
JOINT FINANCIAL MANAGEMENT
IMPROVEMENT PROGRAM



*1990 Report on
Financial Management Improvements*

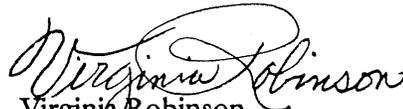
Preface

This *1990 Report on Financial Management Improvements* by the Joint Financial Management Improvement Program (JFMIP) highlights agencies' accomplishments in improving their financial management systems and operations. By disseminating this information by means of this annual report, JFMIP fulfills one of its primary roles to act as a catalyst for improving financial management policies and practices governmentwide.

I commend the agencies identified in this report for their accomplishments in 1990. The accomplishments reported herein serve both to document quality financial management improvements and facilitate their consideration for application in other agency's operations. I encourage agencies to request additional information on accomplishments cited by this report by contacting either JFMIP or the indicated agency sources.

I want to thank all agency officials who contributed to this annual report and to congratulate those whose personal efforts resulted in these improvements. Our continued efforts are needed to fulfill the requirements of the recently enacted Chief Financial Officers Act of 1990 to develop and implement a comprehensive program of financial management improvement throughout the government.

I look forward to hearing from you on future financial management improvements, and I appreciate your continuing support.


Virginia Robinson
Executive Director

June 1991

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Joint Financial Management Improvement Program

BACKGROUND

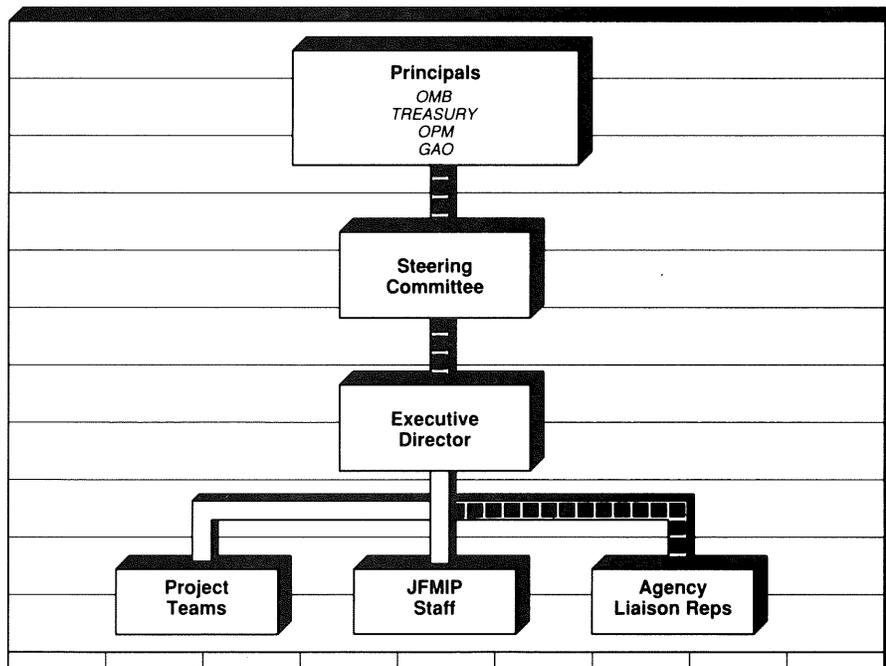
The Joint Financial Management Improvement Program (JFMIP) is a joint and cooperative undertaking of the Department of the Treasury, Office of Management and Budget, Office of Personnel Management, and the General Accounting Office, working with each other and operating agencies to improve financial management practices and policies throughout the government. The JFMIP was begun in 1948 by the Secretary of the Treasury, Director of the Bureau of the Budget, and the Comptroller General of the U.S.; it was given statutory authorization in the Budget and Accounting Procedures

Act of 1950. The former Civil Service Commission, now the Office of Personnel Management, joined the JFMIP's sponsorship in 1966. The JFMIP receives its leadership and guidance from four Principals: Secretary of the Treasury Nicholas F. Brady, Office of Management and Budget Director Richard G. Darman, Office of Personnel Management Director Constance B. Newman, and Comptroller General Charles A. Bowsher.

The JFMIP is administered by a Steering Committee, which is comprised of representatives of the Principals, the Executive Director of JFMIP, and a representative from a program agency. Through March 1990, the Department of Health

and Human Services represented the program agencies on the Steering Committee; since April 1990, program agencies have been represented by the Department of Defense. Appendix A lists the JFMIP officials and staff in 1990.

Under the guidance of the Steering Committee, the JFMIP staff develops, directs, and undertakes improvement programs and projects. These efforts depend upon the active participation of personnel from the four central agencies and the operating agencies. To facilitate this cooperative approach, liaison representatives are designated for each federal agency. Appendix B lists these liaison representatives.



The JFMIP's projects include special studies to resolve specific problems with governmentwide application. Such studies are often performed by interagency project teams consisting of staff from both the central and program agencies. In addition, JFMIP advises on specific financial management problems by suggesting referral to a source of expertise, referral to the central agencies, or by informal consultation.

The JFMIP acts as a clearinghouse for sharing and disseminating good financial management techniques and technologies. The JFMIP sponsors conferences and workshops, publishes a quarterly news bulletin, and prepares informative documents on good financial management practices. Appendix C lists publications in 1990 and other available publications.

JFMIP PROJECTS COMPLETED AND UNDERWAY

Personnel/Payroll Systems Requirements

The JFMIP document *Personnel/Payroll System Requirements* was issued in May 1990. These requirements expand on the JFMIP *Core Financial System Requirements* issued in January 1988, by establishing functional requirements for one of the subsidiary systems of a financial management system. This document may be used when developing a new personnel/payroll system or improving or evaluating a

current system. The personnel management functional requirements relate to initiating and maintaining the compensation of employees and cover such personnel activities as position requirements, classification and recruitment, compensation, benefits and separation, and retirement. The payroll function is part of the compensation activity of the personnel management function and links it to financial management systems.

Travel System Requirements

The JFMIP document on *Travel System Requirements* was issued in January 1991. This document is the third in a series that describes functional requirements for a financial management system; it expands on the JFMIP *Core Financial System Requirements*, the first document in the series. These functional requirements are to be used by agencies in planning improvements to their financial systems. The document depicts and describes a financial management framework and the implementation of these functional requirements, and it describes functional requirements for such areas of a travel system as authorization, advances, and vouchers.

Standardization of Financial Information

A draft report has been prepared on the *Project on Standardization of Basic Financial Information Requirements of Central Agencies*. The report makes recommendations concerning

- (1) standard terms and definitions

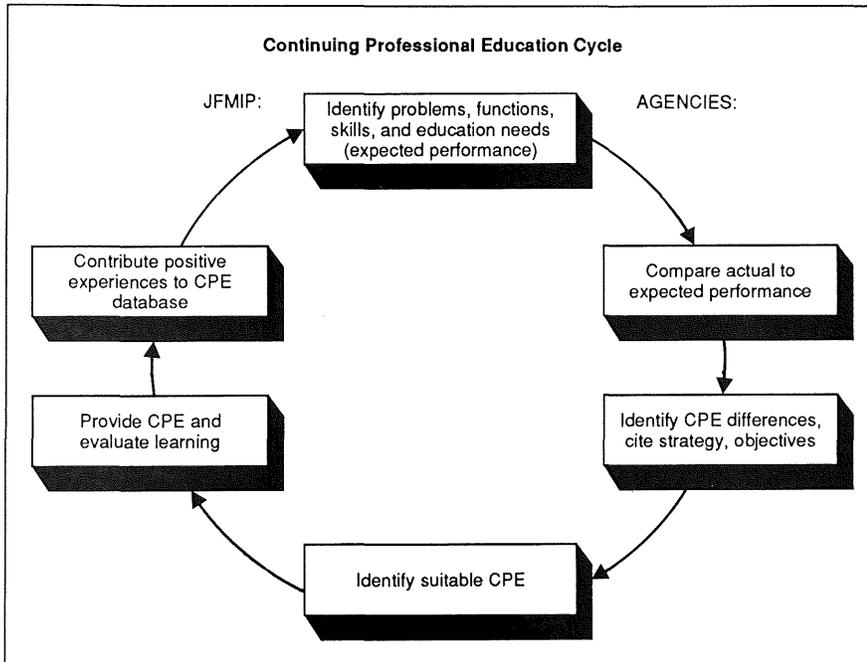
- (2) minimum uniform financial information requirements of the central agencies. The study results are to serve as a basis for designing the data base system of a future central data bank through which uniform input from operating agencies will be made to the central agencies. The data base will contain both accounting and budgetary information.

Government Accountants' Continuing Professional Education

The JFMIP issued a report on *Continuing Professional Education: Federal GS-510 Accountants' Report*. The report recommends that agency management support a continuing education policy for federal accountants and that GS-510 position descriptions provide for 80 hours of relevant continuing education every 2 years. It also recommends that OMB support such a policy and provide monetary commitment to it, and that OPM incorporate the functions of accountants as described in the report into the GS-510 classification standard. In addition, a *Continuing Professional Education: Federal GS-510 Accountants' Report, Compendium of Courses*, has been drafted. It includes government and non-government courses for accountants and will be distributed as an aid to agencies and accountants to inform them of available courses.

The following illustration of a continuing professional education model shows what this project

accomplished and what agency financial management and education specialists need to do to complete the continuing education cycle. It illustrates the cycle for the development, implementation, and evaluation of continuing professional education.



Financial Handbook for Federal Executives and Managers

The JFMIP first issued this handbook in 1981 and revised and updated it in 1984 to help non-financial managers understand financial management and to encourage a closer working relationship among financial and nonfinancial managers. A current draft reflects the latest developments in financial management activities, and it will be sent to selected program offices and to the JFMIP Steering Committee for comment before general distribution is made.

[For project information, contact JFMIP, (202) 376-5415]

INFORMATION EXCHANGE

Briefings and Presentations

The JFMIP staff participated in workshops, seminars, and forums throughout the year to disseminate information on current financial management issues.

The Executive Director and staff met with federal financial managers to share information on financial management activities, discuss ongoing JFMIP efforts, and seek ideas for future projects. The agencies visited in 1990 included the Department of Education, Federal Emergency Management Agency, U.S. Geological Survey, Internal

Revenue Service, Library of Congress, National Aeronautics and Space Administration, and Securities and Exchange Commission. In addition, meetings were held with individual financial managers on specific issues.

The JFMIP participated in meetings with the Chief Financial Officers Council; the Federal Financial Managers' Council, which consists of senior financial managers from large federal departments and agencies; and the Comptrollers Roundtable, which represents top financial officials from federal independent agencies. In addition, JFMIP interacted during 1990 with the President's Council on Management Improvement, President's Council on Integrity and Efficiency, and National Intergovernmental Audit Forum. Interagency council activities are summarized in Chapter 2.

The JFMIP continued to be active in the international community by meeting or exchanging information with financial managers or representatives from Australia, Canada, France, Pakistan, South Africa, Sweden, and the United Kingdom. In addition, JFMIP staff members briefed student auditors from third world countries, and attended meetings of the Institute of International Auditors Board of Governors and the International Consortium on Financial Management.

The JFMIP participated in meetings with House and Senate Subcommittees on drafting the legislation that led to the Chief Financial Officers Act of 1990 and also worked with the Inter-

governmental Task Force on Cash Management which was instrumental in the development and passage of the Cash Management Improvement Act of 1990.

JFMIP News Bulletin

Since 1970, JFMIP has published a quarterly news bulletin to provide current information on financial management activities and developments. Articles cover a broad range of topics including central agency initiatives, financial

system operations and developments, cash and credit management, and training.

Annual Report

The JFMIP annual report summarizes the activities of JFMIP during the year and highlights the accomplishments of the central agencies and individual departments and agencies in financial management activities and operations. The JFMIP has published an annual report since 1950.

Financial Management Directory

JFMIP's *Directory for Financial Managers* facilitates the interchange of financial management information by making available the names of financial management offices and officials to the financial management community. The directory was first published in 1973, with the most recent directory published in the Fall 1990.



19th Annual Financial Management Conference, March 1990. Left to Right:

Senator John H. Glenn, Jr.; Richard Willett, Grant Thornton; Assistant Secretary of the Interior Lou Gallegos; Edward Guss, Office of Personnel Management; Jimmie Brown, Office of Management and Budget; Secretary of Interior Manuel Lujan, Jr.; Fiscal Assistant Secretary of the Treasury Gerald Murphy; Scantlebury Award winner Dr. William Kendig, Department of the Interior; N. Anthony Calhoun, District of Columbia; Scantlebury Award winner Ellen O'Connor, Commonwealth of Massachusetts; Deputy Assistant Secretary, Finance Dennis Fischer, Department of Health and Human Services; Comptroller General of the United States Charles A. Bowers; Director of the Office of Personnel Management Constance B. Newman; Executive Associate Director of the Office of Management and Budget Frank Hodsohl; Assistant Comptroller General Donald H. Chapin; and Virginia B. Robinson, Executive Director, JFMIP.

Annual Conference

The JFMIP sponsors an annual financial management conference to address current issues in financial management policies and practices within the government. An estimated 700 people from the federal, state, and local governments and the private sector attended JFMIP's 19th Annual Conference held on March 5, 1990, in Washington, D.C. The theme of the conference was *Management Control in the 90s—A New Agenda*.

The keynote addresses were presented by Robert Glauber, Under Secretary of the Treasury for Finance, and Senator John Glenn. Under Secretary Glauber highlighted financial management and related economic issues from the Treasury's perspective, and Senator Glenn discussed management control initiatives and the status of the then-proposed legislation for Chief Financial Officers in the federal government. Jack Kemp, Secretary of the Department of Housing and Urban Development, in a videotape address stated that HUD is undertaking reforms in three areas: ethics, management and finance, and the Federal Housing Administration.

Two of the JFMIP Principals—Constance Newman, Director, Office of Personnel Management, and Charles Bowsher, Comptroller General of the United States—made brief remarks during the luncheon session. The Principals noted the key roles played by financial managers for accomplishing the goals and objectives of the government and the need to attract, train and retain

the best people in the financial management field.

The three panel sessions of the conference covered financial statements, accountability for government resources, and prescriptions for systems success.

One of the highlights of the conference was the presentation of the 1989 Donald L. Scantlebury Memorial Awards for distinguished leadership in financial management improvement. The award recognizes individuals who make a profound impact on financial management in both the private and public sectors. Gerald Murphy, Fiscal Assistant Secretary, Department of the Treasury, presented the 1989 awards to Ellen O'Connor, Budget Director, Fiscal Affairs Division, Executive Office for Administration and Finance, Commonwealth of Massachusetts; and Dr. William L. Kendig, Director of Financial Management, U.S. Department of the Interior.

The conference proceedings were published in 1990.

Conference on Audited Financial Statements

On September 18, 1990, the Chief Financial Officers Council and JFMIP jointly sponsored a conference entitled *Implementing the Administration's Plan for Audited Financial Statements in the Federal Government*. The keynote addresses were presented by Frank Hodsoll, Chief Financial Officer of the U. S., on "The Administration's Five Point Program" for accounting standards, information and systems standards, agency financial systems, central agency financial systems, and audited financial statements; and by

Donald Chapin, Assistant Comptroller General for Accounting and Financial Management, on the "General Accounting Office's Perspective on Audited Financial Statements."

In morning presentations and afternoon workshop sessions, government agency financial management representatives and, as appropriate, representatives from the General Accounting Office, offices of inspectors general, and independent auditing firms discussed the implementation of audited financial statements by the General Services Administration, the Department of Labor, the Social Security Administration (Department of Health and Human Services), and the Department of Veterans Affairs.

The conference proceedings were published in 1990.

Initiatives to Improve Financial Management Governmentwide

PASSAGE OF FINANCIAL MANAGEMENT LEGISLATION

During 1990, the 101st Congress passed several items of legislation that will have an impact on federal financial managers. The areas include:

- Chief Financial Officers
- Cash Management
- Credit Management
- Debt Collection
- “M” or merged Account

Chief Financial Officers

The passage of the Chief Financial Officers Act of 1990 (Public Law 101-576) was the most significant financial management event of 1990. The new law is the most comprehensive financial management reform legislation since the Budget and Accounting Procedures Act of 1950. The CFOs Act will bring more effective general and financial management practices to the federal government; and provide for the improvement of the government’s financial management, accounting and internal control systems. It provides for the production of complete, reliable, timely, and consistent financial information for use by the executive branch and the Congress in the financing, management, and evaluation of federal programs. Bipartisan support in the Senate Governmental Affairs Committee and the House Committee on

Government Operations enabled passage of the legislation.

The CFOs Act addresses the need for strengthened financial management leadership, long-range planning, annual preparation and audit of financial statements, and strengthened management reporting. It establishes an executive OMB Deputy Director for Management (level II) and a Controller (level III) who will direct a newly established Office of Federal Financial Management. The Act also requires the 14 cabinet departments and 9 agencies to establish CFOs.

Long-range planning is strengthened by requiring OMB to develop and annually update a 5-year governmentwide financial management improvement plan. The agency CFOs must develop plans to implement the governmentwide plans. This planning process is intended to focus on long-term solutions to financial management problems involving systems, resources, and personnel and result in a strengthened financial management structure.

All agencies subject to the CFOs Act must prepare annual financial statements that are audited for their revolving and trust funds and also, to the extent practicable, for commercial activities beginning with fiscal year 1991. The act gives OMB discretion to grant waivers for fiscal year 1991 to give agencies time to make a good first effort. Additionally, the act establishes a pilot program of agencywide financial statements for fiscal years 1990-1992. The Departments of

Agriculture, Labor, and Veterans Affairs, the General Services Administration and the Social Security Administration must prepare financial statements that are audited for all 3 years of the pilot project. The Departments of Housing and Urban Development and the Army are included for 1991 and 1992. The Department of the Air Force, the Customs Service, and the Internal Revenue Service are added for the final year.

At the conclusion of the pilot program in June 1993, OMB must provide a report to the Congress describing the benefits, costs, and any difficulties of preparing and auditing financial statements. The law requires the Congress to consider a joint resolution which, if passed, would affirm the concept of agencywide financial statements.

Accountability will be enhanced through management reporting by the agency CFOs as well as OMB. Agency reports, addressed to the agency head and OMB, will include an analysis of financial status, financial statements, audit reports, a summary of material weaknesses identified in the agency’s Financial Integrity Act report, and other information which interprets the financial information. Agencies are to develop performance measures to assess accomplishments. The OMB report will summarize agencies’ experiences in preparing and auditing financial statements and discuss the status of federal financial management. Additionally, it will accompany the updated 5-year financial management plan.

Government corporations gain new responsibilities under the act. They must arrange for annual audits of their financial statements, prepare annual reports similar to reports executive agencies prepare under the Federal Managers' Financial Integrity Act, and prepare annual management reports.

[Albert Seferian, OMB, (202) 395-3993 or Jeffrey Steinhoff, GAO, (202) 275-9454]

Cash Management

The Cash Management Improvement Act of 1990 (Public Law 101-453) is intended to ensure greater efficiency, effectiveness, and equity in the exchange of funds between the federal government and the states. The act requires that interest be paid by one party to the other if funds are received late for payment or funds are withdrawn early.

The Act centralizes authorities for the management of fund disbursements in the Secretary of the Treasury. The Secretary is authorized to regulate and enforce timely disbursement of billions of dollars annually by federal agencies for financial assistance programs and to negotiate and monitor agreements with the states for the efficient transfer of federal assistance funds. The states are required to pay interest on federal assistance funds drawn prior to the actual disbursement to program beneficiaries and to receive interest on federal reimbursements that are paid late. This interest provision will become effective in October 1992 (2 years after enactment of the law) and a federal agency which fails to

fund its programs in a timely manner could be penalized at the Secretary's discretion an amount equal to the cost incurred to the U.S. Treasury. The overall goal of this legislation is to ensure there is no interest exchanged between the federal government and the states. By controlling early withdrawal of the federal assistance funds by states, it is estimated that annual savings of millions of dollars will accrue to the Treasury. [Doug Seabright, FMS, (202) 287-0751]

Credit Management

The Federal Credit Reform Act of 1990 was enacted to:

- measure more accurately the costs of federal credit programs,
- place the cost of credit programs on a budgetary basis equivalent to other federal spending,
- encourage the delivery of benefits in the form most appropriate to the needs of beneficiaries, and
- improve the allocation of resources among credit programs and between credit and other spending programs.

A major provision in this act gives visibility to guaranteed loans and requires agencies to establish controls over guaranteed loans. Effective for all direct and guaranteed loans made after October 1, 1991, and all rescheduled loans, credit reform will require substantial changes in agency operations and systems. As agencies will have to track pre- and post-credit reform loans, much more information on

each loan will need to be captured and manipulated in order to derive cash inflows and outflows. New accounts will have to be established; and the financial statements, such as the SF 220-8 and 220-9, the U.S. Government Standard General Ledger, and budget reports will have to be modified. The Office of Management and Budget and the Financial Management Service are expanding capabilities of current systems to handle credit reform requirements and budgeting for systems changes.

[Tom Stack, OMB, (202) 395-3066, Thurman Cary, FMS, (202) 208-1751 for accounting issues or Kathleen Downs, FMS, (202) 287-0642 for credit-related issues]

Debt Collection

The Federal Debt Collection Procedures Act of 1990 established a uniform process through the court system for collecting debts that are owed to the federal government. The act improves the prospects for federal collections by providing for uniform procedures for enforcing judgments to collect federal debt. [Richard Green, OMB, (202) 395-3993]

“M” or Merged Accounts

Section 1045 of the National Defense Authorization Act has a provision that will eliminate “M” or merged accounts. The legislation also states that agencies must account for obligations of appropriation accounts for 5 years after the account has expired. [Frank Stidman, OMB (202) 395-3993]

**FEDERAL
ACCOUNTING
STANDARDS
ADVISORY BOARD**

During 1990, the Comptroller General, the Director of the Office of Management and Budget, and the Secretary of the Treasury agreed to a new structure and process for setting and implementing federal sector accounting standards.

These three JFMIP Principals agreed to sponsor a Federal Accounting Standards Advisory Board (FASAB) responsible for

recommending accounting standards to be issued. The Board is required to follow certain due-process procedures for the purpose of operating in full and open view and to encourage all interested parties to participate in the standard-setting process.

The nine members of the Board include:

- one GAO member,
- one OMB member,
- one Treasury member,
- one Congressional Budget Office member,

- one member from the defense and international agencies,
- one member from the civilian agencies, and
- three non-federal members, one of whom chairs the committee, selected from among the general financial community, the accounting and auditing community, and academia.

An Executive Director and professional staff will support the Board. The Board and the staff began operations in early 1991. [Ronald Young, FASAB, (202) 275-9578]



Charles A. Bowsher, Comptroller General of the United States; Nicholas F. Brady, Secretary of the Treasury; and Richard G. Darman, Director of the Office of Management and Budget.

OFFICE OF MANAGEMENT AND BUDGET

The Office of Management and Budget (OMB) reported progress in improving financial management, but also reported much remains to be done. Financial management issues account for over one-third of the high risk areas reported in the fiscal year 1992 budget. The situation is still evolving from the early 1980s when federal cash flows were not under control and there was no comprehensive federal credit and debt collection policy. Furthermore, the government had over 500 financial systems, many of them antiquated, incompatible, or redundant, and many not in compliance with applicable accounting standards. The Administration's efforts have been strongly reinforced by a series of cooperative efforts with Congress to produce needed legislation.

OMB's Five Point Program

Building upon progress made in recent years to improve financial management systems and operations, OMB launched a comprehensive program to hasten the pace of financial management actions. Announced in May 1990, this program has achieved results in five targeted areas.

- *Accounting Standards* - On October 10, 1990, the Secretary of the Treasury, the Director of OMB, and the Comptroller General signed a memorandum of understanding establishing a

Federal Accounting Standards Advisory Board (FASAB). FASAB allows the federal government, for the first time, to develop comprehensive accounting standards through a public process. For further information, see the previous section on Federal Accounting Standards Advisory Board. [Ronald Young, FASAB, (202) 275-9578]

- *Financial Information and Functional Standards* - To improve financial management information standards, the central financial agencies—OMB and the Financial Management Service within the Department of the Treasury—will build upon the work underway by the JFMIP and complete the defining of standard data elements essential for a database to produce OMB and Treasury reports. Program agencies will incorporate these standard elements into their systems modernization efforts during the period 1991-1995. [Kenneth Winne, JFMIP, (202) 376-5415 or Frank Stidman, OMB, (202) 395-3993]
 - *Agency Financial Systems* - Standard functional requirements for systems will set forth the general functions to be performed by an agency's accounting system. They will augment the existing *Core Financial Systems Standards* issued in 1988 and functional standards for subsystems. Agencies currently prepare 5-year financial system improvement plans as directed by OMB. OMB is working on the evaluation and improvement of this planning process. In order to improve
- funding recommendations and policy guidance, in September 1990 OMB-led interagency teams, comprised of representatives from the Financial Management Service of the Department of the Treasury and five agencies, reviewed the financial systems plans of the Departments of Agriculture, Commerce, Transportation, and Veterans Affairs, and the Internal Revenue Service. In addition to agency-specific improvements, these reviews indicated the need for better integration of program and financial data, and for stronger OMB policy guidance, requirements, and monitoring. In 1991, OMB will address these needs and undertake additional agency reviews. [Edward Chase, OMB (202) 395-3066, or Mary Lee Mason, Treasury, (202) 208-1393]
- *Central Agency Systems* - Treasury and OMB have embarked on a major project to integrate their financial databases by 1994. The single system would provide a uniform source of financial and budget information. To achieve this objective, the system design will permit electronic entry of budget execution data into Treasury's database. The first step, automating budget execution data through use of a Treasury data base, has already been implemented. [Frank Stidman, OMB, (202) 395-3993]
 - *Audited Financial Statements* - The Administration's program for audited financial statements will be implemented through the Chief Financial Officers Act of 1990. OMB views the capacity to

provide audited financial statements as a necessary task in developing a disciplined financial management program. [Richard Green, OMB, (202) 395-3993]

Credit Management

At the end of 1990, the government's loan portfolio totaled about \$840 billion, of which \$210 billion was in direct loans and \$630 billion in guaranteed loans. The administration and the Congress have worked to strengthen management of this portfolio by improving organizational capacity, improving the quality of information provided to decisionmakers, and helping agencies reduce their risk exposure.

- *Improved Organizational Capacity* - The CFOs Act identifies systems for credit management as one of the responsibilities of the agency chief financial officers, and it complements an administration initiative to strengthen the technical qualifications of credit staff. Since June 1990, the Federal Credit Policy Working Group, chaired by OMB, has been working on a core training curriculum and certification standards for federal credit professionals. The initial curriculum and standards will be issued by June 1991.
- *Improved Information for Decisionmakers* - The Omnibus Budget Reconciliation Act of 1990 reforms credit budgeting by requiring calculation of, and annual appropriations for, the subsidies inherent in direct and guaranteed loan programs.

Beginning in 1992, budgets will reflect the real costs of government credit. Credit reform will require credit agencies to become more accurate and accountable; there will be budget consequences for inaccuracy after 1994. In addition, the budget sets out, for the first time, allowances for doubtful debt for the government's existing direct and guaranteed loan portfolios. Further, OMB's Five-Point Program directly addresses the need for more accurate, consistent, and meaningful financial information on the government's credit programs, and the CFOs Act requires, no later than 1992, annual audited financial statements for all credit programs.

- *Reduced Risk Exposure* - In November 1990, OMB issued policy guidance regarding management of the government's guaranteed loan programs. This policy guidance resulted from an intensive, governmentwide study of ways to reduce the government's risk of losses from its \$630 billion guaranteed loan portfolio. The policy guidance sets out extensive requirements for lender qualification, standard lender agreements, lender reviews, portfolio management, inventory management, and asset disposition. In addition, through the Federal Credit Policy Working Group, OMB has developed "Early Warning Reports" that highlight, for each major credit agency, significant trends in portfolio performance and relevant economic indicators. These quarterly reports help to ensure

that senior agency and credit officials have timely information on actual or potential problems in their credit programs. [Tom Stack, OMB, (202) 395-3066]

Cash Management

The Administration's goal is to convert the government's \$2 trillion plus annual cash flow, to the maximum feasible extent, to a fully electronic payment and collection system. This effort will save administrative costs, reduce borrowing, and improve service to the public.

Payments -

- A series of demonstration projects, started in 1990, are currently testing delivery of federal benefits through automated teller machines and point-of-sale terminals. Aggressive implementation of the Prompt Payment Act has resulted in over 90 percent of federal payments to vendors being made on time, avoiding interest and late payment penalties. (This compares with 84 percent of federal payments made on time in 1986.) In addition, OMB strongly supports agency use of electronic payments through Vendor Express and the GSA Small Purchase Card. These efforts to improve the government's payment systems have been reinforced by the Cash Management Improvement Act of 1990 and the Food, Agriculture, Conservation, and Trade Act of 1990. The latter act requires establishment of electronic benefit transfer standards for the Food Stamp Program by April 1992.

Collections -

- The Federal Debt Collection Procedures Act of 1990 improves the prospects for federal collections of debt. The Federal Tax Deposit Redesign Project now in its testing phase and scheduled for completion in 1994 will automate the receipt, processing, and deposit of nearly \$1 trillion in annual employer tax deposits. In addition, the Internal Revenue Service is studying the feasibility of offsetting tax refunds to businesses with delinquent federal debt. OMB and the Department of the Treasury are working closely with agencies to implement mechanisms such as those involving lockboxes, pre-authorized debits, and credit/debit cards. [John Galligan, OMB, (202) 395-3066]

Expired Accounts Legislation

During the summer and fall of 1990, OMB worked with the Congress to address concerns that inadequate controls over expired appropriation accounts had allowed inappropriate uses of the funds in these accounts. Comprehensive reform legislation was enacted as part of the National Defense Authorization Act of 1990. See previous section on "Passage of Financial Management Legislation" for further information. In January 1991, OMB issued government-wide guidance through OMB Bulletin 91-07 for implementation of the legislation. [Frank Stidman, OMB, (202) 395-3993]

Cost Accounting Standards

The Cost Accounting Standards (CAS) Board, authorized by the Office of Federal Procurement Policy Act Amendments of 1988, was established in July 1990 to improve the consistency and accuracy of the cost accounting practices of firms doing business with the government. The Board has exclusive statutory authority to make, promulgate, amend and rescind cost accounting standards and interpretations of those standards. It is chaired by the OFPP Administrator and includes two private sector members and two other government members.

