Joint Financial Management Improvement Program

JFMIP NEWS

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JFMIP Celebrates 50th Anniversary at 29th Annual Financial Management Conference

Over 930 participants attended the JFMIP's 29th Annual Financial Management Conference on March 14, 2000 at the Hilton Washington and Towers in Washington, DC.

The theme of this year's conference was "Federal Financial Management for the 21st Century—Celebrating JFMIP's 50 Years." The keynote speakers highlighted themes in technology, human capital, and government performance and accountability.

The panel session speakers also shared their perspectives on agency performance reports and measures; accountability reporting; human capital investment, financial systems; as well as technological issues such as eCommerce, using the Internet for government sales and computer security.

This Conference had two award ceremonies one in the morning for the Chief Financial Officers (CFO) Council Committee Impact Awards and the other at the luncheon session for the Donald L. Scantlebury Memorial Awards for distinguished leadership in the public sector. JFMIP also celebrated its 50th anniversary with a 5-tier cake and the recognition of former JFMIP Steering Committee members.

Summaries of each keynote address and panel session can be found in this issue of the JFMIP News. JFMIP would like to thank all of the participants who helped make this Conference a huge success. ❑

Three Honored for Distinguished Financial Management Leadership

The Joint Financial Management Improvement Program (JFMIP) presented the Donald L. Scantlebury Memorial Award to Jorge E. Aponte, Director, Office of Management and Budget (OMB) of Puerto Rico; N. Anthony Calhoun, Deputy Executive Director and Chief Financial Officer of the Pension Benefit Guaranty Corporation (PBGC); and Frank W. Sullivan, Deputy Assistant Secretary for Finance of the Department of Veterans Affairs (VA).

Annually, JFMIP gives these awards to financial management officials who have demonstrated distinguished leadership in achieving financial management improvements in the public sector. The award honors the former Chief Accountant of the General Accounting Office, who left a career legacy of improved financial management practices in the Federal Government. The awards were presented during the luncheon session of the JFMIP 29th Annual Financial Management Conference on March 14, 2000 in Washington, D.C. Comptroller General David Walker and Treasury Fiscal Assistant Secretary Donald Hammond participated in the awards ceremony on behalf of JFMIP. Mr. Hammond is the current chairperson of the JFMIP Steering Committee.

Jorge E. Aponte was recognized for his exceptional and sustained leadership in improving financial management in Puerto Rico. After he was appointed the director of OMB in 1993, Mr. Aponte became the governor's advocate for rooting out bureaucracy, deflating bloated budgets, reengineering work processes and infusing information technology into government operations. He applied his experience from years in the private sector to Puerto Rico's public agencies, forcing them to base their budgets on

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A Joint Perspective

Spring 2000 Federal financial management milestones underscore challenges and opportunities for current and future leadership. In March, the JFMIP successfully celebrated its 50th Anniversary at its Conference, thanks to the excellence of all the presenters. Also, the 1999 Financial Report of the United States Government was issued. In April, the Chief Financial Officers (CFO) Council retreat marks the 10th anniversary of the CFO Act. That retreat will preview the draft Office of Management and Budget (OMB) & CFO Council FY 2000 Federal Financial Management Report and debate the evolving role of the CFO in government. These events reflect a set of common concerns that drive JFMIP's agenda. This Joint Perspective is a short reprise of these events followed by a synopsis of upcoming JFMIP efforts that respond to Federal financial management challenges.

Karen Cleary Alderman
Executive Director, JFMIP

29th Annual JFMIP Conference

First, I would like to thank all the speakers at the JFMIP Conference. This JFMIP News summarizes their presentations. Key messages emerge. Strategic considerations such as long term budget pressure due to the aging population and existing entitlement programs will demand improved performance and accountability. Management vision and leadership set the course for federal programs. Quality human capital is a critical and scarce commodity. Performance metrics and accountability are key to driving change. Accurate, timely, reliable, and consistent information is key to measuring performance that drives change. Systems that produce that information are strained and evolving to meet future challenges.

The JFMIP Conference's technology centered topics, including Mr. John Puckett's keynote address on information security and the panels on "A New Look at Financial Systems and "Hot Topics in Technology," underscored that technology is a mean not an end. Technology has power when connected to the business vision and supported by competent staffs who understand technology as an enabler. Leadership must ensure that priority organizational missions and business plans drive the technology changes, that the best talent is assigned to priority tasks, and that an empowered and active governance board oversees the process. Under these conditions, technology applications can be evaluated with due consideration of opportunity and risk. Institutional will is the key to success or failure in fielding cost effective technology tools with appropriate security to support the mission. Nothing beats well-trained personnel with senior management support.

The discussions of performance and accountability underscore changing demands that Federal Programs use commercial-like oversight tools such as audited financial statements, performance plans, and accountability reports to report fairly to the American public on what agencies got for what they spent. There have been dramatic gains laying the foundation for standard reporting. The American Institute of Certified Public Accountants (AICPA) recently recognized FASAB issued accounting standards as generally accepted accounting principles. However, there is slower progress in integrating and aligning agency financial management tools such as budget formulation, budget execution, accounting systems and reporting systems.

Quality human capital was underscored as critical to financial management success. The pending "brain drain" is a potential high-risk area in Federal government. Labor markets are tight. Even private sector companies with more flexibility to adjust to labor markets and technology changes are struggling to recruit and retain personnel. In the Federal sector the work force is aging; human resource management tools are sluggish and create barriers to employment entry or exit; and the management and oversight culture has treated personnel as a cost to be cut rather than as assets to be developed.

