997. Twenty-one of the 24 agencies are expected to receive an unqualified audit opinion on their FY 1999 statements.
- Upon agency submissions of the 1998 adjusted trial balances on February 1, 1999, the Department of the Treasury issued timely governmentwide audited consolidated financial statements for the second year in a row. These statements were issued as part of the *1998 Financial Report of the United States Government*.
- Agencies submitted corrective action plans in response to the President's directive to resolve systems and record-keeping problems with the goal of obtaining an unqualified audit opinion on the *1999 Financial Report of the United States Government*.

future initiatives:

Unqualified Opinion on the Governmentwide Financial Statements

Despite progress over the past year, GAO again was unable to render an opinion on the reliability of the governmentwide financial statements in the *1998 Financial Report of the United States Government*. GAO's audit report discusses the major obstacles that must be addressed to achieve the Administration's goal of obtaining an unqualified opinion on the 1999 financial statements. These obstacles can be viewed from departmental and functional perspectives. From a departmental perspective, DOD has formidable challenges in a number of functional areas, particularly accounting for property, plant, equipment, and inventory. Functionally, accounting for and eliminating intra-governmental transactions are challenges that affect nearly all departments and agencies. The challenges identified by GAO are summarized in Table 1.

Table 1. Obstacles to an Unqualified Opinion on the Governmentwide Financial Statements

Functional Issues	Description /Agencies Affected
Intra-governmental Transactions	Agencies need to properly identify and eliminate transactions between Federal Government entities. **Agencies Affected:** Most agencies
Property, Plant, Equipment (PP&E), and Inventory	The Federal Government does not have auditable information about the dollar value of assets held to support its domestic and global operations. **Agencies Affected:** DOD and Department of Transportation (DOT) for PP&E
Loans Receivable and Loan Guarantee Liabilities	Most Federal credit agencies responsible for Federal lending programs need to properly report the cost of loan programs. **Agencies Affected:** Department of Agriculture (USDA), Department of Education, HHS, Department of Housing and Urban Development (HUD), and VA
Environmental and Disposal Liabilities	Environmental and disposal liabilities are materially understated because no estimate was reported for liabilities associated with certain major weapons systems. Also, significant portions of the reported liability for waste-related nuclear weapons lacked adequate documentation. **Agencies Affected:** DOD and Department of Energy (DOE)
Health Benefits and Other Liabilities	Auditable systems and data are not available to support estimates of significant portions of military health and other post-retirement benefits' liabilities. Also, some agencies need to properly calculate estimates of accounts payable and other liabilities, such as those associated with litigation. **Agencies Affected:** DOD for health benefits and various agencies for other liabilities
Improper Payments and Unreconciled Disbursements	Agencies need to determine the full extent of improper payments, i.e., payments made for other than authorized purposes. Unresolved gross differences also exist between agencies and Treasury records of cash disbursements. **Agencies Affected:** Grant-making agencies for improper payments and most agencies for resolving differences with Treasury
Reconcile Change in Net Position with Budget Result	The Federal Government needs to establish a process to more effectively reconcile the reported change in net position with the reported budget surplus/deficit. **Agency Affected:** Treasury

In accordance with the President's directive, agency heads have prepared action plans with milestones for resolving these financial reporting deficiencies and are submitting quarterly reports to OMB on their progress. OMB monitors agency progress towards the goal of obtaining an unqualified audit opinion on the 1999 consolidated Federal Government financial statements and provides periodic reports to the Vice President. In a 1999 report, the Director of OMB recognized the goal as "daunting," principally due to the magnitude of DOD challenges and the complexity of eliminating intra-governmental transactions. DOD now targets a departmentwide unquailified opinion for FY 2003.

Unqualified Opinions on Agencies' Financial Statements

Table 2 presents the results of audits of agency financial statements. Thirteen agencies received or are expected to receive unqualified opinions on their 1998 financial statements -- a greater than 18 percent increase over 1997. Fourteen agencies submitted their 1998 statements to OMB by the statutory due date, March 1, 1999. As of June 7, 20 of 24 financial statements for 1998 have been submitted. Those agencies that were unable to meet the statutory deadline attribute the delay largely to the implementation of new Federal accounting standards effective for 1998.

Table 2. **Agency-wide Unqualified Audit Opinions on Financial Statements**

Agency	Actual			Goal	
	1996	1997	1998	1999	2000
USDA					
Commerce					
DOD[1]					
Education					
DOE					
HHS					
HUD					
DOI					
DOJ					
DOL					
State					
DOT					
Treasury					
VA					
AID					
EPA					
FEMA					
GSA					
NASA					
NRC					
NSF					
OPM					
SBA					
SSA					
Total Unqualified	**6**	**11**	**13**	**21**	**23**

= Unqualified Opinion

[1] DOD is making progress in meeting the audited financial statement requirements of the CFO Act. However, significant and longstanding systems deficiencies preclude DOD from projecting an unqualified consolidated audited financial statement until after 2000.

Unqualified Opinions on Agency Components' Financial Statements

OMB requires 23 agency components to prepare audited financial statements separate from their department's consolidated financial statements. Table 3 displays the 1996 - 1998 audit results for each agency component and the year it expects to obtain an unqualified opinion on its financial statements. Of the 23 agency components, eight received or expect to receive unqualified opinions. Those components unable to obtain an unqualified opinion on their financial statements are experiencing problems in the functional issue areas presented in Table 1.

Unqualified Opinions on Government Corporations' Financial Statements

In addition to the foregoing results for Federal agencies, OMB expects to receive 1998 audited financial statements from all 36 government corporations covered under the Government Corporation and Control Act. Thirty-four corporations have received or are expected to receive unqualified opinions on their financial statements.

Table 3. **Unqualified Audit Opinions On Financial Statements of Selected Agency Components**

Agency	Actual			Goal	
	1996	1997	1998	1999	2000
USDA					
Food and Nutrition Service					
Forest Service					
Rural Development					
DOD					
Air Force General Fund					
Air Force Working Capital Fund					
Army General Fund					
Army Working Capital Fund					
Navy General Fund					
Navy Working Capital Fund					
DOD Military Retirement Trust Fund					
Army Corps of Engineers Civil Works					
Defense Logistics Working Capital Fund					
Defense Finance and Accounting Service					
HHS					
Health Care Financing Administration					
DOL					
Unemployment Trust Fund					
DOT					
Federal Aviation Administration					
Highway Trust Fund					
TREASURY					
Bureau of Alcohol, Tobacco and Firearms					
Internal Revenue Service					
U. S. Customs Service					
OPM					
Civil Service Retirement and Disability Fund					
Federal Employees Health Benefits Program					
Federal Employees Life Insurance Program					
Total Unqualified	**4**	**7**	**8**	**14**	**15**

= Unqualified Opinion

Tasks:	***Milestones:***
Issue form and content guidance for 1999 governmentwide financial statements (OMB and Treasury)	
-- Propose guidance	07/99
-- Issue final guidance	08/99
Update audit requirements for Federal agency 1999 financial statements (OMB)	07/99
Conform agency financial statement Form and Content requirements to those issued for the governmentwide financial statements (OMB)	08/99
Resolve obstacles to an unqualified opinion on the governmentwide financial statement (CFO Council, OMB, and Treasury)	Ongoing
Remove impediments to agencies' obtaining unqualified audit opinions on agency and component entity financial statements (Agencies)	03/00 (20 of 24) 03/01 (23 of 24)
Provide quarterly reports on the status of the agency plans for resolving financial reporting deficiencies (Agencies)	Ongoing
Provide training and education on topics related to financial statement preparation and audit (CFO Council, President's Council on Integrity and Efficiency [PCIE], Executive Council on Integrity and Efficiency [ECIE], Treasury, and OMB)	Ongoing
Issue the *1999 Financial Report of the United States Government* (Treasury)	03/00

Implement GPRA

Congress enacted GPRA to improve Federal program management and execution, and promote the alignment of costs incurred with results achieved. GPRA requires agencies to develop strategic plans, set performance goals, and measure their performance against these goals. Complementing the strategic plans are annual performance plans that set annual goals with measurable target levels of performance, and annual program performance reports that compare actual performance to the annual goals.

The CFO Council has seen its role as helping prepare agencies for implementation of GPRA requirements–particularly in relation to financial management issues.

accomplishments:

- All CFO Act agencies submitted their 2000 performance plans to OMB.
- The CFO Council's Performance Management Committee interviewed officials at 15 CFO Act agencies to determine agency progress toward GPRA implementation. The survey respondents believe successful GPRA implementation will take place when agencies integrate strategic planning and performance measurement into their day-to-day practices–particularly in gauging customer satisfaction and making resource allocation decisions.
- OMB issued guidance on the "Preparation and Submission of Updated and Revised Strategic Plans and Annual Performance Plans for 2000."
- Training was offered through joint PCIE and CFO Council sessions on performance measures, including: 1) assessing agency performance; 2) using cost models to align budgets and programs; 3) integrating performance measures with finanical measures; and 4) using GPRA plans for decision making.
- The Performance Management Committee provided training to Federal employees on GPRA through:
  - A symposium on "How the Experts Get Results" at which private and public sector representatives discussed how their organizations shifted to a focus on results, through such initiatives as high-impact communication strategies, strong implementation teams, support from senior management, and easy data access for effective decision making.
  - A symposium on improving implementation of GPRA at the department or administrative level explored how agencies are extending the impact of performance management down the organizational chain to include program managers and those who deliver Federal services in the field.
- The Committee also assisted GAO in developing the February 1999 report entitled *Agency Performance Plans: Examples of Practices That Can Improve Usefulness to Decision Makers*. This report identifies and describes practices found in the 1999 performance plans, that if consistently applied, should improve the usefulness of subsequent plans.

future initiatives:

- Since the passage of GPRA, many Federal Government organizations, including OMB, the CFO Council, the PCIE, and GAO have taken an active role in implementing the Act's basic provisions, including the preparation of strategic and performance plans at the departmental, agency, and governmentwide levels. As the CFO Council's major GPRA start-up tasks near closure, the focus of GPRA implementation shifts. The focus will now be on the departments' and agencies' preparation of performance reports, which will measure actual performance against goals and objectives. The cycle of strategic planning and performance reporting, emphasizing the alignment of program resources with results, should become an integral part of ongoing operations.
- The President's Budget for 2000 proposed an effort to display and budget for all the resources used by Federal programs in a way that allows the costs to be systematically compared with the results achieved.

The effectiveness of these and other GPRA implementation efforts will continue to be served by the contributions of the Federal financial management community.

Issue Accountability Reports

Section 404 of the Government Management Reform Act (GMRA) authorized the Director of OMB to streamline agency financial management reporting. OMB has used this authority to work with congressional and agency staffs to devise an integrated, comprehensive, user-friendly annual accountability reporting model. The goal for the "Accountability Report" project is to improve the utility of agency financial data. To achieve this goal, the CFO Council's Report Streamlining Project Team recommended consolidating the following reports into a single agency Accountability Report:

- The Federal Managers' Financial Integrity Act (FMFIA) report, including the status of internal controls;
- The Chief Financial Officers Act Annual Report, including audited financial statements;
- Management's Report on Final Action as required by the Inspector General (IG) Act; and
- Annual program performance reports as required by GPRA.

accomplishments:

- Eighteen agencies are producing Accountability Reports for 1998, compared to 12 in 1997. As of May 1999, 15 of the 18 pilot agencies issued their 1998 Accountability Reports. See Appendix I for the Internet addresses of agency Accountability Reports.
- Agencies continue to experiment with ways to further integrate and improve their financial and program performance reporting. Some agencies are experimenting with incorporation of other statutorily required information in their Accountability Reports, including:
  - IG's semiannual reports to Congress,
  - GPRA performance reports,
  - Clinger-Cohen Act reports, and
  - Agency-specific annual reports.
- A pilot evaluation of six FY 1997 Accountability Reports [HUD, Department of the Interior (DOI), Department of Labor (DOL), Treasury, VA, and Social Security Administration (SSA)] was conducted by the Association of Government Accountants (AGA) under its Certificate of Excellence in Accountability Reporting program. The review teams (22 government and non-government financial management experts) concluded that all submitted reports contained valuable financial and accountability information, though none yet merited a "Certificate of Excellence."
- On the basis of the pilot results (including the usefulness of specific feedback given to the participating agencies and refinements to the evaluation criteria), the CFO Council approved full implementation of the Certificate of Excellence program. As of March 1999, eight Federal agencies committed to participating in the 1998 Accountability Report review. AGA has already conducted a training program for preparers and reviewers of Accountability Reports, attended by 58 people from 16 Federal agencies.

future initiatives:

OMB's statutory authority to conduct the Accountability Report program ends December 31, 1999. The Administration has developed a legislative proposal to provide OMB authority to allow CFO agencies to continue to produce these comprehensive reports. To further streamline reporting requirements, this legislative proposal would also permit the full integration of IG Act reports with agency Accountability Reports. The goal is for all CFO agencies to produce Accountability Reports for FY 2001. (See Table 4.)