As its first priority, the Board plans to recodify the two rules in the Code of Federal Regulations affecting cost accounting standards into one coherent and logical rule. The Board has decided to apply existing cost accounting standards to contracts of the civilian procurement agencies (national defense contracts are currently subject to CAS), and it has agreed to establish a set of research priorities.

To provide for maximum public participation in helping the Board determine the major areas of its focus over the next year, recommended agenda items were solicited in November 1990 from affected contractors, federal agencies, and the general public. [Richard Loeb, OMB, (202) 395-3300]

Budgeting Initiatives

A number of initiatives, with both substantive and presentational impact, were included in the 1992

budget. Many of them were related to requirements of the Balanced Budget and Emergency Deficit Control Act of 1985, as amended by the Budget Enforcement Act of 1990. The requirements, which are explained in more detail in the budget, are highlighted below.

- The levels of discretionary spending in each of the three categories with spending limits—domestic, international, and defense—are within the caps specified for those categories for all years covered by the budget, after making the adjustments required by law.
- Proposed changes in direct spending and receipts, in total, are deficit neutral or reduce the deficit.
- The budget includes the sequestration preview report required to be submitted concurrently with the budget.
- The budget includes an analysis of the financial condition of the government-sponsored enterprises and the financial exposure of the government.
- Current services estimates are consistent with the estimates in the sequester preview report and with the discretionary caps.
- The budget treatment for credit programs reflects the requirements of the Federal Credit Reform Act of 1990, enacted as a part of the Budget Enforcement Act.
- The budget treatment for budget authority is consistent with the new definition of budget authority.

The new treatment for credit programs and the redefinition of budget authority are discussed further below.

Federal Credit Reform

The 1992 budget reflects the enactment of the Federal Credit Reform Act of 1990, which made significant changes in the methods of budgeting and accounting for federal credit programs. Beginning in 1992, a credit program's estimated subsidy costs for direct and guaranteed loans will be included in the outlays of the program, agency, and function. The remaining unsubsidized cash flows will be recorded in separate financing accounts, which will not be included in the budget totals. In this way, the effect of credit programs on total budget outlays and the budget deficit will be determined by the amount of the subsidy cost.

For most programs, direct loan obligations and guaranteed loan commitments cannot be made unless appropriations for the subsidy cost are provided in advance in appropriations acts. Annual limitations on the amount of obligations for direct loans and commitments for guaranteed loans are also proposed in appropriations language in the 1992 budget.

Subsidy appropriations, calculated on a net present value basis, are recorded as budget authority in credit program accounts. The administrative expenses associated with a credit program also are financed in program accounts. The financing account for each program—two, if the program makes both direct

loans and guaranteed loans—displays the cash flows arising from new direct loan obligations and new guaranteed loan commitments in 1992 and beyond. The program accounts make subsidy payments, recorded as on-budget outlays, to the financing accounts at the time of disbursement of the direct or guaranteed loans.

The transactions associated with direct loan obligations and loan guarantee commitments made prior to 1992 continue to be accounted for on a cash flow basis and are recorded in liquidating accounts.

Redefinition of Budget Authority

Consistent with the Budget Enforcement Act, the 1992 budget changed the definition of budget authority to include authority to spend offsetting collections that are credited to appropriation or fund accounts. It also changed the way in which budget authority is quantified in certain trust funds.

The authority to spend offsetting collections was not counted as budget authority previously, although it was recognized as a budgetary resource that could be used to incur obligations. Instead, offsetting collections were shown as subtractions from total obligations and disbursements in the program and financing schedule for an account, which resulted in budget authority and outlays that were net of such collections. Other presentations in the budget also showed net budget authority and outlays or aggregates of those net amounts.

For the budget, changes were made to show budget authority and outlays for an account both gross and net of offsetting collections credited to an account in the program and financing schedules. Chapter XII.B, Federal Programs by Agency and Account, shows gross budget authority and outlays, offsetting collections, and net budget authority and outlays for each account. Amounts of budget authority and outlays presented in other parts of the budget are net of offsetting collections credited to accounts.

The Budget Enforcement Act directed a change in quantifying the budget authority for four trust funds—the Federal Hospital Insurance Trust Fund, the Supplementary Medical Insurance Trust Fund, the Unemployment Trust Fund, and the Railroad Retirement Account (included in the budget as the Rail Industry Pension Fund). The longstanding practice for special and trust funds with indefinite authority to spend the receipts credited to them has been to quantify the budget authority as the amount of the receipts collected or estimated to be collected during each year. This is in contrast to the practice for indefinite appropriations from the general fund, which is to quantify the budget authority as the amount needed to finance obligations incurred or estimated to be incurred each year. The new requirement for these four funds is to quantify the budget authority as the amount needed to finance obligations incurred under legal limitations on obligations or benefit formulas, not the amount of the receipts collected.

Review of Financial Information Requirements

OMB has participated with the JFMIP project to standardize financial information requirements. This project is studying central agency financial requirements, better linkage between budget and accounting data, and data for governmentwide analyses and decision-making. In reviewing the project's initial compilation of existing data requirements, OMB has provided clarification of budget concepts and of the relationship of various budget requirements to one another, as well as suggestions for improving the usefulness of the report, as the project moves to complete the first phase of this effort.

Improvements in Budget Information Systems

OMB uses multiple aging computer systems in support of the budget process. Because these systems need to be integrated and modernized to achieve greater levels of flexibility and accessibility, OMB is in the midst of a multi-year effort, known as the MAX project, to develop the next generation budget support system. Effort in 1991 is centered on developing a new data base structure and gaining experience with new technology that will allow OMB to make full use of the new structure. OMB is involved in the data element standardization efforts at JFMIP, which will be the basis for the future integration of financial management and budget past year data bases.

[For information on Budgetary Initiatives contact Ed Rea, OMB, (202) 395-3172]

DEPARTMENT OF THE TREASURY

The Department of the Treasury has initiated many governmentwide financial management improvements through the Financial Management Service (FMS). Some of the more significant initiatives are described below.

Cash Management Reviews

FMS tracks the progress of executive branch agencies in complying with the cash management requirements of collection and deposit legislation by means of its periodic cash management review and its annual agency certification. The periodic cash management review began in 1986 and establishes a benchmark for future cash management reviews, and the annual Cash Management Agency Certification assesses agency progress toward instituting improvements identified from the review. Agency officials certify cash management practices by verifying whether each cash flow meets the cash management standards outlined in the Treasury Financial Manual. The review and certification requirements for collection of data will be included in a new FMS project underway—the Current Assets Management Review and Analysis—which aims to focus multiple requests for data from

agencies into one automated instrument. [Michael Dressler, FMS, (202) 287-0745]

Inventory Management

FMS has begun a program for improving federal management of inventories (i.e., operating consumables, work in progress, and items for resale). Recently, it completed an in-depth review of the inventory management practices of private businesses and federal, state and local agencies to learn about standards of practice, performance measures, inventory management systems, and other management tools, such as Electronic Data Interchange. The program seeks to improve inventory management by providing federal managers incentives and such tools as guidelines for improved management practices, core requirements for inventory management systems, accounting guidance, and a system for measuring the impact of improvements. Because inventories are turned over rather than held indefinitely, they involve a continuing flow of funds. A reduction of 1 percent in that flow would free about \$2 billion annually for other purposes. [Stephen M. Vajs, FMS, (202) 287-0751]

Vendor Express/Electronic Payment System

An "Electronic Treasury" is a strategic goal of FMS. Vendor Express is an electronic payment system for making vendor and miscellaneous (e.g. grant) payments. Payment and remittance

information travel together through the Automated Clearing House (ACH) network. As a substitute for checks and wire transfers, this fiscal year transactions and dollar volumes increased by approximately 67 percent and 71 percent, respectively, as compared to 1989. Federal agencies are currently making over 250 thousand payments per month totalling more than \$15 billion, and volumes are increasing. Conversion work in 1990 was focused on the phaseout of the Letter of Credit - Treasury Financial Communications System for over 40 agencies, with wire transfers carrying a high operational cost migrating to ACH. Internationally, in Bonn, Germany, the U.S. Department of State originated the first Vendor Express payments from an overseas location to stateside vendors. With full implementation of Vendor Express, there is a potential savings of \$20 million to the taxpayers in reduced postage and operating costs. [Dale Walton, FMS, (202) 287-0452]

Electronic Benefit Transfer

FMS is developing a governmentwide plan to electronically deliver benefits to recipients through automated teller machines (ATMs) and point-of-sale (POS) terminals. The first test of one year in Baltimore, Maryland, was concluded on October 31, 1990, and was successful. The test allowed 260 participants with no bank accounts to access their Supplemental Security Income benefits through use of a plastic access card. A second test was begun January 1, 1991, in

Houston, Texas, using an existing ATM/POS network infrastructure. An independent research firm is evaluating both the Baltimore and Houston tests. The program has shown that benefits can be delivered to the unbanked more efficiently and at a reasonable cost by converting from paper to electronics. A third effort, also to begin in 1991, will combine direct federal benefits with an existing state electronic benefit transfer program using one card to access both state and federal benefits. This alternative payment method offers many benefits to both the government and individual recipients and could ultimately be offered to unbanked recipients receiving any type of federal benefit. [Donna M. Jackson, FMS, (202) 287-0751]

Automated Direct Deposits

Together with the Social Security Administration (SSA), a feasibility study on Automated Direct Deposit Enrollments by Reverse Prenote was begun under a major initiative aimed at streamlining direct deposit enrollment services for both government beneficiaries and financial institutions. Currently 25 financial institutions are testing the concept of automating enrollments. The untapped direct deposit market for Social Security and Supplemental Security Income payments exceeded 289 million checks in fiscal year 1989. The beneficiary's government check is used to provide basic information for input by the financial institution of the social security data along with its routing and account

number data into a prescribed format using a special routing transit number, and sends the Reverse Prenote to SSA by means of the automated clearing house network. The SSA systems automatically update their files to begin direct deposit payments on a more predictable schedule. As of January 1, 1991, approximately 3,000 enrollments had been processed. The feasibility study will continue through March 1991 and will be expanded if successful. [James R. Finegan, FMS, (202) 287-0308]

International Direct Deposit

The FMS, Social Security Administration (SSA), and the Federal Reserve Bank of New York developed a program to allow the government to electronically transfer funds to SSA recipients living abroad. The Federal Reserve Bank converts the monthly SSA payment file to conform to the automated clearing house requirements of the destination country. The benefits for recipients generally are earlier receipt of their monthly payments because there is no waiting period for check clearance, immediate access to funds and, in some cases, additional interest. For the government, delivery costs are reduced while funds are provided in the local currency to the recipients. Because currencies are converted en masse and a commercial rate of exchange is used, a more advantageous rate of exchange is obtained for recipients. The first payments were made to social security recipients in the United Kingdom in June 1987 and has been expanded to include SSA

recipients in Canada, Norway, and Germany. For fiscal year 1991, it is estimated 424,000 payments will be made. FMS plans to offer the service in other countries and to recipients of benefits under other federal programs. By 1996, FMS estimates about 1.2 million payments valued at about \$600 million will be sent abroad annually under the program. [Sheryl R. Morrow, FMS, (202) 287-0308]

Imprest Fund Debit Cards

A test on the use of magnetic striped debit cards by imprest fund cashiers for replenishing their imprest funds was completed at 17 locations within FMS Regional Financial Centers, the Department of Transportation, and the Department of Commerce. The 15-month test included imprest funds ranging from \$200 to \$35,000 and allowed the cashiers to make cash withdrawals through the nationwide automated teller machine network. The cashiers made 745 transactions totalling approximately \$225,000. An evaluation of the program found that the replenishment process was streamlined and more expeditious, with reduced number of replenishment checks issued and mailed.

An analysis is underway which includes asking the participating offices whether they want to continue with the program as well as initiating talks with the General Services Administration (GSA) for conducting market research on acceptability of using debit cards in the federal government. If the results of this analysis are positive, GSA will

obtain pricing from vendors interested in providing this service. [Michael Chew, FMS, (202) 287-0336]

Government Third-Party Drafts

Third party drafts are check-like instruments (called "drafts"), which are drawn against and paid by a financial institution or an outside government contractor. Third party drafts can be used for imprest fund transactions such as small purchases, travel advances, and travel reimbursements. Third party drafts can be used to supplement the imprest fund and even eliminate cash disbursements made by imprest fund cashiers. Currently, all federal agencies utilizing third party draft services have contracted directly with either a financial institution or a vendor on an independent basis. FMS and several other agencies are working with the General Services Administration to award a nationwide third party draft contract for use by all federal government agencies. The contract solicitation is scheduled to be available for bids in June 1991.

[Michael Chew, FMS, (202) 287-0336]

CASH-LINK

In December 1990, FMS began implementing a new banking and cash concentration system that will link the government's seven major collection systems into a worldwide network. Reporting locations will link up to the CASH-LINK database, using PCs and touch-tone telephones to manage funds and to enter, verify and report deposit

information. The first systems to go on line were the Treasury General Account/Cash Concentration and Fedwire Deposit systems which account for nearly \$250 billion annually in collections. The remaining systems to be phased in include the FMS' Lockbox Network, the Credit Card Collection Network, the Federal Reserve System, the Farmers Home Administration and the Commodity Credit Corporation (cash concentration systems). When fully implemented, all pertinent deposit information needed for government officials to make financial decisions will be available for review from all seven systems at the same time. CASH-LINK will streamline deposit processing, reduce the operating costs of cash concentration services by \$5 to \$6 million annually and eliminate about 720,000 paper transactions. In addition, CASH-LINK will ultimately record, move, and manage about \$400 billion in federal agency deposits through 3,500 financial institutions worldwide. [Rita Howard, FMS, (202) 287-0751]

Limited Negotiability of Government Checks

Public Law 100-86 (the Competitive Equality Banking Act of 1987) which limits the negotiability, claimability, and reclaimability of all government checks was implemented on October 1, 1989. All unnegotiated checks that were issued prior to the implementation date were cancelled on November 30, 1990. As required by the law, at the end of December 1990, FMS cancelled

unnegotiated checks that were issued during October 1989, and returned the funds to the agencies. Ongoing implementation activities will be coordinated with agencies, the Federal Reserve, financial institutions, and the private sector through fiscal year 1991. [Joan Pesata, FMS, (301) 436-7172]

Lockbox Collections

Over \$88 billion dollars were collected in fiscal year 1990 through the Treasury Automated Lockbox Network, which is managed by FMS. This resulted in \$97 million dollars in interest savings to the federal government due to improved availability. This network is comprised of seven financial institutions which provide lockbox services to federal agencies for collection of public monies. Currently, FMS manages and monitors 367 paper-based and electronic lockbox accounts for federal agencies. The dollar flow collected through electronic lockboxes doubled from fiscal year 1989 to fiscal year 1990. The benefits of using ACH to collect funds include: reductions in paper processing, clerical, and billing costs; enhancement of cash management forecasting; improved audit trails; and acceleration of the availability of funds to Treasury's General Account at the Federal Reserve Bank of New York. [Dawn Romain, FMS, (202) 287-0580]

Securing Public Funds

Approximately \$3 billion dollars of collateral is pledged at the Federal Reserve Banks (FRBs) to secure public monies held in financial institutions outside of

Treasury's General Account on behalf of federal agencies. FMS oversees the security of these funds, and provides policies and procedures in accordance with Title 31, Part 202 of the Code of Federal Regulations for the Federal Agencies and FRBs. During 1990, FMS has worked with the FRBs, federal agencies, financial institutions, and Federal District and Bankruptcy Courts reconciling collateral records, and developing uniform procedures and guidelines. As a result, the accuracy of the data and the timeliness of responses to federal agencies, Federal Reserve Banks, and financial institutions was significantly improved. The reconciliation also provided FRBs with the basis for converting their automated systems in order to account for collateral pledge amounts by specific agency. FMS assumed responsibility for the day-to-day collateral operations from the FRBs in December 1990, resulting in a streamlined process with more efficient collateral processing provided for federal agencies and financial institutions. [Kathryn Vadenoff, FMS, (202) 287-0580]

Debt Collection Services

FMS is the lead agency and facilitator for the General Services Administration's contract for procuring private sector debt collection services, which became effective in December 1987. To date, more than 40 federal agencies and the District of Columbia have placed 381,000 accounts valued at over \$4.4 billion with six private collection contractors. Almost \$51 million has been collected; and

331,000 accounts valued at \$3.8 billion have been returned to the agencies because the debtor (1) was not able to be located; (2) was unable to pay; (3) was disabled, deceased, or bankrupt; or (4) the agency decided to forgive the debt or refer it for litigation. [Michael Patmios, FMS, (202) 287-0646]

Tax Refund Offset Program

The Deficit Reduction Act of 1984 authorized the collection of delinquent debts owed federal agencies by offsetting federal income tax refunds due delinquent debtors. Agencies compile information on delinquent debtors after other agency collection efforts fail to collect the debt. Sixty-day notices of intent to offset are sent to delinquent debtors, and debts that are not repaid, renegotiated, or otherwise resolved are sent to the IRS for matching against tax returns and refunds due. FMS has overall responsibility for policy direction and coordination of all phases of project activities. In calendar year 1990, 14 agencies participated in the program, and \$411 million was collected. Of this amount, \$81 million was voluntarily repaid by debtors upon receipt of the notices of intent and \$330 million was collected through offset. Since the inception of the program in 1986, a total of \$1.6 billion has been collected. [Bena Cramer, FMS, (202) 287-0646]

Federal Salary Offset Program

FMS is responsible for overseeing agency implementation of the Federal Salary Offset Program. Currently, six major agencies participate in the program:

the Departments of Agriculture, Education, Health and Human Services, Housing and Urban Development, Veterans Affairs, and the Small Business Administration. The Federal Salary Offset Program is designed to identify, through computer matching processes, federal employees who are delinquent on their debts to the government and bring the debtors/employees back into a current status on their indebtedness. In situations where the debtor/employee refuses to voluntarily repay the amount owed, a federal creditor agency may request the employing agency to collect the debt by withholding up to 15 percent of the employee's disposable pay. For calendar year 1990, \$22.5 million was collected, for a total of \$122.1 million since the program's inception in 1987. [Bena Cramer, FMS, (202) 287-0646]

Training Related Initiatives

Credit Management Publications

In 1989, FMS initiated the development of a series of documents to provide guidance to agencies on implementing effective credit management policies, procedures and standards with the issuance of the Treasury Financial Manual Credit Supplement.

Continuing this effort into 1990, FMS published the following:

- "Guide to Conducting Portfolio Sales" (June 1990).
- "The Governmentwide Task Force Report on Write-off" (June 1990).

- "The Federal Credit Management and Debt Collection System: A Conceptual Model" (April 1990).
- "Systems Checklist" (August 1990).
- "Guidelines for Credit Bureau Reporting" (September 1990).

FMS plans to revise the Treasury Financial Manual Credit Supplement to incorporate a new chapter on guaranteed loans and revise the Federal Salary Offset Guide in 1991. [Marilyn Barnes, FMS, (202) 287-0642]

Financial Awareness Training Program

FMS has also developed another training program titled "WHAT'S ALL THIS JAZZ ABOUT?.. IMPROVING PROGRAM RESULTS THROUGH SOUND FINANCIAL MANAGEMENT". This program was developed to promote financial awareness in government. The "Jazz" program gives participants the tools necessary to extract critical information from the finance office that is critical to the effective management of any program. They are also introduced to financial management techniques designed to simplify the complexities of federal program management. [Greg Hanson, FMS, (202) 208-1393]

Seminar on Treasury's Central Accounting Requirements

FMS has developed a 2-day seminar which leads participants through the labyrinth of Treasury's

central accounting requirements. The seminar unravels how FMS processes receipt and expenditure information through Treasury's central accounting system. Instructors describe techniques which reduce headaches during report preparation. These techniques help participants analyze, reconcile, reclassify, adjust, and assure the accuracy of certain financial data. Particular emphasis is placed on the critical nature of consistency within the reporting process. Five seminar sessions have been scheduled for 1991. [Thurman Cary, FMS, (202) 208-1751]

Initiatives to Improve Financial Management and Reporting

Unified Systems Approach

PROJECT USA was initiated to improve financial management by giving federal program managers a new and improved approach to meeting their financial responsibilities. The current focus of the initiative is to develop models of excellence and other tools to provide techniques for improving federal program management and increasing federal managers' accountability.

Standards:

Standards for administering guaranteed loan programs were completed in July 1990 to increase accountability by lenders and establish minimum requirements for agency oversight of lender performance. A model was developed for use by federal financial and program managers in managing guaranteed single family

housing loan programs. The model identifies practices and techniques for ensuring effective program management. Several agencies will begin using the model in fiscal year 1991 to improve management of their guaranteed single family housing loan programs.

Financial Systems Review Model: The review model was developed for use in assessing the quality of federal agencies' planning processes for financial systems. The model was distributed to all federal agencies in April 1991.

An interagency work group was formed to also develop a model for planning financial systems development efforts. The model is to provide agencies with a sound approach to designing, developing, and implementing financial management systems. The preliminary planning model has been completed. [Kenneth Carfine, FMS, (202) 287-2827]

Guaranteed Loan Management Assessment

FMS published the "Guaranteed Loan Management Assessment" (Assessment) in June 1990. Undertaken in response to a need to evaluate and improve the way agencies manage their guaranteed loan programs, the Assessment contains an overview of guaranteed loan management, governmentwide guaranteed loan management standards, recommendations for guaranteed loan management improvements developed by a task force and work groups, and an implementation plan. FMS has developed specific standards by loan type for housing

loan programs and is in the process of developing such standards for business and education loans. Other guaranteed loan projects to be undertaken in 1991 include the development of standard agency/lender agreements, lender performance standards and a guide for agency reviews of lender performance. [Kathleen Downs, FMS, (202) 287-0642]

Federal Agencies' Financial Reports

In fiscal year 1990, FMS intensified its analysis of the Federal Agencies' Financial Reports (FAFR), and it detected a diversity of financial reporting problems which decreased the quality and reliability of the data summarized in the Consolidated Financial Statements (CFS). This year a more elaborate examination of the agencies' audited reports were made. These reports, audited by an agency's Inspector General (IG), a public accounting firm, or the General Accounting Office (GAO), were used by FMS to evaluate the integrity of reports submitted under FAFR reporting requirements. Any large discrepancies identified between these reports were brought to the attention of the agency's IG and discussed in later meetings with the staff of the agency and the IG. The response of the IG community has been positive, and their continued assistance is sought on major areas of concern reported to FMS by agencies. Results from these analyses will help FMS determine the objectives to be established for this year. [Ray Manekji, FMS, (202) 208-1439]

Government On-Line Agency Link System

One of FMS' critical objectives is to eliminate paper document processing together with improving the reliability of federal financial data. An important tool used to undertake this initiative is the Government On-Line Agency Link System (GOALS) that not only serves as a central data collection point, but also provides edit checks to guarantee the integrity of the data. Early in 1990, FMS conducted user training sessions to prepare agencies for transmitting the Statement of Accountability (SF-1219) and the Statement of Transactions (SF-1220) on GOALS. Previously, the Statement of Transactions (SF-224) was converted successfully to the same system. The majority of SF-1219/1220 agencies began telecommunicating their information via GOALS in 1990, with the remainder scheduled to follow in early 1991. [Faye McCreary, FMS, (202) 208-1434]

Accounting Database for the Evaluations of Performance Trends

The Accounting Database for the Evaluation of Performance Trends (ADEPT) is a relational database which contains the financial data reported to Treasury. Additionally, the Office of Management and Budget's (OMB) report on Budget Execution is now on ADEPT. The ADEPT system provides users with the power to perform trend analysis at a program, agency or governmentwide level. Program performance can be compared over time or

between different programs. Users can obtain information through standard reports, queries, and downloads to personal computers. Standard reports include single year detail, comparison between years, combined agency, special programs and trend analysis. Queries provide data for selected line items of reports in a user designed report format. Data downloaded to a PC can be manipulated in software packages like dBase, Lotus 1-2-3, and Quattro. [Carol Israel, FMS, (202) 208-1467]

Treasury Financial Manual Maintenance System

FMS has implemented the Treasury Financial Manual (TFM) Maintenance System. This system is a new, cost-effective desktop publishing system for the TFM. The TFM Maintenance System operates in a Local Area Network (LAN) environment utilizing several off-the-shelf software programs such as WordPerfect, Ventura Publisher, Folio Views, GEM Draw Plus, GEM Graph, PerForm (GEM Version), and PerFill. These programs provide the functions necessary to maintain and publish the TFM in an efficient manner. This system allows the TFM to be maintained within FMS, and thus allows in-house updating, on-line retrieval of text, and maintenance of the master TFM in accordance with current FMS policy and procedures. FMS has taken a major step towards ensuring that the TFM will now be published with state-of-the-art equipment, increased graphics and formatting capabilities. [Kathy Ballard, FMS, (202) 208-1819]

Daily Treasury Statement

FMS and the Department of Commerce have joined together to broaden the availability of the Daily Treasury Statement (DTS) by providing on-line access to the report through Commerce's Economic Bulletin Board system. The DTS contains the Treasury Department's operating cash, tax and loan account balances; federal program data; public debt activity; and, individual and business income tax refund data to monitor the daily financial condition of the federal government. The Bulletin Board system provides the DTS in essentially the same format as the current hard copy version and maintains 5 days worth of activity. The DTS can be accessed by almost any personal computer or "dumb" terminal with telecommunications capabilities. It is available 24 hours a day for a nominal charge to access the system. The system provides a cost effective means to release the DTS information. [Brenda Tuel, FMS, (202) 208-1771]

Standard General Ledger Board

The Board (formerly an Advisory Work Group) was renamed to more accurately portray its mission. It continues to track and document various issues and problems from agencies as they proceed with their plans to implement the SGL. This year, a new account was added to the SGL chart of accounts - account 5700 "Appropriated Capital Used." This account enables agencies to derive required information on the SF-221: Statement of Operations, more accurately and efficiently. The addition of this account increases the standardization of financial

information in the government, enhances production of the SF-221, provides a more efficient and effective reporting process, and aids agencies in automating their financial systems process. Key members of the Board provided a seminar to agencies on the current status of the SGL and upcoming changes, and "how to" information for implementing the SGL.