The FAIR Act discussion reflects the debate about institutional arrangements to achieve the greatest value for money in the conduct of "commercial-like" functions. Much of this discussion has been whether financial management functions are "commercial activities." In fact, all manner of transaction processing and financial audit functions can and are being conducted under government cross servicing and outsourcing arrangements. Over time, the performance of financial management functions will come from institutions with the combination of systems and talent to get the job done within the resources available. Policy direction, technology development, relative public and private investments in systems, change management, and human capital will determine who performs what services in the future.

Third Consolidated Financial Audit

On March 28th, the third Consolidated Financial Audit of the Federal Government was issued. There is good news and bad news. The good news is that the timeliness and quality of agency financial reports improved. By the March 1st deadline, nineteen of the 24 CFO agencies produced financial statements compared to 15 in 1998. The FY 1999 consolidated audit reflects 13 agency unqualified opinions and that number is expected to rise to 15 as work is completed on late reports. Last year 8 agencies had clean opinions increasing to 12 as work completed on late audits. In one year the Departments of Commerce and Transportation jumped from disclaimers to clean opinions. The Departments of Health and Human Services, Energy and Veterans Affairs advanced from qualified opinions to clean opinions. Clearly Federal agencies demonstrate increasing ability to demonstrate the ability to produce auditable information in standardized accounts using relatively recently developed accounting standards issued by FASAB.

The bad news is that the government as a whole received a disclaimer. Leading obstacles to achieving a Governmentwide clean opinion include accounting for property, plant, equipment and inventories at the Department of Defense (DoD), and accounting for intragovernmental transactions. Material weaknesses included inability to adequately account for loan receivables and loan guarantee liabilities in selected Federal agencies, inability to adequately document environmental and disposal liabilities in DoD, inability to accurately estimate military post retirement health benefits liability; and inability to reconcile cash in some agencies, among other issues.

While many agencies are making remarkable progress in producing unqualified

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New JFMIP Steering Committee Members

Joseph L. Kull and Kathleen McGettigan are the newest JFMIP Steering Committee members. On March 13, 2000, Mr. Kull joined the Office of Management and Budget as the Deputy Controller for the Office of Federal Financial Management. He is responsible for issuing accounting principles and audit requirements for Federal agencies; providing assistance to agencies in implementing financial management reforms; issuing administrative, cost, and audit policy circulars for non-Federal entities; and overseeing federal financial systems and management internal control policies.

Joseph Kull
Deputy Controller, OMB

Prior to this, Mr. Kull was with the National Science Foundation for 15 years. Since 1991, he has been the Chief Financial Officer (CFO) of the agency. He was responsible for all budget activities, financial management, grants, cooperative agreements and contracts administration. He had been Executive Secretary of the National Science Board's Committee on Programs from 1988 to 1990. He also had been the Director of the Budget Division at NSF from 1984-1991. Mr. Kull also worked at the Civil Aeronautics Board for 11 years and prior to that, worked in the New York office of Arthur Andersen & Company.

He received a B.S. from Mount Saint Mary's College and a Masters of Business Administration from George Mason University. He is a Certified Public Accountant and Certified Government Financial Manager. He was an adjunct lecturer in accounting at the Northern Virginia Community College for 17 years. Mr. Kull received the Donald L. Scantlebury Memorial Award for distinguished leadership in financial management from the JFMIP in 1997.

Ms. McGettigan was named the Chief Financial Officer, Office of Personnel Management (OPM) in February 2000. She entered Federal government service in 1991 and has served in several financial management positions within the OPM. Prior to being named as the CFO, she was the Executive Officer in the CFO's office, Assistant Director for Financial Management, and Assistant Director of the Office of Systems, Finance and Administration in the Retirement and Insurance Service. As the controller for the Service, she was responsible for budgeting, accounting and related financial administration of the benefit trust funds, and managed the information technology mainframe resources.

Kathleen McGettigan
CFO, OPM

Prior to that, Ms. McGettigan was a Senior Accountant at Deloitte, Haskins & Sells, a Senior Examiner at the American Stock Exchange, and Vice President and Divisional Controller at Morgan Stanley & Co., Incorporated, the international investment banking firm.

She earned both a Bachelor of Science degree in accounting and a Masters of Business Administration degree in taxation from St. John's University in New York City. She is a certified public accountant. ❑

Property Management Systems Requirements Exposure Draft Unveiled

Do you know what Federal property management systems are supposed to do? Are you in the market to buy or develop a system to keep track of your property assets? The Joint Financial Management Improvement Program's (JFMIP) most recent exposure draft – The Property Management Systems Requirements document – is designed to answer these questions for Federal agencies.

Over the past year, an interagency public/private sector task force led by Stan Azebu, Special Assistant for Property Accountability, Office of the Under Secretary of Defense (Acquisition and Technology), has been working on defining government-wide requirements for Federal agency property management systems. That effort culminated in the unveiling of the Property Management Systems Requirements Exposure Draft during an Open Forum held in GAO's auditorium on March 29, 2000. The open forum gave the attendees – property managers, systems developers, and financial managers – an opportunity to dialog with the developers of the systems requirements document about what the document contained, what it was intended to do, how it was prepared, and when it would take effect. And, it gave the document's developers an opportunity to publicize the issuance of the Property Management Systems Requirements Exposure Draft, encouraging all to thoroughly review the document and provide JFMIP with comments and feedback on how the Exposure Draft could be improved.