Table 4. Goals for CFO Agency Accountability Reports FY 1999 - 2001

Number of 24 CFO Agencies Participating in Pilot	1997 (Actual)	1998 (Actual)	1999	2000	2001*
	12	18	22	23	23

*DOD has not committed to producing an Accountability Report for 2001.

Certificate of Excellence in Accountability Reporting Program

The submission deadline for this year's review was April 30, 1999. The review process began in mid-May. AGA anticipates that participating agencies will receive final results by August 31, 1999. AGA will report to the CFO Council at the Council's October 1999 meeting.

Issue Accountability Reports

Tasks:	***Milestones:***
Issue 1998 Accountability Reports (Agencies)	04/99
Seek congressional approval for extension of Accountability Report program (OMB and CFO Council)	Ongoing
Receive results of the 1998 AGA Accountability Report review (Participating Agencies)	08/99
Provide Congress with a list of 1999 Accountability Reports (OMB)	09/99
Issue 1999 Accountability Reports (22 Agencies)	04/00
Submit 1999 Accountability Reports for evaluation (Agencies)	04/00
Issue 2000 and 2001 Accountability Reports (23 Agencies)	03/01 and 03/02

Related Internet sites for Chapter 1 topics:
http://www.financenet.gov
http://fms.treas.gov/cfs
See Appendix I for the Internet sites of agency 1998 pilot Accountability Reports.

2. improve financial management systems

priority:

Establish financial management systems throughout the Federal Government to support fiscal and programmatic accountability by:

1) ***Providing a financial management systems environment in which finan cial systems can be successfully planned, developed, operated, and maintained.***
2) ***Establishing governmentwide systems requirements that support informa tion standards; and***
3) ***Improving the availability of systems that meet governmentwide systems requirements.***

background:

The CFO Act recognized the need for substantial improvement in the government's financial management systems. More recently, FFMIA pointed out that the development of financial management systems that support Federal accounting standards and concepts will, over the long term, improve Federal financial management. Unless accounting concepts and standards are implemented in agency financial management systems, complete and accurate information on the cost of programs will not be readily available to program managers.

Improvement in financial systems depends upon: 1) a financial management systems environment in which financial management systems can be successfully planned, developed, operated, and maintained; 2) governmentwide systems requirements that support information standards; and 3) the availability of systems that meet the governmentwide systems requirements articulated in FFMIA.

The CFO Council, OMB, Treasury, JFMIP, and the Federal agencies are all working to implement critical improvements to Federal financial management systems in six areas: 1) planning and investment; 2) governmentwide and agency financial management systems infrastructures; 3) comprehensive data requirements; 4) comprehensive functional requirements; 5) industry partnerships; and 6) systems deployment. (See Chart 1.)

accomplishments:

Established JFMIP Program Management Office (PMO)

- In November 1998, Public Law 105-277 provided one-year authority for the establishment of the JFMIP PMO. The PMO was established in 1998, with resources provided by the 24 CFO agencies through a share of Federal charge card rebates. This joint investment in the JFMIP PMO reflects the governmentwide effort to improve Federal financial systems through the development of common tools and information sharing.

  The PMO's responsibilities include developing financial management systems requirements, addressing systems integration issues, interpreting requirements, developing comprehensive testing vehicles, serving as an information clearinghouse for Federal financial systems, and facilitating communication with the private sector. The JFMIP PMO also is responsible for testing core financial system software to qualify such software for procurement by Federal agencies. In the future, it plans to test non-core financial systems software based on functional requirements.

Improved the Core Financial Systems Qualification Process

- The CFO Council, based upon surveys and studies, recommended: 1) separating the core financial systems software qualification process from the procurement process, and 2) developing an open testing and qualification process to assure that vendor software complies with functional requirements. Key features of the new test and qualification process are:
  - Comprehensiveness: Mandatory requirements will be tested.
  - Traceability: A supporting, searchable database has been established to link mandatory requirements, test objectives, test steps, expected results, and actual results.
  - Full disclosure: All steps in the development process are vetted with stakeholders and all materials are posted in the "Knowledgebase" to facilitate broad understanding and use by agencies and vendors. Published test data and results provide agencies information to make efficient and effective selection decisions.
- In June 1999, JFMIP began testing vendor core financial systems software to qualify vendor software for Federal agency use in 2000. The mandatory core financial management systems requirements describe the capabilities necessary for a Federal financial system to function and comply with Federal laws, accounting standards, and policies. They served as the baseline for developing tests to determine commercial off-the-shelf core financial management systems qualification. The new testing process also allows for collecting information about desirable features or characteristics over and above the mandatory requirements.

Improved the Core Financial Management Systems Procurement Process

- Effective October 1, 1999, GSA will eliminate the mandatory financial management systems software schedule for core accounting systems. GSA will offer core financial systems software through the Federal Supply Service IT 70 Schedule. OMB and Federal Acquisition Regulation policies were amended to support elimination of the mandatory schedule and established the new JFMIP roles and responsibilities for software testing and qualification process.

Developed Systems Requirements

- JFMIP:
  - Reissued *Core Financial Systems Requirements* (February 1999) and *Human Resources and Payroll Systems Requirements* (April 1999).
  - Issued systems requirements exposure drafts for *Direct Loans* (December 1998), *Travel Systems* (January 1999), *Seized Property and Forfeited Assets* (June 1998), and *Guaranteed Loans* (June 1998).
  - Initiated development of systems requirements for Grants Systems and Property Systems.

Issued Status Report and Policy Guidance

- OMB:
  - Issued the "Status Report on Federal Financial Management Systems" for FY 1997.
  - Issued a revision to OMB Circular A-127 to provide guidance on the revised testing and acquisition process for core financial management systems.
  - Issued Bulletin 98-08, "Audit Requirements for

Federal Financial Statements" along with amendments in OMB Memorandum 99-08 which outlines implementation and audit guidance for FFMIA.

- Reviewed audits for FFMIA compliance. Four agencies–DOE, GSA, National Aeronautics and Space Administration (NASA), and National Science Foundation (NSF)–are in substantial compliance with FFMIA. The 20 non-compliant agencies have remediation efforts underway.

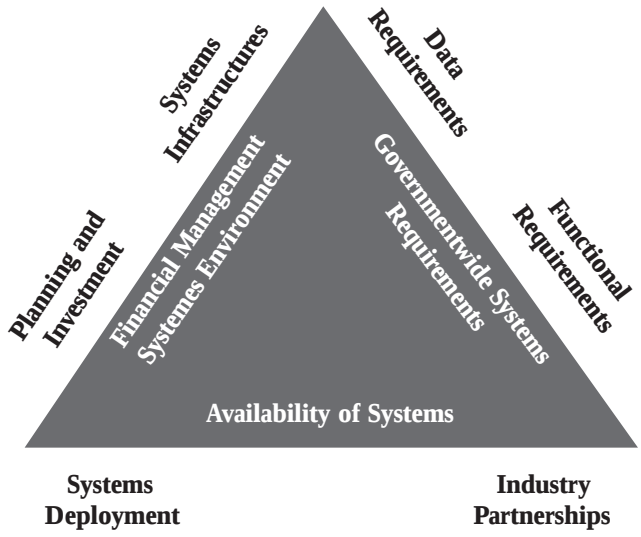
Initiated Pilot Test of the Federal Agencies' Centralized Trial-Balance Systems (FACTS)

- Treasury initiated a pilot of FACTS II. FACTS collects budget execution information by the data elements defined in the budget execution data model. Treasury issued the budget execution data model in 1998. The data model describes the data elements needed to support governmentwide reporting of budget execution information to OMB and Treasury.

future initiatives:

Future initiatives include activities to improve financial management systems in the six areas illustrated in Chart 1.

Chart 1. Activities to Improve Financial Management Systems



Planning and Investment

Planning and investment are necessary to ensure that deficient systems are modified or replaced with systems that meet data and functional requirements. Much has been accomplished to improve both governmentwide and agency planning with the implementation of the CFO Act five-year planning requirements. The current focus is on implementing the financial management systems plans that have been established.

The CFO Council Systems Committee will continue to work with the Chief Information Officers (CIO) Council's Capital Planning and Investment Control Committee to strengthen the link between capital planning and financial management. This relationship will assist the CIO Council in assessing financial management systems capital planning initiatives and in turn provide the CFO Council with an opportunity to view best practices from other areas.

Systems Infrastructure

Systems infrastructure focuses on the global issues affecting financial management systems. Efforts to support infrastructure improvement are outlined below.

Implement Financial Management Systems Policy: OMB Circular A-127 prescribes the policy for Federal financial management systems. It will be revised during 1999 to include: 1) FFMIA review and reporting requirements; 2) guidance on procuring financial management systems and services; and 3) clarifications of current financial management system requirements.

Comply with FFMIA: FFMIA mandates that agencies implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger (SGL) at the transaction level. FFMIA also requires that auditors report on substantial compliance in their financial statement audits. Because the process for reviewing systems for compliance is not well defined, the CFO Council and PCIE are developing a methodology to appropriately review FFMIA financial management systems compliance. This methodology will be available for audits performed on 2000 financial statements.

Data Requirements

Data requirements include development and maintenance of standard data models, definitions, and elements including compliance programs for ensuring these standards are properly implemented. Agencies must define information included in systems to consistently and accurately capture transactions. Initiatives currently underway include:

Implement and Expand the Governmentwide Data Model: In 1998, Treasury published a model describing data elements needed to support governmentwide reporting of budget execution information to OMB and Treasury. The data model will be expanded to cover other aspects of financial reporting and eliminate form-based reporting to OMB and Treasury. The Budget Execution Model is currently under implementation at agencies.

Improve the Consistency of Central Accounting Information: Treasury used FACTS to collect standard form data from all CFO Act agencies for the governmentwide, consolidated financial statement. Treasury is now building FACTS II to collect data by elements rather than using standard forms. This will eliminate reporting inconsistencies and improve data reliability.

One example of improving the consistency of central accounting information is the establishment of data elements that will be used this fall to fulfill the requirements of standard form reporting (SF-133, "Report on Budget Execution," and SF-2108, Year-End Closing Statement) for the initial set of prior year data on the "Program and Financing Schedule" in the President's Budget. For 2000, data collection will support the "Statement of Budgetary Resources" of the agency consolidated financial statements.