A subgroup of the Board, The Issues Resolution Committee, reviewed the budgetary output of the JFMIP Data Standardization Project. FMS converted the JFMIP data standardization document to dBase II, resulting in a dynamic structure that provides the best possible means of accessing, utilizing and manipulating the data. This Committee also performed an in-depth review of the GAO Accounting Guide—"Basic Topics Relating To Appropriations and Reimbursables"—to ascertain its consistency with the SGL, FMS guidance, and the standardization effort. The Committee also provided a set of pro-forma audited financial statements and accompanying notes as input to the CFO Council's Subcommittee on Audited Financial Statements. [Holden Hogue, FMS, (202) 208-1852]

Systems Modernization

System 90

System 90 is FMS's new integrated data processing platform, which will modernize and improve the agency payments system by replacing old hardware and software with an integrated system. A secure telecommunications network will

link the regional financial centers to the Federal Reserve System, FMS headquarters, and the central agencies. In 1990, FMS issued the prime development contract for a new Payments, Claims, and Enhanced Reconciliation (PACER) system, and a contract for independent verification and validation of the system. PACER will be FMS' first major application to run on System 90. Development is underway, and the design and testing phase will begin in 1991. A 1-year pilot is scheduled to begin in October 1992 at FMS' Austin Financial Center, and upon completion of the pilot, roll-out of PACER to the regional financial centers will begin in 1993. PACER will be the world's largest payments systems, with an integrated cash flow of approximately \$1 trillion annually. [Bill Anderson, FMS, (202) 287-0314]

STAR Project

FMS is upgrading all automated processes that support the government's budget execution system. This system integrates the fiscal activities of all agencies, banks and disbursing officers authorized to handle government funds, and is the only source of such fundamental financial information as the government's surplus or deficit. The upgrade project, known as STAR, will improve the overall accuracy, timeliness and integrity of the government's financial information, and will eventually support on-line information access by agencies. More than one-half of the total STAR system is currently developed and operational. Remaining STAR applications will

be developed and implemented by late 1992. [Charles Barackman, FMS, (202) 208-1555]

Digital Check Imaging

FMS is currently working with the Federal Reserve Bank (FRB) of Boston on a prototype project to develop and test the use of digital check imaging in the real time production environment of the government check sorting and processing operation. This environment requires very high-speed image capture, pre-processing, compression, storage on high-density media, and subsequent retrieval and decompression. The objective of the on-going Digital Image Project is to plan how FMS can best take advantage of digital imaging technology for modernizing its check claims function. It will increase efficiency by replacing the document-laden microfilm system with workstations capable of retrieving, displaying, and printing check images. The project is targeted for completion in 1995. Prototypes have been completed out of the San Francisco and Cleveland Federal Reserve Banks with pilots scheduled to begin next year. FMS is also looking at six high priority applications for imaging in other paper-intensive financial operations. [William Holcombe, FMS, (301) 436-6824]

Treasury Receivable Accounting Collection System

FMS has made significant progress in developing the Treasury Receivable Accounting Collection System (TRACS). FMS completed

on-line and system testing in October 1990; the TRACS detail design document and the TRACS system was turned over to the Quality Assurance Division for testing in November 1990. FMS began parallel testing of TRACS in February 1991 and concurrently is testing agency interfaces. TRACS is scheduled for implementation in June 1991. [Lavon Warren, FMS, (301) 436-6277]

Guaranteed Loan Account Servicing Modernization

FMS is undertaking the development of a Guaranteed Loan Account Servicing Modernization (ASM) Project, to begin in June 1991. The first ASM, completed in April 1990, focused primarily on the development of requirements for an automated loan management system for direct loans. In the past year, FMS has turned its attention to the larger problem of guaranteed loans, and the new ASM project will address this issue. [Steve Berenson, FMS, (202) 287-0646]

Administrative Accounting Cross-Servicing

FMS is providing administrative accounting cross-servicing to federal agencies and commissions as part of an overall effort to improve federal financial management systems. Cross-servicing is offered to agencies on a reimbursable basis as an alternative to building and maintaining an agency specific system. Agencies entering into cross-servicing agreements with FMS have access to a secure area within a multi-user database for data entry, inquiry, analysis, and

report generation. FMS has recently converted the departmental offices of Treasury and the Inter-American Foundation to fully operational status. Along with the Board for International Broadcasting and the National Mediation Board, these agencies are now supported by systems that comply fully with OMB Circular A-127 and JFMIP core requirements. One additional agency is completing the conversion process, two agencies are expected to sign agreements for cross-servicing, and two more have expressed an interest. [Nancy Fleetwood, FMS, (202) 287-0318]

OFFICE OF PERSONNEL MANAGEMENT

CAREER ENTRY

Automated Enhancements

The OPM continues with a number of automated enhancements that support federal recruiting programs to increase agencies' abilities to attract qualified candidates, improve the timeliness of the applications process, and provide better job information to the general public. Examples of these accomplishments are:

Improvements in Providing Job Information

The Federal Job Opportunities List is an automated database of Federal job vacancies where job information is entered into a database and available to the public via telephone recordings,

touchscreen and other self-service computers, electronic bulletin boards, and a variety of printed formats. In 1990, the list more closely represents a complete job bank of federal openings. In addition to listing vacancies for which OPM is accepting applications, vacancies announced by agencies with delegated examining authority are included. [Sherry Turpenoff, OPM, (202) 606-0950]

The nationwide portion of the Federal Job Opportunities List has been transmitted electronically to state employment service offices since April 1989 through the Department of Labor's Interstate Job Bank system. Local portions of the list are currently transmitted directly to the job services offices of some states through a pilot project, but all states should receive the full list by the end of 1991. These transmittals reduce printing and mailing costs. [Sherry Turpenoff, OPM, (202) 606-0950]

The Federal Employment Data Services System is a personal computer-based, advanced application of the Federal Job Opportunities List designed to assist federal recruiters in providing accurate job information quickly by providing up-to-date information about federal jobs, position descriptions, locally-customized examinations, and current federal pay scales. The system, currently operating in the Washington Area Service Center, will be piloted in OPM area offices in 1991 and plans call for rapid and broader coverage over the next 2 years. [Clarence Hicks, OPM, (912) 744-2185]

The Federal Job Information Touchscreen Computer System is

an interactive system that has expanded the availability of federal job information by allowing potential applicants to touch color blocks on the computer screen and receive an array of information, with key points highlighted by synthesized voice. Information can be obtained about federal vacancies, employment programs, and jobs appropriate to their qualifications. The system enhances the dissemination of the Federal Job Opportunities Listing, makes job information available in a variety of settings, and can accommodate internal agency vacancy announcements. [Rhonda Wood, OPM, (912) 744-2057]

The Job Information 2000 Telephone System is an automated, telephone-based system which offers both touchtone and rotary callers nationwide access to federal employment information through a low-cost 900 telephone number. Potential applicants use their telephone number pad, or voice for rotary callers, to select messages on current vacancies, special employment programs, and qualifications, and to obtain application material quickly. The system consists of three modules:

- Career America College Hotline: Implemented in August 1989, this module has enhanced college recruiting by providing easy access to job information for college graduates and others with equivalent experience. The Hotline has received customer approval ratings greater than 95 percent for convenience, usefulness, and quality. [Jeff Adair, OPM, (912) 744-2092]

- **General Jobline:** Initiated in the Fall of 1990, this module provides potential applicants with current information on actual job vacancies by using both recorded messages and synthetic voice technology. It is operational in the southeastern U.S., with nationwide coverage scheduled by the end of 1991. [Jeff Adair, OPM, (912) 744-2092]
- **Career America Recruiting Line:** This module is designed to put applicants interested in shortage category occupations in direct contact with agency recruiters. Applicants calling this recruiting line receive a preliminary screening of their qualifications so that their calls and information can be forwarded to the appropriate agency. [Jeff Adair, OPM, (912) 744-2092]

Simplified Examining and Hiring

The Automated Applicant Referral System has simplified and expedited federal hiring since its inception in mid-1989 by allowing agencies to use their touchtone telephones to access OPM computers containing inventories of thousands of eligible candidates. Agencies touch in referral list requests and specify criteria, and the computers compile and transmit the list via facsimile machine in an average of 15 minutes. The system provides data for engineering, physical scientist, and mathematician job groups, and work is underway to include accountant, computer specialist, and biological scientist job groups. [Glenn Sutton, OPM, (912) 744-2051]

The Automated Applicant Certification System is currently being pilot-tested in conjunction with some certification activity resulting from the Administrative Careers With America examination. The system will provide agencies with automated certification services, and plans call for it to be operational by the summer of 1991. The system is based on the same telephone-computer-facsimile technology as the Automated Applicant Referral System. [Don Peterson, OPM, (912) 744-2078]

The Automated Case Examining System is a personal computer-based program developed and pilot-tested by OPM for automating competitive case examining that is used for most jobs at GS-9 and above. The system minimizes manual processing, makes processing more efficient, and reduces the time needed to prepare certificates of eligibles. It provides agencies with current lists of available competitors for occupations that are difficult to fill. The system will be available to delegated examining units in federal agencies in fiscal year 1991. [Alan L. West, OPM, (202) 606-0980]

The Alternative Scanning Application Process allows OPM examining offices to use local table top document scanners and personal computers to process competitive job applications. It is an alternative to key entry or mailing documents to OPM's central processing center in Macon, Georgia. The system enables offices to process during the day, transfer files electronically for overnight loading to competitor inventories, and prepare certificates the next day. It significantly reduces the time

it takes to process applications and notify competitors of examination results. During fiscal year 1991, all OPM examining offices will have the opportunity to use this system and it will be made available to delegated examining units in federal agencies. [Alan L. West, OPM, (202) 606-0980]

The process of examining of seasonal applicants was enhanced during fiscal year 1990 when OPM developed and implemented local document scanning capabilities of the Internal Revenue Service to expedite the processing of seasonal applicants at its service centers. The new system reduces the resources required to process thousands of applicant documents for clerk, data transcriber, and tax examiner positions. It automates many of the manual functions previously performed by the IRS offices. [Alan L. West, OPM, (202) 606-0980]

OPM and the Department of the Navy in Philadelphia are pilot testing electronic certification using personal computers. This program will allow agency personnel offices to electronically transmit requests for certification to OPM examining offices for overnight processing of certification requests, and enable agencies to retrieve these certificates by their personal computers. The certificates will contain applicant names, addresses, and telephone numbers. An agency may use this electronic file for such purposes as preparing applicant contacts for potential appointment consideration and official offers of employment. It is expected to significantly reduce the time it takes to fill vacancies. If the pilot test is successful, OPM will expand its use in fiscal year 1991 and provide

other agencies the opportunity to participate. [Alan L. West, OPM, (202) 606-0980]

Administrative Careers With America Examinations

In May 1990, OPM implemented Administrative Careers With America (ACWA)—a new examining program for entry into more than 100 key administrative and professional white-collar occupations. It is designed to be a fast, flexible means for achieving a high quality federal workforce that reflects our nation's diversity. It was designed to take full advantage of improved automation capabilities (for speed) and the most up-to-date test development methods (for fairness in testing and quality of hires). It is more efficient than the complex system of single-occupation examinations and Schedule B appointments that had been used since the PACE examination was abolished in 1982. The first formal study of ACWA reveals a very high index of predictive power relative to job performance. New test development technologies, such as Logic-Based Measurement, used in the design and construction of ACWA have demonstrated their effectiveness in improving the quality of hires while enhancing the potential for achieving the goals of a representational workforce.

The first two administrations of ACWA attracted more than 100,000 applications and resulted in approximately 45,000 eligible candidates. About 25,000 candidates were certified to agencies for nearly 10,000 vacancies. Significant hiring plans and efforts

are in progress at a number of agencies including the Internal Revenue Service, the Customs Service, and the Immigration and Naturalization Service. Plans call for hiring some 3,000 candidates for Internal Revenue Officer and Tax Technician positions, as many as 600 Customs Inspectors, and more than 500 Immigration Inspectors and Examiners. [Magda Colberg, OPM, (202) 606-0880]

Flexiplace

Flexiplace (also called Flexible Workplace Arrangements and Telecommuting) allows employees to perform some or all of their officially-assigned duties at home, or other locations away from the conventional office. OPM and the General Services Administration (GSA) are conducting a governmentwide pilot study under the sponsorship of the President's Council on Management Improvement (PCMI). Currently, 250 federal employees from seven agencies are participating in this project.

To implement this project, OPM helped establish an interagency task force; developed operating guidelines and materials; developed a training package for participating employees and supervisors, including a "train the trainers" videotape; and produced and distributed a project newsletter. The program evaluation is ongoing.

The projected benefits of Flexiplace include: increased recruiting potential due to enhanced employee morale; reduced commuting costs; reduced operating costs; improved management techniques; and

increased flexibility for management of family and personal matters. [John Kraft, OPM, (202) 606-0860]

Job Sharing

OPM is promoting the concept of job sharing throughout the federal government, as a means of attracting and retaining skilled workers. OPM issued guidance to agencies in Federal Personnel Manual Letter 340-3 in September 1990 and in an information booklet. A pilot project was begun in Boston, Chicago, and Los Angeles to simplify the process for agencies and reduce implementation cost. In the pilot cities, a computerized system called "The OPM Connection" will match federal employees looking for part-time or job sharing positions with federal agencies wishing to participate. In early 1991, agencies will be able to access the data bank by telephone. OPM will send the names of registrants to agencies by facsimile machine within minutes of a request. A list of potential job-sharing partners will be sent to each registrant who requests this service. [Edward McHugh, OPM, (202) 606-0960]

Saturday Academy

Saturday Academy is a program designed to enrich the learning experiences of junior high school students. It is a partnership between OPM, a private corporation (Aetna Life and Casualty Company), a university (Howard University in Washington, DC; Clark-Atlanta University in Atlanta, GA), and a school system (DC Public Schools and Atlanta Public Schools).

Saturday Academy currently operates at five junior high schools in the DC area and will be expanded locally to more schools and to Atlanta in September 1991.

Saturday Academy is designed to help students value education and see its relationship to employment, challenge and motivate and students to excel in their academic pursuits, and involve parents in the enrichment process.

The DC Academy meets 10 consecutive Saturdays in the fall and spring and enrolls 60 seventh-graders in each session. The program includes structured learning experiences in mathematics, science, oral and written communication, and computer science. Parents attend workshops on the personal, social, and educational growth of their children. The program encourages students to graduate and pursue a career in the Federal Government. [John Kraft, OPM, (202) 606-0860]

Workforce Planning Assistance

The Federal Staffing Digest is an award-winning quarterly newsletter used to communicate guidance and information on workforce planning, workforce quality, recruiting, and staffing. The Digest is targeted at the federal staffing community. Each issue identifies relevant labor market trends, factors affecting skill levels, staffing dynamics in specific federal career fields, "how to" information for recruiting and workforce planning, and the successful efforts of others. The goal is to develop and bring together, in one inexpensive source, information that will help personnel

offices make better staffing plans and carry them out more successfully. This should promote significant savings in personnel costs. [Edward McHugh, OPM, (202) 606-0960]

Quality Assessment Program

A competent workforce is essential to cost-effective operations throughout the federal government. To monitor how well the government is attracting and retaining a quality workforce, OPM has underway a broad-based program of data collection and special occupational studies. This Quality Assessment Program is one of OPM's milestones in the President's Management by Objectives (MBO) system for agencies. Data are collected on the quality of applicants, new hires, and retained employees from multiple sources using automated procedures and existing systems of information whenever possible.

In 1990, the applicant data base grew to include 3.5 million quality indicators on 135,000 applicants to over 150 occupations. Special occupational studies were completed on more than 10,000 scientist and engineer employees, 4,000 computer specialists, and 2,100 accountants and auditors. The reports from these studies, which focused on the quality of the skills brought to the job by employees, their job performance, and the match between their skills and the needs of the jobs will be issued in early 1991.

Also in 1990, a pilot study was designed to collect comparison data from the private sector. Such major companies as Federal Express, Walt

Disney World, and TRW have agreed to participate. A National Advisory Committee, convened by OPM Director Newman for a 2-year term, met twice in 1990. The Committee recommended that the Quality Assessment Program be expanded to include measurement of organizational outcomes (service quality and productivity), group and team performance, and the impact of situational factors on outcomes, in addition to individual quality indicators and job performance. This new model of quality assessment was adopted, and studies will be conducted in 1991. [Sandra Payne, OPM, (202) 606-1366]

RETIREMENT AND INSURANCE

Retirement and Insurance Transfer System

OPM is in the process of implementing the Retirement and Insurance Transfer System (RITS), which should be completed by the end of January 1991. A subsystem of Treasury's GOALS, RITS is an automated mechanism to capture federal employee benefit program monies and supporting financial information from employing agencies. RITS has been designed to enable agency payroll offices to submit data to OPM by means of on-line or batch mechanisms and incorporates acceptance edits to ensure that only valid data reach OPM. Once implementation is completed, RITS will supersede the paper SF-2812 as the only authorized mechanism to report federal employee benefit program information to OPM for those

agencies capable of using OPAC to transfer funds. A lockbox application has been implemented to capture monies from agencies which cannot interact with OPAC. [Bob Yuran, OPM, (202) 606-0660]

FERS Recordkeeping System

OPM's Retirement and Insurance Group is developing a state-of-the-art recordkeeping system to support the defined-benefit portion of the Federal Employees Retirement System (FERS). The FERS Automated Processing System (FAPS) initiative entails the installation of hardware and the design, development, and implementation of an integrated system of technical/application architectures to support FAPS subsystems. In addition, FAPS involves a large-scale conversion of manual and automated retirement records residing with employing agencies and OPM. The conceptual design envisions the use of modern, but proven technology to provide

(1) automated recordkeeping by means of a centralized data base of FERS retirees and covered employees;

(2) a sound financial management infrastructure;

(3) timely and accurate claims adjudication and payment; and

(4) effective communication with retirees and active employees regarding benefit matters.

OPM anticipates issuing a request for proposals during the winter of 1991.

[George Hyder, OPM, (202) 606-0606]

PERSONNEL SYSTEMS AND OVERSIGHT

Report on Federal Workforce Productivity

The Congress, in H.R. 5421, Section 535, has charged OPM to "review and report on the productivity of the federal workforce." The report, which is due on November 5, 1992, will include recommendations on:

- means for improving federal productivity and service delivery while controlling payroll costs;
- the size, structure, and composition of the federal workforce;
- criteria for determining personnel staffing needs; and
- changes in law, regulations, or guidance that will enhance federal productivity.

[Donna Beecher, OPM, (202) 606-2820]

Strategic Plan for Federal Human Resources Management

The Office of Personnel Management, in cooperation with the Interagency Advisory Group (IAG), has published the federal personnel community's first Strategic Plan for Federal Human Resources Management. The Plan communicates a shared "vision" of the "ideal human resources system" and makes the first-ever attempt to define the "bottom line" of civil service. The Plan is significant because it is anchored in factors that influence successful recruitment and

retention of quality workers; it is focused on competitiveness; and it redirects attention from process to bottom line results. OPM will work closely with agencies to capture information on agency successes in implementing the Plan and will share that information across the federal government. [Karen Lucas, OPM, (202) 606-0998]

Updated Classification Standards

The Office of Personnel Management initiated three studies to update and improve the position classification standards for three areas of financial management in the federal government. The new standard for the Accounting Series (GS-510) was published in December 1989. The standards for the Civilian Payroll Series (GS-544) and for the Military Pay Series (GS-545) were completed and distributed in June and July 1990. [George Steinhauer, OPM, (202) 606-2950]

Digest of Exemplary Personnel Practices

The Office of Personnel Management (OPM) publishes the Digest of Exemplary Personnel Practices to transmit information on the latest and best developments in personnel administration and management. The innovative practices described in the Digest have been developed by various government installations nationwide and are identified by OPM during its personnel management evaluations. The second edition will be published in early 1991. Many of the practices deal with process

automation and resulting productivity enhancements. [John Rathbone, OPM, (202) 606-1969]

Inventory of Personnel Automation Projects

The Office of Personnel Management (OPM) has compiled and will publish shortly an Inventory of Personnel Automation Projects. The Inventory will provide a comprehensive list and succinct description of applications of computer technology to personnel activities. These applications may be operational or in the development stage. The Inventory is expected to effect savings for the federal government by promoting agency application of cost-saving computer technology to activities they had not previously considered for such applications. Savings are also expected to accrue from agency avoidance of development efforts for applications that duplicate systems other agencies have already designed and installed. [Linda Brick, OPM, (202) 606-1126]

Security Requirements for Electronic Signatures

The Office of Personnel Management (OPM) will issue security requirements governing agency use of electronic signatures in place of hand-written signatures on official personnel records. OPM will authorize agencies that satisfy the security requirements to use electronic signatures in their automated personnel data systems. Use of electronic signatures removes an obstacle to complete automation of many personnel data processing functions. The federal

government expects to realize significant cost-savings from these expanded automation efforts. [Carol Porter, OPM, (202) 606-1453]

Microforms Technology

The Office of Personnel Management is working with the Department of the Navy and coordinating with the National Archives and Records Administration on the application of microform technology to personnel recordkeeping. Use of the microform technology is expected to reduce the cost of filing, retrieving, and storing personnel records; to reduce the incidence of lost records; and to improve customer satisfaction by reducing the time needed to respond to record retrieval requests. [Dorothy Vernon, OPM, (202) 606-4476]

The Office of Personnel Management is working with the Department of the Air Force and the Internal Revenue Service on applying optical disk imaging (ODI) technology to personnel recordkeeping. ODI is expected to reduce the cost of filing, retrieving, and storing personnel records; reduce the incidence of lost records; and improve customer satisfaction by reducing the time needed to respond to requests for records. [Dorothy Vernon, OPM, (202) 606-4476]

Processing New Employees

The Office of Personnel Management (OPM), in cooperation with the Department of the Navy, has sponsored an

interagency project to improve the processes used to induct new employees. The project objectives include:

- (1) validating the need for various forms;
- (2) confirming the feasibility of electronic forms processing; and
- (3) producing software that links induction information to personnel transactions.

The possible benefits of the project are more efficient processing and a more professional approach to new employees. The interagency task force has completed its analysis and is preparing its report. OPM will take action upon receiving the report. [Carol Porter, OPM, (202) 606-1453]

HUMAN RESOURCES DEVELOPMENT

Financial Management Training

In 1990, the Office of Personnel Management provided interagency financial management classroom training for 13,900 employees in Washington, DC, and at field locations throughout the United States and the world. This training included a full range of courses for federal employees in financial management careers. OPM also conducted training in other high priority areas including federal budgeting, total quality management, work measurement, internal control, and cash and debt management. OPM continued to provide computer security training assistance and offered a wide range of information resources management training courses for over 30,000 employees through its

interagency training system. Management and executive development training continued to receive high priority, with OPM providing residential and classroom training for a little over 17,000 federal supervisors, managers, and members of the Senior Executive Service in 1990. [Thomas Loftis, OPM, (202) 632-0255]

WASHINGTON AREA SERVICE CENTER

Improved Job Information

OPM's Washington Area Service Center (WASC) has improved service to the public through a personal computer-based system that puts thousands of job listings and other federal employment reference materials at the fingertips of the Job Information Specialists. The specialists, who speak to more than 100,000 federal applicants each year, can now access nationwide job vacancy listings (3,000 to 4,000 nationwide each week) and electronically schedule applicants for upcoming tests. The system was developed for the Washington Information staff, but is being made available to other OPM information centers. [William Irvin, OPM, (202) 606-2525]

GENERAL ACCOUNTING OFFICE

During fiscal year 1990, the General Accounting Office (GAO) issued 921 reports to the Congress, Congressional committees, and individual

members; 54 reports to federal agency officials; and over 3,500 legal opinions. Additionally, GAO officials testified 306 times before congressional committees. GAO's assessment of the cost and effectiveness of federal programs triggered legislative and executive actions resulting in over \$15 billion in measurable financial benefits to the government.

GAO pushed for financial management reform through the establishment of a chief financial officer (CFO) structure and the expansion of audited financial statements. GAO continued advising the Congress on problems in the federally insured financial institutions and instituted a program to focus resources on "high risk" programs. Measures were instituted to improve the quality and usefulness of both federal accounting and auditing standards. GAO conducted the first financial statement audit of a military department, offered policymakers options to consider in order to reverse the trend toward ever-higher deficits, and assessed the use of credit management techniques.

High Risk Program

In January 1990, GAO initiated a special "high risk" program because of its concern that HUD-type problems exist in other federal agencies and its desire to identify these problems and recommend actions to eliminate them. This program will be a long-term effort that will evolve over time as agencies strengthen problem areas and as GAO

identifies new areas of concern. GAO believes that, through continued efforts to identify and correct deficiencies in "high risk" and other programs, the risk of material losses due to waste, abuse, and mismanagement will be minimized.

GAO initially identified 14 areas as being particularly vulnerable to major losses of federal funds because of waste, fraud, abuse or mismanagement. These included such areas as the Resolution Trust Corporation's management and disposal of thrift assets, the Internal Revenue Service's \$60 billion in accounts receivable, the management of seized and forfeited assets at the Departments of the Treasury and Justice, questionable Medicare claims, DOD's inventory management systems, and major systems acquisitions.

During 1990 GAO initiated about 140 audits in the 14 "high risk" areas. It has issued 38 audit reports or testimonies and has about 100 audits underway in "high risk" areas. GAO has found that although few problems have been eliminated, the Congress and federal agencies are taking action to identify needed solutions and, in some cases, to begin work on them. For example, the Congress passed legislation to strengthen the government's asset forfeiture program. The legislation resulted in more timely forfeitures of seized cash by permitting administrative forfeiture in certain cases rather than the time-consuming and costly judicial proceedings previously required. [Donald R. Wurtz, GAO, (202) 275-9359]

Financial Statements and Audits

Auditing Financial Statements of Defense Organizations

During 1990, GAO reported on the first-ever audit of a military department's financial statements. The audit noted numerous opportunities for improving the department's financial operations, particularly with regard to systems, internal controls, inventory control and valuation, and accounting for and reporting on the cost of weapons systems. As a result of this effort and in conjunction with DOD's Corporate Information Management (CIM) initiatives, the military department initiated a number of major corrective action plans. It established panels and other groups to review operating regulations, instructions and directives in order to develop improved operating procedures and policies.

The department's finance center signed an agreement with the Defense Logistics Agency (DLA) Comptroller to establish an Executive Review Committee to identify, prioritize, and resolve long-standing, problem-causing unreconcilable conditions between the department and the DLA. The department placed additional emphasis on improving the accuracy and reliability of financial data from the bases and commands.

In a related follow-on assignment focusing on this department's financial reports submitted to Treasury, GAO recommended over \$116 billion of adjustments to these reports. As a result, this military department

recalled and amended the reports in question. The net effect of these adjustments was to decrease assets by \$50.4 billion, liabilities by \$1.4 billion, revenues by \$8 billion and expenses by \$10.6 billion. The benefit of these changes should extend beyond those particular Treasury reports into the future, as the process—of identifying errors, duplications, and omissions—that surfaced the need to amend the reports GAO evaluated will apply to preparation of future Treasury reports and auditable agency financial statements. The follow-on assignment will also result in issuing nine other reports and letters to the military bases and commands, pointing out how internal controls can be improved specifically at each of these locations.

Also during 1990, GAO started an audit of a second military department's financial statements, one which the Chief Financial Officers Act of 1990 requires in the future to be audited. This audit builds upon the experience and knowledge gained in the audits discussed above, and its scope has been expanded to consider budgetary systems and issues, in addition to the kinds of work typically performed on a financial statement audit. [David M. Connor, GAO, (202) 275-7095]

Bank Insurance Fund Audit

GAO performed an audit of the Bank Insurance Fund that insures deposits in approximately 13,200 commercial and savings banks. The report, *Bank Insurance Fund: Additional Reserves and Reforms Needed to Strengthen the Fund* (GAO/AFMD-90-100), disclosed

that at the end of 1989 the Fund was not sufficiently capitalized to deal with the costs associated with the level of bank failures that could occur in a recessionary environment. GAO also found that the Fund faces significant potential cash outlays over the next few years and additional loss exposure associated with existing bank failure and assistance transactions. Additionally, GAO reported that, at year-end 1989, 35 large banks were in such severe financial condition that, without some form of recapitalization, they were likely to fail within the next year and cost the Bank Insurance Fund up to \$6 billion.

GAO noted that application of currently acceptable accounting principles enabled the Bank Insurance Fund's administrator—the Federal Deposit Insurance Corporation (FDIC)—to exclude the estimated costs associated with these likely bank failures from the Fund's financial statements, and that these same accounting practices are used by many banks to delay the recognition of significant losses on their asset portfolios, leading to unexpected and expensive bank failures.

GAO recommended that:

- Congress remove the restrictive assessment rate caps in the Financial Institutions Reform, Recovery, and Enforcement Act of 1989 (FIRREA) to allow FDIC more flexibility in setting assessment rates to recapitalize the Fund, and that the Department of the Treasury determine the capital level needed to be maintained by the Bank Insurance Fund to enable it to deal with the costs of

bank failures in the event of a recession without requiring taxpayer assistance.

- FDIC, the Comptroller of the Currency, and the Federal Reserve conduct annual on-site full scope examinations of large and problem banks to prevent bank failures from occurring unexpectedly and to minimize the cost to the Fund.
- FDIC monitor the use of certain types of failure and assistance transactions to ensure the Fund has sufficient cash resources to meet its commitments, and revise guidelines for determining the book value of assets acquired or to be acquired through failure and assistance transactions so they reflect more realistic values.

The Congress and the FDIC have taken initial steps toward recapitalizing the Bank Insurance Fund. FDIC has increased assessment rates charged to insured banks for 1991 up to the maximum level allowable under FIRREA. The Congress has cleared the way for further assessment rate increases by removing the assessment rate restrictions in FIRREA.

Other reforms within the industry and the regulatory process are needed, however, to strengthen both the industry and the insurance fund. The recognition of asset portfolio losses needs to be accelerated and more accurately measured to provide regulators with more accurate information on the financial condition of insured banks. Capital levels in banks may need to be increased to reduce the exposure to the Bank Insurance Fund. GAO is continuing to work with the Congress to ensure that these issues

are addressed as the Congress continues to study the need for deposit insurance reform. Additionally, GAO is following up on the other recommendations noted in the audit for 1989, and has already begun an extensive review of the supervision and examination practices of all financial institutions regulators. [Robert W. Gramling, GAO, (202) 275-9406]

Financial Statement Audit for a Civilian Agency

GAO's reporting on a civilian agency's financial statements for fiscal years 1989 and 1988 (GAO/AFMD-91-6) represents its response to make financial reporting more useful and understandable. The report of GAO's audit of this department's financial statements for fiscal years 1988 and 1989 includes the department's consolidated financial statements for those years, GAO's opinion on the statements, a report on its internal control structure, and a report on the department's compliance with laws and regulations.

The report breaks new ground in federal financial audit reporting. The report provides a discussion and analysis of the department's financial operations for the years audited, including estimated future costs. The report also includes an analysis of its appropriation activity for those years and a summary of the department's self-assessment of internal controls under the Financial Integrity Act. GAO believes that, taken together, this information represents the kind of financial disclosure that should be

made in annual reports by agency heads to the Congress and the President. The CFOs Act of 1990 requires agencies to prepare reports showing this type of financial information and submit them to OMB each year. [Jeffrey C. Steinhoff, GAO, (202) 275-9454]

Accounting and Auditing Standards and Guidance

Government Auditing Standards Advisory Council

During 1990, the Comptroller General announced his intention to establish a Government Auditing Standards Advisory Council to provide advice and guidance on revisions of Government Auditing Standards. The Council is to be a key component to the government auditing standard-setting process and helps ensure that the standards are current and generally accepted.

The Council will be comprised of 15 members with strong knowledge of financial and performance auditing and program evaluation such areas as federal, state, and local government; and hospitals, colleges and universities, and other nonprofit entities that receive government financial assistance. The Council is expected to become operational in early 1991. [Ronald Young, FASAB, (202) 275-9578]

Federal Accounting Guide

GAO issued an accounting guide on federal accounting and reporting required by OMB, GAO, and the Treasury, as well as the governmentwide Standard General Ledger. The guide covers

accounting for basic operating appropriations, accounting for reimbursables, and reporting. Numerous examples are included in each section as well as a comprehensive example which reinforces the material covered. [Ronald Young, FASAB, (202) 275-9578]

Budget Development and Execution

Budget Deficit

In September 1990, GAO issued a major report entitled *The Budget Deficit: Outlook, Implications, and Choices* (GAO/OCG-90-5). GAO noted that the deficit has doubled as a percent of gross national product (GNP) every decade since the 1950s. The growing imbalance between revenues and outlays in the general fund portion of the budget had seriously depleted the nation's savings during the 1980s, adversely affecting investment and long-term growth. Rising deficits and borrowing have required increasingly larger shares of federal revenue to be used for debt service rather than for productive purposes. GAO recommended that this ominous trend be reversed by a \$300 billion fiscal policy swing that would result in a total budget surplus of about 2 percent of GNP annually by 1997—and approximate balance in the general fund.