When finalized, the Property Management Systems Requirements document should assist agencies when developing new property management systems, and when improving or evaluating existing property management systems. It will provide the baseline functionality that property management systems must have to support agency missions and comply with laws and regulations. But, it will not provide basic capabilities for all property management functions.

The property management system requirements apply to all capitalized property, expensed property (stewardship assets) and property acquired at no cost that agencies are required to track, and expensed property that

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Reflections of a CFO Fellow

By Patricia A. Clark

I am a member of the Chief Financial Officer (CFO) Council Fellows Class of 2000. The CFO Fellowship Program was a great opportunity for me to learn, to contribute and to grow. I like to describe this year as a "breath of fresh air" for my federal career. My program was comprised of formal leadership training at the Federal Executive Institute (FEI), informative briefings by leaders in government and private sector financial management, and a developmental assignment with the Joint Financial Management Improvement Program (JFMIP). Another part of what made my Fellowship experience a significant one in my career development was the opportunity to interact with my peers and leaders in the federal financial community.

Patricia Clark, CFO Fellow

The 2000 Class of CFO Fellows and their home agencies are Len Bechtel, Department of Transportation; Tracy Dahbura, Environmental Protection Agency; Adolphus Hawkes, Department of Labor; Steve Nash, Social Security Administration; Lou Pennock, Defense Finance and Accounting Service; Deborah Staton-Wright, Department of Agriculture; Tyndall Traversa, Department of Commerce; and me, Patricia Clark, Department of Labor (DOL). The CFO Fellows Class of 2000 was fortunate because we are the second class of CFO Fellows. We met the CFO Fellows Class of 1999 at the FEI in Charlottesville, VA. They shared their experience as Fellows with us, and we received a lot of good advice and ideas for developing our program year. Being a part of a leadership class with Fellows also eager to learn, stretch and lead was an added bonus.

The FEI faculty developed the Chief Financial Officers Fellows Leadership Assessment Program for the incoming Fellows. We evaluated the Benchmarks feedback of our executive strengths, weaknesses, aptitudes, leadership styles and behaviors. FEI feedback specialists provided one-on-one time with me to analyze the results and identify goals for future development. In addition to teamwork activities, the incoming Fellows were entertained and enlightened by Warren Blank, President of the Leadership Group, who presented The New Leadership Paradigm: Leaders for the Future. We also met John Amey, our Program Manager from the USDA Graduate School.

Another valuable aspect of the program was the briefings from the leaders in the federal and private sector financial community. The 2000 CFO Fellows and Mr. Amey arranged our briefing schedule. We met with Art Sauers, House Budget Committee; Lucy Lomax; Federal Accounting Standards Advisory Board; Karen Alderman, Executive Director, JFMIP; Jim Simmons, Director of Special Studies, American Management Systems Center for Advanced Technologies; Joseph Kull, former CFO of the National Science Foundation; Bob Suda, CFO, Federal Technology Service at the General Services Administration; Jeff Steinhoff, Assistant Comptroller General for Accounting and Information Management, General Accounting Office; Steve App, Deputy CFO, Department of the Treasury; Tom Bloom, Director, Defense Finance and Accounting Service; Nelson Toye, Deputy CFO, Department of Defense; George Strader, Deputy CFO, Department of Health and Human Services; and Sally Thompson, CFO, Department of Agriculture. Before the end of our program year, we will meet with OMB and Department of Transportation financial management staff.

Our Class also met as a group to discuss our assignments and program development and to decide on a class project. Our goals were to continue and expand the CFO Fellows program through outreach to applicants and managers, and to support the CFO Council through active participation on the various committees of the CFO Council. Our Class has written numerous articles that appeared in publications like the JFMIP Newsletter and the Federal Times. Two of

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New JFMIP Staff Members

JFMIP has hosted several Women Executive Leadership (WEL) Program participants by providing developmental assignments. The WEL program is a one-year management development program for individuals at the GS-11 and GS-12 levels. The program is coordinated with the Graduate School, Department of Agriculture.

Evelyn Gaites

Janice Travis joined the JFMIP staff on February 1. During her two-month assignment at JFMIP, she assisted in coordinating the JFMIP annual conference and worked on human resource projects, including the analysis of federal financial management recruitment and education initiatives. She initiated publicity for a private sector and government-wide open forum for property management system requirements. Ms. Travis is an education specialist with the Department of the Navy, Naval Financial Management Career Center in Pensacola, Florida.

Susan Kaufman became a JFMIP staff member on February 22. During her 5-week assignment, she attended various meetings to broaden her knowledge of financial system requirements and assisted in the development of the Property System Requirements document. She also helped organize the Federal Financial Management Conference that will be held in May, and reviewed the General Services Administration's (GSA) Feddesk software package. This package electronically handles the administrative processes, such as travel, awards, miscellaneous reimbursements for GSA. Ms. Kaufman is a budget analyst for the Defense Logistics Agency in Norfolk, Virginia.

On February 22nd, Evelyn Gaites also joined the JFMIP staff for a two-month

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FINANCIAL MANAGEMENT

PROFILE

Yvette S. Jackson is the Deputy Commissioner for Finance, Assessment and Management of the Social Security Administration (SSA). When appointed to that position in May 1998, Ms. Jackson became the first political appointee to hold this position in the agency. Prior to joining SSA, Ms. Jackson was the Administrator of the Food and Nutrition Service in the U. S. Department of Agriculture (USDA). As the first African-American woman appointed to this position, Ms. Jackson was responsible for oversight of USDA's 15 nutrition assistance programs. Before her service at the Food and Nutrition Service, she was the Deputy Administrator of USDA's Food and Consumer Service, where she was responsible for the administration of the Nation's largest food assistance program.