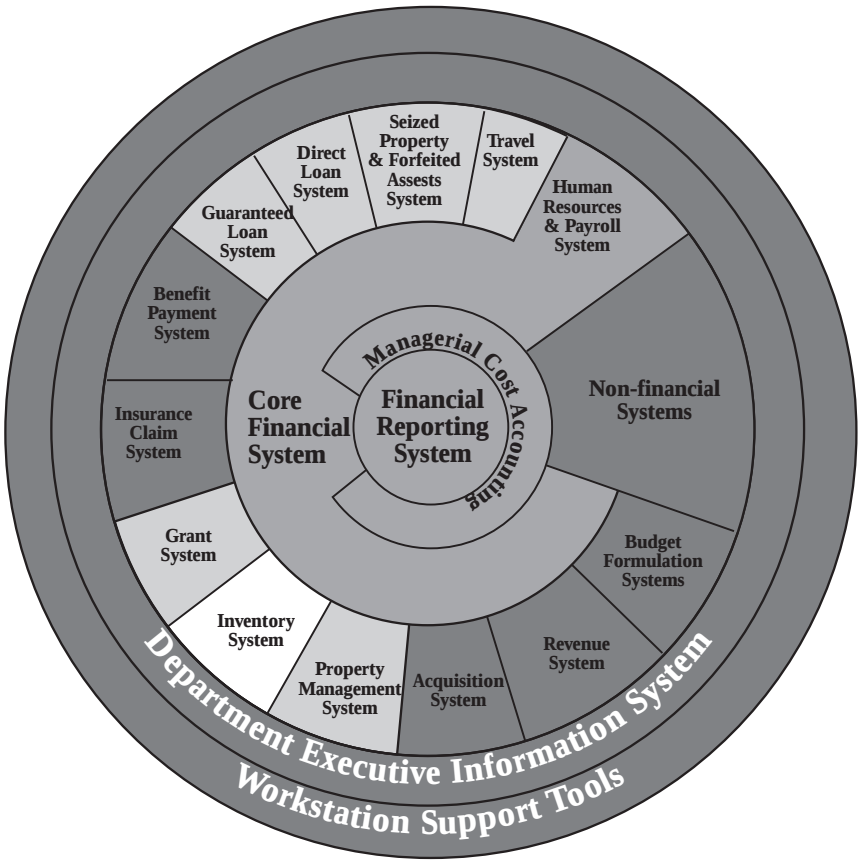
Evaluate the U.S. Government Standard General Ledger (SGL): In 2000, the structure and processes used to update the SGL will be analyzed. The purpose of the study is to determine if governmentwide and agency financial information needs are best served by the SGL or through an alternative data element structure. This analysis will also address ways to further improve the effectiveness of the current process for maintaining the SGL. Recommendations will result in future initiatives.

Support Interfaces Between Systems: Systems provided by commercial vendors and operating at agencies have become more modular. This has increased the emphasis placed on standard data and processes to support integration between the various accounting systems and applications. The JFMIP PMO and the CFO Council Financial Systems Committee will continue efforts to define appropriate data exchange and processing connections between critical financial management systems in the Federal Government. JFMIP, in conjunction with the CFO Council Financial Systems Committee, will review and assess efforts to develop and implement standardized interfaces. This effort will include evaluating the interface capability established between Federal systems and the charge card vendor systems offered under the new GSA charge card contract. The charge card interface effort will be led by the Financial Implementation Team for Electronic Commerce.

Functional Requirements

Common systems requirements ensure standards are met, development time and cost are reduced, and the market for Federal financial systems is organized. The JFMIP Financial Systems Requirements Framework identifies core financial systems, managerial cost accounting, and 13 subsidiary financial systems. System requirement documents have been established for six of the 13 subsidiary systems shown in Chart 2. JFMIP, the CFO Council Financial Systems Committee, and other affinity groups are engaged in an aggressive effort to update the six previously issued systems requirements to incorporate legislative and regulatory changes to make these documents more useful in implementing the Federal Financial Management Improvement Act. New JFMIP financial systems requirements documents are listed in the statement of accomplishments.

Chart 2. **Status of JFMIP Systems Requirements April 1999**



Issued and Updated Since 1998

Update in Process

Issued

Never Issued

Seven functional areas still need systems requirements: benefit payments, acquisition, property management, revenue, grants, insurance claims, and budget formulation. Efforts are underway in 1999 to develop grants systems requirements and property systems requirements. Development of acquisition systems requirements will commence in late 1999. Initiatives to establish the remaining systems requirements are planned in 2000 and beyond. The complete set of systems requirements will provide agencies and private sector vendors the necessary information to consider systems solutions. The systems requirements also define interface requirements for the sharing of data electronically among systems and with commercial transaction services.

Ensure Systems are Year 2000 Compliant: Federal agencies are working to ensure that financial management systems critical to their missions are capable of meeting the requirements of Year 2000. Table 5 indicates the current status of agencies' financial management applications.

Table 5. Year 2000 Readiness of Financial Management Systems Applications[1]

Agency	Total	Ready	Test	Fix	Assess	Critical	Critical Financial Management Systems Applications Not Yet Year 2000 Ready
USDA	144	121	23	0	0	68	1. Cotton Inventory Management System 2. Foreign Agriculture Service Financial Management System 3. IRS 1099-A Reporting
Commerce	40	21	3	14	2	11	1. Financial Accounting and Reporting System -- National Institute of Standards and Technology (NIST) 2. Financial Management System -- (NIST) 3. Payment System -- National Oceanographic Atmospheric Administration 4. Small Purchase System – Office of the Secretary
DOD	107	69	9	15	14	41	
Education	10	10	0	0	0	0	
DOE	7	7	0	0	0	7	
HHS	72	70	2	0	0	24	1. Administrative Resource Management System 2. Contract Health Service/Management Insurance
HUD	80	80	0	0	0	0	
DOI	54	54	0	0	0	22	
DOJ	49	39	1	9	0	45	1. Debt Management System 2. Collector 3. Financial Management System (FMS) Accounts Payable 4. FMS Budgetary Control 5. FMS General Ledger 6. FMS Fixed Assets 7. FMS Purchasing 8. FMS Inventory Management 9. Foundation Info/Real Property
DOL	22	22	0	0	0	10	
State	37	29	4	4	0	15	
DOT	65	59	5	1	0	29	1. Federal Aviation Administration (FAA) National Automated Credit Card Systems 2. FAA Third Party Draft System
Treasury	99	74	15	4	6	0	
VA	64	63	0	0	1	55	
AID[2]	32	-	-	-	-		
EPA	10	10	0	0	0	7	
FEMA	12	12	0	0	0	2	
GSA	66	63	2	1	0	33	Tracking System for Administrative Real Property
NASA	16	16	0	0	0	5	
NRC	8	8	0	0	0	0	
NSF	11	10	0	1	0	0	
OPM	8	8	0	0	0	6	
SBA	45	45	0	0	0	0	
SSA	15	15	0	0	0	7	

[1] Differences may exist between this chart, which tracks a lower level of detail, and the OMB-wide Quarterly Status Report on Y2K System Readiness. This chart indicates the status of the applications/components that comprise the financial management systems.

[2] Data not provided.

Industry Partnership

Fostering partnerships with industry is necessary to inform vendors of government requirements. It leads to improved availability of off-the-shelf Federal financial systems and commercial services. Initiatives currently underway include:

Maintain a Knowledgebase: The JFMIP PMO will continue to inform and educate government and vendor personnel in financial systems requirements, testing and qualification processes, vendor qualifications, lessons learned, useful web links, and other information using the web-based "knowledgebase" that was established in 1999. This "knowledgebase" may be accessed at:http://www.financenet.gov/jfmip.

Expand Use of Card Services in Support of Electronic Commerce: As part of GSA's governmentwide electronic commerce role, the agency signed a master contract for card-issuing services to support Federal procurement and payment activities for small purchases, travel, motor vehicles, intragovernmental services, and other functions. The CFO Council supports using these services and developing and providing new products for electronic commerce. The financial systems interface efforts will support electronic commerce systems for agency accounting systems. This document includes more details on electronic commerce in Chapter 5, Use Electronic Commerce to Improve to Financial Management.

Systems Deployment

Deploying financial management systems is a very demanding process. Program managers, departmental management, and central agencies only benefit from investments in financial management systems that are effectively deployed.

Assess Agency Financial Management Systems Infrastructures: The CFO Council will explore partnering with the Information Technology Resource Board (ITRB) to provide comprehensive assessments of specific aspects of agency financial management systems infrastructures. Specific review criteria will be developed. The ITRB is a legislatively established group charged with assisting agencies in assessing specifically defined aspects of information technology systems including financial management systems.

Support Central Systems: Several new central systems are being deployed or are in their initial stages of operations. These systems are critical to governmentwide financial reporting. Efforts related to these priority systems include:

- Converting the Government Online Accounting Link System (GOALS) to a new technology platform to improve flexibility and ease of use;
- Collecting financial information for the governmentwide financial statements and analysis activities; and
- Collecting budgetary information through the FACTS II system for governmentwide analysis activities.

Provide a financial management systems environment in which financial systems can be of successfully planned, developed, operated, and maintained

Tasks:	***Milestones:***
Planning and Investment	
Develop a relationship with the Information Technology Resource Board to establish criteria and jointly review financial management systems (CFO Council, OMB, and ITRB)	02/00
Develop agency financial system plans as part of the budget request, ensure that sufficient resources are provided in agencies' budgets/resource plans, and identify the budget impact of potential changes to the plans (Agencies)	Annually in fall

Implement financial management systems plans. (Agencies)	See agency specific plans
Produce a status report on governmentwide financial management systems and modernization including the status of FFMIA implementation (OMB and CFO Council)	Annually
Systems Infrastructure	
Provide a permanent member to the CIO Council Capital Planning and Investment Control Committee (CFO Council)	06/99
Develop a methodology to review FFMIA financial management systems compliance for FY 2000 financial statements (CFO Council and PCIE)	06/99
Implement revisions to the core financial systems acquisition process:	
-- Initiate policy changes to OMB Circular A-127 (OMB)	05/99
-- Initiate policy changes to the Federal Acquisition Regulation (GSA)	09/99
Incorporate FFMIA implementation guidance into revised OMB Circular A-127 (OMB)	11/99
Implement FFMIA provisions including:	
-- Issue annual assessment of agency compliance with FFMIA as part of financial statement audits (Agency IGs)	Annually
-- Complete and submit to OMB remedial financial management plans as part of agency budget submissions (Agencies)	Annually

Establish governmentwide systems requirements that support information standards

Tasks:	***Milestones:***
Data Requirements	
Analyze the structure and processes used to update the SGL to accommodate changing information needs (Treasury, OMB, and CFO Council)	2000
Implement the budget execution data model at agencies to provide a uniform account code classification structure including data elements and definitions necessary for governmentwide reporting of budget and financial information (Treasury, OMB, SGL Board, JFMIP PMO, and Agencies)	Ongoing
Expand the data model to include other kinds of budget execution data, asset and liability data, and other financial transaction data (Treasury, OMB, SGL Board, and JFMIP PMO)	TBD

Functional Requirements Develop or update systems requirements for financial feeder systems, e.g., travel, direct loans, property systems (JFMIP)	Ongoing
Monitor financial management systems Year 2000 conversion efforts being tracked through CIOs and identify governmentwide problem areas related to financial management systems (OMB)	Ongoing
Identify standard processes and requirements for selected financial feeder systems, e.g., personnel/payroll and travel (JFMIP PMO)	Ongoing
Establish testing procedures and appropriate multi-agency procurement vehicle(s) for feeder systems (JFMIP PMO)	Ongoing
Improve the availability of systems that meet governmentwide systems requirements	
Tasks: *Industry Partnerships* Maintain the electronic repository for financial management software and related information (CFO Council Systems Committee and JFMIP PMO)	***Milestones:*** Starting in 10/98
Coordinate efforts to standardize agency credit card implementation	09/99
Complete the first round of testing for core financial systems software (JFMIP PMO)	10/99
Central Agency Systems Deployment Collect budgetary information through the FACTS II system for governmentwide analysis activities (Treasury)	11/99
Collect budgetary information through FACTS II for the governmentwide consolidated financial statement "Statement of Budgetary Resources" (Treasury)	11/00
Convert the GOALS system to a new technology platform to improve flexibility and ease of use (Treasury)	05/01

Related Internet site for Chapter 2 topics:
http://www.financenet.gov/jfmip

3. develop human resources

priority:

Develop a high quality Federal financial management work force to support the successful implementation of agency missions by:

1) ***Implementing methods to assist agencies in recruiting and retaining qualified financial management personnel;***
2) ***Strengthening qualifications standards for financial management personnel; and***
3) ***Promoting effective financial management education and training within the Federal Government.***

background:

The Human Resources Committee (HRC) of the CFO Council was established to assist CFOs in developing a high quality financial management work force. Members include financial managers from several CFO agencies, and representatives from OMB, JFMIP, and OPM.

accomplishments:

Established Training Guidelines for Federal Financial Management Personnel

- The CFO Council's Statement of Principles for Federal Financial Education and Training provides guidelines for planning and evaluating education and training programs. It has been widely distributed to the financial and human resources communities, as well as to training and education providers.
- A Core Competencies Review Board was established to regularly update the list of "core competencies" for financial management personnel. In 1998, the Board issued exposure drafts updating competencies for budget analysts, financial managers, and accountants.
- *An Executive Tool Kit - Building A Financial Management Work Force Development Plan* was published. It provides tools for senior financial managers to use in assessing their work force development needs and implementing plans to prepare their offices for future financial management challenges.
- A consolidated website offering information on financial management education and training was developed by FinanceNet, working together with the HRC and JFMIP.