While the GAO report did not recommend specific program choices, it did provide the Congress and the executive branch illustrative scenarios and packages for achieving such a fiscal policy goal. An accompanying appendix (GAO/OCG-90-5A), elaborates on

selected information in the report and provides specific options for reducing outlays and increasing revenue. [James L. Kirkman, GAO, (202) 275-9573]

Human Capital

GAO's April 1990 report, *Budget Issues: Human Resources Programs Warranting Consideration As Human Capital*, (GAO/AFMD-90-52), responds to concerns that limiting the classification of capital items to physical and financial investments could represent a bias toward funding for those items, thus discriminating against human development program initiatives. This report identified 154 federal programs designed to enhance individuals' well being that could be considered as capital outlays rather than operating expenditures. Fiscal year 1988 outlays for these programs totaled \$534 billion, including education and training (\$25 billion), health (\$131 billion), social assistance (\$69 billion), and retirement and disability (\$309 billion). While no clear definition of human capital exists, many private sector economists and researchers agree that some education and training programs are human capital investments. There is no consensus regarding how much of the remainder should be similarly classified. [James L. Kirkman, GAO, (202) 275-9573]

Budget Earmarking

In a January 1990 report, *Budget Issues: Earmarking In The Federal Government* (GAO/AFMD-90-8FS), GAO discusses the practice of earmarking federal

revenues, which refers to legislatively designating specific revenues for particular uses. Earmarked budget revenues grew from 40 to 48 percent between fiscal years 1974 and 1988 with almost half of that growth attributable to increased earmarking of Social Security payroll tax revenues. The report identified positive and negative consequences of earmarking. For example, earmarking provides a relatively predictable financing procedure to help achieve budget policy or programmatic goals but lessens congressional flexibility to adjust program funding levels and priorities. [James L. Kirkman, GAO, (202) 275-9573]

Outlay Capping

In its September 1990 report, *Budget Issues: Capping of Outlays Is Ineffective For Controlling Expenditures* (GAO/AFMD-90-111), GAO examined the three legislatively imposed outlay caps enacted between 1970 and 1990 to determine whether such techniques can effectively control federal spending. GAO found that the affected agencies had not realized any long-term savings because outlays had merely been delayed from the fiscal year with the cap to the following year.

GAO concluded that outlay caps are a costly and ineffective way to control federal spending, are likely to result in administrative inefficiencies, and generate no long-term savings. It said that savings could be assured only if agency budget authority were permanently reduced. [James L. Kirkman, GAO, (202) 275-9573]

Financial Management Systems and Issues

Credit Management

GAO reviewed agencies' implementation of OMB's Nine Point Credit Program. In some instances, agencies GAO reviewed had not fully implemented several loan origination, account servicing, collection, and write-off initiatives as specified in OMB's Nine Point Program and as generally allowed by the Debt Collection Act of 1982. For example, agencies are not adequately screening applicants for delinquent federal debt, and, in some instances, they are not using private collection firms in the normal collection process. GAO reported that credit management programs for the agencies it reviewed would be improved if the Congress legislatively required the use of many of the Nine Point Program initiatives and audited financial information on receivables and delinquencies. [Jeffrey C. Steinhoff, GAO, (202) 275-9454]

Loan Origination

GAO reported that federal agencies have experienced long-standing loan origination problems which have been highlighted in numerous GAO, Inspector General and other reports over the past several years. The reported problems encompass agency and lender deficiencies in the determination of applicants' eligibility, credit worthiness, and repayment ability as well as the adequacy of loan security. In

addition, these reports identified widespread weaknesses related to lender monitoring and instances of applicant and lender fraud and misrepresentation. As a result of these reported loan origination problems, loans were made to ineligible borrowers and the government incurred millions of dollars in losses. GAO reported that, in addition to OMB and Treasury initiatives, agencies have taken, or plan to take, steps to correct many loan origination problems. [Jeffrey C. Steinhoff, GAO, (202) 275-9454]

Financial Systems Plans

In a report entitled *Financial Management: Additional Actions Needed to Improve Federal Financial Management Systems* (GAO/AFMD-90-14), GAO stated that the OMB Circular A-127 process, which requires the development of a 5-year financial management systems improvement plan, was not working as intended. GAO noted that costs agencies reported in their plans are not all-inclusive. For the most part, agencies did not report system improvement costs incurred prior to the 5-year period or planned future costs beyond the 5-year period. In some cases, in-house personnel costs to improve the systems were not included. In addition, GAO found the need to develop a capacity to review the agency plans.

Acting upon the GAO report, OMB and Treasury put together a study team to develop a review methodology to be used to assess the adequacy of agencies' financial management system plans. This effort is most important as it ties

directly to the 5-year systems plan called for in the Chief Financial Officers Act of 1990. [Jeffrey C. Steinhoff, GAO, (202) 275-9454]

Credit Card Programs

GAO reviewed the small purchases credit card program used by agencies and found that the program can help improve the efficiency of purchasing and payment processes. However, administrative savings that have resulted was not known because most agencies had not conducted an analysis comparing the cost of using the credit card to the cost of other purchasing and payment methods. Also, GAO reported that the small purchases credit card program included internal controls that should prevent the credit card from being misused. Four of the seven agencies GAO reviewed had some problems implementing these controls, but they were taking or planning corrective action to resolve the problems. [Jeffrey C. Steinhoff, GAO, (202) 275-9454]

GAO found that the Diners Club business travel management program needs improvement. GAO reviewed agencies believe they have benefitted from employees' use of Diners Club individual charge cards, e.g., enabling some agencies to reduce the size of travel advances, thus improving the government's cash flow. However, GAO found that most agencies are not taking full advantage of the benefits offered by the program and employees have not been surveyed to assess their concerns. Agencies also are experiencing problems reconciling their Diners Club centrally billed accounts for

payment, which contributes to increased interest costs. [Jeffrey C. Steinhoff, GAO, (202) 275-9454]

Stock Funds

Based upon GAO work, the Congress instructed a military department to adjust its fiscal year 1991-1993 stock fund charges to recoup \$238 million that had been inappropriately transferred from "M" accounts. The transfer was made to recoup losses that occurred because the department's accounting system failed to bill customers for aircraft fuel sales. When the department did not follow the fiscal year 1990 Appropriations Conference Committee report instructions, the Committee reduced the department's fiscal year 1991 budget request by \$79.3 million.

In addition GAO issued reports on other Defense agencies' stock fund pricing and refund practices (GAO/AFMD-90-59, GAO/AFMD-90-68, and GAO/AFMD-90-75). GAO's analysis showed that the collective stock fund cash balance of these activities could be reduced by over \$600 million with no adverse impact on the customer or the operation of the stock funds. [Jeffrey C. Steinhoff, GAO, (202) 275-9454]

Audit Oversight

GAO continued its oversight of Inspectors General and other audit organizations with reports on the Department of Veterans Affairs (GAO/AFMD-90-6) and the Air Force Audit Agency (GAO/AFMD-90-16). These reviews focused on audit coverage, resources, quality,

and impact. In addition, GAO reported on (1) the establishment of the Office of Inspector General at the Department of the Treasury (GAO/AFMD-90-70) and (2) the status of implementation of the 32 Inspectors General created under the 1988 amendments to the Inspector General Act (GAO/AFMD-90-15, GAO/AFMD-90-46, GAO/AFMD-90-55FS, and GAO/AFMD-90-64).

GAO also provided testimony on the need (1) to strengthen audits of employee benefit plans (GAO/T-AFMD-90-25) and (2) for better prevention, detection, and reporting of financial irregularities in public companies subject to the Securities and Exchange Act of 1934 (GAO/T-AFMD-90-27). [David L. Clark, GAO, (202) 275-9507]

INTERAGENCY COUNCILS

Several interagency councils facilitate the improvement of government operations, processes, and systems. Through their efforts, the councils have specifically contributed toward significantly improving financial management. The following sections highlight the objectives, structure, and accomplishments of these councils.

Chief Financial Officers Council

The Chief Financial Officers Council (CFO Council) was administratively established in 1987

and placed organizationally within the Office of Management and Budget (OMB). With the passage of the Chief Financial Officers Act of 1990 (P.L. 101-576) in November 1990, the CFO Council became a statutory entity. The law identifies as members of the Council: the Deputy Director for Management of OMB, who will act as Chairperson; the Controller of OMB's Office of Federal Financial Management; the Fiscal Assistant Secretary of the Treasury; and each of the statutory CFOs in the cabinet departments, EPA, NASA, AID, FEMA, GSA, NSF, NRC, OPM, and SBA.

Currently, Frank Hodsoll, Executive Associate Director of OMB serves as Chairman, and Gerald Murphy, Treasury Fiscal Assistant Secretary, serves as Vice Chairman.

The CFO Council meets monthly to discuss key financial management issues, and hear from individuals who lead major government financial management projects or policy development activities. Examples of recent topics have included: actions underway to implement provisions of the CFOs Act in areas such as establishing the agency CFO organization structure and audited financial statements; implementation of credit reform legislation; implementation of expired ("M") accounts legislation; GAO oversight activities; and updates on the OMB Five-Point Program for financial improvement.

Many activities are carried out by the CFO Council's Committees, under the general guidance of the

Council's Executive Committee.
The Committees are:

- The Executive Committee, comprised of the Chair, Vice-Chair, Vice-Chair of the President's Council on Management Improvement (PCMI), and the Chairs of the five following Council Committees;
- Human Resources Committee;
- Financial Systems and Information Committee;
- Central Agency Requirements Committee;
- Organization and Structure Committee; and
- Legislation and External Affairs Committee.

In 1990, the Council was heavily involved in the passage of the CFOs legislative package, as well as a number of other pieces of financial management related legislation. The Council also published a report on the use of intragovernmental revolving funds, jointly sponsored with JFMIP a seminar on audited financial statements, undertook a study of reporting formats for audited financial statements and related issues, produced a compendium of projects supporting long-range financial management plans and goals, and assisted the President's Council on Management Improvement with its project related to an integrated governmental network of financial management systems.

With the passage of the CFOs Act, some changes to the organization and operations of the CFO Council will occur during 1991. [Albert Seferian, OMB, (202) 395-3993]

President's Council on Integrity and Efficiency

The President's Council on Integrity and Efficiency (PCIE) was established by Executive Order in 1981 to coordinate and implement governmentwide activities to combat fraud and waste in federal programs and operations.

The PCIE is chaired by the Deputy Director of OMB. The Council's membership during fiscal year 1990 included the 26 Presidentially appointed Inspectors General, the Executive Associate Director for Investigations of the Federal Bureau of Investigation, the Director of the Office of Government Ethics, the Associate Deputy Attorney General of the Department of Justice, the Deputy Director of the Office of Personnel Management, and the Special Counsel of the Office of Special Counsel.

The Council coordinated interagency efforts through standing committees and projects chaired by its members. By sharing past experiences and applying new ideas, PCIE committees have developed useful guidance for application throughout the government. For fiscal year 1990, PCIE had standing committees for Audit, Communications, Executive Development, Inspections and Special Reviews, Integrity and Law Enforcement, Internal Operations, Legislation, and Information Technology.

Recent significant achievements are presented in the President's Council on Integrity and Efficiency: A Progress Report to the President, Fiscal Year 1990. The report notes that the Inspectors General

reported 5,465 successful prosecutions, \$754 million in investigative recoveries, and 3,228 debarments and suspensions of persons or firms doing business with the government.

In addition, the report highlights the savings or recovery of funds made by Inspectors General as a result of audit and inspection activities. During 1990, Inspectors General recommended recovery or restitution of \$5.9 billion in federal funds and better or more efficient use of \$27.7 billion. In response to these recommendations made in this or prior periods, federal managers issued final decisions to disallow costs of \$2.3 billion and put \$16.6 billion to better or more efficient use.

Members of the PCIE and their respective agencies have developed a number of ethics and preventative initiatives. These efforts are designed to educate federal employees and the public on how to detect fraud. PCIE has developed an early-warning system which will enable program managers and federal officials to act prudently to eliminate the opportunities for fraud and abuse.

Inspectors General have coordinated their efforts through PCIE to accomplish more together than they could otherwise accomplish individually. [Suzanne Murrin, OMB, (202) 395-6911]

President's Council on Management Improvement

The President's Council on Management Improvement (PCMI) was established in 1984 to assist in making the federal government more efficient and

responsive to the public. William Diefenderfer, the Deputy Director of OMB, chairs PCMI. PCMI includes the Assistant Secretaries for Management, or equivalent, of 20 departments and agencies, the Chair of the Small Agency Council, and the Assistants to the President for Policy Development and Presidential Personnel.

PCMI and its committees meet monthly to address the status of projects, identify new opportunities for management improvement, and develop strategies to implement its initiatives governmentwide. Since its inception, PCMI has initiated over 100 projects through its committees. Management improvement priorities have encompassed broad government-wide themes: credit management, financial management, quality and productivity improvement, improved services through technology, procurement management, and management of government operations.

PCMI has also been active in government efforts to recognize the contributions of federal employees through events like Public Service Recognition Week and individual contributions to improved management through the PCMI-sponsored Quality and Productivity Conference. Working through PCMI, federal agencies have established a strong partnership directed at mutual assistance and support in bringing about comprehensive management

reform in the federal government. [Steve Mertens, OMB, (202) 395-5090]

Federal Financial Managers Council

The Federal Financial Managers Council (FFMC) is comprised of senior financial managers from major federal departments and agencies which serves as a forum for financial managers in these operating agencies to discuss information, share experiences, and develop appropriate strategies for implementing financial management improvements. Its broad purpose is to further the goals of financial management governmentwide and to promote improvements in federal financial management. FFMC members meet monthly in Washington, D. C. Sessions typically include guest representatives from the central agencies and from regional federal financial managers councils (RFFMCs).

FFMC has contributed to formulating governmentwide financial policy and implementation of legislation for a Chief Financial Officer and other financial management initiatives and programs. The Executive Director of JFMIP is also a Council member and this affiliation has resulted in strong ties between JFMIP and FFMC.

FFMC established a Financial Policies Committee, now in its 5th year of operation, which has developed a viable program agency network and maintained a good communication avenue for the JFMIP and the central agencies to

present and discuss current or proposed initiatives.

FFMC has placed emphasis on promoting and supporting new and existing RFFMCs. It does this by promoting the increased involvement of FFMC members' organizations in the regional councils, improving communication between Washington, D.C., FFMC and RFFMCs, and encouraging the formation of additional regional councils. Currently, there are 14 regional councils with active membership and programs. The newest council was formed in the Tidewater area of Virginia. [Joyce Shelton, DOT, (202) 366-1306]

Comptrollers' Roundtable

The Comptrollers' Roundtable (renamed in 1990 from the former Independent Agency Financial Managers' Council) meets monthly to provide a forum for discussing common financial management issues. The Comptrollers' Roundtable has four main goals: to influence governmentwide financial management policies that affect independent agencies, to form alliances with other financial managers' groups with common goals, to educate members with speakers presenting new policies, technologies and innovations, and to provide opportunities for professional growth through networking, job opportunities and training.

The Comptrollers' Roundtable is currently chaired by Patricia Dews, Director, Budget and Finance, National Archives and Records Administration. The Vice Chair is Madge Bolinger, Director, Office of Budget and Fiscal Operations,

Commodity Futures Trading Commission. Committees formed to assist in various activities are:

- *Education/Programs:* Developed agendas for monthly meetings, obtained speakers, coordinated logistics of meetings.
- *Training:* Informed members of training opportunities, coordinated a course in Appropriation Law which was presented in January 1991.
- *Membership:* Developed a draft of a brochure to publicize the Roundtable, collected names to add to the mailing list.
- *Communication/Coordination:* Established contact with and attended meetings of other organizations (CFO Council, FFMC, AGA, AABPA, etc) and reported to members.
- *Personnel:* Provided copies of job announcements, began collecting position descriptions and performance standards.

During 1990, the Comptrollers' Roundtable expanded its mailing list and invited interested financial managers of all agencies to its monthly meetings. Topics covered at its meetings were:

- Financial Automation in the 1990's
- ATM's for Travel, GSA process for developing per diem rates
- Financial Systems and OMB Circular A-11 Changes
- Managing Imprest Funds
- New Appropriation Law Book, Appropriation Warrants,

Proposed Changes in "M" Accounts

- OMB's Five-Point Program, New Legislation: CFOs Act, "M" Accounts, and Pay Reform
- Omnibus Reconciliation Act of 1990 (Joint meeting with American Association of Budget and Program Analysis)
- Joint luncheon meeting with the Association of Government Accountants Washington DC chapter.

[Patricia Dews, NARA, (202) 501-6060]

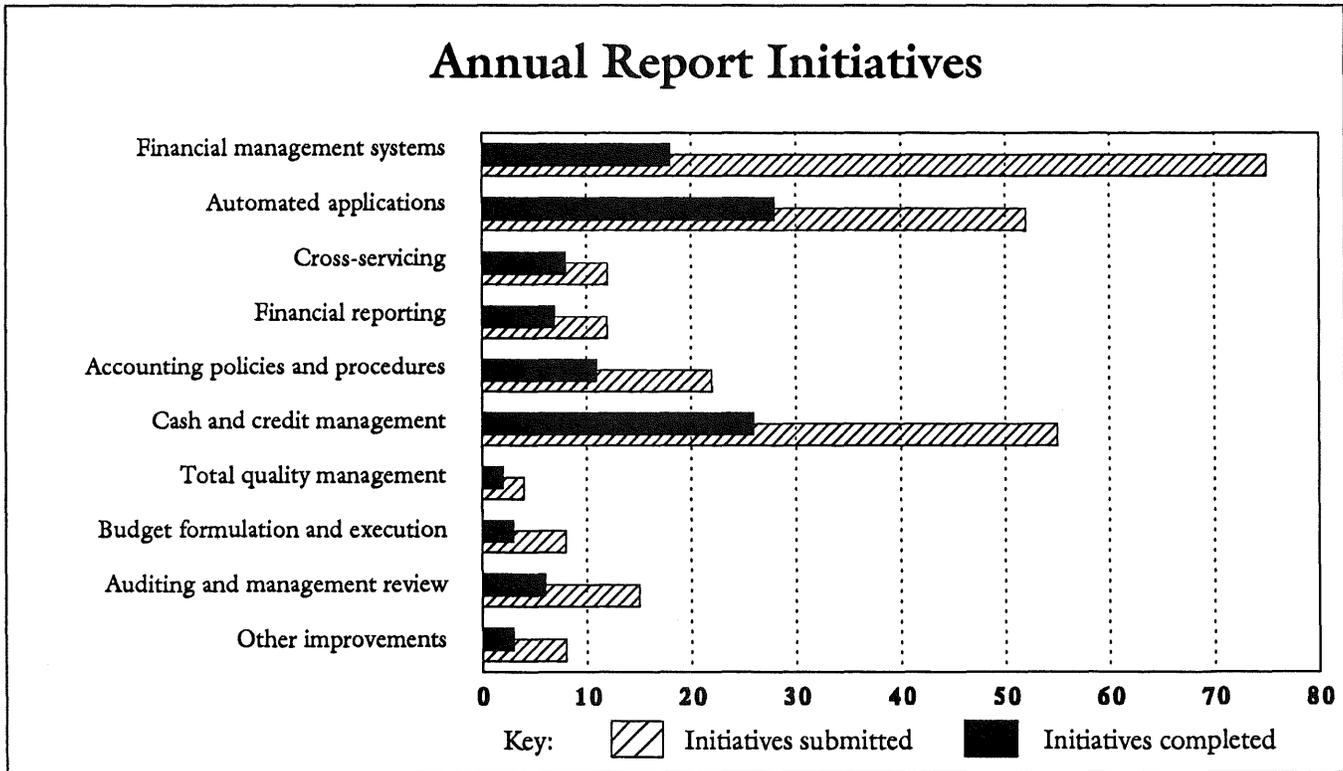
Initiatives by Agencies to Improve Financial Management

Initiatives to improve financial management operations in 1990 were reported by 33 departments and agencies. The initiatives reflect a diversity of improvements that included modernizing and consolidating systems, providing for and/or using cross-servicing, strengthening management controls, and implementing total quality management. The more significant or unique improvements are described in one of the following sections of this chapter:

- Financial Management Systems
 - Financial Management and Accounting Systems
 - Debt Management Systems
 - Procurement and Property
 - Personnel/Payroll Systems
- Automated Applications
- Cross-Servicing
- Financial Reporting
- Accounting Policies and Procedures
- Cash and Credit Management
 - Credit Cards for Small Purchases
 - Debit Cards
 - Other Cash Management Efforts
 - Electronic Payments
 - Electronic Funds Transfers
 - Automated Clearing House
 - Lockbox
 - Third Party Drafts
 - Travel
 - Credit Management
- Total Quality Management
- Budget Formulation and Execution
- Auditing and Management Review
- Other Improvements

The table below summarizes the number, type and status of the initiatives reported and Appendix D to this report provides details of the reporting by departments and agencies.

A representative sample of the financial management improvements reported are described in the following sections. An agency contact point with telephone number is provided at the end of each initiative to enable readers to obtain additional information.



FINANCIAL MANAGEMENT SYSTEMS

Office of Management and Budget (OMB) Circular A-127, Financial Management Systems, requires federal agencies to establish and maintain a modern, single, integrated financial management system. Circular A-130, Management of Federal Information Resources, requires agencies to acquire off-the-shelf software from commercial sources, unless the cost-effectiveness of developing custom software is clear and documented. OMB encourages agencies to install other agencies' systems. The emphasis on improving financial management has received significant support from the recently enacted Chief Financial Officers Act of 1990 which calls for developing and implementing a comprehensive program of financial management improvement throughout the federal government. Initiatives by agencies to improve their financial management systems are discussed below.

Financial Management and Accounting Systems

The **Administrative Office of the U.S. Courts** fully implemented its Central Accounting System (CAS) which provides for on-line inquiry on the status of budgetary funds, use of the U.S. Government Standard General Ledger, and timely financial statements and reports. CAS is a modified off-the-shelf software package that uses single-entry on-line transaction

processing and accepts transactions through customized interfaces with other systems such as payroll. [Stuart Kurlancheek, (202) 633-6017]

The **Department of Agriculture** implemented the U.S. Government Standard General Ledger chart of accounts. This chart of accounts provides control over all financial transactions and resource balances; satisfies basic OMB and Treasury reporting requirements (Program and Financing Report, Budget Execution Report, and related Treasury reports); and integrates proprietary and budgetary accounting. To complete this implementation, the department established a Standard Chart of Accounts Process, a Standard Chart of Accounts Reconciliation, a Standard Chart Adjustments System, and a Standard Chart Interactive Description System. [Clyde McShan, (504) 255-5200]

The Deputy Secretary of Defense, **Department of Defense**, established the Corporate Information Management (CIM) program to assess the department's key functional business areas in order to reduce costs associated with developing and maintaining duplicate financial management systems across DOD components. Senior level function groups have been constituted for civilian payroll, civilian personnel, contract payment, distribution centers, financial operations, government furnished materials, material management, and medical operations. The objectives of these CIM groups are to

- develop concepts for improved business practices,

- increase management efficiencies,
- develop standard functional and information requirements to support improved business processes, and
- reduce redundant information systems that meet the same functional requirements.

[Ronald L. Adolphi, (703) 695-7000]

In January 1991, DOD reorganized its six Finance and Accounting Centers into the Defense Finance and Accounting Service (DFAS); the U.S. Army Finance and Accounting Center, whose accomplishments in 1990 are described in this report, was one of the six centers. [Steve Young, (317) 542-3160]

The U.S. Army Finance and Accounting Center, **Department of Defense**, continued installation of microcomputer software at field finance and accounting offices to support the functions of travel entitlements, accounts payable, and disbursing. The software application is for small operations or operations which lack acceptable mainframe capabilities. [Steve Young, (317) 542-3160]

The U.S. Army Finance and Accounting Center, **Department of Defense**, is conducting a study to determine whether the Army's fund distribution and order control process should be used by other military departments and defense agencies. An independent cost evaluation of implementation by the Services and the Defense Logistics Agency will be performed in fiscal year 1991 to determine its further use. The system uses a central data

store with remote terminals to control the issuance of program and fund authorizations of more than \$100 billion in about 70 Office of the Secretary of Defense, Army, Air Force, and civil works appropriations. For the Army, the system services about 30 appropriation managers, 67 major commands and program executive officers, and 210 other activities. [Jim Willaford, (317) 542-3092]

The **Environmental Protection Agency (EPA)** is developing an integrated Change Control/Configuration Management System (CC/CM) for its Integrated Financial Management System (IFMS) to track change requests and modifications for the system and flag changes required to related systems. Anticipated benefits include improved communications between clients and developers of the system, elimination of duplication, and implementation of changes and enhancements according to agreed upon priorities. [Robert Shepanek, (202) 382-5304]

The **Environmental Protection Agency (EPA)** is in the process of implementing a Management Accounting Reporting System to serve as the report writer for its Integrated Financial Management System and facilitate the retrieval of information and the production of ad hoc and standard reports to the financial community. [Vince Serio, (202) 382-5107]

The **Department of Energy (DOE)** replaced computer hardware and upgraded the software for its Departmental Integrated Standardized Core Accounting System at all locations.

In addition, the department is in the process of standardizing program financial systems at three power administrations, with plans to then standardize the resulting system with its Western Area Power Administration's Program Financial System. [Donald Griffith, (301) 353-2595]

The **Equal Employment Opportunity Commission (EEOC)** modified its accounting system to provide funds control at the fund, program, organization, project, and object accounting classification levels. The modification brings it into compliance with the JFMIP *Core Financial System Requirements*. The agency believes this will also result in more comprehensive financial reporting and allow it to maintain operating plans. [Sandi Park, (202) 663-4229]

The **Farm Credit Administration (FCA)** is developing a financial management system to meet the requirements of OMB Circular A-127. Three of five functional components—budget execution/funds control, general ledger, and accounts payable—have been developed, integrated and implemented. Work has begun on the two remaining functional components of accounts receivable and cost accumulation. [Rob Brammer, (703) 883-4122]

The **Social Security Administration (SSA), Department of Health and Human Services**, initiated an Earnings Modernization Project to modernize the earnings application area into an integrated modern whole system. SSA has developed requirements for such functions as recording and maintaining data on

wages and income, and a management plan to provide a structure for managing the large software development effort. The proposed system is intended to ensure timely and accurate trust fund accounting certification and compliance with statutory deadlines for actuarial computations; improved automated technology to include converting from microfilm to disk; and easier development of systems, policies and procedures to respond to client inquiries. It is intended to enhance efforts in performing mandated reconciliation of earnings as required by public laws and combined annual wage reporting. [William Eichelman, (301) 965-0072]

The **Social Security Administration (SSA), Department of Health and Human Services**, was required by the Omnibus Budget Reconciliation Act of 1990 to create a Master Representative Payee File. SSA is creating this new data base designed to store additional information relevant to an applicant's ability to become or remain a representative payee—a person appointed to manage a beneficiary's benefit payments. The system will allow SSA to more effectively monitor the selection of the representatives and the payment of benefits by accessing the data base to determine an applicant's status. The information will also be accessed by other SSA systems via automated interfaces to recognize situations where further action may be warranted in a particular case. It allows SSA to more closely monitor the actual disbursement of benefits paid to the representatives, the transfer of benefits from one payee to a new payee, the status of

conserved funds, and the detection of misused funds. [Wayne Newton, (301) 965-0070]

The Social Security Administration, (SSA) **Department of Health and Human Services**, initiated a Supplemental Security Income (SSI) Modernization Project to provide more automated support to operational personnel in field offices. Currently, an application for SSI is a paper-oriented, time-consuming, and error-prone process, with the field offices responsible for the large task of taking, processing, updating, and maintaining cases with only limited automated support. The detailed functional requirements for the first software release related to claims and claims development were being developed in 1990, with release of the software for training in 1992. Future software releases will address post-eligibility functions and enhancement of initial claim functions. The modernization project is expected to result in faster and more accurate processing of SSI claims, and more efficient administration of the program. [Ronald Slowik, (301) 965-9427]

The Social Security Administration (SSA), **Department of Health and Human Services**, developed new software standards and edit criteria for tax year 1990 to improve payroll reporting and help ensure that 130 million workers receive full credit each year for their wages and social security taxes paid. SSA establishes and maintains earnings records for all employee wages and earnings of self-employed individuals. Earnings records are the basis for SSA's

(1) determining the amount of social security taxes the trust funds should receive, (2) identifying whether individuals are entitled to benefits, and (3) calculating benefit amounts for initial claims, earnings enforcement, Personal Earnings and Benefit Estimate Statements and other programmatic operations.

The new software standards are intended to help more employers properly report employee wages to SSA, reduce SSA resource expenditures to process annual wage reports and improve the timeliness and accuracy of posting to SSA's system of records. The standards should also help reduce the number of electronic manipulations necessary to post wage amounts to individual earnings records. These wage reporting improvements should enhance benefit computations and other programmatic operations which use earnings data. The standards for tax year 1990 were distributed nationwide to employers, software developers and payroll processors. SSA is currently updating this guidance for 1991. [William Eichelman, (301) 965-0072]

The **Department of Housing and Urban Development (HUD)** is redesigning the systems of the Housing Program for the Elderly and Handicapped to fully automate the accounting process and provide automated interfaces and one-time data entry. The new designs will eliminate manual processing and duplicative data entry to various systems, and increase the resources available for analysis and the quality of reporting. This effort is intended to serve as the core for automating

other loan programs and establishing integrated software. [Gail Dise, (202) 708-1757]

The **Department of Housing and Urban Development (HUD)** is continuing efforts to improve the security of its financial management system in administering multi-billion dollar programs. Major improvements, begun in 1989 and completed in fiscal year 1990, include developing and installing user rights software for controlling access to a program previously vulnerable to unauthorized access, ensuring greater separation of duties to enhance controls, and matching employee users nationwide to payroll records to verify continuance of access to a system. [Gail Dise, (202) 708-1757]

The **Department of the Interior** continues to phase-in its single standardized accounting system, the Federal Financial System (FFS), at all bureaus. The system is an off-the-shelf software package that incorporates on-line editing and updating and the U.S. Government Standard General Ledger. It provides enhancements that include custom software development for reports, system interfaces, and on-line financial management inquiries. Projects scheduled include developing additional reports to satisfy information requirements of bureau program, budget, and finance offices; and custom inquiry systems to reestablish support of bureau-specific financial inquiry requirements.