Ms. Jackson began her professional career in 1971 in the Pennsylvania Department of Public Welfare. During her tenure with the Department, she assumed increasing levels of managerial responsibility, culminating in her appointment as Deputy Secretary for Income Maintenance in March 1991. A native of Philadelphia, PA, Ms. Jackson holds a Bachelor of Arts degree in social welfare from Temple University and a Master of Social Work degree from Rutgers University.

In her role as SSA's Deputy Commissioner for Finance, Assessment and Management, Ms. Jackson serves as the agency's Chief Financial Officer (CFO) and is a member of the U.S. CFO Council. She is responsible for providing executive leadership and direction in administering a comprehensive financial program of budget policy, formulation, and execution. She has oversight responsibility for all of SSA's financial operations. One of her primary responsibilities is to ensure the financial soundness of SSA's general fund and trust fund accounts, which provide over $450 billion in payments to 50 million beneficiaries each year. She manages SSA's administrative budget amounting to $6.7 billion for fiscal year 2000. In addition, she is responsible for the oversight of SSA's acquisitions and grants program, audit resolution and liaison, accounting policy and operations, internal controls program, program quality assessment activities, and agencywide facilities and publications management programs. Ms. Jackson is also the agency's Deputy Chief Information Officer, Principal Deputy Ethics Counselor, and Co-Chair of SSA's National Anti-Fraud Committee.

SSA has received some notable recognition in the area of financial management since Ms. Jackson assumed her role with the agency. In 1999, the Maxwell School of Citizenship and Public Affairs at Syracuse University and Government Executive Magazine graded all 50 State governments and 15 federal agencies on the management systems critical to effective public service. In addition to receiving an overall grade of "A," SSA was the only agency that received an "A" rating in the area of financial management.

Also, in November 1999, the Association of Government Accountants (AGA), in conjunction with the CFO Council, recognized SSA's efforts on its fiscal year 1998 Accountability Report with the first-ever federal government Certificate of Excellence in Accountability Reporting. This certificate which recognizes excellence in accountability reporting, cites SSA as an agency whose annual Accountability Report achieves "highest standards in presenting their programs and financial affairs."

Ms. Jackson credits such high-profile recognition to the dedication and outstanding efforts of teamwork in the agency. She adds that this recognition only reaffirms acknowledgements on the quality of financial accounting that SSA has consistently achieved throughout its history. Ms. Jackson notes that SSA was one of the first agencies to publish an audited annual financial statement, and, most impressively has received a clean audit opinion for the last six years.

Ms. Jackson's commitment to SSA's employees and the American people is evident in her management style. She views herself as a "people person first." A firm believer in, and tireless supporter of, agency mission and goals, she recognizes that the outstanding work of SSA's employees is the key to achieving the goals and objectives of the agency. Ms. Jackson willingly credits her managers with creating the environment necessary to ensure that agency objectives are realized.

When asked about the challenges facing SSA, Ms. Jackson is eager to praise SSA's experienced and dedicated workforce as one that is highly committed to the mission and values of the agency. However, she notes that SSA's workforce—one of its greatest strengths—faces tremendous challenges now, and more so in the future. Attentive to human capital needs and workforce succession, Ms. Jackson sees the impact of SSA's aging workforce and the increasing need to acquire highly skilled employees, in the face of rapidly maturing technology, as one of the most critical issues facing the agency for the next five to ten years. While it is necessary to retain and continue to develop the current corps of qualified employees, it is critical that government succeeds in recruiting talented new people.

Ms. Jackson is quick to note that SSA has been recognized as a government leader in managing for results. The Government Performance and Results Act (GPRA) provided federal agencies with a vehicle to grow in a very positive way. At a time when confidence in government was diminishing, GPRA provided the means to restore confidence by improving the effectiveness and efficiency of government. In implementing GPRA, agencies had to take a hard look at themselves and the manner in which they run their programs. Improvement in program effectiveness and public accountability, as we focus on results, service quality and customer satisfaction, will be the reward.

GPRA provides the basis for improving confidence in government by holding federal agencies accountable for achieving results. In

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JFMIP 29th Annual Financial Management Conference

Awards, continued from front page.

performance indicators, objectives and results. Mr. Aponte reorganized Puerto Rico's executive branch of government for the first time in 40 years by reducing the number of agencies and offices under the governor's direct supervision from 135 to less than 60. Mr. Aponte automated the entire budget formulation process within OMB, reducing half the amount of time it takes to formulate the annual budget. The 1996, 1997, 1998, and 1999 fiscal year Budget Documents were awarded the Distinguished Budget Presentation Award by the Government Finance Officers Association.

His use of technology has become a powerful tool in modernizing and streamlining government in Puerto Rico. The result is improved public access to information and a more responsive government. Currently he is developing an advanced communications network known as PRSTAR.NET. This network is expected to handle an average of a half million users.

Mr. Aponte has raised expectations for staff performance at OMB, and has invested in human capital by providing the staff with training and professional development opportunities. He is a strong believer of motivational programs to increase employee productivity. As a result, OMB completed its first fully automated budget process in 1997 and the budget for the Government of Puerto Rico was posted on the Internet for the first time. The new management approach of stimulating innovation, imagination and creativity has resulted in over $600 million in savings from reengineering initiatives and related efficiency and effectiveness measures during the past few years.