Improved Recruitment Strategies

- *OPM and HRC issued Recruiting and Retaining Financial Management Employees - Useful Tools*. This publication summarizes current personnel authorities available to improve recruitment and retention. For ease of use, it is organized around common problems reported by financial managers.
- The HRC completed a survey of CFO Council members to gauge interest in a consolidated recruiting network for financial personnel. The positive response has led to a proposal by a finance agency, which has delegated authority from OPM, to offer recruitment services to other CFO Council agencies.

Strengthened Qualification Standards

- OPM issued a draft revision of its qualification and classification standards for GS-510 accountants. Seven agencies volunteered to pilot the new standards for a nine-month period beginning in April 1999. The HRC worked closely with OPM in developing these revised standards, which focus on qualitative measures such as demonstrated competencies, rather than quantitative measures such as number of accounting credit hours or years of experience.

future initiatives:

Implement Qualification and Classification Standards

The revised OPM standards for GS-510 accountants will be implemented as a nine-month pilot in volunteer agencies. The HRC will work with the agencies, OPM, and the financial community to evaluate the pilots. The HRC will also work with OPM as it revises standards for other financial management professions. These projected revisions will be based on the CFO Council and JFMIP standards published in the core competency documents.

Improve Recruitment and Retention

Recognizing that many CFO agencies have limited resources they can devote to recruitment, the HRC is working to encourage cross-servicing arrangements for recruiting financial management staff. This may include publicizing a consolidated list of Federal financial management job opportunities at colleges and universities, adapting existing automated tools for screening applicants, and sharing candidates across agencies.

The HRC will develop outreach programs to increase the diversity of the financial work force by identifying colleges and universities for on-site recruiting. The Committee will also arrange with OPM to participate in promotional activities to get the word out to diverse groups that the Federal Government is looking for highly talented financial managers.

The Committee has begun working with a consortium of Hispanic Serving Institutions to develop a comprehensive plan to enhance career opportunities for Hispanics in Federal financial management. This would include sharing information on Federal financial core competencies with educational institutions for use in course development and meeting with faculty and students to enhance on-campus recruiting.

Improve Professional Education

Top level commitment to professional development is key to maintaining a highly qualified financial work force. A recent HRC survey of departmental CFOs confirmed their support for continuing professional education for professional financial personnel. It also revealed concerns about funding such a policy. Many suggested pooling resources to lower the unit cost.

The HRC will take an active role in the Federal Training Technology Initiative (FTTI), established by the President's Executive Order 13111, *Using Technology To Improve Training Opportunities for Federal Government Employees.* HRC will facilitate discussions between Federal financial managers and outside training providers to encourage excellent, cost-effective training for Federal financial management staff.

Implement methods to assist agencies in recruiting and retaining qualified financial management personnel

Tasks:	***Milestones:***
Promote best practices in recruiting (CFO Council and OPM)	Ongoing
Establish a consolidated recruiting network for financial management staff (CFO Council)	10/99
Establish a virtual presence on campuses to publicize the Federal Government's need for financial personnel (CFO Council and OPM)	Ongoing
Reach out to minority institutions to improve opportunities for diversifying the Federal work force (CFO Council)	Ongoing
Identify alternative recruiting channels, such as college placement offices which serve alumni and professional organizations (CFO Council and OPM)	Ongoing
Expand the use of FinanceNet's web and e-mail resources for disseminating information on Federal financial management vacancies (CFO Council, JFMIP, and OPM)	Ongoing

Strengthen qualifications standards for financial management personnel

Tasks:	***Milestones:***
Monitor and evaluate the pilot implementation of qualification and classification standards for the GS-510 accountant series (OPM and CFO Council)	01/00
Participate in OPM's revision of the qualification and classification standards for the GS-500 professional and administrative group (CFO Council)	06/00
Reach consensus on the specifics of new qualification standards (CFO Council and OPM)	Ongoing
Contribute work examples to the OPM database of classification and qualification standards (CFO Council)	Ongoing

Promote effective financial management education and training within the Federal Government	
Tasks:	***Milestones:***
Represent the CFO Council on the Federal Training Technology Initiative (FTTI) Task Force to establish an "electronic marketplace" for education providers and the financial community to meet and exchange information (OPM, DOL, and CFO Council)	Ongoing
Catalog existing training opportunities that meet core competency standards (JFMIP, FTTI Task Force, and OPM)	Ongoing
Showcase best practices and innovative solutions for delivering training (OPM, DOL, and CFO Council)	Ongoing
Promote and maintain *An Executive Tool Kit - Building A Financial Management Work Force Development Plan* (CFO Council)	Ongoing

Related Internet site for Chapter 3 topics:
http://www.financenet.gov/cfo

4. improve management of receivables

priority:

Improve debt collection for major receivable accounts by:

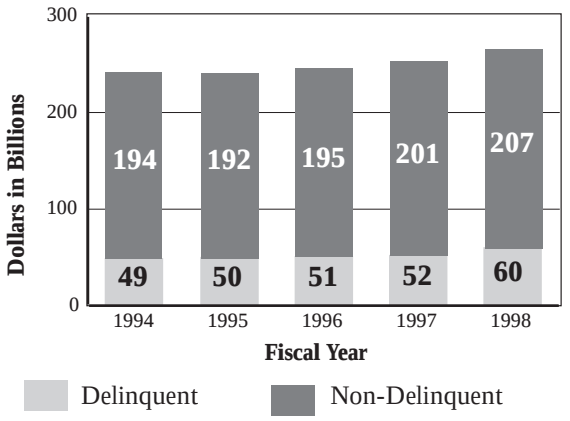
1) ***Fully implementing the Debt Collection Improvement Act (DCIA) and***
2) ***Increasing loan asset sales for delinquent debt and write-off of uncollectible debt.***

background:

The DCIA created new tools for agencies to reduce losses and increase collections. When a debt is seriously delinquent -- over 180 days past due -- agencies are required (with a few exceptions) to refer these debts to Treasury. Treasury applies the appropriate collection tools, including administrative offset, cross-servicing, and the use of private collection agencies.

At the end of 1998, the Federal Government reported over $1 trillion in outstanding guaranteed loans and non-tax receivables. Six percent of that total, $60 billion, was delinquent compared to five percent in 1997. This is an $8.1 billion increase from $51.9 billion in 1996 to $60 billion in 1998. (See Chart 3.) Of the $60 billion in non-tax delinquent debt, over $30 billion is at the five major credit agencies: HUD, Education, Small Business Administration (SBA), VA, and USDA.

Chart 3. Total Non-Tax Receivables



Major increases in the non-tax delinquent portfolio resulted from:

- an increase of $2.6 billion in Education's delinquent portfolio of student loans, an increase of $11.2 billion in direct receivables, and an increase of $2.6 billion in interest and late charges on defaulted student loans. These changes are, in part, attributable to Education's inclusion of short-term delinquent debt on the most recent Treasury report, large annual growth in the department's portfolio, and maturation of the direct loan assets;
- a $2.3 billion delinquency at the Federal Communications Commission due to three bidders for purchase of cellular phone air licenses declaring bankruptcy; and
- an increase of $1 billion in the Medicare program delinquencies due to an increase in participation in the program.

The amount of receivables written off as uncollectible decreased from $6 billion in 1997 to $4.5 billion in 1998. (See Appendix IV for detailed data.)

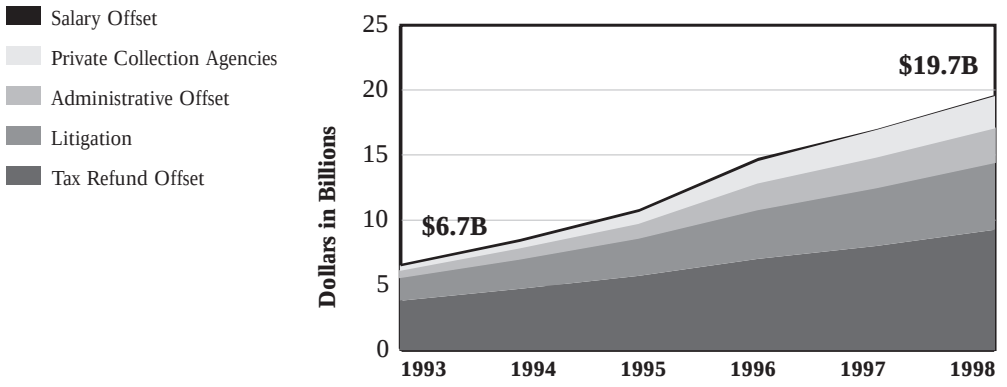
Agencies are collecting more delinquent debt but delinquencies are increasing due to a increase in total receivables. In 1999-2004, the main strategy is to fully implement the DCIA. The focus is on Treasury's increased responsibilities and agencies use of asset sales and write-off authority to reduce the total delinquencies.

accomplishments:

Increased Collections

- Agencies use of special debt collection tools continue to grow and yield increased collections. (See Chart 4.)
- In calendar year 1998, $2 billion was collected through the Treasury tax refund offset program. Of this amount, $1.1 billion represented delinquent child support obligations and $864 million was delinquent Federal non-tax debt, mainly delinquent student loans. The Tax Refund Offset Program and the Treasury Offset Program (TOP) have been merged into a single, enhanced offset process for the 1999 tax processing cycle. The value of debts in the TOP debtors database is now $68.3 billion ($22.2 billion non-tax debt and $46.1 billion child support).
- HHS' Child Support Enforcement Program supports children by locating parents, establishing paternity, and enforcing child support orders. As of December 30, 1998, 1998 child support collections were $14.4 billion, an increase of more than seven percent over 1997. Executive Order 13019 directed Treasury to assist the States in collecting delinquent child support debts by administrative offset.
- For the fifth consecutive year, the Department of Justice (DOJ) collected over $1 billion in delinquent debt owed to Federal agencies through its financial litigation program.

Chart 4. **Collections Under Key Debt Collection Tools (Cumulative Since 1993 through FY 1998)**



- The VA Debt Management Center provides a centralized, automated debt collection system that employs a full array of automated debt collection tools. Total collections (including offsets) exceeded $267 million, with a return of $49 collected for every dollar spent.

Improved Regulations and Agency Debt Collection Tools

- In 1998, Treasury published rules to implement offset provisions and bar delinquent debtors from obtaining Federal loans, loan insurance, or guarantees, as required by DCIA.
- GSA developed a new multiple award program for financial asset services that provides a vehicle for all agencies to obtain the services of contractors for financial advisor services. Additional information can be found at http://www.gsa.gov.
- Education converted the Office of Student Financial Assistance into the government's first-ever Federal performance-based organization which is designed to improve the management of all student aid programs. Treasury designated Education a debt collection center because it successfully utilizes all appropriate debt collection tools in accordance with governmentwide regulations.
- SBA has an asset sales team in place to sell its current portfolio of direct loans and defaulted guaranteed loans in 1999, 2000, and 2001. These sales are significant events in completing the transition from emphasizing loan servicing to lender oversight at SBA.
- The major Federal housing assistance agencies (HUD, Government National Mortgage Association, USDA, and VA) established a "Housing Consortium" to share improved ideas and improved practices in the management of the Federal portfolio of single-family housing loans. In 1999, the agencies agreed to test a data warehouse approach to collecting and analyzing monthly status information on direct and guaranteed loans.