Bureau-specific FFS enhancements by the National Park Service included implementation of the FFS system in 48 field offices for data

input and local reporting to remote offices which avoids problems of difficult and expensive communications and allows better information retrieval through locally stored copies of account information. The bureau developed and installed at 80 park locations the field data entry system to provide parks and field locations basic data entry and batch processing capabilities. The system has the capability to edit transactions for valid cost accounts, budget object classes and document totals. It features other restrictions and internal controls to protect the security of the mainframe FFS data. In addition, the bureau improved data communications between the central finance office and regional offices and the mainframe location by installing six dedicated lines for reliable and quick access to the mainframe processing.

Further, the Bureau of Land Management implemented a program management system that integrates planning and budgeting practices and some unique Congressional reporting requirements. FFS will provide users with the ability to query status of funds and, in the future, direct input of accounting data.

The Bureau of Mines developed several custom internal management reports to extract and summarize data in support of budget execution tracking, general ledger reconciliations, cash management, and system assurance (ensuring the integrity of financial data files). Remote access to FFS by program and budget officials was developed to establish telecommunications capability to the mainframe, system and application security for each remote user, and

construction and delivery of training materials. [Clarence Smith, (202) 208-3425]

The Department of Justice is continuing efforts to consolidate its financial systems by moving to a primary Financial Management System. Several organizations of the department have committed to using it. The department's strategy for implementing the primary FMS is through phased integration of commercial software packages, and the phased migration of component systems to the primary FMS as the core financial modules of the primary system are enhanced. This strategy was adopted in order to proceed within available resources. [Edward Dolan, (202) 501-6600]

The Department of Justice continues with development of an enhanced accounts payable module for use on its newly acquired data base machine. The module is expected to provide more rapid invoice processing, better control and tracking of invoices, and enhanced document retrieval and productivity statistics. It also provides greater assurance that late payment penalties will be paid in compliance with the Prompt Payment Act by assisting the payment clerk in calculating the amount of the penalties owed. Implementation of the new module is scheduled for fiscal year 1991. Also, the data base machine will permit departmentwide use of the Financial Management Information System and its more efficient processing, storage, and retrieval of financial and accounting data. [Lee Loftus, (202) 501-7868]

The Federal Bureau of Investigation, Department of

Justice, initiated actions to improve its financial management system by upgrading its core financial systems with off-the-shelf software. The software will enhance functional capabilities within the budgetary control, accounts payable, and purchasing components. An effort is in process to augment the purchasing system with an electronic signature approval feature to provide on-line entry of purchase requests from all headquarters and field locations. Requests will be electronically routed to the appropriate contract specialist or purchasing agent. Remote on-line receiving acknowledgement will be concurrently implemented to eliminate a receiving document and to assist in meeting Prompt Payment Act guidelines.

A travel voucher system is scheduled for implementation in fiscal year 1991 to capture and audit all travel expenses, electronically create the SF-1012 travel voucher and any required statement of differences, and provide for approval at various levels. The system is to be integrated with the accounts payable system and work in conjunction with the third party draft capability, and it is to contain standard travel regulations, per diem rates, and extensive help features for creating an accurate, audited voucher.

Further, the agency is pursuing development of a decision support module for the its Financial Management System to allow for an executive view of the agency's financial condition at any time. It will replace the budget formulation system with the enhanced capabilities of a newly updated

general ledger system budget module. This module together with custom code and microcomputer based products will process data to support and integrate the new budget formulation capability with the Financial Management System. [Kevin Kaporch, (202) 324-5974]

The Bureau of Prisons, **Department of Justice**, began implementing its automated Standard Industries System in support of manufacturing and financial data processing requirements by standardizing hardware and software configurations at central office and field locations. The system is to replace posting machines and a large number of personal computers that use nonstandard financial and manufacturing applications through the use of 10 integrated, hardware-independent modules to include general ledger, accounts payable, and purchasing. The use of off-the-shelf software and a fourth generation database management system will minimize maintenance of software. Installation of the modules is scheduled for completion by September 1992. [Ronald Thompson, (202) 508-8414]

The Immigration and Naturalization Service (INS), **Department of Justice**, plans to implement the distributed budget module feature of the department's Financial Management System. The module is to assist all levels of management in developing the initial budget execution plan, issuing allocations, developing the operating plan, and processing requests for and approvals of modifications to the execution and operating plans. It

will also update allocations and obligations daily, provide the status of funds reports, compare actual obligations and full-time equivalents against the execution and operating plans, and provide on-line access for generating reports. The major benefit is to monitor and control the use of resources more efficiently and effectively. Implementation is scheduled over a 2 year period, beginning with headquarters in July 1991. [Wayne Judkins, (202) 514-2700]

The **Department of Labor** continued implementation of its commercially-based family of financial systems—Department of Labor Accounting and Related Systems (DOLAR\$). Actions completed were (1) the core system became operational, (2) the U.S. Government Standard General Ledger was implemented and accounting transaction effects were defined to conform to GAO and Treasury requirements, (3) 2.5 million transactions were input and edited against accounting criteria, (4) structured reports for priority internal management needs were produced 5-6 days after the close of the month, (5) standard on-line query capability became operational, and (6) external Treasury reports have been completed and will serve as the basis for the annual financial statements required by the CFOs Act of 1990.

Work continues on the accounts payable, procurement, travel, and accounts receivable sub-systems, with the accounts payable

sub-system and standing entry and commitment accounting functions in a test mode. Future efforts involve interfacing DOLAR\$ with ancillary systems such as payroll and several trust fund accounting systems. [William Furman, (202) 523-6891]

The **Department of Labor** is implementing a fully automated accounting system for its Federal Employees' Compensation Program. It first installed mini-computers at district offices to replace a manual bookkeeping system, and is currently installing a self-designed debt management system as another base toward establishing a fully automated accounting system. The complete system is scheduled to be operational in fiscal year 1993 and is expected to generate savings through greater fiscal accountability as well as eliminate manual bookkeeping. [William Cole, (202) 523-6486]

The **National Aeronautics and Space Administration (NASA)** continued upgrading its accounting systems to meet internal requirements, the requirements of OMB Circular A-127, and to implement fully the U.S. Government Standard General Ledger. The objective is to produce a standard agencywide accounting system to replace nine installation-level systems and three agencywide systems, with \$75 million savings projected over a 15-year life cycle. Definitions of functional requirements have been completed and the development of system and software requirement specifications has begun. [Arthur Frater, (202) 453-2295]

The National Endowment for the Arts (NEA) is testing a modified version of the Department of Education's MIDAS system. The modified endowment system provides a standard general ledger with accounts payable and budget execution modules, and interfaces with payroll (cross-serviced through the National Finance Center) and the agency's grants management system. [Marvin Marks, (202) 682-5407]

The National Science Foundation is converting its computer applications from usage on a mini-computer to usage on a super-computer. While the conversion is underway, it has trained one-third of its financial management staff to write fourth generation language to ensure maintenance of accountability and reporting during the conversion period of several years. Programs knowledge allows financial management personnel to extract needed financial data and produce new reports from the supercomputer, thereby reducing reliance on its Office of Information Systems for computer support. The conversion effort demonstrates that today's accountants should also be computer specialists. [Martin Engle, (202) 357-7757]

The Office of Personnel Management awarded a contract for a system on the GSA Financial Management Systems Software Schedule to begin implementing a primary accounting system that meets the *Core Financial System Requirements*. The system modules include general ledger, accounts receivable, accounts payable, budget execution/funds control, property, and procurement. All modules are

scheduled to be implemented by October 1, 1991, except for the property module which is scheduled for 1992. [Christopher Flaggs, (202) 606-2477]

The Department of State converted an additional 13 bureaus to its primary accounting system, the Central Financial Management System (CFMS). CFMS is based on the off-the-shelf software, Federal Financial System, and is now operational in 28 of 30 bureaus. CFMS processes all domestic financial activity and also records summary financial data from overseas posts and the department's payroll system. The system currently includes modules for budget execution/funds control, financial planning, general ledger, purchasing and document tracking, accounts payable and disbursements, travel, accounts receivable and collections, standard management and external reports, and several ad hoc query and reporting tools. Through this on-line integrated system, program managers now have funds status information available on-line. Immediate funds availability checks are automatically performed when obligations and liquidations are processed. CFMS provides enhanced control over obligation and expenditure transactions and provides a single source of data entry for each transaction. Program and financial managers now have access to accurate and timely financial information for decision-making. In addition, transaction status information is readily accessible through numerous on-line queries available in each of the subsystems. [Howard Renman, (703) 875-6906]

The Department of State developed an Overseas Financial Management System (Overseas FMS) to automate local processing at posts, replacing or incorporating multiple, nonstandard, antiquated existing systems. The system provides financial processing for the department and over 30 foreign affairs agencies operating overseas that require such services as disbursing, vouchering, allotment accounting, and budget preparation. The system has been installed at 21 financial management centers located at major embassies worldwide, and at two of three regional administrative management centers overseas. An interface with the department's primary accounting system—the Central Financial Management System—is operational. [Howard Renman, (703) 875-6906]

The Department of Transportation (DOT) developed a Departmental Accounting and Financial Information System (DAFIS) to replace the primary accounting systems for all departmental operating administrations and the Office of the Secretary. DAFIS incorporates a standard departmental accounting classification code, the U.S. Government Standard General Ledger at the transaction level, debt collection and cash management, and the Prompt Payment Act. DAFIS has several operational (and planned) interfaces with subsidiary systems to reduce duplication of data input, including receipt of credit card obligation and invoice related data. Upon implementation departmentwide, DAFIS will complete the first step toward complying with OMB Circular

A-127's requirement for a single integrated, efficient agency financial management system, and is expected to foster consistent processing of accounting and financial information, reporting, and internal control reviews. Thus far, five accounting systems have been ended with another seven scheduled for discontinuance. Further, DAFIS is providing the Coast Guard with the opportunity to consolidate 12 accounting offices into one finance center. [Doug Sawin, (202) 366-5625]

The Financial Management Service, **Department of the Treasury**, developed a prototype travel system which allows employees to initiate and process travel authorizations and travel vouchers through a personal computer based program. After additional technical modifications and enhancements, the system is scheduled to be fully functional by June 1991. [Spencer Sakai, (202) 287-3909]

The U.S. Customs Service, **Department of the Treasury**, implemented the security module of its Asset Information Management System (AIMS), which is a new financial management system under development. The module controls access to the first two modules—budget execution and funds control—of 16 modules planned for AIMS. The security module provides the automated capability to submit requests for access to other modules, verify the accuracy of all data entered on requests, and limit access to authorized users. It will also maintain an audit trail identifying the user that input a specific transaction and the terminal used, limit authorized users to

selected functions within a module, and update user access profiles on-line. It provides the controls to ensure the integrity of AIMS and prevent unauthorized access. [Carole Graves, (202) 566-8216]

The U.S. Customs Service, **Department of the Treasury**, implemented a budget execution module as part of its Asset Information Management System which automates the funds allocation process. Internal financial plans are maintained and transmitted electronically, and the records of financial plans and updates are centrally located and available to the other modules of the system. Enhancements of the module are underway. [Elizabeth O'Connell, (202) 566-5187]

The U.S. Customs Service, **Department of the Treasury**, enhanced its automated funds control to provide warning controls at all budgetary levels; on-line verification of the availability of funding; reject documents for which funding is not available; generate and display appropriate error messages, query controls, and the status of budget plans. The prior controls were limited to the allotment and suballotment levels and provided few on-line features. The enhancements provide the tools required to maintain adequate controls over the budgetary resources and to avoid violations of the Anti-Deficiency Act occur. [Carole Graves, (202) 566-8216]

The **Department of the Treasury's** departmental offices went on-line with the Federal Financial System for accounting and reporting. The modules implemented included the general

ledger, budget execution, accounts payable, travel, and accounts receivable. The new system provides on-line query, eliminates most manual recordkeeping, and is a fully integrated accounting and budget system. The use of the automated clearing house function will be implemented in fiscal year 1991, and additional modules to be implemented are purchasing, inventory control, and fixed assets. Interfaces with the Administrative Financial Management Information System and the Federal Procurement Data System are also being considered. [Richard Aaronson, (202) 566-3563]

The Bureau of Engraving and Printing, **Department of the Treasury**, continues to enhance its Management Information System by using on-line and hard copy reporting capabilities to prepare additional management reports. The system will be used at a new production facility in Texas. [Gregory Carper, (202) 447-9845]

The Internal Revenue Service (IRS), **Department of the Treasury**, discontinued in-house development of an accounting software package and contracted for purchase of the Federal Financial System software, an off-the-shelf package on the GSA schedule that will be modified to meet agency specific requirements. The modified software is to include integrated budget execution and planning, cost accounting, and accounting for fixed assets. It will interface with payroll, contracts and procurement, and other internal and external financial systems. This software package will eliminate the need for

duplicate key entry, improve availability of financial information, and form the foundation for an integrated financial data base. [David Biehler, (202) 566-4607]

The Internal Revenue Service (IRS), **Department of the Treasury**, is automating its Non-Master File, which is one of six subsystems under the Manual Accounting Replacement System. It is a tax processing subsystem that is being automated at the agency's centers, and is expected to save 3 staff years at each center. Full implementation is scheduled for November 1991. [David Biehler, (202) 566-4607]

The Internal Revenue Service (IRS), **Department of the Treasury**, is continuing to upgrade its Revenue Accounting Control System. The system is designed to replace the manual journal, general ledger, and report functions. Plans call for purchasing an interim system in fiscal year 1993, due to the age of equipment, in order to maintain system capabilities until the system is incorporated into the total system architecture in the year 2000. A modern system is expected to produce accurate, quicker reports and information, particularly on accounts receivable. [Florence Kesmetis, (202) 233-1029]

The U.S. Mint, **Department of the Treasury**, is in the process of automating the Bullion Accounting and Coinage Metal System. System specifications were developed, a task force formed to enhance internal controls, and policy formulated to add dollar value to the recording and reporting of settlement adjustments. The current system is

primarily a manual accounting system used to track the purchase, fabrication, and transportation of coinage and precious metals. [Joel Weiss, (202) 376-0451]

The U.S. Mint, **Department of the Treasury**, is automating its Cost Accounting System to ensure reliable, comparable, useful, and timely cost information. The automation project uses a phased approach which is automating cost ledger cards, cost allocation procedures, and production of automated analytical reports. The automation of the cost ledger cards has been completed and automation of allocation procedures is underway. The last phase is scheduled to begin in October 1991, and full implementation is scheduled for December 1992. [Joel Weiss, (202) 376-0451]

The Bureau of Public Debt, **Department of the Treasury**, is in the process of installing a new system to replace its semi-automated systems for both time and demand deposits. The new system will integrate the time deposit, demand deposit and special zero features into a single automated direct-access system. [Terrie Upshur, (202) 287-0499]

The Bureau of Public Debt, **Department of the Treasury**, is developing a Public Debt Accounting and Reporting System for public debt principal and interest. It is being designed to operate on the bureau's mainframe computer, use data base management technology, and comply with accounting principles and standards. [Richard Miller, (304) 420-6443]

The Bureau of Public Debt, **Department of the Treasury**, is in the process of developing its Registered Accounts System II (REGII) to provide on-line account maintenance, generate interest payments, and record over and under payments of interest. The system will maintain data on undeliverable payments, suspense items, and redeemed and retired securities; and generate appropriate data for IRS. It will also produce information for reconciling with the Division of Accounting Operations. [Pete Corcoran, (202) 287-3970]

The Bureau of Public Debt, **Department of the Treasury**, is developing a new Series E/EE Automated System (SEAS) which will combine advances in data and image storage techniques with new program initiatives to create a new system, reduce administrative costs, improve service to the public, and provide more control over capturing and using savings bond data. The system will have potential impact on most savings bond operations. [Robert McLear, (304) 420-6862]

The U.S. Secret Service, **Department of the Treasury**, continued using its off-the-shelf software package, FEDERAL SUCCESS, by working to enhance the modules to meet the agency's requirements, such as tracking blanket purchase agreements and office allocations, and modifying the accounts payable module to allow for automated clearing house payments to commercial vendors. The system currently includes the general ledger, accounts payable, and budget execution modules. Testing was begun on a procure-

ment module to automate the agency's requisition process and small purchase order functions, and a travel module to replace a current interface program and allow for new travel accounting capabilities. [Patty Becker, (202) 535-6008]

The Office of Thrift Supervision, **Department of the Treasury**, incorporated its 12 districts into its centralized automated accounting system, resulting in improved reporting capabilities and internal control over its budget and accounting systems. It streamlined operations by eliminating separately managed systems in each district. [Paul Nagao, (202) 906-7594]

The **Department of Veterans Affairs (VA)** has undertaken a multi-year effort to implement an integrated, agencywide Financial Management System. Contractual arrangements have been made for the addition of fixed assets and travel modules, design and development of 72 major modifications to the baseline system, and analysis and design of 16 customized linkages to interface with existing accounting systems. A conceptual design study is underway to determine ways to modernize the financial management components of the benefit program delivery systems. Pilot testing of the baseline system is ongoing at several medical centers and regional offices. [Robert Bevilacqua, (202) 233-6019]

Debt Management Systems

The Health Resources and Services Administration, **Department of Health and Human Services**, has continued to modify

and expand its off-the-shelf debt management collection system by testing several new programs, preparing reports and statements, and implementing a new processing module. New programs will determine whether the student loan lender exercised proper diligence prior to declaring a loan in default and forwarding it to the department for collection, and integrate a number of collection methods into the department's Central Payroll System for offsetting employee debts against salaries. Various reports and statements have been developed for accounts payable and debt management systems including the Prompt Payment Report; Department of Treasury Form 220.9, Report on Loans and Accounts Receivables Due from the Public; and the IRS Standard Forms 1099G. A new module was implemented which allows personal computers to share mainframe processing capabilities and resources with use of four software systems: application development system, case system, system distribution facility, and run time system. A module to provide for a paperless procurement process is being developed for on-line processing from preparing requisitions through payment of invoices. Plans call for implementing an accounts payable module at area offices of the Indian Health Service. [John Thompson, (301) 443-1579]

The Social Security Administration (SSA), **Department of Health and Human Services**, is developing a comprehensive debt management system to consolidate all debt management activities under its various programs and replace existing systems. With two

million beneficiaries owing SSA about \$2.9 billion under its various programs, the lack of an efficient and effective automated system has resulted in loss of accountability, and the non-recovery of government funds. The system is being implemented in phases (software releases), the first of which resolved a material weakness in the field offices' remittance process and lessened vulnerability to fraud. The system is intended to provide a subsidiary ledger to account for all programmatic debt, with summary level accounting data going to the general ledger. It is intended to bring SSA debt accounting activities in line with various government requirements, and provide management with the capability to support strategic use of resources, evaluate the effectiveness of the system, and analyze the causes of debt and minimize overpayments. [Deborah Kinsey, (301) 965-0074]

The **Department of Housing and Urban Development (HUD)** is in the process of developing a debt management and collection system that will provide one-time data entry of all accounts receivable, record payments, contacts, repayment agreements, and referrals through paid-in-full, write-off, compromise, and closeout. Coupled with this are plans to centralize the debt collection process and to initiate claims collection when debts are 30 days delinquent. [Russell Bee, (202) 708-3154]

The Bureau of Prisons, **Department of Justice**, has begun to use the Defense Contract Management Region Vendor Inquiry System to check the status

of payments and to improve payments related to sales. The agency's accounts receivable manager can dial out to a minicomputer at the Defense agency's location through a modem installed on its own minicomputer and print out invoice or contract administration data. The system is expected to improve debt collection by expediting the process of expediting information. [Ronald Thompson, (202) 508-8414]

Procurement and Property Systems

The National Security Agency (NSA), **Department of Defense**, developed a real property system for the consolidated, uniform tracking of all real property worldwide, and the use of standard procedures for real property accounting. The system alleviates external sites from tracking construction-in-progress and instead uses actual payments for such construction that it receives electronically from the financial system. Upon completion of the construction, the amount of the payment may be capitalized as real property, thereby contributing to less time needed to maintain real property records and fewer accounting steps. [Rick Koen, (301) 688-7366]

The Justice Management Division, **Department of Justice**, is in the process of implementing a new Property Management System (PMS) which supports its accounting system general ledger accounts and provides required financial data for capitalized property to the accounting system. PMS is to provide management with information concerning

property utilization and accountability for capitalized and controlled personal property of the offices, boards, and divisions and the U.S. Marshalls Service. Such property consists of capitalized personal property and noncapitalized items which are susceptible to theft or misuse such as machines, weapons, and furniture. [Edward Dolan, (202) 501-6600]

The **Department of Labor** is developing a capitalized assets management system for all capitalized assets, including capitalized systems. It is a personal computer driven system designed to generate complete capitalized property data for Treasury reports and financial statements. The system will serve as a basis for long-term budget strategies for acquiring replacements of major assets, and meet requirements for assessment of depreciation charges for the working capital fund. Plans call for it to be fully integrated with the Department of Labor's Accounting and Related Systems (DOLAR\$) in terms of ensuring all property is included in DOLAR\$, enable the department to effectively control property through physical inventories, and produce miscellaneous asset reports. [William Furman, (202) 523-6891]

The **Department of State** continues to implement at overseas posts its Non-Expendable Property and Accounting System (NEPA), an automated inventory application used domestically and at overseas posts to account for non-expendable property. NEPA records basic information, tracks location, keeps maintenance records,

provides management reports on items due for replacement, provides an audit trail, calculates depreciation expense of capitalized property, accepts inventory data from bar coded scanning equipment, and reconciles data with inventory records. [Chester Kuchno, (703) 875-6097]

The **Department of State** is designing an automated system to collect data worldwide on its contract actions. The system, scheduled for implementation in fiscal year 1992, is intended to permit analysis of its acquisitions in terms of being able to consolidate purchases, take advantage of larger buys, and allocate personnel and financial resources more efficiently. The system is expected to improve both accountability of personal property and the ability to conduct audits. [James Tyckoski, (703) 235-1547]

The Financial Management Service (FMS), **Department of the Treasury**, implemented an on-line requisition/small purchases tracking system (COMET) for creating, transmitting, tracking, and processing electronic requisitions and assisting in preparing purchase orders. The system is on a mini-computer and being enhanced to include a "mail stop" to allow for the processing of ADP requisitions.

In addition, an On-Line Budget Report on Funds Availability was developed which provides real time budget and accounting information and interfaces with COMET. This system complements COMET by providing management with the capability to review operating budgets and the status of funds by object class prior to releasing an

electronic COMET requisition. COMET is planned for integration with the FMS administrative accounting system and a property management system. [Sherman B. Bisner, (202) 287-3897]

The U.S. Customs Service, **Department of the Treasury**, established a return invoice module as part of its Automated Receiving Report System. All invoices that are returned to vendors because Prompt Payment Act information is missing are entered into the system. The agency's National Finance Center uses this system to respond to inquiries and identify vendors that are not complying with the terms of their procurement agreements. Problem vendors that continually submit improper invoices are contacted by the National Logistics Center which issued the contracts to try to bring vendors into compliance. The field offices use the system to resolve vendor inquiries and determine the bases for non-payment of invoices. The system has resulted in reducing the number of improper invoices submitted and provided a control over invoices which are not paid due to vendor invoicing problems. [John Accetturo, (317) 298-1093]

The U.S. Customs Service, **Department of the Treasury**, is establishing an information system to identify and track the Contracted Advisory Assistance Services (CAAS) obligations. The system is intended to enhance the agency's ability to manage its advisory service contracts and comply with various government requirements related to CAAS. The system is expected to be operational in 1991. [Ted Kasna, (202) 566-2405]

The Federal Law Enforcement Training Center, **Department of the Treasury**, plans to implement an automated Procurement Management Information System (PROMIS+). The system is paperless and will reduce the manual handling of requisition forms and enable users to track progress of a purchase requisition through the approval process. When fully implemented, the system will facilitate identifying committed funds, planning, and budgeting. [Belinda Jones, (912) 267-2479]

The Internal Revenue Service (IRS), **Department of the Treasury**, is pilot testing its Property Assets Tracking System (PATS) to replace its Capitalized Assets Management System. PATS will provide local, regional and national property management with information to comply with requirements. The system consists of a local subsystem which includes a barcode scanner for collecting data on property and a corporate subsystem which will take data from local subsystems for regional and agencywide property program management. The pilot test is scheduled for completion in May 1991. [Neal Hobmann, (202) 566-9673]

The Internal Revenue Service (IRS), **Department of the Treasury**, is developing its Space Management and Rent Tracking System— Enhanced Revision (SMARTER) for pilot testing in July 1991 to replace its current system. The new system is to be an agencywide system for managing space holdings and reconciling rent bills. It is to have the capability to

project rent costs for budget submissions and track space acquisitions, space releases, and lease renewals. Agencywide implementation is expected to begin in October 1991. [Fred Kavulic, (202) 343-0469]

Personnel/Payroll Systems

The **Environmental Protection Agency (EPA)** is studying the feasibility of converting the Payroll/Personnel System to the same data base management system of its Integrated Financial Management System. The conversion would integrate the systems and improve access and retrieval of information. [Bill Harrison, (202) 382-2402]

The **Environmental Protection Agency (EPA)** developed and implemented a leave bank sub-system as part of the Office of Personnel Management's pilot program to support leave sharing among employees. The leave bank sub-system is integrated with the Payroll/Personnel System and updates the system at end of the leave year. [Amy Kerns, (202) 382-5107]

The **Environmental Protection Agency (EPA)** is in the process of automating the transfer of retirement data to the Department of the Treasury, thereby bypassing the Office of Personnel Management, which now receives it in hard copy and converts it to automated format for transfer to Treasury. The process will involve downloading the data to a personal computer for direct delivery to Treasury. [Vince Serio, (202) 382-5107]

The **National Aeronautics and Space Administration (NASA)** is implementing an integrated personnel/payroll system for use at all installations and a consolidated agencywide human resources information data base to support headquarters management requirements. An enhanced prototype system installed at all installations is undergoing interface testing prior to parallel operation and the consolidation of data from all installations for agencywide reporting. [Russell Rice, (202) 453-1790]

The **Federal Aviation Administration (FAA), Department of Transportation**, implemented an Electronic Time and Attendance Management System as part of its Departmental Consolidated Uniform Payroll System. It provides automated remote entry and electronic transmission of time and attendance data from the air route traffic control centers to the payroll processing centers. A pilot test is underway to determine the feasibility of implementing the system at department headquarters and other operating administrations of the department. [Joyce Johnson, (202) 366-5631]

The **Office of Thrift Supervision, Department of the Treasury**, consolidated 14 separate payrolls into one centralized personnel/payroll system. The effort involved significant ADP system changes, incorporated about 2,750 non-federal employees into a single system and converted the previous system to implement the new compensation and benefits program. Ninety-one percent of the paychecks will be sent via electronic

funds transfer. [James Deemer, (202) 906-6140]

The **Department of Veterans Affairs (VA)** is enhancing its Personnel, Accounting and Integrated Data System by providing local users with greater access to data through an expanded query and extract subsystem and developing an on-line data entry system for entering, reviewing, certifying, and releasing data by means of local terminals connected remotely to the central system. The on-line data entry system is being implemented in phases, beginning in April 1991, and will include on-line editing for improving data entry and reducing errors. [Vidal Falcon, (202) 523-0201]

The **Department of Veterans Affairs (VA)** is developing an automated time and attendance system to eliminate the hard copy time card; make use of electronic record, signature, and certification procedures; and establish local databases for local data processing needs. Preliminary functional requirements were developed in 1990 for the system. [Vidal Falcon, (202) 523-1201]

AUTOMATED APPLICATIONS

The **Administrative Office of the U.S. Courts** is developing a personal computer-based Court Financial System to enable District and Bankruptcy Courts using manual bookkeeping systems to replace them with an automated recordkeeping and financial reporting system. The system will

also enable the courts to transmit data to the Central Accounting System. [Stuart Kurlancheek, (202) 633-6017]

The **Department of Agriculture (USDA)** is developing an Administrative Integrated Management System (AIMS) to integrate the department's administrative support functions in a single automated software system. The thrust of AIMS is to apply progressive software and data processing technologies to deal with escalating administrative processing costs. The system will be designed to meet governmentwide and departmental requirements and establish agency-specific application management and technology requirements. It uses ORACLE, a relational data base management system, because it is portable to the many computer systems of the department. The system is being developed using rapid prototyping to ensure quick user feedback and will permit agencies to customize to meet their own structures and style. The first step of Phase I is being developed and includes such applications as blanket purchase agreements, departmental automated small purchases, funds control, imprest fund, purchase order, and vendor file. Step 1 is scheduled for pilot testing in fiscal year 1992, and step 2, which includes implementing all administrative systems except personnel/payroll, is scheduled for pilot testing in fiscal year 1994. [Clyde McShan, (504) 255-5200]

The **National Finance Center, Department of Agriculture**, is developing a Mission Assignment Tracking System for the General

Accounting Office for use in tracking and managing Congressional requests, audits, evaluations, investigations, and various staff resource allocations. A staff year projections sub-system has been implemented that enables staff projections to be kept by trial or experimental levels and the official level. Parallel testing on two subsystems related to job management and to Congressional request tracking began in November 1990. [Clyde McShan, (504) 255-5200]

The Animal and Plant Health Inspection Service, **Department of Agriculture**, developed a remote entry system which allows some field offices to input accounting transactions directly to its Field Servicing Office. The use of a microcomputer version is being researched in order to provide all field offices with this capability. The process eliminates the need to produce a document containing the accounting data for input to the system. [Roy Mattson, (612) 370-2204]

The Farmers Home Administration (FHA), **Department of Agriculture**, developed an Automated Clearing House/Electronic Funds Transfer System for vendor, emergency loan, and emergency loan cost payments. Application software was developed and the automated clearing house payment application was uploaded to the agency's financial center for transmitting payment information to the respective Federal Reserve Bank for debit to accounts at local financial institutions. The system uses an addendum record to transmit either vendor invoice or

borrower information with the payment to identify the purpose of the payment. Significant advantages are next day receipt of funds from the requestor, cost of 4.5 cents for a day's activity versus \$4.40 for each payment transferred by wire, improved operational efficiencies, avoidance of lost and undeliverable payments, and avoidance or reduction of penalty interest. [Gary Gorrell, (314) 539-2421]