N. Anthony Calhoun was recognized for his exceptional leadership in improving financial management of the retirement benefits of millions of Americans. PBGC was established in 1974 to provide insurance for the nation's 40,000 defined benefit pension plans, covering 42 million workers. Mr. Calhoun directs all aspects of the Corporation's financial operations, investment management, information resources, internal controls and the collection of more than $925 million in annual insurance premiums. He has championed innovative financial systems technology, and achieved a remarkable turnaround by effecting strong internal controls.

Jorge Aponte, Puerto Rico, receives his Donald L. Scantlebury Memorial Award from Comptroller General David Walker.

At the time Mr. Calhoun began with PBGC, the Corporation had a growing deficit that reached $2.7 billion at fiscal year-end 1993. Mr. Calhoun changed the investment policy and its deployment. The policy shift involved a marginal but calculated move away from the existing matching strategy that favored Treasury bonds to equities. The Secretary of the Treasury, who is on the Corporation's Board of Directors, had to concur with the change. The execution of this plan required intensive management and reengineering of the agency's investment portfolio and practices. Due to Mr. Calhoun's foresight and action on corporate investments, the insurance program has achieved a surplus, which exceeds $5 billion, with investable assets having grown nearly threefold to a level of $19 billion for fiscal year 1999.

Mr. Calhoun led the way in creating and implementing a new, state-of-the-art Premium Accounting System. This system produces an array of reports that provide for more sound and less costly financial management and reporting. He personally advanced a cutting edge approach, involving OCR-imaging capabilities in a distributed client-server computer application using open-systems technology. The information delivered by the system has substantially improved PBGC's ability to identify plans, which underpay their premiums, file late, or fail to file at all.

Mr. Calhoun implemented a system of internal controls that now assures the issuance of reliable financial information. This system resulted in the Corporation receiving for the

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first time ever a clean audit opinion of its 1993 financial statements. PBGC has received a clean audit opinion on its financial statements every year since 1993.

Frank Sullivan was recognized for his dynamic leadership in improving financial management at the Department of Veterans Affairs (VA) and in the Federal government. Through his aggressive approach to sound and state-of-the-art financial management policies, the VA is a Department to which other Federal government entities look for guidance and leadership in innovative technology and ways to cut government costs.

Among the many successes of the Office of Finance under Mr. Sullivan's direction is the replacement of an old legacy human resources/payroll services system with a system based on state-of-the-art, commercial off-the-shelf technologies. The new system enables employees' use of telephonic interactive voice response and touch-screen computers to initiate over 20 personal transactions and obtain information on their personal records. The web-based, desktop Manager Self Service application includes a position classification functionality and allows managers to initiate and authorize personnel actions electronically.

Mr. Sullivan diligently pursued initiatives and efforts that enabled VA to complete renovation of mission critical software applications for Year 2000 compliance. Under his direction, VA's Enterprise Centers under the authorized franchise fund began operations in October 1996 and has expanded. The Centers deliver a wide range of services on a fee-for-service basis.

Mr. Sullivan promoted the use of best business practices and customer-based solutions, especially in the area of electronic commerce. Over 95% of small purchases have used the governmentwide purchase card. This represented over $1 billion in goods and services for over 2 million transactions. VA was the first federal agency to award a task order under the new General Services Administration's SmartPay Master Contract for all three business lines for purchase, travel and fleet card services.

L to R: David Strauss, Executive Director, PBGC with Scantlebury Award recipient N. Anthony Calhoun, PBGC , and Comptroller General David Walker

As the Chair of the Chief Financial Officers Council's Reports Streamlining Committee, he directed completion of a first-ever Federal government pilot to consolidate, condense and streamline governmentwide statutorily required reports into a single Accountability Report. The results of this pilot has improved reporting practices throughout the Federal government and resulted in better and less costly service to the Government's customers. ❑

L to R: Ned Powell, CFO, Department of Veterans Affairs, with Scantlebury Award recipient Frank Sullivan, DCFO, VA, and Comptroller General David Walker.

JFMIP 29th Annual Financial Management Conference

Keynote Address

by John Puckett

After The Business Plan—Internet Security

John L. Puckett, Chief Information Officer (CIO), toysmart.com, focused his address on four issues:

- Are security concerns real?
- What are the threats and what measures can be taken to achieve an acceptable level of security?
- What are we really trying to protect and how security plans and policies can be developed?
- What new technologies are being developed to reduce risk, including tools to fight against hackers?

Mr. Puckett used humor, current practical examples, and other supporting information to demonstrate that security concerns are real. He first described many circumstances that have significantly increased the risks of doing business, including the electronic economy; growth of inter-company communications; wide scale adoption of the Internet; rapid evolution and deployment of products for e-commerce; a more distributed work force; and employees working from home. He pointed out that they are continually extending our trust boundaries that we all have to manage.

Employees who are technologically savvy have built their own mini local area networks (LAN) and Web sites, which means they have their own Web servers. These are simultaneously connected to both the Internet and their companies network. However, few CIOs make the effort to see if these systems are secure. A growing number of employees are permanently connected to corporate networks that are "always on." This feature means that they are more than likely permanently connected to the Internet, exposing their systems to potential attacks 24 hours a day.

Computer viruses move at a faster pace. He recalled that the Melissa virus set a new record in terms of its ability to spread. It went global within an hour of its release. He pointed out that Melissa is just the first of a new breed of viruses that can spread at the speed of the Internet.

The upshot of this trend is that faster viruses require faster responses from IT managers. Another outcome is the need for due diligence…24-hours-a-day…365-days-a-year.