Increased Agency Debt Referral to Treasury

- Treasury, in close consultation with Federal agencies, evaluated the Federal Government's debt to assess how much is eligible for referral to Treasury for offset and cross-servicing, as well as the amount of referred debt that is collectible by Treasury. As indicated in Table 6, $60 billion in non-tax delinquent debt is owed to the Federal Government. Of this, $31 billion is eligible for Treasury offset. Of the $31 billion eligible for the offset, $8 billion is also eligible for Treasury cross-servicing.

Table 6. Summary Analysis of Delinquent Debt for the Federal Government (as of September 30, 1998)

	Estimated Delinquent Debt ($s in billions)
Total Government	$60.0
Less Than 180 Days	($13.6)
Delinquent Debt Over 180 Days	$46.4
Debt Excluded from Offset	($15.2)[1]
Eligible for Referral to Treasury for Offset	$31.2
Debt Excluded from Cross-Servicing	($23.1)[2]
Debt Eligible for Referral to Treasury for Cross-Servicing	**$8.1**

1. The $15.2 billion is ineligible for transfer to Treasury because of the following exemptions: the borrower has declared bankruptcy; the debt is owed by a foreign government; the debt is in forbearance or a formal appeals process; or the debt is in foreclosure.

2. The $23.1 billion is ineligible to refer to Treasury for cross-servicing for the following exclusions: the debt is at a designated debt collection center or has been granted a cross-servicing exemption; the debt is at the Department of Justice for litigation; the debt is eligible for internal offset; the debt is with a third party for collection; or the agency has an approved asset sale program.

- The five major credit agencies continue to make significant progress in identifying debt for referral to Treasury for offset. Table 7 summarizes debt at the major credit agencies (USDA, Education, HUD, SBA, and VA) referred to Treasury for offset as of 2/99.
- Agencies are beginning to make significant progress in referring debt to Treasury for cross-servicing. Cross-servicing is the process whereby agencies can refer debt to Treasury for collection. In the last year agencies participating in cross-servicing have increased from 17 to 39. Table 8 shows the level of referral by the major credit agencies as of 2/99.

Table 7. Debt Referral For Treasury Offset
(In millions of dollars)

Agency	Eligible for Referral to Offset[1] (9/30/98)	Referred to Treasury for Offset (As of 2/99)	Percent Referred for Treasury Offset[2]
USDA	$1,604	$1,277	80%
Education	$13,939	$16,309	117%
HUD	$1,462	$406	28%
SBA	$692	$721	104%
VA	$337	$252	75%
Total	**$17,975**	**$18,968**	**106%**

1. Excludes amounts at DOJ that are eligible for referral to offset by DOJ.

2. Amounts over 100 percent are due to significant referrals after the beginning of the fiscal year.

Table 8. Debt Referral For Cross-servicing
(In millions of dollars)

Agency	Eligible for Referral for Cross-servicing (9/30/98)	Referred to Treasury for Cross-servicing (As of 2/99)	Percent Referred for Cross-servicing Offset[1]
USDA	$1,333	$4	3%
Education	$794	$910	115%
HUD	$1,066[2]	$82	8%
SBA	$692	$599	87%
VA	$653	$3	1%
Total	**$4,964**	**$1,598**	**32%**

1. Amounts over 100 percent are due to significant referrals after the beginning of the fiscal year.

2. Includes $651 million of debts to be sold.

future initiatives:

Increase Agency Debt Referral to Treasury

At the March 18, 1999 Federal Credit Policy Working Group (FCPWG) meeting, it was agreed that agencies should establish target dates for referral of debts over 180 days delinquent. The 1999 goals for referral of debt by the major debt collection agencies are provided in Table 9. Treasury has also requested referral schedules from all other CFO agencies. The aggregate total of the agency referral schedules will be submitted to Congress next year in this report.

Table 9. Debt Referral Goals for 1999

Agency	Treasury Offset Percent of Eligible Debt to be Referred in 1999	Cross-servicing Percent of Eligible Debt to be Referred in 1999
USDA	90%	80%
Education[1]	100%	100%
HUD[2]	28%	39%
SBA	100%	100%
VA[3]	90%	1%

1. Education's cross-servicing numbers only include institutional liability debt. Education has been designated as a debt collection center to service its own student loan debt.

2. HUD has scheduled an asset sale in the amount of $1.14 billion for 2000. HUD continues to refer Title I debts monthly, which are approximately 39 percent of its eligible debt for cross-servicing and 28 percent for offset.

3. In March 2000, VA will electronically refer 90 percent of eligible debt for cross-servicing.

Sell Non-Tax Debt Owed to the United States

The DCIA authorized agencies to sell any non-tax debt owed to the United States that is more than 90 days delinquent, subject to the provision of the Federal Credit Reform Act of 1990. The Administration's budget policy is that agencies are required to sell any non-tax debts that are delinquent for more than one year for which collection action has been terminated, if the Secretary of the Treasury determines that the sale is in the best interest of the United States. Agencies are:

- required to use competitive procedures to sell the debts;
- authorized to pay out of proceeds the contractor fees for assistance in conducting the sale;
- required to sell the debts for cash or a combination of cash and profit participation if such an arrangement is more advantageous to the Federal Government; and
- required to make the sales without recourse. Loan sales should result in shifting agency staff resources from servicing to mission-critical functions. Agencies should develop a staff utilization plan that ensures staff are re-allocated to agency priority workload.

Beginning in 1999, credit agencies with over $100 million in loan assets that are one year old are expected to sell loan assets with the exception of:

- loans to foreign countries or entities;
- loans in structured forbearance, when conversion to repayment status is expected within 24 months or after statutory requirements are met;
- loans that are written off as unenforceable due to death, disability, or bankruptcy;
- loans that have been submitted to Treasury for offset and are expected to be extinguished within three years; and
- loans in adjudication or foreclosure.

Develop Policy to Write-off Debt

The FCPWG formed an Ad Hoc Committee on Write-Offs. Its purpose is to review and revise the current write-off policy and propose changes to OMB Circular A-129 "Policies for Federal Credit Programs and Non-tax Receivables," for debts unlikely to be collected. The FCPWG recommended that Federal agencies establish a standard to write-off delinquent debt older than two years. While "currently not collectible" (CNC) debts are not reported as accounts receivables on financial statements, the CNC process encourages the use of tools of the DCIA that allow delinquent debt to be worked until the end of its statutory collection life cycle. The Treasury report on receivables will be revised for 2000 reporting to include the CNC category.

Expand the Treasury Offset Program

Treasury Financial Management Services, (FMS) has partnered with several creditor and payment agencies, as well as the Federal Tax Administration and States to develop significant enhancements to the Treasury Offset Program. Task forces are in the process of developing centralized offset capabilities for SSA benefit payments and Federal salary payments. FMS is also partnering with Internal Revenue Services (IRS), Federal Tax Administrators, and the States to incorporate additional debt types such as State tax debts and tax levies into the delinquent debtor database. Federal tax debts (tax levies) alone will more than double the size of the current database.

Monitor Compliance with the DCIA

The PCIE is conducting a review of non-tax delinquent Federal debt to determine the amount of non-tax delinquent debt that exists and the ability to collect this debt. The review will evaluate each individual agency's portfolio management activities with the goal of improving the efficiency of each agency's delinquent debt reporting practices and ensuring agency compliance with the DCIA. This final report from the PCIE is scheduled for release in September 1999.

Fully implement the Debt Collection Improvement Act (DCIA)

Tasks:	***Milestones:***
Ensure that debts 180 days delinquent are referred to Treasury for collection action as required by DCIA unless the debts are in an exempt status (Treasury, OMB, and Agencies)	Review Quarterly
-- Evaluate agency loan portfolios for potential debt referrals and collections (Treasury, OMB, and Agencies)	06/99
-- Analyze delinquent receivables included on the "Report of Receivables Due From the Public" (Treasury)	Ongoing
-- Monitor agency debt referral schedules to ensure compliance (Treasury, OMB, and Agencies)	Review Quarterly
-- Expand TOP to include SSA benefit offset (Treasury)	03/00
-- Expand TOP to include the collection of Federal tax debt through TOP (Treasury and Agencies)	07/00
-- Expand Federal salary offset (Treasury)	07/00
-- Implement administrative wage garnishment (Treasury and Agencies)	Review quarterly
Review agency applications for designation as debt collection centers and make determinations in accordance with standards published in December 1996 (Treasury)	Ongoing
Revise OMB Circular A-129, "Policies for Federal Credit Programs and Non-Tax Receivables" (Treasury and OMB)	09/99
Provide guidance to agencies for the collection and verification of Taxpayer Identification Numbers (TINs) (Treasury)	09/99
Provide guidance and work with agencies to increase credit bureau reporting as required by the Debt Collection Act of 1982, as amended. As a result, agencies can access more accurate data from credit bureaus for credit screening, debarment lists, and the collection and verification of TINs (Treasury, OMB, and Agencies)	09/99

Publish all regulations necessary to implement the DCIA (Treasury)	12/99
Implement a public awareness campaign to heighten public understanding of their obligation to repay government loans (Treasury)	12/99
Increase loan asset sales for delinquent debt and write-off of uncollectible debt	
Tasks:	***Milestones:***
Evaluate Federal non-tax receivable portfolios and make recommendations regarding loan sales and write-offs (OMB and Agencies)	Ongoing
Secure a contract to provide asset valuation services for USDA and Education's asset portfolio (USDA and Education)	07/99
Complete first asset sale (SBA)	09/99
Evaluate HUD 601 and HUD 602 loans and develop a plan for asset disposition (HUD)	09/99

Related Internet sites for Chapter 4 topics:
http://www.fms.treas.gov/debt/index.html
http://www.gsa.gov

5. use electronic commerce to improve financial management

priority:

Improve financial management by:

1) ***Improving electronic services to individuals, and***
2) ***Improving electronic payments and collections.***

background:

The Administration believes that "electronic commerce" (using electronic means to conduct business) can be a valuable tool for improving government financial operations, including payment and collection efforts, and the overall integrity of financial information. Payment and collection activities are particularly targeted for improvement because they are areas in which the government interacts meaningfully with individuals, vendors, grant recipients such as State governments, and others. In addition, these are areas in which significant difficulties have been encountered in the past. The integrity of financial information is critical to ensuring sound financial management in the government. Electronic commerce and other initiatives, such as better information sharing and validation between States and the Federal Government for income-based benefit programs, are targeted at addressing this need.