The Farmers Home Administration (FHA), **Department of Agriculture**, streamlined its process for initiating payment of vouchers and invoices for administrative expenses incurred by its state, district, and county offices. The state offices began to use the National Finance Center's Miscellaneous Payment System for initiating payments on vouchers and invoices of all the agency's offices in the state and in doing so eliminated the need to submit data to the agency's own Office of Finance for coding and further processing at the National Finance Center. Benefits include annual operational savings of about \$135,000, reduced interest penalties of \$50,000, and enhanced compliance with the Prompt Payment Act. [Gary Gorrell, (314) 539-2421]

The Farmers Home Administration (FHA), **Department of Agriculture**, initiated a project to modify its automated system to compute the true schedule status of the community programs and business and industry loans. This project, in conjunction with the capability to provide a loan-to-loan match for the Rural Community Facility Tracking System, will justify eliminating the loan asset sale

questionnaire master file for community program loans. The modified system will provide for accurate projections of cashflows, comparison of the borrower's actual payment history to the borrower's contractual liability, and accurate aging of delinquencies. [Conrad Hudson, (314) 539-6875]

The U.S. Army Finance and Accounting Center, **Department of Defense**, developed an automated conversion program for converting all \$50 and \$75 bond deductions and denominations to \$100 bonds upon the elimination of the lower denominational bonds. The program eliminated the need for each employee to submit new bond election forms unless they chose no longer to participate, and also saved hundreds of hours of inputting changes by payroll offices. [Bob Cash, (317) 542-3213]

The National Security Agency (NSA), **Department of Defense**, is developing a Time and Attendance Data Collection System (TANDA) for use on personal computers. It allows time and attendance and cost accounting information to be collected daily and then transmitted electronically to the main payroll system at the end of the biweekly period. The personal computer will automatically compute all time-related calculations including overtime, check leave balances, and provide for simplified certification procedures. The system is expected to eliminate 25 percent to 50 percent of the errors occurring during payroll processing. [Edward Fox, (301) 859-6890]

The National Security Agency (NSA), **Department of Defense**, is automating contract line items at

the time that the contract document is generated for use later in receiving and accepting material. Receiving personnel can identify materials received without having to search for the hard copy contract document. Contract management data is easily updated and the receiving report data interfaces automatically with the accounting system. [Paige Marshall-Hering, (301) 688-7366]

The National Security Agency (NSA), **Department of Defense**, developed an Electronic Purchase Request and Contract Generation System which automates the procurement actions from the generation of purchase requests through the contract stages. Purchase requests are electronically transmitted to the financial system for funds certification and the certified requests are electronically routed to a logistics office for screening. If the item is available internally or from DOD sources, the transaction is electronically routed back to the financial system for funds adjustment. If unavailable from these sources, it is electronically routed to a procurement office where an automated contract document feature creates a contract document and the financial transaction is transmitted electronically to the financial system for de-commitment and obligation of funds. [Cathleen Montgomery, (301) 688-7366]

The **Department of Education** implemented several automatic interfaces for transmitting data to the Department of Agriculture's National Finance Center (NFC). An interface was developed with NFC's Miscellaneous Payments

System to improve the processing of its high volume of contract payments. The department creates the records and pre-edits them, thereby improving the quality of data transmitted and reducing the time of payment to NFC and penalty interest payments to vendors for late payments. The department also began installing NFC's PC-PRCH that is used to enter, edit and prepare electronic transmission files of purchase orders. As a result, the error rate for the initial participating offices has dropped from 61 percent to 7 percent, with reduced processing costs and interest penalties. Lastly, the department developed on-line capability with NFC's Administrative Billings and Collections System for the billing and collection of the high volume of accounts receivable from institutions that result from audit and program reviews. The data is pre-edited for transmission to NFC, which saves processing time and improves the quality of the data. [Raymond Kudobeck, (202) 401-0850]

The **Department of Education** modified an internal application to create a transmission file for transmitting its SF-133, Report of Budget Execution, to the Department of the Treasury's GOALS, a reporting requirement for all agencies beginning in December 1990. An existing download file for a PC was modified for transmitting bulk data mainframe to mainframe and eliminating duplicate data entry and corresponding input errors. [Raymond Kudobeck, (202) 401-0850]

The **Department of Education** is modifying its Payment Management System to implement electronic reporting of expenditures for certain grant recipients. Monthly expenditure reports will be prepared in a file format and transmitted to a service bureau for downloading to a PC for updating and balancing the reports. The files will be uploaded to the service bureau, batched, and electronically transmitted to the computer facility for daily processing. This system also has been modified to facilitate the automatic de-obligation of unliquidated balances on expired grant awards which the program offices have not closed the required time. The process is intended to act as a safety net to restrict access to expired awards. [Raymond Kudobeck, (202) 401-0850]

The **Department of Education** analyzed the interface between its Primary Accounting System and Payment Management System and recommended changes in accounting for selected transactions. Enhancements considered include creating or modifying transaction codes and reorganizing data to facilitate SF 224 reporting. Implementation is scheduled for October 1991. [Raymond Kudobeck, (202) 401-0850]

The **Environmental Protection Agency** (EPA) is enhancing its cost accounting capability by developing a new version of its Cost Document Management System. The new Superfund Cost Organization and Recovery Enhancement System (SCORE\$) will provide such additional capabilities as computing indirect costs, reports that summarize category-specific

expenditures on a site-by-site basis, and operating in a multi-user local area network environment. To facilitate its use, a program is being written which outlines a question and answer routine to perform monthly uploads and downloads into SCORE\$ of all current region-specific financial data, thereby minimizing the need to do this on an individual site basis. [Kris Skogebo, (202) 382-7890]

The **Environmental Protection Agency (EPA)** began pilot testing an office forms facilitator software system that provides data entry screens and allows for entering and printing of agency and GSA forms by using a personal computer or local area network. The pilot test involves preparing the travel authorization and the SF-1012 (Travel Voucher) based on data input and the use of built-in tables that compute the cost of the travel (per diem, mileage, and other expenses). EPA plans to expand the system to most forms and use it as the basis for implementing electronic signatures and as an interface to the primary accounting system. [Robert Shimshock, (202) 382-2932]

The **Federal Emergency Management Agency (FEMA)** developed a more efficient means of reconciling checks written to disaster victims from a commercial checking account. Using personal computers, electronic data received daily from the bank is entered into a spreadsheet program. The check issued and check cleared data is combined and reconciled. The new process requires one person 1 day per month to reconcile the data, whereas the old process devoted

one person full-time to reconciling the account. In 1990, FEMA reconciled 179,819 disaster checks under the new process. [Jon Wolz, (202) 646-3711]

The **Department of Housing and Urban Development (HUD)** developed personal computer applications to improve recording, reporting, and reconciling of cash transactions for the Federal Housing Authority Fund. Applications developed are Goals Reconciliation, SF-1081 Appropriation Worksheet, SF-224 Disbursement Reconciliation, and Wage Restitution Subsidiary Ledger. [Russell Bee, (202) 708-3154]

The **Department of the Interior** developed a drawdown express module to replace the Financial Communication System, discontinued by Treasury, for making payments to grantees on drawdown requests for funds. The module allows for a completely electronic request, approval and transfer of funds with next-day payment by allowing grantees access to the department's accounting systems for both financial informational purposes and requesting drawdowns of grant funds. Providing access to such information encourages reconciliations between state and federal records while promoting a sound working relationship between them. The system checks user-entered data to ensure it agrees with bureau records and contains no typographical errors. The system is being made available to other agencies by inter-agency reimburseable agreement to use for drawdowns of their funds by grantees. [Dee Huitt, (303) 236-0343]

The **Department of the Interior** converted its Electronic Data Interchange (EDI) invoice pilot project to a production environment and began receiving live invoices. EDI has produced increased accuracy of data, reduction of paper, improved customer-vendor relationships and improved cash management. With additional vendors joining the system, an anticipated savings of \$24,000 is expected primarily from eliminating the need for rekeying data. Future plans call for transmitting purchase orders via EDI. [Karen Baker, (202) 208-5773]

The **Department of the Interior** designed and implemented an on-line interactive Data and Revenue Tracking System (DART) to replace ineffective and uneconomical manual procedures for order and revenue tracking used by the departmental print plant. The first phase has been implemented and provides a customer order tracking system for printing orders. Accuracy is increased as data is editing it against existing tables or new tables on a mini-computer before it is posted. Data already in electronic forms, e.g., a copy center's billings, is electronically posted. Order costs are allocated to programs based on order completion data and tables maintained by the print plant. Print plant personnel are able to determine the status of orders by employee, unit, or division and accounting personnel are able to collect summary obligation, payment, billing, and collection data. [William Derge, (202) 208-5768].

The Office of Surface Mining Reclamation and Enforcement (OSM), **Department of the Interior**, is developing, programming, and implementing an on-line stand-alone system, the Grants Information Financial Tracking System (GIFTS), to enhance its tracking of grants to states and tribes. The primary benefit over the current system is that it will interface with OSM's accounting system, the Advance Budget Accounting Control Information System (ABACIS). The system reconciles all grant financial data on GIFTS and ABACIS on a continuous basis. Entries for obligations, cost reports, and drawdowns will update the grants tracking system by project under each grant and the accounting system by account number. Various system edits ensure accuracy and consistency. States, tribes, and OSM field offices have access to grant data for informational purposes through custom designed user reports and direct computer on-line access. [Roy Morris, (303) 236-0331]

The Bureau of Prisons, **Department of Justice**, modified its software for the Federal Prison Point of Sale System. The modifications will allow for more efficient and effective processing of payments by inmates under the Inmate Financial Responsibility Program and for automatic posting of monthly, quarterly and other payments. Implementation is scheduled in fiscal year 1991. [Michael Atwood, (202) 307-3144]

The Drug Enforcement Administration (DEA), **Department of Justice**, developed a personal

computer application for downloading Treasury's GOALS data onto a personal computer for storage. It facilitates the reconciliation of its Automated Accounting System transactions with the Department of the Treasury's disbursement transactions, and produces a report which identifies discrepancies and contrasts units that are reconciling with those units that are not reconciling. The automated application is less labor intensive and is expected to save 1 staff year in reconciling its general ledger with Treasury. [John Osterday, (202) 307-7083]

The **Department of Labor** entered into interagency agreements with the Department of Health and Human Services (HHS) to implement and integrate the HHS Payment Management System with its own accounting system. This was done because of Treasury's decision to terminate its Letter of Credit system. The new system provides the capability for a recipient to request funds, and the subsequent electronic drawdown and distribution of those funds through the automated clearing house process. In addition to satisfying an agency's disbursement requirements, the system enhances the total financial management process for grants. [Tony Amadeo, (202) 523-8184]

The **Merit Systems Protection Board** began use of a PC travel software program provided by the National Finance Center to improve the processing of its travel documents. Travel authorizations and vouchers are processed through a PC and electronically transmitted

to NFC for processing. Errors are significantly reduced and advances and reimbursements are received more timely. [Sarah Bunn, (202) 653-7263]

The **National Science Foundation** implemented an electronic sign-in/sign-out system for employees using the flexitime program. The system eliminates paper, establishes one mechanism for keeping time, assures accuracy, and makes employees responsible for recording their time and accounting for their tours of duty. [Martin Engle, (202) 357-7757]

The **National Science Foundation** is conducting a pre-pilot test with 27 colleges and universities for electronically transmitting and receiving the quarterly Federal Cash Transactions Report, the only financial report received from grantee institutions. The report provides the expenditures incurred against each grant and the institution's cash-on-hand balance. This new system will monitor the submission of the electronically transmitted quarterly reports, reconcile the institution's cash-on-hand balance with the system's balance, and transmit the financial data of those reports that are reconciled directly to the financial accounting system. When fully implemented, the new system is expected to eliminate the manual input of about 110,000 quarterly financial transactions and submission of quarterly reports from about 2,000 institutions. [Leo Bowman, (202) 357-7753]

The Retirement and Insurance Group, **Office of Personnel Management**, completed nine automated data file matches with

other federal agencies to police the benefit entitlement provisions of the programs and reduce vulnerability to fraud, waste, and abuse. The matches produced savings of over \$12 million by identifying almost 1,200 unreported annuitant deaths for savings of \$9 million, and ceasing disability benefits of over \$1 million because of other sources of annuitant income. [Dan Green, (202) 606-0640]

The Washington Area Service Center, **Office of Personnel Management**, improved customer service by applying technology to the "priority" correspondence function, i.e., correspondence routed through Members of Congress and the White House. A new personal computer-based system brings standard paragraphs addressing frequently-asked employment questions instantly to the screen for on-line editing and tailoring to each inquiry. The formatting and addressing of the letters is done electronically. Backlogs of correspondence have been eliminated, the responses improved, and the appearance made to look more professional. [William Irvin, (202) 606-2525]

The U.S. Postal Service completed development of its Standard Field Accounting System (SFAS) and Retail Consolidation Unit (RCU) system. SFAS automates the daily and accounting period reporting at about 165 Management Sectional Centers, and includes reporting on cash, accounts receivable, accounts payable, and general ledger type functions. RCU links SFAS with the integrated retail terminals at about 17,000 retail units. The retail

terminals automate clerk accounting functions through links with SFAS and RCU, thereby avoiding manual summarization and reentry of data. The systems are installed at 100 offices, and the remainder will receive them in 1991. [Jean Parris, (202) 268-5737]

The **Small Business Administration (SBA)** implemented an alternate payment program for small dollar purchases in conjunction with its use of the small purchase credit card program. Purchases under \$1,000 are paid in accordance with prompt payment guidelines without regard to a receiving report. However, information is maintained by the field offices through the internal control process for audit followup. Previously, payments on many small dollar invoices were delayed pending receipt of the receiving reports by the payment center. The amount subject to the program is expected to be increased to \$2,500 in fiscal year 1991. In addition, an on-line screen display of invoices received by the payment center is being implemented for use by the field offices in determining whether merchandise has been received as further support for the payments without receipt of the receiving reports. [Lawrence Rosenbaum, (202) 205-6449]

The **Small Business Administration (SBA)** developed and implemented an on-line automated disbursement system for use by approximately 100 field locations in requesting disbursements for miscellaneous expenses connected with servicing and managing credit loan programs. The system allows for direct scheduling of a check

disbursement by applying prompt payment procedures, with payment personnel now performing only a certification of the payment schedule. Previously, the large volume of the small disbursements in support of the credit loan programs were processed by the accounting office after confirmation of a manually transmitted request for disbursement from a field office. The process was untimely and costly, vendors often complained about late payments and service, and prompt payment procedures were not applied against all disbursements. [Lawrence Rosenbaum, (202) 205-6449]

The **Small Business Administration (SBA)** automated the Small Business Investment Company program. Previously, the program was a manual process with no automated means to record commitments, obligations or budgetary transactions; disbursements were manually requested and processed; and no efficient means existed to track or review transactions. The automated system uses on-line screen displays and a combination of real-time and overnight updates to process transactions. Enhancements are scheduled for 1991. [Lawrence Rosenbaum, (202) 205-6449]

The **Small Business Administration (SBA)** implemented an on-line automated journal voucher system which edits a journal voucher on-line prior to transmitting it for processing. The system processes a journal voucher overnight and updates the loan accounting master records the next day. The benefits are more timely processing and the certainty that

adjustments will be processed. Previously, the process involved manually preparing a journal voucher form, submitting it for keypunching, editing it, and updating the accounting records related to the various credit programs. [Lawrence Rosenbaum, (202) 205-6449]

The Department of State incorporated a manual acquisition planning section into its automated budget process (outyear budget call and upcoming financial plan) and plans to automate its acquisition planning. About one-half of the department's discretionary funds are obligated through contracts, and the automated planning is expected to result in more efficient allocation of financial and personnel resources. [James Tyckoski, (703) 235-1547]

The Urban Mass Transportation Administration, Department of Transportation, developed and implemented a fully automated allotment tracking system to improve and strengthen funds control by significantly reducing human intervention in posting SF-132 transactions into accounts of record. Postings are made automatically between the Financial Management System (FMS), which contains the official accounting records, and the Grants Management Information System (GMIS) into which grant obligation transactions are entered. Authorized amounts of appropriations and apportionments are entered into FMS. Allotments based on these authorized amounts are entered into GMIS. Operating budgets that are based on the amounts of the allotments are distributed to program and cost center levels

and entered into GMIS. As grants are awarded, the amounts of obligations are entered into GMIS by the program or field offices, and these obligations automatically reduce the available balances of operating budgets in GMIS. They are then interfaced with and reduce the balances of the accounting records for the other fund control accounts in the automated general ledger. [Harold Metcalf, (202) 366-0968]

The Urban Mass Transportation Administration, Department of Transportation, developed and implemented an automated computer application known as the Electronic Clearing House Operation (ECHO) to replace Treasury's Financial Communication System Letter of Credit System which processed 10,000 payments to over 500 grantees. Grantees can initiate payment requests any workday using a personal computer, with payment on processed requests made directly to grantees' bank accounts within 2 workdays. The balance of federal funds in grantees' bank accounts can be minimized and the due date for receiving the federal funds is known by the grantees. The cost savings for processing payments through the system are in excess of \$250,000 annually. No minimum annual drawdown limit applies for grantees, and grantees can receive payment based on individually approved projects. ECHO consists of three main processing modules that receive payment request information from grantees, batch and process the payment request information against the agency's project data base for verification,

and create a tape file for approved grantee requests for payment by means of the automated clearing house method of payment. [Harold Metcalf, (202) 366-0968]

The Federal Aviation Administration (FAA), Department of Transportation, completed installation of its Travel Accountability System as a national system in all its accounting offices. The system tracks advances and vouchers and provides statistical reporting for monitoring and managing the travel document inventory. Travel documents are logged into the inventory and automatically updated as they process through the Departmental Accounting and Financial Information System. [Marty Finkelstein, (202) 267-8954]

The Federal Aviation Administration (FAA), Department of Transportation, developed and completed installation of its automated interface of commitment and obligation data from the System for Acquisition Management to the Departmental Accounting and Financial Information System (DAFIS). Commitments and obligations for all purchase orders and most contracts enter DAFIS through the interface, with increased timeliness of accounting data and substantial savings in accounting office workload. [David Thomas, (202) 267-8994]

The Federal Aviation Administration (FAA), Department of Transportation, reprogrammed its Departmental Accounting and Financial Information System (DAFIS) to employ a single agency allotment concept. DAFIS

generates new allotment fund control coding from internal relational tables, which eliminates entry workload and the need to modify other major administrative systems such as payroll and personnel. New on-line DAFIS inquiries and standard monthly reports were developed for improved fund control monitoring by headquarters and regional management, and an interface to the budget system is being developed to eliminate duplicate data entry of the allotment. [David Thomas, (202) 267-8994]

The U.S. Customs Service, **Department of the Treasury**, implemented a new miscellaneous refund function through the Automated Commercial System. The system transfers to field locations the capability to refund duties overpaid on mail entries, informal entries, baggage declarations, deposits of cash in lieu of surety and formal entry duties, taxes or fees and prior-to-liquidation. Other miscellaneous refunds will continue to be processed at Custom's National Finance Center. The new procedure improves internal control and accountability by requiring refunds be issued through the same system where the collections were made. Edit checks have been added to detect potential duplicate refunds. [Robert Hamilton, (317) 298-1308]

The U.S. Customs Service, **Department of the Treasury**, is developing an automated interface reporting process where deposit data submitted by financial institutions to the Financial Management Service, Department

of the Treasury, will transfer and update collection and deposit reports on a daily basis. The interface will result in more timely reconciliation of collection and deposit reporting, provide validation that deposits were received, and improve the quality of financial reporting to Treasury. It is being implemented in conjunction with Treasury's Cash Link System and is scheduled for implementation in fiscal year 1991. It is expected to result in more efficient use of personnel resources. [Robert Hamilton, (317) 298-1308]

The U.S. Customs Service, **Department of the Treasury**, is implementing a debit voucher reporting program to accelerate collection actions, improve accountability and control, and interface with the entry program to provide a more efficient and effective collection system. New financial management reports will provide more concise details about debtors, accounts receivables, age of debts, and billing and collection activities. Full implementation, scheduled in fiscal year 1991, is expected to result in more efficient use of personnel resources. [Robert Hamilton, (317) 298-1308]

The U.S. Customs Service, **Department of the Treasury**, implemented new automated capabilities and programs to more effectively and efficiently control financial transactions and store historical financial data by enhancing control over formal import entry processing involving liquidation and reliquidation transactions. The new automated programs improve internal controls

and accountability by eliminating the transmittal of documents from field locations to Custom's National Finance Center for processing bills and refunds and the delays in processing, and reducing workload and risk of loss. Interest is automatically calculated, and duties, taxes, interest and user fee assessments are now consolidated on entries, bills and refund checks. The new programs are expected to result in more efficient use of personnel resources. [Robert Hamilton, (317) 298-1308]

The Financial Management Service (FMS), **Department of the Treasury**, piloted a system for automating the storage and retrieval of documents that is based on laser disk (CD) technology. The new system—Optical Records By Item Type (ORBIT)—uses 12 inch laser disks for storing the data images of paper documents, allowing rapid access to the images from 23 remote work stations communicating through a local area network. Using the standard GSA filing guidelines allows multiple users to access the same or different data simultaneously and eliminates the need to query co-workers for a missing file. To date, it has eliminated the need for 35 file drawers and it is estimated to save an analyst 1-2 hours in document-retrieval time. Savings of over \$350,000 annually are estimated from reduced time spent searching for documents and analysts awaiting the documents. [Ken Green, (202) 287-0580]

The U.S. Secret Service, **Department of the Treasury**, developed a Laser Integrated File Enhancement (LIFE) which is an

optical disk imaging system using high density storage, fast retrieval or split screen operating terminals to store records related to financial transactions. It replaces manual filing and recordkeeping functions required by law for authentication and audit of federal financial accounting records. To provide a smooth transition between the currently installed Financial Management and Accounting System and LIFE, software was used which allowed indexing and recording of accounting information into a single environment and simultaneous display and data entry of vendor records and accounting information. Specific accounting data is retrieved by querying the on-line index data kept on magnetic file, and search and retrieval accomplished within 20 seconds of request allows personnel to quickly locate and review accounting records at their desk. Next, the agency plans to put procurement data related to accounting activity on LIFE and allow query and research to be performed at remote locations. [Dan Balkenbush, (202) 535-5793]

The Department of Veterans Affairs (VA) automated the replenishment procedure for reimbursing their funds. With 238 primary agent cashiers and numerous alternate and subcashiers, an average of 2,400 replenishment actions monthly are made to replenish their funds. This automated procedure will eliminate the need to mail replenishment checks to each VA facility's cashier. The total of checks mailed prior to automation was 14,400. [Robert Chowning, (202) 233-3266]

The Department of Veterans Affairs (VA) enhanced its Vocational Rehabilitation and Counseling System by replacing batch processing (fed by code sheets and punch cards) with on-line inquiry and update capability at 57 regional offices for case monitoring, claims, payment, and accounting processing. The on-line update feature results in improved internal control, accuracy, and timeliness of processing and payments. The processing time for disbursing checks to veterans and schools has been reduced from 4-6 weeks to 5-7 days, with 28,500 veterans receiving services monthly and 15,000 to 20,000 veterans receiving payments monthly. [Charles Czuszek, (202) 233-6083]

CROSS-SERVICING

The Department of Agriculture (USDA) continued to execute cross-service agreements with departments and agencies for its variety of services. Seven more agencies or offices and five bureaus of the Department of the Treasury were implemented into its Payroll/Personnel System. Treasury estimates its savings at between \$21 million and \$52 million over a 10-year period upon full conversion to the system. The Federal Communications Commission was added to the special fee billings and collections system and payroll/personnel, administrative billings and collections, and related accounting systems. By sharing the use of these automated systems and processing expertise through cross-servicing agreements, significant savings are realized from avoiding

redundant development and redesign of separate automated systems and from reduced annual processing costs. [Clyde McShan, (504) 255-5200]

The Department of Agriculture (USDA) was asked by the Office of Personnel Management to develop and implement a collections system for temporary continuation of health benefits coverage for former employees, their dependents, and former spouses. The new Direct Premium Remittance System provides a complete range of services including billing enrollees, collecting premiums, maintaining accounts, and conducting an open season each year for eligible enrollees. Currently serving 71 departments, bureaus, and other offices, cost avoidance of \$4.4 million was realized by designing, programming, developing, and implementing a centralized automated processing system for governmentwide use. Other benefits include providing enrollees a central processing location that enables OPM to adhere to time restrictions in law, and providing beneficiaries the option of continuous health benefits coverage. [Clyde McShan, (504) 255-5200]

The Department of Commerce made its Commerce Procurement Data System (CPDS) available to the General Services Administration for its internal procurement data information needs. CPDS features

- on-line entry and editing of status reports for federal contracts and other major procurement actions,

- a database management system environment to facilitate rapid information retrieval,
- a variety of comprehensive reports designed to support the information needs of procurement officials and program managers, and
- the quarterly generation of departmentwide input to the Federal Procurement Data System.

With the Department of the Treasury also sharing this system, redundant system development and maintenance costs can be avoided. [Ronald Hack, (202) 377-0120]

The U.S. Commission on Civil Rights completed a cross-servicing agreement with Agriculture's National Finance Center for use of its PC-TRAV and CADI systems. The PC-TRAV allows for electronic processing of travel vouchers and reduced turnaround time for travel payments. CADI provides effective and efficient monitoring of obligations and payment transactions. Benefits are enhanced accounting and disbursing systems and avoidance of costs for developing similar capabilities. [George Harbison, (202) 376-8356]

The Environmental Protection Agency (EPA) began to make its payroll/personnel services available to other agencies by completing a cross-servicing agreement with the Interstate Commerce Commission. It offers a fully integrated system that features a mix of on-line and batch processing. The on-line Time and Attendance Payroll and Personnel subsystem features a full screen format that is a replica of the

original source document. An on-line retrieval subsystem allows for retrieving pre-formatted and customized reports. Based on an IBM mainframe computer, it allows for moving large volumes of data quickly between sites. [Vince Serio, (202) 382-5107]

The Bureau of Reclamation's Administrative Service Center, Department of the Interior, has added the Federal Labor Relations Authority and the International Trade Commission as clients of the Federal Financial System which the center operates. The center runs production for these two agencies plus the Fish and Wildlife Service and the Bureau of Reclamation, and maintains the Core Federal Financial System software for these four organizations plus the Bureau of Mines and the Bureau of Land Management. These cross-servicing arrangements provide benefits economies of scale for all agencies involved. [Dennis Locke, (303) 236-7200]

The Department of Justice executed a cross-servicing arrangement with the National Finance Center, Department of Agriculture, for converting to its Payroll/Personnel System. The department's feasibility study concluded the center's system satisfied substantial long-range information resources management and operational goals by providing a historical database and retroactive pay processing, and provided economies of scale by permitting system maintenance to be performed for several agencies at one location. Implementation is scheduled to begin in July 1991. [Reed Waller, (202) 501-6781]

The Office of Justice Programs, Department of Justice, provided accounting, financial management, and grant administration services to the department's Office of Special Council for Immigration Related Unfair Employment Practices and to the Commission on the Bicentennial of the U.S. Constitution. Under cross-servicing agreements, 60 grants totalling \$10,639,810 were awarded during 1990. [Michael Lynch, (202) 307-0623]

The Occupational Safety and Health Review Commission completed a cross-servicing agreement with Agriculture's National Finance Center for the coverage of its personnel/payroll, financial management, administrative payments, procurement, and property management. This cross-service provides on-line entry and editing of status reports for procurement actions, greater internal controls and reliability in the payroll information and personnel database, rapid information retrieval, and access to a variety of comprehensive reports designed to support management's information needs. [Larry Hoss, (202) 634-6621]

The Small Business Administration (SBA) executed an agreement with the Financial Management Service of the Department of the Treasury for replacing its administrative accounting

system with a new system called the Federal Financial System. The new system is an off-the-shelf financial management system that supports the *Core Financial System Requirements*, contains full budgetary control, has real-time updating capability and on-line reporting capability, and is user-friendly. The existing system was fragmented and lacked the capabilities of the new system. [Lawrence Rosenbaum, (202) 205-6449]

The Small Business Administration (SBA) executed an agreement with the National Finance Center of the Department of Agriculture to provide an integrated personnel and payroll system to replace its existing personnel and payroll systems which were not integrated and caused constant reconciliation problems. The crossover was completed in 1990 with the National Finance Center now supplying the agency with an integrated database, and a single source for the financial, managerial, and administrative data requirements on personnel and payroll. [Lawrence Rosenbaum, (202) 205-6449]

The U.S. Mint, Department of the Treasury, converted to the Department of Agriculture's integrated Personnel/Payroll System under a cross-servicing arrangement. The system eliminates amended time and attendance cards for overtime, leave and so forth by allowing all processing to be completed within each pay period, and improves the accuracy of labor distribution reporting by requiring that total labor distribution hours equal total payroll hours. [Richard McKay, (202) 376-0415]

FINANCIAL REPORTING

The Forest Service, Department of Agriculture, is developing an All Resource Reporting System to depict the costs and benefits of land management according to the major program areas of timber, recreation, wildlife and fish, water quality, minerals, and rangeland grazing. Major benefits anticipated are conformance with generally accepted accounting principles, improved financial information for use by line management in making resource management decisions, and consistent and credible financial information for judging the agency's stewardship over land management. [Dave Burich, (703) 235-3766]

The U.S. Army Finance and Accounting Center, Department of Defense, automated financial performance reporting of their overall efficiency and problem areas by its field offices worldwide. Besides resulting in more timely reporting of performance by enabling the finance offices to transmit their reports electronically to update the central data base, the major commands have the ability to electronically access the data base to monitor the performance of their subordinate activities. [Charles Bishop, (317) 542-2209]

The Environmental Protection Agency (EPA) developed a process to identify and capitalize fixed assets with an initial acquisition cost of \$5,000 or more and useful service life of 2 or more years. This was accomplished by producing monthly equipment procurement

reports for review by each of the finance offices, and coordinating the identification efforts with the property management areas. Monthly adjusting entries were made to the Financial Management System which is now supported in specific detail with information in the Property Accounting System. [Amelia Monte, (202) 382-7395]