Mr. Puckett discussed the possibility that "the next major war may actually be fought on the Net. The same week that Melissa penetrated thousands of corporate computers, NATO was attacked with spam mail from Serbia. On March 27 last year, a hacker in Belgrade saturated NATO's Web site with a PING bombardment, while a fellow Serbian hacker flooded the organization's e-mail system with as many as 2,000 messages a day." Mr. Puckett stated that this is only the tip of the iceberg.

In the commercial sector, competition brings its own form of warfare, as more companies engage in operations such as Web-commerce, B2B (business to business), electronic supply chains, and enterprise resource planning. According to a 1998 survey by Information Week magazine and Pricewaterhouse Cooper, such companies experienced three times the incidents of information loss and theft of trade secrets than other businesses. While revenue loss was not extensive, it was still seven times more likely to happen at commerce sites than at non-commerce sites.

The respondents to the survey didn't grasp the extent of the problem. Among the 1,600 international IT and security professionals surveyed, only 28 per cent could say for sure that they didn't lose any money. On the other hand, nearly half admitted they didn't know if they were "pickpocketed in the past year."

In the case of the Melissa virus, a combination of law-enforcement agents, computer-forensics professionals, and freelance sleuths—working with powerful searching and identification tools—quickly tracked down and captured its alleged author, David L. Smith. Mr. Smith was an amateur cracker—someone who just wanted to make trouble. He stated that professionals-—those who do it for the money, or to expose weaknesses in system designs—rarely, if ever, get caught.

Although strong security is essential to the future of electronic commerce, for too many companies, it remains an afterthought. Firms looking to increase business opportunities on the Web typically look at applications first and then consider the infrastructure issues.

Mr. Puckett provided information on 1999 web site defacements, and suggested that the audience visit the web site where he obtained the information, . "This site actually keeps statistics on all known Internet web defacements….there were over 2,600 sites defaced in 1999.

He also discussed international considerations including a web site with credit card numbers that was created in Russia. He also raised the issue of "how prepared will the dotcoms be to handle international law and these kinds of violations."

There is no single product alone that could have prevented these break-ins. The only thing that can prevent this is due diligence, plain and simple! Management needs to prioritize security, provide adequate funding and make sure everyone understands security is a critical component of their jobs.

Mr. Puckett described many examples of recent incidents to demonstrate what threats exist and what measures can be taken to achieve an acceptable level of security. With regard to measures that can be taken, he discussed Security Trade-off, i.e., security is a trade-off between functionality, cost, and risk, i.e., Risk = Seriousness x Probability.

We can take the following measures: due diligence, comprehensive security policies, effective compliance management and the foresight to keep equipment up-to-date with the latest patches and revisions can often mean the difference between competing at the front of the pack or in the back. This requires significant awareness, investment and effort. IT has to make trade-offs everyday as we constantly try to balance our

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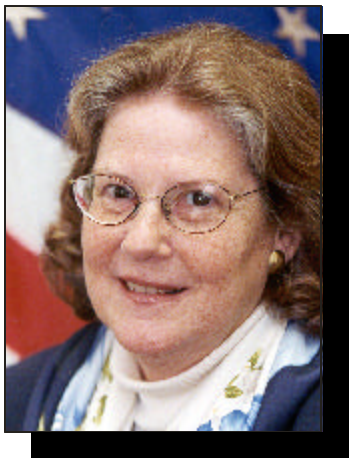
Keynote Address by Sally Katzen

Counselor to the Director, Office of Management and Budget

Sally Katzen's speech highlighted the progress made over the past seven years but pointed out that there is still more to do. Just a decade ago the Federal government was far behind the private industry in its ability to offer assurances of financial integrity. The Federal government will issue its third government-wide financial statement later this month.



Ms. Katzen referred to the state of financial management as having our fiscal house finally in order. We have a solid foundation having issued a comprehensive set of Federal financial accounting standards, with more in process. The Chief Financial Officers (CFO) serve as walls by integrating financial management information agency-wide and producing audited financial statements. In October 1999 we added a new roof when the American Institute of Certified Public Accountants (AICPA) recognized the Federal Accounting Standards Advisory Board (FASAB) statements as "generally accepted accounting principles" (GAAP). However, we still face the greatest challenge—we need to furnish the house and make it a home. This requires both designers and heavy lifters. This Administration has ten months left to finish the house. Will it be ready by next January? Probably not, but with government financial managers' help it will be closer.

One of her critically important goals is continuing progress. The Clinton Administration will continue to work and make improvements for the next ten months. Continuing efforts will be directed towards advancing the integration of management and budget at the Office of Management and Budget (OMB). The integration of resource allocation and financial management to performance and results is needed to implement the Government Performance and Results Act (GPRA). This information starts with financial standards and financial systems.

Ms. Katzen highlighted the problems of the Federal government given the state of its financial management systems. The lack of good systems is preventing clean opinions on financial statements. But most importantly, poor systems do not provide information to manage the programs. You can still get a clean opinion if you work around the systems but you can't make good decisions without the data. Sometimes policy officials are forced to do so. Agency systems need to change more rapidly, and it seems as if systems are outdated as soon as they are installed and implemented.

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Keynote Address by David Walker

Comptroller General of the United States

Mr. Walker observed in his keynote address that while great strides have been taken to maximize the federal government's performance and assure its accountability to the American people, more work remains. He challenged the audience to consider new opportunities and different directions for the federal sector overall and for financial management professionals in particular.

As Comptroller General, Mr. Walker's vision is for GAO to lead by example. GAO, like others in the public sector, finds itself at a critical crossroads. GAO's Strategic Plan highlights the forces shaping the 21st century: (1) globalization, (2) security, (3) demographics, (4) quality of life, (5) technology, and (6) government performance and accountability. These themes have no boundaries, and because of their tremendous influences, need to be factored into all of our decisions as well as the roles and responsibilities of the federal government.