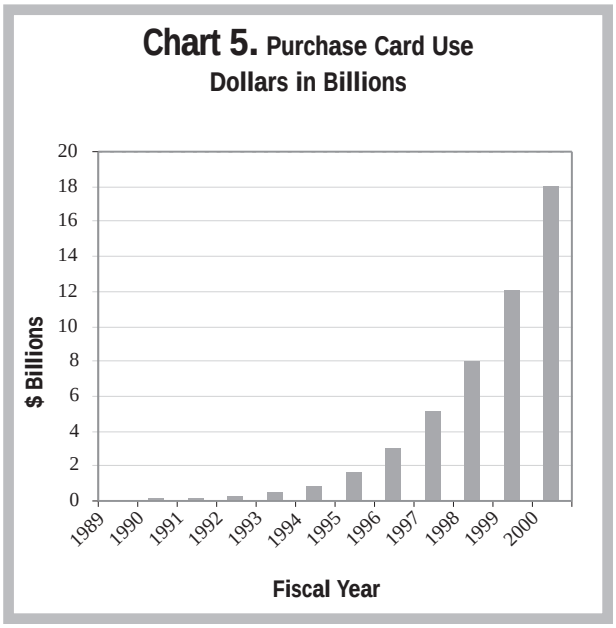
Experience has shown that electronic commerce can offer reduced manual processing, greater accuracy, more timely transactions, and better coordination of information. The Administration's focus on using electronic business methods was highlighted in: *Electronic Commerce for Buyers and Sellers; Electronic Purchasing and Paying in the Federal Government* and the National Performance Review's 1993 report. In addition, the 1999 report, *Electronic Purchasing and Payment in the Federal Government,* details a variety of initiatives and developments in these areas. The Congress has recognized the merits of electronic business methods in legislation, such as the 1996 Debt Collection Improvement Act, which requires Federal payments to be made electronically except for tax refunds. Treasury has issued electronic funds

transfer (EFT) regulations and is working with agencies that are not in compliance to identify and resolve issues that are adversely affecting their conversion to EFT. Administration initiatives in this area are coordinated by the Electronic Processes Initiatives Committee (EPIC), a sub-group of the President's Management Council established for that purpose. EPIC's principal members are OMB, Treasury, GSA, Education, and DOD. Other entities such as the CFO Council and National Partnership for Reinventing Government (NPR) also participate. The CFO Council actively supports electronic commerce initiatives through its Financial Implementation Team for Electronic Commerce (FITEC), an interagency team of financial experts. These organizations help to address the ongoing challenges of implementing the Government's electronic commerce strategy, such as ensuring successfully automated systems interfaces between the systems of commercial service providers and the government agencies' core accounting systems.

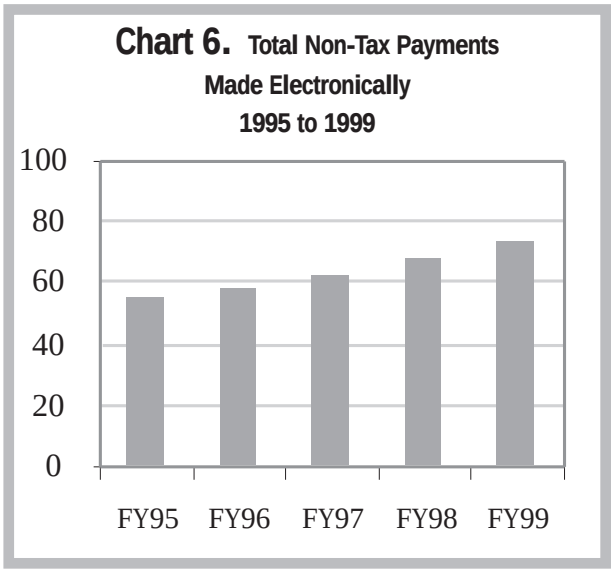
accomplishments:

Improved Payment Practices

- In 1998, several executive branch agencies used purchase cards for 90 percent of purchases under $2,500. Additional agencies achieved levels above 80 percent. Approximately 340,000 cardholders used purchase cards for more than 16 million transactions worth in excess of $7 billion, saving an estimated $800 million in administrative costs.
- In December 1998, the Federal Government's new purchase, travel, and fleet card contract, SmartPay, was activated with five banks. For the core card services of the contract, agencies can choose separate card providers or integrated cards provided by one bank, thereby simplifying their business relationship, administration, and systems interfaces. Commercial purchase cards constitute the foundation of much of the government's strategy for implementing electronic commerce because they combine easy application with the potential for end-to-end electronic processing. Agencies have increased purchase card use as reflected in Chart 5.



- In 1998, 68 percent of Treasury's 772 million non-tax payment transactions on behalf of non-defense agencies were made electronically. For the first half of 1999, 73 percent of these payments were made electronically. (See Chart 6.)



- Over 85 percent of the Federal Government's payments are made to individuals. Efforts to use electronic payments have targeted large volume programs first. Three out of every four social security and veterans benefit payments, nine out of every 10 Federal retirement payments, and 96 percent of all Federal salary payments are made by EFT today. The number of vendor payments made electronically has grown to 50 percent.

- State implementation of the Electronic Benefits Transfer (EBT) program to provide food stamps and other benefits electronically continues to expand. As of March 1999, 36 States and the District of Columbia have operational on-line food stamp EBT systems. Twenty-nine of these systems operate statewide. Six additional States have approved contracts for statewide EBT implementation.
- HHS management, HCFA, and the IG have made a concerted effort to ensure Medicare payments are paid correctly. As a result, Medicare improper payment error rates have decreased by nearly half since 1996. This error rate has decreased from 14 percent in 1996 to 11 percent in 1997 and to 7.1 percent in 1998.
- Treasury and DOD are testing stored value cards to distribute payroll at six military sites. Implementation incorporated fingerprint biometrics on the smart card for security at Ft. Sill, Oklahoma. The Lackland AFB, Texas, implementation became the largest stored value card project in the U.S. with over 40,000 cards and $10 million in value.
- During 1998, VA had 231,367 transactions, representing in excess of $838 million, successfully processed under its Prime Vendor Payment Program. Under this program, orders are placed electronically by VA and are processed against a credit card-like account established at VA's bank, which provides VA with a full electronic business cycle.

Increased Collections

- HUD began implementing the Single Family Premium Collection System (SFPCS) which will automate the collection of single family insurance premiums and related insurance data. Currently, two mortgage lenders are participating in the program, which will be expanded to other lenders in the future.
- In February 1999, for the first time, two IRS vendors began accepting tax payments from taxpayers using credit cards. Taxpayers make credit card payments to vendors and vendors report the transactions to the Electronic Federal Tax Payment System (EFTPS) processing bank for transmission of the electronic payment to the IRS.
- Treasury issued final regulations regarding the government's use of the Automated Clearinghouse (ACH), a central distribution and settlement point for electronic funds exchanged between financial institutions. Remittance information provided by ACH is used by vendors to identify payments. To transmit remittance data successfully, participants must ensure that they meet formatting standards and mechanisms exist for vendors to receive remittance information. The new rules covering government participation are based, where appropriate, on private sector ACH rules.
- Treasury and VA implemented a new point-of-sale (POS) system at the Bronx, NY, and Tampa, FL, Medical Centers to test stored value cards as a Federal collection mechanism. All cafeterias, vending machines, retail stores, gift shops, and barber shops in the Medical Centers have been equipped with stored value card POS collection readers. Employees, patients, and volunteers were issued 46,000 reloadable stored value cards, which can be loaded at smart card capable ATM machines in the Medical Centers. The stored value cards may be used in lieu of cash to make purchases at all POS locations, which are operated by the Veterans Canteen Service.

future payments initiatives:

Most Federal payments are made to one of three main types of transaction partners: 1) States, universities, and other grant recipients; 2) vendors and other government entities; and 3) individuals.

Payments to States, Universities, and other Grant Recipients

Implement Access America: Under Vice President Gore's Access America program, the Department of Education plans to pilot test a new "just-in-time" or demand payment system based for student financial aid, which will disburse funds to students as their tuition bills are due rather than in one lump sum. When fully implemented, this program will improve cash management and daily reconciliation of the cash position with more than 6,000 post-secondary schools nationwide. Further, commercial transaction processes will be used to transmit and record loan origination, disbursement, and repayment transactions. Testing will occur at 10 schools in

1999 and expand to 50 sites in 2000. In 2000, the Administration will issue guidelines for implementing the Government Paperwork Elimination Act of 1998, incorporating lessons from Access America projects.

For a discussion of efforts to streamline and reduce the number of grant payment systems, see Chapter 6, Improve Administration of Federal Grant Programs.

Payments to Vendors

Reduce Errors Through Central Contractor Registration: DOD has created a Central Contractor Registration (CCR) database, which now includes about 142,500 registrants. This database includes all of the banking and other information necessary to make accurate and timely payments to vendors through electronic means. Contractors must be registered within the CCR to receive DOD contracts. By keeping their CCR registrations current, contractors avoid repeated submission of vendor information, reducing a source of errors in contract payments and tax reporting.

Payments to Individuals

Over 85 percent of the Federal Government's payments are made to individuals. Payments are made to individuals as part of benefit programs (such as social security), for salary, for reimbursement for work-related expenses, and other purposes. In many cases, individuals receiving these payments have not yet established direct deposit or other electronic means of receiving payments. The government is working to develop the means to provide electronic mechanisms for these payments by providing banking services for those who are currently "unbanked," pilot testing innovative payment strategies such as debit cards, and other initiatives.

Implement EBT Payments: State implementation nationwide of EBT systems to deliver benefits such as food stamps is expected to be completed by 2002.

Implement Electronic Transfer Account (ETA) Payments: Recipients of Federal payments who do not have a bank account are eligible to open a low-cost Treasury-designated ETA at participating financial institutions. Treasury is currently finalizing the legal framework surrounding ETA accounts. Financial institutions will be encouraged to offer ETAs, and Treasury will maintain a national directory of ETA providers. In calendar year 1999, Treasury will begin enrolling financial institutions and recipients in the program.

future collection initiatives:

The Federal Government's collection activities are centered around three major types of transaction partners: 1) individuals; 2) businesses and other institutions; and 3) other Federal entities.

Collections from Individuals

Enhance EFTPS: Treasury created EFTPS to modernize tax collections, moving Federal tax payments from a paper-based system to an electronic one. Treasury is planning enhancements to the current system. Enhancements include developing and implementing new methods to allow taxpayers to authorize the IRS to deduct tax payments from their bank accounts such as using the telephone. They would also include implementing an ACH application to allow multiple payments in a single transaction.

Expand Vendors in HUD Collection System: HUD will expand the number of mortgage lenders participating in SFPCS. HUD estimates that when the system is fully implemented approximately $175 million will be collected annually using SFPCS.

Expand the Internet Credit Card Collections E-Money Program: Treasury will continue to expand the Internet credit card collections program. This program allows the general public to make payments by credit card over the web for fees, fines, purchases, and donations to Federal agencies. Currently five Federal agencies participate in the Internet credit card collection program, with approximately eight more to be added by the end of 1999.

Collections from Businesses and Other Institutions

Expand the Use of Financial Electronic Data Interchange (EDI): EDI provides standardized structures for transmitting transaction data. Treasury will continue to expand the use of financial EDI with VA. This will provide VA with electronic payments and remittance detail to automate its collection of third-party health care reimbursements from insurance providers. Treasury will also expand the use of financial EDI with the Department of Education. Education will use EDI to receive electronic payment and remittance information for

its Direct Student Loan Program, which collects over $2 billion annually.

Re-engineer RMP: The Royalty Management Program (RMP) of the Minerals Management Service collects fees from drilling for oil and gas on the continental shelf area of the United States. In 1998, RMP collected electronically 94 percent of its $5.5 billion in revenue, primarily using either FEDWIRE or ACH mechanisms. Over the next several years, RMP will re-engineer collection processing to provide faster availability of funds and streamlined reporting.

Enhance CA$H-LINK: CA$H-LINK is Treasury's financial reporting and cash concentration system. CA$H-LINK is being enhanced to use technologies such as the Internet, Web Browser, Electronic Data Interchange, and Smart Cards. The redesigned system is expected to:

- improve management of bank services and costs by using standard industry formats and service codes;
- improve collateral management;
- integrate with other financial management systems;
- consolidate financial reporting; and
- provide the ability to forecast and monitor the Federal Government's overall cash and debt position.

Implementation of the redesigned system is scheduled for October 2002.

Collections from Federal Agencies

Develop Intra-governmental Payment and Collection (IPAC) System: For all but retail-type intra-governmental transfers, the Financial Management Service and the Federal Reserve Bank of Richmond are developing IPAC to replace the current on-line payment and collection applications. The new IPAC system will provide agencies with a single automated mechanism to:

- improve the processing of intra-governmental transactions;
- enhance procedures associated with payments and fiduciary transfers; and
- provide updated automated interfaces.

The IPAC requirements analysis and conceptual systems design (including analysis of base groups and services, transaction volume, connectivity options, and architecture selection) is complete. IPAC implementation is set for spring 2001.