The Environmental Protection Agency (EPA) adapted monthly reports used for monitoring the status of invoices to also meet Prompt Pay Act annual reporting requirements. The monthly reports of the 14 finance offices are loaded onto a personal computer application, and headquarters extracts summarized figures from the application for the Prompt Pay report. This process eliminated a manual reporting effort previously performed by the finance offices at year-end, one of their busiest times. [Bill Howard, (202) 382-5140]

The Social Security Administration (SSA), Department of Health and Human Services, has included audited financial statements in its Annual Report to the Congress that disclose the financial condition, results of operations, and sources and uses of program funds. Preparation of the statements is considered an integral part of the process for improving financial management because of the discipline and accountability which their preparation entails. [Steven Schaeffer, (301) 965-3927]

The Department of Labor produced Treasury reports for 1990 that were in conformance with the U.S. Government Standard General Ledger and structured to facilitate compilation of annual financial

statements. The implementation of the core of its new central accounting system (DOLAR\$) made it possible to produce such reports. In compiling and validating financial data for preparing the financial statements, the DOLAR\$ data for salaries and expenses and grant programs will be supplemented by entries from ancillary systems to produce the consolidated departmental statements for fiscal year 1990, due by the end of March 1991. Future plans call for automated linkages between DOLAR\$ and the ancillary systems. [William Furman, (202) 523-6891]

The Department of Labor expanded the scope of the semi-annual report on audit resolution, required by the Inspector General Act Amendments of 1988, to provide a balanced picture of stewardship over its programs. In addition to the audit resolution detail, the report includes a section on major departmental initiatives, accomplishments, and status report on corrective actions to internal control weaknesses reported in the department's FMFIA Annual Report. The department and the OIG share a common data base for preparing their reports and have on-going efforts to ensure all outstanding audit reports are reconciled and the data base is accurate. [David Light, (202) 523-8184]

The Department of Labor prepared SF-220 reports which more closely aligned the requirements of Treasury and the GAO Title 2 financial statements. As a result, the reports provide the basis for preparing the audited

financial statements and improving the reports to Treasury. [Robert Barnhard, (202) 523-8184]

The National Endowment for the Arts (NEA) fully implemented its DATAEASE PC system to record and track prompt payment activity. The system records invoice information upon receipt and tracks it through its various stages of approval, payment scheduling, and payment verification. It calculates discount and prompt payment due dates, as well as penalties due. At year-end, various reports summarize all applicable data for preparation of the annual Prompt Payment Report. [Marvin Marks, (202) 682-5407]

ACCOUNTING POLICIES AND PROCEDURES

The U.S. Army Finance and Accounting Center, Department of Defense, is currently transitioning accounting systems from use of the U.S. Government Standard General Ledger (SGL) based on interim cross-walk procedures to establishing SGL control at the transaction level. Efforts have also focused on the quality of field-level trial balance reports and department-level reconciliation of general ledger information with the budget execution and expenditure reports. [Jim Taras, (317) 542-3576]

The U.S. Army Finance and Accounting Center, Department of Defense, is in the final stages of rewriting and consolidating 35 accounting regulations into one

publication. The consolidated accounting regulation will provide a single source for U.S. Army accounting policy guidance in terms of functional area rather than by appropriation or fund for greater understandability. [Fred Tibbs, (317) 542-3071]

The U.S. Army Finance and Accounting Center, Department of Defense, established policy and procedures to allow for the electronic transmission of data from system to system for contract payments. The policy allows for the electronic transmission of procurement documents, receiving reports, and invoices rather than requiring paper documents to support disbursements. Electronic signatures or passwords authenticate the transmissions. The first major interface being implemented is between contracting and paying offices; the interface between receiving and paying offices will follow. Facsimile receiving reports are being used in the interim by finance and accounting offices until the integration is completed. [Steve Stephens, (317) 542-3035]

The U.S. Army Finance and Accounting Center, Department of Defense, decentralized postage funding in an effort to control spiraling postage costs whereby organizations must buy postage from their own budgeted postage funds. The new procedure encourages organizations to control mailing requirements, not to look on mailings as "free." [Steve Stephens, (317) 542-3035]

The U.S. Army Finance and Accounting Center, Department of Defense, continued to have

success from its central recruitment and training of 83 accountant interns that were placed at 46 finance and accounting offices. One-third of the interns have reached their targeted grades and are functioning as branch chiefs, system administrators, or system or operating accountants. The program has been highlighted in a DOD forum on minority employment issues. [Donna Howard, (317) 542-2399]

The U.S. Army Finance and Accounting Center, **Department of Defense**, published a report titled "GS-510 Accountant Experience and Education Study." The report discusses changes in the financial management field which have potential impact on the recruitment and personal growth of accountants in the federal service. The report also looks at the knowledge, skills, and experiences accountants should possess to keep pace with technological advances. [Margaret Roberts, (317) 542-2444]

The **Environmental Protection Agency (EPA)** improved its accounting for indirect clean-up costs related to hazardous waste sites. In addition to successfully recovering indirect costs related to EPA trial testimony and depositions, changes were made to the way indirect costs were identified, calculated and allocated. A regulation has been drafted for public comment which would provide for measurement of all potential indirect costs in cost recovery cases. [William Cooke, (202) 382-2268]

The **Federal Maritime Commission** revised its internal

control procedures for budget execution and fund control, travel and travel advances, promotional material, payments, and check and cash processing. It also drafted regulations to offset salaries of federal employees for debt owed the federal government. The regulations are scheduled for implementation in the latter part of fiscal year 1991. [Frederick Trutkoff, (202) 523-5770]

The Food and Drug Administration (FDA), **Department of Health and Human Services**, continued its practice of making payments of commercial invoices without receiving reports by raising the invoice dollar amount from \$750 to \$1,000 in fiscal year 1990. Payments for training and personal service contracts are excluded, and the process is subject to quarterly post-payment statistical sampling. Prior analysis revealed good internal controls existed to permit these payments, and erroneous payments were found to be lower than the cost associated with processing payments after receipt of the receiving reports. Prompt Pay statistics have steadily improved from this practice, with late payments reduced to 3.4 percent and interest penalties less than half of the amount in the prior year. In response to inquiries the agency has prepared packages on this practice which describe how it proceeded. [Frank Claunts, (301) 443-3260]

The **Department of Housing and Urban Development (HUD)** issued for internal use Accounting Policy Statements related to accounting for appropriations, investments, special adjustment of accounting records, and treasury

cash accounts. It has prepared a draft handbook on accounting policies and standards to reflect organizational and functional changes, with release expected in October 1991. [Russell Bee, (202) 708-3154]

The **Department of Housing and Urban Development (HUD)** is continuing its efforts to implement the U.S. Government Standard General Ledger. An analysis of the crosswalks that are being used for the three major automated accounting systems showed the need for further changes. [Mary Ellen Firor, (202) 708-3310]

The **Merit Systems Protection Board** is in the process of pilot testing a program for paying all invoices totalling \$1,000 or less, upon receipt, whether or not a receiving report has been received. The purpose is to reduce interest penalties under the Prompt Payment Act. [Sarah Bunn, (202) 653-7263]

The **National Mediation Board** revised its accounting procedures to comply with the U. S. Government Standard General Ledger. [Mary Maione-Pricci, (202) 523-5950]

The U.S. Customs Service, **Department of the Treasury**, is developing a new procedure to improve control over the disbursement of duties, taxes, interest, user fees, and other miscellaneous refunds. It is

being developed in two phases with the first phase consisting of new procedures to verify and certify all refunds processed by the Automated Commercial System. Phase two provides for electronic certification of disbursements. The procedure will improve internal control and accountability by assuring that all Automated Commercial System disbursements are properly authorized, approved and examined. Implementation is planned for fiscal year 1991. [Robert Hamilton, (317) 298-1308]

The U.S. Mint, **Department of the Treasury**, updated its Cost Accounting Manual to promote uniformity and consistency of accounting practices and standardization of procedures. [Roberta Draves, (202) 376-0415]

Cost accounting procedures were improved by establishing a standard profit and loss statement format and making the calculation of specific allocations uniform. Accuracy was improved by use of a cost of production report, which matches costs with production flow through each stage of the manufacturing process. [Shirley Jones, (202) 376-0209]

The U.S. Mint, **Department of the Treasury**, updated its Bullion and Coinage Metal Accounting Manual to promote uniformity and consistency of accounting practices and standardization of procedures. The revised Manual assists the agency to more accurately account for and control assets such as gold and silver held by the Mint for the Treasury. [Shirley Jones, (202) 376-0209]

The Bureau of Public Debt, **Department of the Treasury**, decided to make the EZ CLEAR system mandatory for use by all paying agents, effective February 1991. The system streamlines the processing of U.S. Savings Bond redemptions by eliminating special batching requirements which had been used for 40 years. It also permits paid bonds to be processed, along with other cash items for credit, through the existing check collection system. The system reduces both operating and agent fee costs, improves funds availability, and simplifies internal accounting procedures. [Arthur Klass, (304) 420-6515]

The Bureau of Public Debt, **Department of the Treasury**, continued implementing its Regional Delivery System where Series EE savings bonds sold over-the-counter by local financial institutions are inscribed and delivered by Federal Reserve Banks designated as regional processing sites. When fully implemented, the system is expected to reduce appropriated costs of administering the Savings Bond Program and create significant cash management benefits from the accelerated remittance of bond sales proceeds. [Arthur Klass, (304) 420-6515]

The Office of Thrift Supervision, **Department of the Treasury**, completed a cross-walk of its chart of accounts to the U.S. Government Standard General Ledger, and plans the conversion of its accounts by January 1992. [Alvin Shelton, (202) 906-6236]

CASH AND CREDIT MANAGEMENT

Credit Cards for Small Purchases

The **Department of Justice** is implementing the VISA credit card program for use in making small purchases of supplies and services. Use of the credit card reduces the number of procurement actions, permits consolidation of multiple vendor invoices into a single payment to VISA, and expedites vendor payments. The number of purchases in 1990 totalled 653 for \$150,346. Fees decreased from 1.876 percent in 1989 to 1.143 percent in 1990 because of increased usage, and may decrease to 1.049 percent if electronic statement transmission is implemented. The Drug Enforcement Administration initiated a pilot test to determine the feasibility of using the program and the Immigration and Naturalization Service will implement it in 1991. [Edward Dolan, (202) 501-6600]

The **Merit Systems Protection Board** completed implementation at all offices of the International Merchant Purchase Authorization Card (IMPAC) credit card program for purchases of \$1,000 or less. Results are reduced payments from the imprest fund and fewer documents processed by the Procurement Branch. [Sarah Bunn, (202) 653-7263]

The **Office of Personnel Management** began to implement the Government Commercial Credit Card Program agencywide in 1990. It has reduced the number of

purchase orders and imprest fund transactions for small purchases and resulted in increased operating efficiencies and improved service delivery. [Christopher Flaggs, (202) 606-2477]

The **Small Business Administration (SBA)** has begun implementing the IMPAC credit card program to replace the use of purchase orders for small dollar purchases, with full implementation at all locations expected in 1991. The agency plans to use electronic invoicing available through a commercial bank, and is installing a post-audit procedure to perform the audit function and minimize paper transmissions between local offices and the payment center. [Lawrence Rosenbaum, (202) 205-6449]

The **Department of State** is exploring options to link its governmentwide commercial credit card program with its primary accounting system—the Central Financial Management System—to enhance its management of the program and further reduce the potential for improper use of the credit cards. The program provides a controlled means to streamline procurement by replacing paperwork for purchase orders and imprest fund transactions, reducing Prompt Payment Act penalties by consolidating many small payments into one monthly payment to the credit card company, and enhancing fiscal management internal controls over small purchases through improved cash management and funds control and consolidated credit card management reports. [James Tyckoski, (703) 235-1547]

The **Department of Transportation (DOT)** participates in the Small Purchase Credit Card Program, with four operating elements in the program accounting for about 14,000 purchases totalling \$1.3 million. In fiscal year 1990, the Coast Guard and the Office of the Secretary were the first government offices to electronically receive their invoices from the credit card contractor. By receiving invoices electronically, the administrative fees are reduced 9.5 percent. The two organizations have implemented electronic interface with the contractor which enables electronic receipt of detail accounting transactions (up to 50 characters). Now received from the contractor on a monthly basis, a proposal is under consideration to receive the file on a weekly basis. [Richard Polhamus, (202) 366-5629]

Debit Cards

The Office of the DOD Comptroller and U.S. Army Troop Support Agency, **Department of Defense**, implemented a pilot test of accepting debit cards in payment for goods purchased at military commissaries. The test was conducted at Fort Campbell, KY, in cooperation with the Department of the Treasury, a commercial bank, and the Armed Forces Financial Network. Total savings to the Treasury in fiscal year 1990 were \$500,000. [Ronald Good, DOD, (703) 697-6715]

The Bureau of Prisons, **Department of Justice**, initiated two pilot programs at a U.S. penitentiary which allows for the use of debit cards in lieu of cash for

the purchase of meal tickets by staff and the purchase of vending machine products by inmates. The staff have 24-hour access to a cash-to-card encoder/reader, in which cash and a debit card are inserted and the value of the currency is encrypted to the magnetic stripe on the card. The card is inserted into a preset read-only machine that deducts the price of a meal and produces a receipt. The system for inmates is operated by Bureau of Prisons staff under which inmates have monetary values subtracted from their respective accounts and added to a debit-card magnetic stripe. The card is inserted into a debit-card equipped vending machine which displays the current value and deducts the value of an item purchased. [Michael Atwood, (202) 307-3144]

The **Department of Transportation (DOT)** participated in a debit card pilot program to replenish cash at remote imprest fund sites. Under the pilot, imprest fund cashiers were issued debit cards which were used to withdraw up to \$1,000 per banking day from automated teller machines connected to the Cirrus Network. The debit card method of replenishing imprest funds eliminates the 2 to 5 business day window currently experienced with fund replenishment by Treasury check. By eliminating delays in replenishing cash at imprest funds, funding levels potentially can be lowered. [Richard Polhamus, (202) 366-5629]

Other Cash Management Efforts

The **Environmental Protection Agency (EPA)** is pilot testing the use of automated teller machines in conjunction with its credit card program, and comments have been very positive. The benefits include: (1) deferring the payment of advances until a traveler seeks reimbursement, (2) significantly reducing the number of accounting transactions related to processing advance checks as well as imprest fund activity, (3) need for smaller imprest fund levels, and (4) flexibility to obtain cash from different locations (duty station, enroute travel and temporary duty station) and outside of office hours. [Robert Shimshock, (202) 382-2932]

The **Department of Housing and Urban Development (HUD)** has initiated action to eliminate manual payments and reporting, reduce the number of disbursement systems, and integrate the systems for disbursing and accounting more closely with Treasury's disbursement system. The Letter of Credit Control System has been renamed Line of Credit Control System and two of six payment systems have been eliminated. Plans call for having only one payment system and for converting all Letters of Credit to direct deposit by adding a Voice Response System for use by recipients in requesting funds. [Gail Disc, (202) 708-1757]

The Justice Management Division, **Department of Justice**, improved its compliance with the

Prompt Payment Act by paying 42 percent less in interest payments in the last half of fiscal year 1990 than in the first half of the year and improving payment of interest when due from 75 percent to 92 percent of the time. The time to process an invoice was reduced from 15 days to 6 days. These improvements resulted from (1) changing quality control reviews and incentive awards for payment clerks from quarterly to monthly, with the awards program now requiring higher compliance and faster processing of invoices, (2) identifying through quality control reviews whether the late payment penalty is the fault of the office being serviced or the payment office, (3) increasing the number of payment processing personnel, (4) providing guidance to the offices being serviced, (5) changing the "Bill To" address on purchase orders from the payment office to the office receiving and verifying receipt of goods or services, and (6) providing specific guidance and training to payment personnel, expediting the processing of high dollar invoices, and requiring supervisory review of all interest payments over \$150. [Edward Dolan, (202) 501-6600]

The **Drug Enforcement Administration (DEA)**, **Department of Justice**, developed a personal computer dBASE III Plus program to automate the check deposit and government transportation request payment invoice functions. Automation of these functions is expected to save research time and improve oversight. The application for check

deposits is used in reconciling cash accounts, while the application for GTRs is being tested. [John Osterday, (202) 307-7083]

The **Merit Systems Protection Board** is implementing the Automatic Teller Machine Cash Advance Program, which will enable travelers to obtain advances at over 50,000 locations nationwide. Benefits include less time spent by various offices in preparing and completing paperwork related to imprest fund transactions. [Sarah Bunn, (202) 653-7263]

The **National Science Foundation** implemented a credit card/automated teller machine program which makes cash available on an as-needed basis to official travelers at over 50,000 ATMs nationwide; and the Department of the Treasury's bulk transfer system for submitting the SF-133 Report on Budget Execution on-line via the Government On-Line Accounting Link. [Martin Engle, (202) 357-7757]

The **Department of Transportation (DOT)** pioneered a new streamlined method called Faststart for enrolling employees onto its direct deposit program. Under the method, employees (with assistance of the personnel office, if needed) complete the required financial information onto a new two-part form, eliminating the need for the employee's financial institution to complete a portion of the form. As of the end of fiscal year 1990, about 87 percent of civilian employees and active duty military members were enrolled. The use of direct deposit is not impacted increased postage costs. [Richard Polhamus, (202) 366-5629]

Electronic Payments

Electronic Funds Transfer

The Office of Justice Programs, **Department of Justice**, developed a prototype system to replace the Department of the Treasury's Letter-of-Credit—Treasury Financial Communications System, which Treasury intends to discontinue for making federal grant payments. The Treasury system involved the transmission of fund messages from a grantee's financial institution through the Federal Reserve System and Treasury to the federal agency for a payment decision. A return acceptance or rejection message is sent from the agency back to the financial institution and the grantee. The prototype Letter-of-Credit—Electronic Certification System (LOCES) is a modem connection service that allows selected grantees to electronically request payments from grants issued within the organization. The system allows certifying officers to review the requests and electronically connect with the Department of the Treasury to make payments into the grantee's predesignated bank account. To be eligible for LOCES, a grantee must have grants over \$120,000 and be associated with the organization for a year or more. LOCES automates many former manual comparisons of data on grantees and totally automates all actions for payment requests that are authorized by the certifying officers. For fiscal year 1990, payment of \$382 million was made under Treasury's Letter-of-Credit system. [Emil Peront, (202) 307-5909]

The **National Science Foundation** implemented an in-house Line of Credit system to replace Treasury's system. With the in-house system, NSF established line of credit allocations for 300 grantees that formerly used the letter of credit system, electronic mail as the preferred way for grantees to request drawdowns, and the use of Vendor Express for electronically transferring funds to grantees' banks. Implementation of the system has encouraged grantees to use E-Mail (electronic mail) and other computer capabilities, thereby improving prospects for future improved electronic communication and systems. [Leo Bowman, (202) 357-7757]

The **Office of Personnel Management** is developing an in-house system to replace Treasury's former Letter-of-Credit system as a means of transferring funds to Federal Employees Health Benefits Program carriers. The new system will feature on-line requests for funds by FEHBP carriers, automated accounting entries, and a direct interface with Treasury's electronic certification process. The Treasury system had accrued significant financial and program management benefits by making it possible for the government to retain over \$1 billion rather than disbursing it. The new system is scheduled for implementation in 1991. [Maurice Duckett, (202) 606-0666]

Automated Clearing House

The **Department of Housing and Urban Development (HUD)** increased its use of Treasury's

Automated Clearing Housing Direct Deposit/Electronic Funds Program by converting annual repetitive payments of \$771 million from paper check to direct deposit and saving an estimated \$551,000. [Russell Bee, (202) 708-3154]

The **Railroad Retirement Board** is negotiating with the Internal Revenue Service to permit a pilot test for using the Automated Clearing House (ACH) for tax collection purposes. The agency has proposed using the ACH network to collect railroad retirement taxes as well as more than \$200 million in railroad unemployment insurance contributions which the agency collects. It anticipates the ACH will provide

- (1) detailed information on tax deposits,
 - (2) more accurate recording of tax receipts to the trust funds,
 - (3) added assurance that the trust funds are correctly credited for all tax deposits,
 - (4) a reduction in rail employers' cost of making tax deposits, and
 - (5) an increase in earnings on investments due to a substantial reduction in the time for receipts to be credited to the trust funds.
- [Charles Weaver, (312) 751-4593]

The **U.S. Secret Service, Department of the Treasury**, began making payments to vendors through the Automated Clearing House process. About 100 vendors were included in the process in 1990 and more will be included next year. The process saves about 26 cents per payment, reducing the cost per check payment from 30 cents to 4 cents per payment. Other benefits are that vendors receive

their payments faster, the problem of checks lost in the mail is eliminated, and better relationships with vendors may result in favorable discount terms.. [Germaine Rowley, (202) 535-5939]

Lockbox

The Immigration and Naturalization Service (INS), Department of Justice, established a lockbox facility to receive remittances from airline, steamship and other carriers for immigration user fees. The use of the lockbox has expedited deposits with the Department of the Treasury, permitted deposit data keyed by the bank to be entered daily into the accounting system, ensured agreement of accounting system and Treasury deposits data, and ensured crediting of remittances to proper accounts. [Edwin Fost, (202) 514-3027]

The Department of State expanded its use of the lockbox concept by requiring that eight passport agencies mail passport applications and accompanying fees that they received to a lockbox depository. The money is deposited to a federal account within 24 hours of receipt in the lockbox, and the passport applications are forwarded to appropriate agencies for citizenship adjudication and passport issuance. The procedure results in additional interest earned and enhanced internal controls. [Charles Koeneman, (703) 875-5610]

Third Party Drafts

The Social Security Administration (SSA), Department of Health

and Human Services, replaced imprest funds with third party drafts at all 1,400 offices after testing the feasibility of the procedure. The drafts are used for a variety of administrative expenses and programmatic payments. All draft data is collected in a mini-computer at headquarters, with automatic interface into the Financial Accounting System and reporting in various management information reports. [Stephen Nozinski, (301) 965-0631]

The Department of the Interior granted approval to its Bureau of Reclamation and U.S. Geological Survey to use third party drafts. In the meantime, the National Park Service continued expanding its Third Party Draft System and currently has 157 draft sites that issued 15,736 drafts for \$3,335,426 in 1990. It expects the amount of imprest funds outstanding to decrease significantly in 1991. Also, the Bureau of Land Management uses third party drafts at its Boise Interagency Fire Center by issuing drafts of up to \$10,000, with Treasury approval, for fire emergencies. The use of drafts has overcome the reluctance of local vendors to sell needed fire equipment and materials to the bureau on arrival at a fire scene since the delay in receiving reimbursement from the bureau's finance center has been eliminated. Benefits from third party drafts are reduced imprest fund authorizations, increased security, reduced liability for imprest fund cashiers, improved audit trail for purchases, and increased willingness of vendors to sell to the government. [Theodore Woronka, (202) 208-4701]

The Department of Justice is continuing to implement its Third Party Draft System department-wide. In 1990, 131,225 drafts totalling \$32,986,846 were issued and the volume for 1991 is expected to be one-third higher. The dollar limit on drafts has been raised from \$1,500 to \$2,500. Compliance reviews have been conducted as required by Treasury regulations, a policy and procedures handbook on drafts has been issued, and the department uses the Department of Health and Human Services' on-line Smartlink Automated Clearing House to pay the commercial bank on the day the drafts clear. The use of drafts has reduced the need for imprest funds or cash held outside the Department of the Treasury. The department has been cited by Treasury as having a model draft system with respect to its automated system, on-line funds control, draft policy manual, and ongoing compliance. [Lee Loftus, (202) 501-7868]

The Merit Systems Protection Board is in the process of supplementing its imprest fund with pilot testing of a third party draft system. The drafts will be used to pay for small purchases, local travel, and similar emergency type payments. Improved cash management results, security, and internal controls are anticipated. [Charles Roche, (202) 653-7263]

Travel

The U.S. Army Finance and Accounting Center, Department of Defense, is implementing the Government Travel System (GTS) for the acquisition and payment of

airline, bus and train travel tickets by use of a charge card program and a contract travel agency. By using single source input, the system is expected to result in savings at transportation, finance, and accounting offices by replacing the local payment systems and use of government transportation requests. [Lee Brown, (317) 542-3068]

The U.S. Commission on Civil Rights implemented a charge card program for use by its frequent travelers. Benefits anticipated are reduction in travel advance requests, amounts of outstanding travel advances, and time required to process travel advances and distribute advance checks to travelers. [George Harbison, (202) 376-8356]

The Department of the Interior implemented a charge card program and the Government Travel System (GTS) at its Bureau of Reclamation (BOR) and Bureau of Mines (BOM).

At BOR, two regional offices were converted to the program, which uses a centrally billed account for each region and project office that official travelers use to purchase their airline tickets in lieu of using their government charge card or a government transportation request. Travelers make reservations with their contract travel agency, which delivers the tickets to the traveler and bills the cost to the account. A monthly statement of charges and credits is submitted to BOR and the travel agency for reconciliation and payment within 30 days. The program will be implemented at remaining regional offices. [Mary Killingsworth Hill, (303) 236-8847]

At BOM, the charge card program is being implemented bureauwide with 5 of 12 locations completed. The program provides for airline tickets to be charged to a credit card. Benefits anticipated are increased floats; one monthly comprehensive statement and payment; reduced payments for airline tickets using government transportation requests, government charge cards, and cash; reduced number of refund requests; and insurance benefits provided to the traveler. [Gary Dragseth, (303) 236-0355]

The Department of Justice enhanced its charge card program with its use of automated teller machines (ATM) for employees to obtain travel advances. The program provides traveler convenience, reduces collection actions, and improves internal control and cash management by reducing the amount of cash in imprest funds. In September 1990, 632 ATM advances were made totalling \$78,200. [Lee Loftus, (202) 501-7868]

The Justice Management Division, Department of Justice, is implementing a travel accounts payable module to provide improved tracking of employee travel vouchers throughout the payment process and quicker reimbursement. The module is to provide workload statistics, support decentralized voucher processing and payment, and full auditing and sampling support. It will also permit on-line entry and query of voucher processing status from headquarters and remote sites. It is to be used centrally first before being decentralized. Full implementation

is scheduled for 1991. [Edward Dolan, (202) 501-6600]

The Merit Systems Protection Board began implementing the Government Transportation System (GTS) which allows airline tickets to be charged to a charge card account, thereby eliminating the use of government transportation requests and resulting in reduced costs and paperwork related to payment of bills. Efforts are underway to expand use of the one GTS account and Travel Management Center to its 11 regional offices. [Sarah Bunn, (202) 653-7263]

The U.S. Customs Service, Department of the Treasury, began requiring travelers to itemize transportation expenses for each day by mode of transportation and method of payment. This procedure prevents reimbursement of vouchered expenses when they have been issued a government transportation request, used a Government Travel System (GTS) account, or used cash or personal credit cards to purchase common carrier tickets that cost more than \$100. Prior to this change, a traveler could possibly be reimbursed for an expense which was already paid by another method. The change also prevents reimbursement of expenses in excess of the \$100 limitation and paid for by cash or credit card. [John Accetturo, (317) 298-1093]

The Office of Thrift Supervision, Department of the Treasury, began use of the department's FEDTRAV electronic transfer program at its headquarters, with the regional offices scheduled for implementation in February 1991.