In addition, the federal government needs to face the present budgetary realities. According to Mr. Walker, we are at a new fiscal turning point where chronic deficits have been replaced by projected surpluses. However, absent policy changes, the long-term budgetary outlook appears to be a period of surpluses to be followed by the resumption of large deficits and high levels of debt due largely to escalating entitlement programs. Yet the expectations of the American public and the climate in the Congress may make preparing for the future difficult. There is a pent-up demand to spend the projected surplus.

Nevertheless, it is our responsibility to plan for the future, Mr. Walker reminded the audience. As part of the accountability community, we are still obligated to maximize government's performance and assure its accountability. To do this, we need to adopt a national perspective while we reexamine specific programs in light of the forces that were just mentioned. Some federal programs are based on needs and conditions that were prevailing at their inception. In light of the forces shaping this country, it is appropriate to ask if these programs are still needed, and if so, are they properly targeted and administered in an efficient, effective and economic manner.

Specifically, we should look to:

(1) Capture opportunities to reduce costs by restructuring and streamlining federal activities,

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CFO Council Committee Impact Awards

The Chief Financial Officers (CFO) Council is supported by a committee structure which conducts most of the significant developmental and analytical work that enables the Council to achieve its goals. The CFO Council Committee Impact Award was initiated this year to recognize committee members who, either as individuals or members of a team, have made sustained, high impact contributions to achieve the priorities and objectives of the CFO Council.

These awards were presented by Joshua Gotbaum, CFO Council Chair, and Associate Director and Controller, Office of Management and Budget; and John Callahan, CFO Council Executive Vice-Chair and Chief Financial Officer of the Department of Health and Human Services. The awards ceremony took place at the JFMIP Conference on March 14, 2000 in Washington, DC.

JFMIP News readers are regularly informed of the progress Council Committees make toward improving Federal financial management. These are the names responsible for that progress. Congratulations to these award recipient on a job well done!

Human Resources Committee: (L to R) John Callahan, Department of Health and Human Services; Gail Williams, National Aeronautic and Space Admionistration; John Sander, Department of State; James Evans, Department of Education; Joshua Gotbaum, Office of Management and Budget.

Performance Management: (L to R) John Callahan, Department of Health and Human Services; Leonard Bechtel, CFO Council Fellow, Environmental Protection Agency, serving at the Department of Transportation; Thom Rochford, Department of Veterans Affairs; Carl Erickson, Department of Treasury; Laura Petonito, Department of Veterans Affairs (not pictured); Joshua Gotbaum, Office of Management and Budget.

Electronic Commerce Committee: (L to R) Ronald Taylor, General Services Administration; Nancy Goode, General Services Administration; Debra Sonderman, Department of the Interior; Martha Orr, Department of Veterans Affairs; Joshua Gotbaum, Office of Management and Budget.

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Standards Committee:(L to R) John Callahan, Department of Health and Human Services; Tracy Dahbura, CFO Council Fellow, Environmental Protection Agency, serving at the National Science Foundation; Joshua Gotbaum, Office of Management and Budget.

Financial Systems Committee:(L to R) John Callahan, Department of Health and Human Services; Stephen Balsam, Joint Financial Management Improvement Program; Edward Leary, Department of Housing and Urban Development; Dennis Mitchell, Joint Financial Management Improvement Program

Entrepreneurial Committee: (L to R) John Callahan, Department of Health and Human Services; R. Scott Bell, Office of Management and Budget; Joshua Gotbaum, Office of Management and Budget.

Reports Streamlining Committee: (L to R) John Callahan, Department of Health and Human Services; Steve Schaeffer, Social Security Administration; Joshua Gotbaum, Office of Management and Budget.

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Panel Session: The Future of Accountability Reporting and Accounting Standards

Sheila Conley, Acting Deputy Controller of the Office of Management and Budget and session moderator, began the session by stating enthusiastically that accountability reporting signifies good government, is sensible, and is worth doing. She told attendees that the session speakers would address more of the financial statement preparation issues rather than the audit policy issues of accountability reporting.

Larry Eisenhart, Deputy Chief Financial Officer, Department of State, addressed the overarching issues of accountability reporting. He divided his presentation into past, present, and future Federal financial accountability. He gave a quick rundown of the Federal government's most recent 25-year financial reporting history beginning with its early running of substantial deficits in the $6 billion range. During those days, it seems the Federal government was more interested in outlays and receipts and less interested in accrual accounting. However, in the mid-1980's, things began to change. The General Services Administration issued the very first Federal agency financial statement. During the 1980's, the Department of the Treasury began producing "prototype" consolidated financial statements of the Federal government. In 1986, the General Accounting Office (GAO) performed the first audit of an agency financial statement—for the General Services Administration.

Discussing the more recent past and current environment, Mr. Eisenhart stated how in the 1990's, the ball really started rolling with passage of the Chief Financial Officers (CFO) Act of 1990. The CFO Act produced 2 major milestones: it required a Chief and Deputy Chief Financial Officer in each of the major agencies, and also that those agencies produce financial statements that would be audited. These milestones were reinforced with the passage of the Government Performance and Results Act of 1993 that required performance planning and reporting, and the Government Management Reform Act of 1994 that required an overall governmentwide audited financial statement produced by the US Treasury Department.