Improve electronic services to individuals

Tasks	*Milestones:*
Conduct a public education campaign to notify key stakeholders of rights and responsibilities for ETAs (Treasury)	Ongoing
Monitor agency compliance with EFT and work with non-compliant agencies to identify and resolve issues affecting EFT conversions (Treasury)	Ongoing
Establish a national database of ETA providers with easy access for recipients, agencies, and consumer groups (Treasury)	07/99
Pursue work with the IRS to establish rules for agency access to tax data, building on the work of Education's and HUD's match program with IRS for verification of benefits (OMB)	10/99
Develop and implement an EFTPS TeleFile application for taxpayers to authorize the IRS to debit their bank accounts when filing by telephone (Treasury IRS)	01/00
Develop and make nationally available an ETA system to deliver Federal payments to individuals (Treasury)	01/00
Provides the steering committee a detailed action plan and roll out strategy for the Access America pilot (Access America Task Force)	04/00
Implement Internet access for taxpayer enrollment, payments, and customer service on EFTPS (Treasury IRS)	06/00
Implement an Access America pilot test of student account and multi-use student aid identification (Education and Other Agencies)	06/00
Prepare Access America guidance and make pilot digital signatures available (Education and Other Agencies)	12/00
Implement EBT in 50 States (Selected Agencies and States)	01/02

Improve electronic payments and collections

Tasks:	***Milestones:***
To and From Vendors and Others	
Publish statistics analyzing the increased use of purchase cards against agency potential (FITEC)	Semiannually
Publish final revised OMB Circular A-125 "Prompt Payment" to require collection of EFT banking information and TINs (OMB)	07/99
Develop an EFTPS collection mechanism to allow employers to electronically remit money withheld from employees' wages to satisfy outstanding tax debts (Treasury IRS)	12/02
Between Government Organizations	
Test the GSA Smart Card Pilot Project using one multi-functioning card for travel, identification, telephone, and physical access to buildings and computer access (GSA)	07/99
Complete IPAC Detail Design, including application infrastructure development, and logical and physical database application design (Treasury)	10/99
Complete IPAC construction (Treasury)	08/00
Complete roll-out of IPAC governmentwide (Treasury)	05/01
Interfaces to Finanical Management Systems	
Review and improve requirements for interfacing banks' electronic card management systems with agencies' core accounting systems (CFO Council)	12/99

Related Internet sites for Chapter 5 topics:

http://www.fns.usda.gov/fsp
http://www.policyworks.gov
http://www.financenet.gov
http://www.fms.treas.gov
http://www.gsa.gov/fitec
http://www.gsa.gov
http://www.arfc.fms.treas.gov

6. improve administration of federal grant programs

priority:

Provide management guidance for the over $250 billion in Federal grants to State, local, and tribal governments; colleges and universities; and non-profit organizations by:

1) ***Implementing revised governmentwide audit requirements for grants (OMB Circular A-133);***
2) ***Developing an efficient, effective, and customer-oriented grants payment process; and***
3) ***Completing a feasibility study for a Single Grants-Management Circular.***

background:

OMB, working cooperatively with Federal grant-making agencies and grant recipients, establishes policies and guidelines to assure that Federal grant dollars are properly managed both at the Federal and grantee level. The goal is twofold: 1) to ensure that Federal dollars are spent in accordance with regulation and law while avoiding cumbersome regulation of individual grantees; and 2) to implement Federal grants systems that assure accountability and minimize unnecessary administrative burdens at the Federal level.

accomplishments:

- In June 1998, the CFO Council adopted a plan to reduce the number of grants payment systems used by the Federal Government. Members agreed to cease all new systems development and designated the HHS' Payment Management System (PMS) and Treasury's Automated Standard Application for Payment System (ASAP) for use by all Federal civilian agencies. A third system will handle all DOD organizations. By October 2002, only these three grant systems will be in use and all proprietary grants systems will be discontinued.
- The CFO Council's Grants Accounting Subcommittee provided guidance to OMB on accounting for cash advances to grantees. The Subcommittee recommended two methods to report cash advances: by individual grant or by agency pool.
- In June 1998, OMB revised Circulars A-21, "Cost Principles for Educational Institutions," and A-122, "Cost Principles for Non-Profit Organizations," to standardize the methods for determining the indirect cost

rate, which is the percentage of a Federal grant that may be used to cover facilities and administrative costs. OMB, with assistance from Federal agencies, also developed a draft standard format for educational institutions to use in submitting their indirect cost rate proposals. The format was released as a proposal for comment in June 1999.

- OMB issued annual revisions to the OMB Circular A-133 Compliance Supplement, which identifies compliance requirements for Federal programs and provides steps and procedures for more consistent audits of Federal awards, as required by the Single Audit Act Amendments of 1996. OMB Circular A-133, "Audits of States, Local Governments, and Nonprofit Organizations," includes compliance requirements for 119 programs.

future initiatives:

Streamline Grants Application, Management, and Reporting Processes

OMB and the Federal agencies will continue to study ways to streamline various grant procedures, i.e., design common forms for grant application and financial reporting, review the General Terms and Conditions for grants and contracts, and study the feasibility of creating a single grants-management circular.

Streamline Grants Payment Systems

ASAP is an all-electronic payment and information system that provides a single point of contact where grants recipients can directly request pre-authorized grant funds. Planned 1999 ASAP enhancements will:

- provide an agency review feature which allows a reasonableness check for payment requests;
- allow agencies to establish accounts at a more detailed level within a grant;
- provide additional cash management information;
- permit the routing of funds to multiple destinations using a single identification request;
- provide the ability to request a single payment for multiple accounts;
- provide an on-line messaging feature which produces system generated messages to users; and
- incorporate a Web Browser access pilot test.

Planned enhancements in 2000 will include Internet access for enrollment, payment requests, and user training.

PMS is an electronic centralized payment and information system used to process payments, perform cash management functions, and provide financial reporting data. Through PMS, HHS serves as the fiscal intermediary between awarding agencies and grants or contract recipients, processing over $165 billion in payments per year to more than 20,000 recipient organizations. A major redesign effort for PMS is currently underway. The re-engineered PMS will be Internet-accessible and provide greater payment control flexibility for participating Federal programs. The re-engineered PMS is currently undergoing acceptance testing and will be available in the near future.

Develop Grants Systems Requirements

The CFO Council's Committee on Grants Management and the Inter-Agency Electronic Grants Committee have jointly agreed to develop grants system requirements for the JFMIP.

Implement revised governmentwide audit requirements for grants (OMB Circular A-133)

Tasks:	***Milestones:***
Issue in 2000 a compliance supplement which updates 119 current programs and includes 15 additional Federal programs (OMB)	05/00

Develop an efficient, effective, and customer-oriented grant payment process

Tasks:	***Milestones:***
Complete enhancement to ASAP including agency review features, control accounts, cash management reports, multiple banking relationships, summary Fedwire payment, on-line messaging features, and Web Browser pilot (Treasury)	08/99
Complete redesign and enhancement to the HHS Payment Management System (HHS)	03/00
Complete ASAP enhancements, Internet training, and Internet enrollment (Treasury)	05/00
Establish policy for standardizing and consolidating grant payment systems (Treasury and CFO Council)	10/00
Offer ASAP or Payment Management System services to recipients (Agencies)	10/00
Implement grant payment systems (Agencies)	10/02

Complete a feasibility study for a single grants-management circular

Tasks:	***Milestones:***
Complete the feasibility study to combine the three cost circulars (OMB and agencies)	09/99
Perform a feasibility study to combine the two administrative circulars (OMB and agencies).	06/00
Perform a feasibility study to create a single-grants management circular (OMB and agencies)	12/00

Related Internet site for Chapter 6 topics:
http:// www.whitehouse.gov/OMB/grants/index.html

appendix I. internet addresses for FY 1998 pilot accountability reports

Table 10. Internet Addresses for 1998 Pilot Accountability Reports

Pilot Department or Agency	Publication Date	Internet Address
Education	**	http://www.ed.gov/offices/OCFO
DOE	3/1/99	http://www.cfo.doe.gov
HHS	2/26/99	http://www.hhs.gov/progorg/fin
HUD	3/26/99	http://www.hud.gov/cfo
DOI	4/19/99	http://www.doi.gov/pfm
DOJ	4/6/99	http://www.usdoj.gov/05publications/
DOL	5/14/99	http://www.dol.gov/dol/ocfo
State	**	http://www.state.gov/www/dept/fmp
Treasury	3/26/99	http://www.treas.gov/tcfo/finrep
VA	3/31/99	http://www.va.gov/cfo
AID	4/30/99	http://www.info.usaid.gov
FEMA	3/1/99	http://www.fema.gov/ofm
GSA	3/1/99	http://www.gsa.gov/staff/pa/annrpt/annrpt.htm
NASA	2/22/99	http://www.hq.nasa.gov
NRC	4/2/99	http://www.nrc.gov/NRC/planning
NSF	3/1/99	http://www.nsf.gov/bfa/dfm
OPM	**	
SSA	11/20/98	http://www.ssa.gov/finance

** Not received as of 6/30/99.

appendix II. FMFIA tables

Table 11 and 12 include the number of "material weak nesses," (section two of the FMFIA), and financial sys tem "non-conformances," (section four of the FMFIA), reported by agencies in their FY 1998 FMFIA or Accountability Reports. Section two reporting of material weaknesses refers to the overall adequacy and effectiveness of agency man agement controls. Section four reporting of non compliance refers to compli ance with governmentwide standards for financial sys tems.

Table 11. Section Two Reporting In Agency FMFIA Reports

Agency	Compliance		Number of Material Weaknesses			
	Yes	No	Pending as of 12/31/97	Newly Reported in 1998	Corrected in 1998	Pending as of 12/31/98
USDA	X*		37	5	14	28
Commerce	X*		4	0	0	4
DOD	X*		123	42	35	130
Education	X		5	0	1	4
DOE	X		9	2	2	9
HHS	X		9	2	1	6**
HUD	X*		9	1	0	6**
DOI	X		16	1	1	16
DOJ	X*		21	1	3	19
DOL	X		6	0	0	6
State	X*		12	0	2	10
DOT	X		1	0	0	1
Treasury	X*		37	14	23	28
VA	X		6	1	1	6
EPA	X		3	1	0	4
NASA	X		1	0	1	0
AID	X*		7	2	0	9
FEMA	X		1	0	0	1
GSA	X		7	1	2	6
NRC	X		0	0	0	0
NSF	X		0	0	0	0
OPM	X*		14	2	3	13
SBA	X		6	2	3	5
SSA	X		1	0	0	1
Total			**335**	**77**	**92**	**312**

NOTE: As reported to OMB by the agencies.

* These agencies provided reasonable assurance that their systems of management control comply with the objec tives of FMFIA section two except for weaknesses identified in their FMFIA or Accountability Reports.

**Excludes deficiencies formerly reported as material weaknesses that these agencies no longer consider material.

Table 12. Section Four Reporting In Agency FMFIA Reports

Agency	Compliance		Number of Material Non-Conformances			
	Yes	No	Pending as of 12/31/97	Newly Reported in 1998	Corrected in 1998	Pending as of 12/31/98
USDA		X	11	1	1	11
Commerce		X	0	1	0	1
DOD	X*		239**	0	47	192
Education	X*		2	0	0	2
DOE	X		1	0	0	1
HHS	X		0	0	0	0
HUD	X*		2	0	0	2
DOI	X		1	0	1	0
DOJ	X*		3	0	2	1
DOL	X		1	0	1	0
State		X	6	0	1	5
DOT	X		0	0	0	0
Treasury		X	14	25	7	32
VA	X*		4	0	0	4
EPA	X		0	0	0	0
NASA	X		0	0	0	0
AID		X	1	0	0	1
FEMA	X		3	0	0	3
GSA	X		1	2	0	3
NRC	X		0	0	0	0
NSF	X		0	0	0	0
OPM	X*		2	0	0	2
SBA		X	2	0	0	2
SSA	X		0	0	0	0
Total			**293**	**30**	**60**	**263**

NOTE: As reported to OMB by the agencies.