FEDTRAV allows for electronic payments directly to an employee's bank account for such purposes as claims for reimbursement of travel expenses. The agency expects to save \$17,000 in 1991 through the use of FEDTRAV. [Alvin Shelton, (202) 906-6236]

Credit Management

The Farmers Home Administration (FHA), **Department of Agriculture**, began requiring credit reports with all initial direct farmer program applications, and is drafting regulations to require credit reports with all primary loan servicing actions for farmer program loans. The use of credit reports should reduce losses by raising the quality of loan originations and assist the agency in determining the most cost effective servicing options to pursue. The agency is also in the process of implementing regulations for its programs to deny credit to applicants who are found delinquent on other federal debts. [Robert Ross, (202) 475-4708]

The Animal and Plant Health Inspection Service, **Department of Agriculture**, continues to have success with its Nationwide Credit Management Program, which features centralized credit management to approve new applications and provide update information to the Debtor Master File. A credit reporting service is used to screen applicants to potential future delinquencies. The program provides cost savings, quality service to customers (the National Finance Center, agency field offices, and applicants), reduced workload at field offices because credit determinations are made centrally,

and prompt followup with applicants with delinquent accounts. Interest and penalties have decreased from \$31,000 to \$14,000 over the past 2 years. [Phil Anderson, (612) 370-2211]

The Farmers Home Administration (FHA), **Department of Agriculture**, is developing a pilot Field Office Specialization Project to specialize the functions of appraisals, underwriting, delinquent loan servicing and inventory management within its field office structure. This will improve internal control through greater separation of duties and increase the quality of individual loans while reducing delinquencies and expediting the servicing of delinquent loans and inventory property. The project is scheduled for implementation in 14 states in June 1991. [Don Peterson, (202) 475-4618]

The Farmers Home Administration (FHA), **Department of Agriculture**, is accessing the Department of Housing and Urban Development's Credit Alert Voice Response System (CAIVRS) for information on borrowers that have defaulted on federal loans. The agency's field offices will be required to access CAIVRS during the application review process for both direct and guaranteed loan applications. Implementation is scheduled for October 1991, and the agency will begin to report information on defaults of its loans into CAIVRS in fiscal year 1992. CAIVRS is intended to reduce losses on federal loans by enabling federal credit agencies to make better quality loans. [Robert Ross, (202) 475-4708]

The U.S. Army Finance and Accounting Center, **Department of Defense**, continues to participate in the IRS tax refund offset program which uses a debtor's income tax refund to satisfy a debt owed to the government. In fiscal year 1990, \$9.5 million was collected to satisfy these debts. [Don Bowen, (317) 543-7462]

The **Department of Housing and Urban Development (HUD)** initiated action to collect outstanding claims by referring \$1,512,958 to collection agencies and another \$1,599,761 to the IRS for income tax refund offset. To date, approximately \$112,000 has been recovered from these referrals. As a result of the forgiveness of debts legislation and internal improvements to credit management and debt collection, debts totalling \$1.3 billion in principal and about \$600 million in interest were written off. [Marlow Tolbert, (202) 708-3154]

The **Department of Housing and Urban Development (HUD)** is undertaking efforts to centralize its debt collection process. Claims collection will be initiated when debts are 30 days delinquent and a system will be developed to provide one-time data entry of all accounts receivable, payments, contacts, repayment agreements and referrals until loans are paid-in-full, written-off, compromised, or closed out. [Russell Bee, (202) 708-3154]

The **National Endowment for the Arts (NEA)** implemented a DATAEASE tracking system for travel which tracks authorizations, advances, and vouchers; calculates any outstanding advance or open authorization amounts; provides

reports for monitoring status; and creates first, second, and third dunning letters and individual status reports. The system has increased awareness of the need to clear advances on a timely basis. [Marvin Marks, (202) 682-5407]

The **National Science Foundation** modified its electronic purchase order process to require that vendor identification numbers be input to the accounting system by procurement staff at the time of award. As a result, the computer electronically generates the vendor name and address for payment by accessing the purchase order record with the vendor identification number that is provided on the vendor invoice. The system determines the validity of the payment, operating plan, general ledger accounts and appropriation to be charged. Voucher examiners are no longer required to manually research and input vendor identification numbers when processing incoming vendor invoices. [Martin Engle, (202) 357-7757]

The **Railroad Retirement Board (RRB)** participates in the IRS tax refund offset program whereby delinquent railroad retirement and unemployment and sickness insurance debts are referred to IRS for offset against any income tax refunds due the debtors. In 1990, RRB referred 1,727 cases, totalling \$2,013,631, to IRS for offset, and \$351,634 was recovered in 876 cases. RRB recovered an additional \$46,500 directly from 228 debtors after informing the debtors that their accounts would be referred to the IRS. [James Evans, (312) 751-4302]

The **Small Business Administration (SBA)** completed pilot tests of a model collection center which was used as a repository for all agency loans to businesses within its San Francisco Regional Office boundaries. The test results showed reduced delinquencies and increased collections due to this centralization and concentration of intense, consistent servicing and collection policies and procedures. The concept is under consideration for expansion to other regional offices. This effort follows the previous establishment of four regional servicing centers to collect debts owed by consumers. Delinquency rates have been reduced to less than 5 percent on portfolios. [Frank Ramos, (202) 653-8610]

The **Small Business Administration (SBA)** implemented an add-on collection fee procedure within its credit programs which requires that the costs incurred by collection agencies for recovering amounts owed on loans of the agency be charged to the borrower. The indebtedness of the borrower is increased by the amount of the collection fee charged by the collection agencies. Previously, these fees were an administrative expense even with recovery of the loan indebtedness. [Lawrence Rosenbaum, (202) 205-6449]

The **Small Business Administration (SBA)** is planning to undertake a pilot test of pre-authorized debit procedures to electronically debit a borrower's private bank account for scheduled loan installment payment. This procedure is expected to expedite and enhance security over the flow

of repayments to the agency and eliminate the direct submission of payments to the agency's collection center. Full implementation is planned for 1991. [Lawrence Rosenbaum, (202) 205-6449]

The **Department of Transportation (DOT)** completed its first full year of participating in the Income Tax Refund Offset Program. The department referred 534 accounts totalling \$1.5 million to IRS for offset, and it collected \$183,000 on 330 seriously delinquent accounts. The department established a central location to act as the conduit for the department in transmitting and receiving income tax offset refund data to and from the IRS's Martinsburg, West Virginia, location. The department also provided the IRS with test data for the Corporate Income Tax Refund Offset Pilot Program, whereby employer identification numbers of the corporate debtors were obtained by a contractor for the department. [Richard Polhamus, (202) 366-5643]

The **Bureau of Public Debt, Department of the Treasury**, continued participating in the IRS Refund Offset Program for collecting delinquent debts. Collections in 1990 totalled \$45,412.05 which exceeded the collections for each of the three previous years, and an agreement provides that the program will be continued for 1991. In addition, the agency continued to participate in the Federal Salary Offset Program through a computer matching agreement with the Department of Defense. A computer match between DOD's Defense Manpower Data Center's

database and the Public Debt's debtor accounts is scheduled for early 1991. [Eugene Schulman (202) 447-9829]

TOTAL QUALITY MANAGEMENT (TQM)

The **Environmental Protection Agency (EPA)** expanded the focus of its investment fund for internal improvements in productivity to include improvements under the total quality management (TQM) concept. The fund has provided over \$2.5 million in seed money to date for 70 proposed projects covering the areas of information technology, human resources, office automation, research and development, and technology transfer. The agency plans to publish its first annual report in 1991 of several successful projects which can be implemented in other EPA offices as well as governmentwide. [Debbie Ingram, (202) 475-8210]

The **Federal Emergency Management Agency (FEMA)** developed a Prompt Payment Statistical Report from its Invoice Tracking Subsystem which replicates the OMB required report and can show prompt pay activity for any time period, payment center, and fund. The report is used to monitor how well individual payment centers are performing their bill paying responsibilities by presenting information on number of payments, number of penalties, and dollar amount of penalties. [James Lucas, (202) 646-4398]

The **Social Security Administration (SSA), Department of Health and Human Services**, implemented a computer-based reporting system that makes productivity and personnel cost-performance data available on a quarterly basis to each of its over 600 districts, as well as an aggregate of these data for each area and region. The Productivity and Cost Measurement System currently can produce 29 separate reports that permit comparisons of the relative performance between districts, areas, and regions. The performance data supports the agency's gain-sharing initiative and assists managers to identify districts with best practices for possible use at other districts. It identifies systems, procedures or problems which adversely affect productivity or service to the public and facilitates decisions on resource allocations. Hard copy reports and on-line computer access to each quarter's reports are available to users. [John Petro, (301) 965-0611]

The **Bureau of Reclamation's Administrative Service Center, Department of the Interior**, completed an organizationwide assessment and planning process in preparing to implement TQM at the center. The center's Payroll Operations Division piloted implementation of a full-scale TQM process that resulted in improved quality and lowered costs and a management excellence award from PCMI for 1990. The center's other divisions are now implementing TQM and an executive level TQM council has been established to oversee this overall productivity improvement initiative. [William Kramer, (303) 236-7200]

The **Small Business Administration (SBA)** has provided its senior managers and key subordinate managers with an initial level of training in total quality management. Videos from the Federal Quality Institute have been distributed internally for viewing. Meetings of senior managers are held regularly to develop strategies for effectively implementing the concept and practical suggestions and approaches are implemented as they are identified and developed. Ideas and suggestions for improving all aspects of the agency's operations have been received. [Frank Ramos, (202) 653-8610]

The **Coast Guard, Department of Transportation**, has established an Implementation Planning Team to formulate the strategy for making total quality management (TQM) a routine part of the agency's operations. The effort to date has developed an organizational overlay consisting of guidance and action cross-functional teams to identify processes needing improvement and then use organization development and tools of TQM to ensure that only value added steps exist within the processes. Future plans call for providing TQM training to about 2,000 personnel within the next 12 to 18 months. [LCDR Robert Eccles (202) 267-2270]

BUDGET FORMULATION AND EXECUTION

The **Animal and Plant Health Inspection Service, Department of Agriculture**, developed a

Multi-Year Program Planning and Budgeting Process for integrating strategic planning with the budget cycle. A major objective is to define the framework for program planning and decision-making responsibility for budget development, funds acquisition, and resource allocation. Work groups consist of program planning, resource, and budget personnel. Benefits anticipated are better program plans based on realistic budgets and justifiable budgets based on solid program plans. [John Nessen (301) 436-8635]

The Bonneville Power Administration, **Department of Energy** enhanced its Budget Formulation System with mainframe capabilities that allow all offices access to the budget data base for data entry and update, hard copy or on-line reporting, and special analysis functions. Electronic data transfer between other systems is expected to improve the speed and accuracy of the budget formulation process. [Byran Crawford, (503) 429-4962]

The **Department of Labor** redesigned and upgraded its Budget Formulation System, which is a stand-alone personal computer system for the automated preparation of the departmental OMB budget submission. The latest software is incorporated into a local area network. The system consists of 16 spreadsheet files (13 agency level and 3 summary files) that provide various cross sections, roll-ups, and arrays of departmentwide budget data by individual decision unit for budget authority, outlays, obligation limitations and employment

information based on full-time equivalent and end-of-year figures. Reports generated range from departmentwide two-page summaries to agency budget activity detail displayed in a single 160 page report. Future work in this area will extend the scope of the system by bridging the passback of OMB budget decisions to the final President's Budget document. [Bill Keisler, (202) 523-6901]

The **Small Business Administration** (SBA) began implementing a managing-to-payroll program, under which its field offices receive a budget for compensation and benefits without the restriction of a personnel ceiling. The program provides managers maximum flexibility to manage their budgets, as contrasted with the prior practice of providing operating budgets and related personnel ceilings that provided managers with little incentive to change the composition of their personnel or try different approaches to personnel management. The results of the program are being evaluated. [Lawrence Rosenbaum, (202) 205-6449]

The U.S. Mint, **Department of the Treasury**, is in the process of enhancing its funds control capabilities to encompass all funding sources, ensure over-obligations do not occur, and provide information on funds. A mainframe-based commitment system is used and software integration links various automated systems such as general ledger, accounts payable, purchasing, and others. [Richard McKay, (202) 376-0415]

AUDITING AND MANAGEMENT REVIEW

The **Administrative Office of the U.S. Courts** increased the frequency and coverage of its financial audits of the over 200 federal courts by supplementing its internal audit staff with contract audits. As a result, the audit cycle has decreased from 4 years to 2 years, and it provides for more comprehensive evaluation of each court's financial activities. The audits examine internal management controls and such financial activities of the courts as collection of court fees and fines. [David Gellman, (202) 633-6193]

The **Agency for International Development's** Office of Inspector General developed audit guidelines for use by foreign government recipients of U. S. assistance. The guidelines help the foreign governments select independent auditors for auditing the use of the assistance. The guidelines also assist the independent auditors or the foreign governments' audit institution performing the audits in accordance with U. S. Government Auditing Standards and the AICPA Auditing Standards. [Thomas Ankewich, (703) 875-4276]

The Defense Contract Audit Agency within the **Department of Defense** continues to rely on the results coming from use by contractors of the Contractor Risk Assessment Guide. DCAA helped to develop the guide for improving contractors' internal controls and contract compliance. Government oversight is reduced where audit

risk is reduced and audit resources can be directed to higher priorities. [Anne-Marie Chavez, (703) 274-6343]

The Department of Defense's Office of Inspector General made a complete revision of the DOD Internal Audit Manual. The manual covers a number of audit topics, including advanced audit techniques, and it provides a benchmark against which the performance of DOD audit activities is measured during quality control reviews conducted by the OIG. The manual has been widely distributed within the OIG community because of its inherent applicability to all federal auditing. [Charles Rawdon, (703) 693-0015]

The Department of Energy's (DOE) Office of Inspector General developed a single audit manual which is in both hard copy and computer disk format. The disk format allows auditors greater flexibility to use the many exhibits and formats, such as audit lead sheet, sample letters, a template for interview write-ups, and report formats. Being automated, the manual can be quickly updated. [Gordon Harvey, (202) 586-1943]

The Department of Energy (DOE) revised its Financial Management System questionnaire for its limited system reviews required by OMB Circular A-127 and the Federal Managers' Financial Integrity Act. A comprehensive database was developed containing over 600 questions covering GAO Title 2, OMB Circular A-127, the JFMIP *Core Financial System Requirements*, and other governmentwide system requirements. The questions were

categorized as either system or operation functions. The operations questions will be reviewed annually while the system questions will be addressed when major hardware or software changes are implemented. The process was further streamlined by tailoring separate questionnaires for each system, thereby eliminating questions not applicable to the specific system being reviewed. The department anticipates that the revised questionnaires will save considerable review time, while ensuring comprehensive reviews. [J. Richard Sweeney, (301) 353-2551]

The Environmental Protection Agency (EPA) developed a Management Audit Tracking System that established a common administrative focal point for standardizing audit tracking, and it allows headquarters, regional, and local offices to track locally the status of audit follow-up actions. An early warning system was also developed to respond more effectively and quickly to significant audit findings by making senior management aware of such findings and allowing managers to take corrective actions early in the audit process. [Joe Regan, (202) 382-4160]

The General Services Administration's Office of Inspector General initiated a limited consolidated year-end reporting procedure for two of the agency's four major program components. The two components were selected because of the audit resources expended there during the year. The procedure is intended to raise systemic issues that individual audits may not raise and thereby better

identify program vulnerabilities and areas for improvement. The procedure provides a comprehensive overview of operations and more effectively focuses on operational trends and issues, including review of activities under the Federal Managers' Financial Integrity Act. As a result of this limited reporting, management revised some FMFIA component risk ratings, making them subject to earlier evaluations.

Program areas potentially needing more audit coverage in the upcoming audit cycle were more readily apparent. The OIG next plans to prepare a consolidated agencywide report. [Eugene Waszily, (202) 501-0374]

The Office of Justice Programs, Department of Justice, developed a system called the Audit Control and Compliance Examination Service System for tracking audits and maintaining a database of 1,762 reports. It receives, controls, and tracks external audit reports prepared in accordance with requirements of the Single Audit Act of 1984. The Office closed 254 of 271 audit reports received during fiscal year 1990. The system is menu-driven in that it reports grantee and audit information as selected. This assists in monitoring compliance by grantees with audit recommendations and related resolutions. [Michael Lynch, (202) 307-0623]

The Department of Labor is required to assess insurance carriers and self-insurers a share of the expenses for using the special fund established under the Longshore and Harbor Workers' Compensation Act. The carriers and self-

insurers report information on their payments to claimants, and the assessments are based on this information. To ensure accurate assessments, a CPA firm was hired to develop an audit guide for auditing the reports and also to perform a sample of audits. The OIG staff audited a sample of self-insurers who are required to report their estimated future obligations semi-annually for compliance with the law's requirement that the future obligations be fully secured. [Jack Martone, (202) 523-8721]

The **Small Business Administration** (SBA) established several task forces to review the management and administration of resource allocation, management information, uniform application processing, and standard operating procedures. The task forces will

- (1) examine work standards and work measurement criteria for the various agency activities,
- (2) review the various information reporting requirements with the objective of eliminating unnecessary reporting and making information reporting more useful,
- (3) review the application information requirements imposed on the various applicants with a view toward developing a more consolidated and comprehensive set of informational needs, and
- (4) review the standard operating procedures with the purpose of updating them and eliminating those that are obsolete.

[Frank Ramos, (202) 653-8610]

The **Department of Transportation** (DOT) developed a Consolidated Review Program (CRP) to perform its fiscal year

1990 review of the Departmental Accounting and Financial Information System (DAFIS). The department adapted the Department of Agriculture's CRP methodology to meet its own needs. The review addressed the requirements of OMB Circulars A-123, Internal Control Systems; A-127, Financial Management Systems; and A-130, Management of Federal Information Resources; as well as the JFMIP *Core Financial System Requirements*. The department believes the resources required for 1990 were less than would have been used for separate conventional reviews. The same review documents can be used for subsequent reviews. The CRP approach was chosen because most of the redundant activities are eliminated by combining related reviews, and CRP improves the focus on high risk activities rather than treating all activities equally. This improved focus results from the fact that 90 percent of all information comes from 10 percent of the questions, so the remaining questions are pursued only if there are indications of problems. [Doug Sawin, (202) 366-5625]

The **Department of Transportation** (DOT) completed actions to improve its Federal Managers' Financial Integrity Act process. These actions included

- (1) revising its policy directive to incorporate OMB and departmental internal policies into one document,
- (2) implementing an education and awareness plan,
- (3) developing a formal linkage between management control weaknesses and the budget process whereby a summary of project and costs to correct pending material

weaknesses and nonconformances were submitted with the budget, (4) implementing a departmentwide Corrective Tracking System as a central database of all pending material weaknesses and nonconformances, and (5) meeting with representatives from the Office of Inspector General and General Accounting Office to discuss past and ongoing audit work, the department's management control environment and vulnerabilities. [Joseph Capuano, (202) 366-5626]

The **Department of the Treasury** is implementing an early warning system to alert managers to emerging financial management issues before they become problems requiring substantial corrective actions. An Early Warning Task Force comprised of representatives of the Assistant Secretary (Management), Office of Inspector General, and Treasury bureaus defined 16 criteria for identifying possible problem issues relating to receivables, cash management, and other activities. The system was tested by one bureau and is being implemented departmentwide, with summary reports on the results due in April 1991. [Edwin Verburg, (202) 566-2825]

The **Department of Veterans Affairs** (VA) has published its audited financial statement in its Annual Report to the Congress. The department concludes that audited financial statements provide internal discipline to its staff and enhances financial operations and reporting systems. These efforts have also added direction and justification to the department's off-the-shelf financial systems

project. The audits at station level reinforce the importance of account reconciliations, and significant accounting policy issues have been highlighted for attention. [Jack Gartner, (202) 233-2024]

OTHER IMPROVEMENTS

The Farmers Home Administration (FHA), **Department of Agriculture**, initiated a project to implement provisions of the Bankruptcy Act of 1986 which created Chapter 12 bankruptcy for family farmers. This project will provide the capability to process and track bankruptcy plans, process payments according to the approved plans, and revert to the original terms of the loan in the event the borrower fails to comply with the bankruptcy plan terms. It will also provide management reporting. [Conrad Hudson, (314) 539-6875]

The U.S. Army Finance and Accounting Center, **Department of Defense**, established a savings bond awards program to honor both individuals and employing entities in Defense's annual savings bond campaign. The awards provide a much needed thank you and incentive to those who have done conscientious work in the annual campaign. The program has a significant favorable impact on annual campaign participation and has been acknowledged by the Department of the Treasury. [Tim Ryan, (317) 542-3270]

The **Department of Commerce** created an Office of Financial

Management. Its responsibilities include developing and implementing departmental accounting and financial policies and procedures that comply with central agency financial guidelines and standards. The office also will oversee the operation of automated financial systems throughout the department and future development of an integrated financial management system. A department-wide Financial Systems Steering Committee was established to assist in development of the integrated system. [Gary Maupin, (202) 377-1207]

The **Department of Education**, preparing to meet the CFOs Act requirement for audited financial statements, is analyzing information in its ledgers to ensure it is supported by information in its program feeder systems. An account-by-account analysis of information in the feeder systems and interfaces between the feeder systems and the primary accounting system will be accomplished. The department plans to analyze appropriations funds first and then other funds in order to improve the integrity of the data in the accounting system. [Raymond Kudobeck, (202) 401-0850]

The Social Security Administration (SSA), **Department of Health and Human Services**, is testing the feasibility of transmitting direct deposit enrollment information directly from financial institutions to SSA program agencies by means of the Automated Clearing House (ACH) system. The agency allows participating financial institutions to electronically transmit enrollment information to SSA's National

Computer Center through ACH in lieu of the traditional paper sign-up form SF-1199A. The new process is expected to result in more accurate account information because of internal edit routines, allow for greater accuracy in predicting the effective date of the direct deposit arrangement, and result in administrative savings in field offices because of the use of fewer paper sign-up forms. SSA hopes to reduce the more than 1 million sign-up forms received from financial institutions for social security direct deposit arrangements by 40 percent. [Michael Johnson, (301) 965-2863]

The Social Security Administration (SSA), **Department of Health and Human Services**, expanded its International Direct Deposit Service to include social security beneficiaries residing in Germany and Norway. Under this process, payments are deposited directly to a person's personalized bank account, without any administrative fee charges because the benefit amount has been converted to the local currency. Also, because the Federal Reserve is involved, a better rate of exchange is obtained for the beneficiaries than could be obtained by each individual. SSA expects 80 percent participation within a year and it plans expanding the service to other countries. [Michael Johnson, (301) 965-2863]

The **Department of Labor** began issuing an annual Statement of Benefits to all of its employees. It contains an annual summary of the person's compensation, agency contributions to the various benefit programs, and the benefits that are available from those programs. The

statement provides information on total compensation and benefits, health insurance benefits, disability benefits, worker's compensation benefits, death-in-service benefits, and retirement benefits. The statement has been widely acclaimed by employees. [Charlie Culpepper, (202) 523-9201]

The **Small Business Administration** (SBA) instituted a management by objectives (MBO) process for establishing agencywide goals and specific objectives for fulfilling the goals. One particular effort involved information resources management and resulted in developing a request for proposals to replace its mainframe computer operation. The agency converted to a new mainframe in 1990 and, with the assistance of an Information Technology Steering Committee, is planning for use of this new environment and its personnel is underway. [Frank Ramos, (202) 653-8610]

The **Department of State** is required to identify its requirements for advisory and assistance services in the annual budget submissions. To meet this objective, the department is undertaking work to identify options to automate the obligation and tracking of all such services through its systems. The effort is expected to result in more accurate data and reliable controls over these requirements. [James Tyckoski, (703) 235-1547]

The **Urban Mass Transportation Administration, Department of Transportation**, completed purging of large numbers of inactive grants and projects from its active files. During fiscal year 1990, it purged 1,475 projects, for a total

of over 9,000 grants and projects closed since 1986. [James Bradley, (202) 366-0989]

The **Federal Law Enforcement Training Center, Department of the Treasury**, established an office with a federal travel advisor and travel manager to keep all travel regulations current, answer travel questions, and automate travel authorization and voucher preparation and processing. [Dennis Staton, (912) 267-2423]

Appendix A
JFMIP Officials and Staff in 1990

Principals

Nicholas F. Brady	Secretary of the Treasury
Charles A. Bowsher	Comptroller General
Richard G. Darman	Director, Office of Management and Budget
Constance B. Newman	Director, Office of Personnel Management

Steering Committee

Jimmie Brown	Chief, Financial Systems and Policy Branch, Office of Management and Budget (until December 1990)
Susan Gaffney	Acting Assistant Director, Financial Management Division, Office of Management and Budget (from December 1990)
Donald Chapin	Assistant Comptroller General for Accounting and Financial Management, General Accounting Office
James B. Lancaster, Jr.	Associate Director for Administration, Office of Personnel Management
Gerald Murphy	Fiscal Assistant Secretary, Department of the Treasury
Dennis Fischer	Deputy Assistant Secretary for Finance, Department of Health and Human Services (until April 1990)
Alvin Tucker	Deputy Comptroller (Management Systems), Department of Defense (from April 1990)
Virginia Robinson	Executive Director, Joint Financial Management Improvement Program

JFMIP Staff

Virginia Robinson	Executive Director
Doris A. Chew	Assistant Executive Director
Kenneth Winne	Senior Project Director
Frank Kramer	Publications Manager
Donna Tebeau	Executive Secretary

Detailed Project Team Directors and Members

Bernard Trescavage (from July 1990)	General Accounting Office
Judith Fuerstenberg (until June 1990)	General Accounting Office
Edward Wadding (until June 1990)	Department of Health and Human Services
Geraldine Beard (until November 1990)	Department of the Treasury
Susumu Uyeda	Standardization of Financial Data Team

Appendix B
JFMIP Liaison Agency Representatives

The following individuals served as liaison agency representatives to JFMIP during 1990. The *JFMIP Directory for Financial Managers* to be published in 1991 will update this list.

ACTION	Kenneth George
Administrative Conference of the U.S.	Daniel F. Mann
Administrative Office of the U.S. Courts	Dewey R. Heising
African Development Foundation	Thomas Wilson
Agency for International Development	Michael G. Usnick
Agriculture, Department of	Larry Wilson
Air Force, Department of the	Gary Amlin
Appalachian Regional Commission	David E. Meuser
Arms Control and Disarmament Agency	William Amoroso
Army, Department of	John S. Nabil
Board for International Broadcasting	Patricia Schlueter
Central Intelligence Agency	Leo Hazelwood
Commerce, Department of	Sonya G. Stewart
Commission of Fine Arts	Charles Atherton
Commission on Civil Rights	George Harbison
Commodity Futures Trading Commission	Madge Bolinger
Congressional Budget Office	Stanley L. Greigg
Consumer Product Safety Commission	Thomas W. Murr, Jr.
Defense, Department of	Alvin Tucker
Education, Department of	J. Bruce Holmberg
Energy, Department of	James A. Reid
Environmental Protection Agency	Lisa Fiela
Equal Employment Opportunity Commission	Kassie Billingsley
Executive Office of the President	Andy Kalnins
Export-Import Bank of the U.S.	James K. Hess
Farm Credit Administration	Michael A. Bronson
Federal Communications Commission	Thomas Holleran
Federal Deposit Insurance Corporation	Robert D. Hoffman

Federal Election Commission	Richard C. Pullen
Federal Emergency Management Agency	Jon Wolz
Federal Energy Regulatory Commission	Anthony Toronto
Federal Labor Relations Authority	Clyde B. Blandford
Federal Maritime Commission	Frederick F. Trutkoff
Federal Mediation and Conciliation Service	Richard A. Nelson
Federal Reserve System	George E. Livingston
Federal Trade Commission	Fred Zirkel
Foreign Claims Settlement Commission	Judith Lock
General Accounting Office	Donald Chapin
Government Printing Office	Thomas Muldoon
Health and Human Services, Department of	Dennis J. Fischer
Housing and Urban Development, Department of	Thomas Shoedice
Information Agency, U.S.	Stanley M. Silverman
Inter-American Foundation	Dorothy Burruss
Interior, Department of	Ted Woronka
International Trade Commission	Philip Katz
Interstate Commerce Commission	Anthony Jacobik, Jr.
Justice, Department of	James E. Williams
Labor, Department of	Michael N. Griffin
Library of Congress	John Webster
Merit Systems Protection Board	Robert Lawshe
National Academy of Sciences	David Williams
National Aeronautics and Space Administration	Richard J. Powell
National Archives and Records Administration	Patricia Denny Dews
National Capital Planning Commission	Connie M. Harshaw
National Credit Union Administration	Herbert S. Yolles
National Endowment of the Arts	Marvin A. Marks
National Endowment for the Humanities	Ray Gleason
National Gallery of Art	William H. Roache
National Labor Relations Board	Lee D. Vincent
National Mediation Board	Charles R. Barnes

JFMIP Liaison Agency Representatives

National Railroad Passenger Corporation	Charles W. Hayward
National Science Foundation	Kenneth B. Foster
National Security Council	Janis K. Whitley
National Transportation Safety Board	Dwight R. Foster
Navy, Department of the	Bill Daeschner
Nuclear Regulatory Commission	Graham Johnson
Occupational Safety and Health Review Commission	Larry A. Hoss
Office of Management and Budget	Jimmie Brown
Office of Personnel Management	Brenda Benadom
Office of Science and Technology Policy	Barbara Diering
Office of Technology Assessment	Catherine H. Singleton
Office of Thrift Supervision	James B. Deemer
Overseas Private Investment Corporation	Mildred O. Callar
Panama Canal Commission	Michael Rhode, Jr.
Peace Corps	Ron Passero
Pennsylvania Avenue Development Corporation	Alexander K. Milin
Pension Benefit Guaranty Corporation	Lawrence Maslan
Postal Rate Commission	Charles L. Clapp
Postal Service, U.S.	M. Richard Porras
Railroad Retirement Board	Kenneth P. Boehne
Securities and Exchange Commission	Lawrence H. Haynes
Selective Service System	G. Huntington Banister
Small Business Administration	Lawrence R. Rosenbaum
Smithsonian Institution	John Wilson
Soldiers' and Airmen's Home, U.S.	Elizabeth Walker
State, Department of	Robert L. Caffrey
Tax Court, U.S.	Washington B. Bowie
Tennessee Valley Authority	Larry H. Edwards
Transportation, Department of	Joyce Shelton
Treasury, Department of the	Samuel T. Mok
Veterans Affairs, Department of	Chris Sale

1991

Federal Financial Management System Requirements: Travel System Requirements

Continuing Professional Education: Federal GS-510 Accountants' Report, Compendium of Courses

JFMIP News (quarterly newsletter)

1990

Proceedings of the 19th Annual Financial Management Conference

Federal Financial Management System Requirements: Personnel/Payroll System Requirements

Annual Report - 1989 Report on Financial Management Improvements

Proceedings of Conference on Implementing the Administration's Plan for Audited Financial Statements in the Federal Government

Continuing Professional Education: Federal GS-510 Accountants' Report

Directory for Financial Managers

1989

Proceedings of the 18th Annual Financial Management Conference

Annual Report - 1988 Report on Financial Management Improvements

JFMIP Fortieth Anniversary Report

1988

Proceedings of the 17th Annual Financial Management Conference

Annual Report - 1987

Federal Financial Management System Requirements: Core Financial System Requirements

Appendix D
*Number and Status of Agency-Specific Initiatives
 Reported*

<u>Department/Agency</u>	<u>Reported</u>	<u>Accomplished</u>
Administrative Office of the U.S. Courts	3	2
Agency for International Development	1	1
Department of Agriculture	17	7
Department of Commerce	2	2
U.S. Commission on Civil Rights	3	1
Department of Defense	18	10
Department of Education	9	3
Department of Energy	4	3
Environmental Protection Agency	14	4
Equal Employment Opportunity Commission	1	1
Farm Credit Administration	1	0
Federal Emergency Management Agency	2	2
Federal Maritime Commission	6	2
General Services Administration	1	0
Department of Health and Human Services	12	6
Department of Housing and Urban Development	10	4
Department of Interior	9	2
Department of Justice	26	8
Department of Labor	10	3
U.S. Merit Systems Protection Board	6	2
National Endowment for the Arts	3	2
National Mediation Board	1	1
National Science Foundation	7	6
National Aeronautics and Space Administration	2	0
Occupational Safety and Health Review Commission	1	1
Office of Personnel Management	2	1
U.S. Postal Service	1	1
Railroad Retirement Board	2	1
Small Business Administration	14	6
Department of State	8	1
Department of Transportation	15	11
Department of the Treasury	47	16
Department of Veterans Affairs	5	2
Totals	<u>263</u>	<u>112</u>