* These agencies report reasonable assurance except as noted and qualified in their FMFIA or Accountability Reports.

** The number reported "pending as of 12/31/97" in the June 1998 *Federal Financial Management Status Report and Five-Year Plan* has been changed.

appendix III. CFO organizations

The following table indicates for each CFO organization which have responsibility for budget formulation and execution; financial operations and analysis; and financial systems.

Table 13. Chief Financial Officer Organizations

Agency	Budget Formulation and Execution	Financial Operations and Analysis	Financial Systems
USDA		X	X
Commerce	X	X	X
DOD	X	X	X
Education		X	X
DOE	X	X	X
HHS	X	X	X
HUD	X	X	X
DOI	X	X	X
DOJ	X	X	X
DOL		X	X
State	X	X	X
DOT	X	X	X
Treasury	X	X	X
VA	X	X	X
AID		X	X
EPA	X	X	X
FEMA	X	X	X
GSA	X	X	X
NASA	X	X	X
NRC	X	X	X
NSF	X	X	
OPM	X	X	X
SBA	X	X	X
SSA	X	X	X

appendix IV.
federal receivables, contingent liabilities, and delinquent debt[1]

Table 14. Receivables And Delinquencies As Of September 30, 1998[1] (Dollars In Millions)

Agency	Guaranteed Loans Outstanding	Non-Credit Receivables	Loan Receivables[2]	Total Receivables	Total Delinquencies	Percent of Receivables Delinquent	Percent of Change in Delinquencies 1998 vs. 1997	Percent of Total Portfolio Delinquent
USDA	$21,477	$2,616	$101,776	$104,392	$6,371	6%	-15%	5%
DOC	$161	$30	$274	$304	$106	35%	10%	23%
DOD	$0	$5,330	$0	$5,330	$2,684	50%	-14%	50%
Education	$110,322	$709	$58,667	$59,376	$28,272	48%	28%	17%
DOE	$0	$6,837	$64	$6,901	$2,325	34%	0%	34%
HHS	$0	$9,781	$558	$10,240	$5,202	51%	25%	51%
HUD	$477,841	$937	$12,937	$13,874	$2,519	18%	53%	1%
DOI	$153	$4,409	$369	$4,778	$501	10%	-22%	10%
DOJ [3]	$0	$64	$0	$64	$48	75%	0%	75%
DOL	$0	$173	$0	$173	$100	58%	12%	58%
State	$0	$141	$4	$145	$11	8%	57%	8%
DOT	$2,855	$244	$565	$809	$214	26%	18%	6%
Treasury	$0	$180	$2,122	$2,302	$163	7%	-35%	7%
VA	$196,357	$1,436	$2,267	$3,703	$1,572	42%	-1%	1%
AID	$11,615	$12	$13,314	$13,326	$912	7%	-3%	4%
EPA	$1,121	$132	$1,253	$855	68%	28%	68%	
FEMA	$0	$103	$248	$351	$51	15%	89%	15%
GSA	$0	$46	$2	$48	$27	56%	-16%	56%
NASA	$0	$19	$0	$19	$8	42%	-43%	42%
NRC [4]	$0	$7	$0	$7	$2	29%	0%	29%
OPM	$0	$253	$0	$253	$106	42%	18%	42%
SBA	$37,499	$0	$9,478	$9,478	$1,727	18%	3%	4%
SSA	$0	$5,727	$0	$5,727	$835	15%	12%	15%
EX/IM Bank	$24,419	$9	$9,430	$9,439	$2,594	27%	-2%	8%
All Other	$8,204	$3,748	$17,386	$21,233	$2,801	13%	131%	10%
Total	**$890,903**	**$43,946**	**$229,593**	**$273,539**	**$60,003**	**22%**	**16%**	**5%**

1. This information was reported by Federal agencies on the *Treasury Report on Receivables Due from the Public*.

2. Loan receivables consist of direct loans and loans acquired as a result of claims paid on defaulted guaranteed loans.

3. Does not include the Federal Bureau of Investigation.

4. NRC delinquent debt averages 10 percent of receivables; however, because of NRC's annual billing cycle, with less than one percent of annual billings issued in September, fiscal year end delinquent debt equals 29 percent of the receivables.

Table 15. Collections And Write-Offs As Of September 30, 1998[1] (Dollars in Millions)

Agency	Non-Credit Receivables Collected	Loan Receivables Collected[2]	Total Receivables Collected	Total Write-Offs	Percent of Change in Collections 1998 vs. 1997
USDA	$2,060	$16,074	$18,134	$519	0%
Commerce	$129	$22	$151	$0	8%
DOD	$8,970	$0	$8,970	$151	-12%
Education	$56	$3,357	$3,413	$588	33%
DOE	$4,188	$8	$4,196	$17	-13%
HHS	$13,263	$30	$13,293	$87	21%
HUD	$2,912	$1,409	$4,321	$283	-39%
DOI	$934	$18	$952	$37	-23%
DOJ	$55	$0	$55	$9	-41%
DOL	$103	$0	$103	$19	-1%
State	$99	$0	$99	$0	-8%
DOT	$123	$18	$141	$34	-43%
Treasury	$1,395	$461	$1,856	$2	-36%
VA	$869	$1,369	$2,238	$219	9%
AID	$6	$386	$392	$1	57%
EPA	$475	$13	$489	$11	21%
FEMA	$14	$9	$23	$2	-56%
GSA	$336	$0	$336	$3	-80%
NASA	$98	$0	$98	$0	-25%
NRC	$459	$0	$459	$0	0%
OPM	$159	$0	$159	$4	-9%
SBA	$0	$1,656	$1,656	$486	1%
SSA	$1,925	$0	$1,925	$595	-11%
EX/IM Bank	$65	$1,197	$1,262	$42	-34%
All Other	$21,349	$1,545	$22,894	$1,395	-27%
Total	**$60,048**	**$27,572**	**$87,620**	**$4,504**	**-14%**

1. This information was reported by Federal agencies on the *Treasury Report on Receivables Due from the Public*.

2. Loan receivables consist of direct loans and loans acquired as a result of claims paid on defaulted guaranteed loans.

appendix V. financeNet objectives, tasks, and milestones

FinanceNet is a CFO Council communication tool accessed through the Internet which is widely used by the Federal Government's financial management community.

Develop means for Federal financial management personnel to share information	
Tasks:	***Milestones:***
Develop a governmentwide committee to investigate building a common pooled database of all agency surplus property (FinanceNet andAgencies)	10/00
Explore development of Internet communications tools at the operational levels among vendors, oversight agencies, and financial management personnel to open dialogue and share information (FinanceNet, Agencies, and Vendors)	07/02
Expand interface with agencies via the FinanceNet Technical Working Group to receive more relevant and timely electronic information and improve CFO Council awareness (FinanceNet and Agencies)	07/02
Develop a new electronic, automated on-line library/database of financial management "best practices," policies, performance measures, etc. (FinanceNet, JFMIP, and Agencies)	10/02
Explore an expansion of FinanceNet's Internet-based communications tools, groupware and database services to collaborate within and between committees and working groups of various intergovernmental organizations and associations (FinanceNet and Organizations)	10/02
Develop standards for governmentwide collaboration on the Internet with affinity groups such as the CIO Council (FinanceNet and Agencies)	10/02
Explore development of an Internet "clearinghouse" of education, training initiatives, and governmentwide jobs in financial management (FinanceNet and Agencies)	10/03

appendix VI. franchise fund pilot program

The Government Management Reform Act (GMRA) of 1994 authorized the establishment of franchise fund pilots to provide common administrative services on a competitive basis. Franchises strive to enhance efficiency by providing best-value administrative services to Federal customers. Franchise fund managers utilize a set of fundamental "Business Operating Principles," which encourage full cost recovery, competition, performance measurement, and benchmarking. As required by GMRA, OMB and the CFO Council issued an interim report during 1998 on the pilot program and progress made in implementing these principles.

Franchise funds seek to achieve efficiencies and reduce costs by achieving economies of scale and improving service delivery through streamlined operations, investment in information technology, and improved accuracy in cost accounting. The variety of services provided by franchises fund pilots is illustrated in Table 16.

future initiative:

The Entrepreneurial Government Committee continues to monitor franchise fund pilot performance. A subcommittee has been formed to re-evaluate the pilot program and the overall effectiveness of the franchising concept in anticipation of the pilot's sunset date on October 1, 2001.

Table 16. Franchise Fund Pilot Services

Agency	Services Provided
Commerce	Information Technology; Administrative and Financial Management
HHS	Occupational Health
DOI	Administrative Systems and System Support; Administrative Operations; General Purpose Computing; Accounting Operations; Internet Support; Training and Development; Facilities Management; Drug and Alcohol Testing; Audio and Visual Center; Cooperative Administrative Support Unit Services
Treasury	Financial Education and Training; Financial Management and Consulting; Accounting; Personnel and Procurement Services; Background Investigations; Computer and Information Technology Services
VA	Automated Data Processing and Business Support Systems; Law Enforcement Training; Security Investigations Processing; Payroll and Finance; Secure Records Storage; Debt Management Services
EPA	Data Processing and Telecommunications; Network Services; Postal Delivery and Postage Services

CFO Act agencies

USDA	Department of Agriculture
Commerce	Department of Commerce
DOD	Department of Defense
Education	Department of Education
DOE	Department of Energy
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
DOI	Department of the Interior
DOJ	Department of Justice
DOL	Department of Labor
State	Department of State
DOT	Department of Transportation
Treasury	Department of the Treasury
VA	Department of Veterans Affairs
AID	Agency for International Development
EPA	Environmental Protection Agency
FEMA	Federal Emergency Management Agency
GSA	General Services Administration
NASA	National Aeronautics and Space Administration
NSF	National Science Foundation
NRC	Nuclear Regulatory Commission
OPM	Office of Personnel Management
SBA	Small Business Administration
SSA	Social Security Administration

general abbreviations

AAPC	Accounting and Auditing Policy Committee
ACH	Automated Clearing House
AGA	Association of Government Accountants
ASAP	Treasury's Automated Standard Application for Payment System
CCR	Central Contractor Database
CFO	Chief Financial Officer
CFO Act	Chief Financial Officers Act of 1990
CIO	Chief Information Officer
CNC	Currently Not Collectible
EBT	Electronic Benefits Transfer
ECIE	Executive Council on Integrity and Efficiency
EDI	Electronic Data Interchange
EFT	Electronic Funds Transfer
EFTPS	Electronic Federal Tax Payment System
EPIC	Electronic Processes Initiatives Committee
ETA	Electronic Transfer Account
DCIA	Debt Collection Improvement Act of 1996
ECIE	Executive Council on Integrity and Efficiency
FACTS	Federal Agencies' Centralized Trial Balance System
FASAB	Federal Accounting Standards Advisory Board
FCPWG	Federal Credit Policy Working Group
FFMIA	Federal Financial Management Improvement Act of 1996
FITEC	Financial Implementation Team for Electronic Commerce
FMFIA	Federal Managers' Financial Integrity Act of 1982
FMS	Financial Management Service
FTTI	Federal Training Technology Initiative
FY	Fiscal Year
GAO	General Accounting Office
GMRA	Government Management Reform Act of 1994
GOALS	Government Online Accounting Link System
GPRA	Government Performance and Results Act of 1993
HCFA	Health Care Financing Administration
HRC	Human Resources Committee
IG	Inspector General
IPAC	Intra-governmental Payment and Collection System
ITRB	Information Technology Resource Board
IRS	Internal Revenue Service
JFMIP	Joint Financial Management Improvement Program
NIST	National Institute of Standards and Technology
NPR	National Partnership for Reinventing Government (formerly National Performance Review)
OMB	Office of Management and Budget
PCIE	President's Council on Integrity and Efficiency
PMO	Program Management Office
PMS	Payment Management System
POS	Point of Sale
PP&E	Property, Plant, and Equipment
RMP	Royalty Management Program
SFPCS	Single Family Premium Collection System
SGL	Standard General Ledger
TIN	Taxpayer Identification Number
TOP	Treasury Offset Program