Of course, all of these were made meaningful by the earlier establishment in 1990 of the Federal Accounting Standards Advisory Board (FASAB). FASAB began setting the accounting standards under which Federal agencies would account and report, and which auditors would use in their audits. Another significant event in 1999 was the recognition of FASAB by the American Institute of Certified Public Accountants under its Rule 203 as the official accounting standard-setter for the Federal government.

Mr. Eisenhart then discussed the future implications of improved accounting and reporting. He predicted that agencies would improve their report production times, provide reports more frequently than annually, and provide more reliable performance data from improved systems. He predicted that as stakeholders become more familiar with Federal reporting, their interest will increase, and timeliness and accuracy of the data will have a higher priority. He also suggested that improved information from Federal agencies would result in competition for services based on such things as quality, cost, and "bang for the buck." Mr. Eisenhart suggested that for these changes to have the most impact, the budget should be restructured to link funding with performance goals and measurement. Unless such restructuring occurs, the algorithms that attempt to link this information dilute the accuracy of the data. He concluded by asking three questions:

1) Will financial systems receive the funding to perform ecommerce activities that fit the standards?

2) Will compensation plans permit access to professional financial staff needed to operate these activities? and

3) Will agencies be able to coordinate and control their often interrelated activities to produce accurate, timely data?

Sheila Conley, Acting Deputy Controller, Office of Management and Budget, started her presentation by giving background on accountability reporting and the importance of making it streamlined and meaningful. The streamlined accountability reporting is aimed at reducing duplicative and fragmented reporting.

Ms. Conley said that legislation to achieve streamlined accountability reporting evolved over time. Prior to such legislation, there was "stovepipe" or fragmented reporting with several reports having varying report dates. This fragmented approach diminished the importance of much of what the Federal government does and what it reports to Congress and other stakeholders. With the enactment of the Government Management Reform Act in 1994, the Office of Management and Budget was authorized to pilot streamlined reporting in several agencies. The pilot program lasted from 1995 – 1999. However, OMB is recommending that legislation be passed to extend the pilot program and have streamlined reporting as a permanent requirement.

A CFO Council's standing committee is addressing reports that the committee would like to see rolled up into an agency's accountability report. These reports are:

- Federal Managers Financial Improvement Act reports – due December 31
- Chief Financial Officers reports and Financial Statements – due March 31
- Management's reports for the Inspectors General – due April 30

Optional reports that might be rolled up into an agency's accountability report are:

- Government Performance and Results Act performance reports – due March 31
- An agency's specific requirements reports – varying due dates
- Inspector General's reports – varying due dates
- Clinger-Cohen Act reports – varying due dates

Although Federal accountability reporting is in its infancy, agencies are gaining experience in communicating and reporting. She stressed the importance of trying to link accountability and performance reporting, two areas that are often on different tracks. Ms. Conley stated that because of these different tracks, it was of paramount importance that preparers have maximum flexibility in developing these reports so that

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Panel Session: Hot Topics in Technology

This session featured three distinguished speakers: W. Daniel Garretson, Senior Analyst for Business e-Commerce Research, Forrestor Research; Keith Rhodes, Director, Office of Computer Technology and IT Assessment, Accounting and Information Management Division, General Accounting Office; and Van Zeck, Commissioner, Bureau of Public Debt, Department of the Treasury. Jeffrey Steinhoff, Acting Comptroller General for Accounting and Information Management Division moderated this session.

Mr. Garretson kicked-off the session by providing insights into the e–Commerce industry. Some key points in Mr. Garretson's presentation are as follows. e-Commerce is an expanding industry that will likely see continued growth. The industry is seeing increased consumer confidence in using the Internet as a cornerstone for conducting business, despite initial concern over the security of such transactions. More and more businesses are taking advantage of the Internet and are establishing fully functional e-Commerce web sites. For example, items such as automobiles, home mortgages, and the like which were traditionally purchased after visiting physical retail or business locations are now being acquired at a phenomenal increasing rate by way of e-Commerce.

Why is this phenomenon occurring? Because the market place is demanding the availability of this form of business and the convenience and efficiencies that come with it. Both individuals and companies are looking for ways to save time and money. Acquiring a home mortgage for example, may have taken a month in the past can now be done in a day. In 1999 about 39 million households had Internet access. This is expected to increase to 60 million by 2003.

You may ask, what does the future have in store for e-Commerce? An answer offered by Mr. Garretson is "customer profiling." Much of the information obtained during various transactions can be used to build profiles of customers. In this regard, business can strategically concentrate their advertising efforts in a more refined manner. Also, business can become more efficient in servicing repeat customers. For example, if you typically buy certain items from certain retailers, those businesses can expedite the time it takes you to procure goods or services by maintaining your unique information. Such profiling also reduces costs to business as well, since less human interaction is required. After a profile is established, the customer won't have to waste time providing credit card information, name, address, etc… and the retailer won't have to collect that data every transaction because the information will be on file.

Procurement Function	Today	Online Procurement
Overall Role	"Buying"	Strategic Sourcing
Purchase Management	Manual and Slow	Automated and Rapid
Product Information Maintenance	Centrally Done	Decentralized and Widely Available

Mr. Garretson also discussed how "the Net" will change the role of procurement within the private sector and Government. The chart above depicts the impact of the Internet will have on three main procurement functions.

Keith Rhodes, GAO spoke about "Information Assurance: Challenges of a Connected World". Some key points made by Mr. Rhodes are as follows. The Internet economy is growing faster than expected. In 1998 there were $300 billion in U.S. revenues, of which $102 billion was direct e-Commerce, and 1.2 million jobs in the industry. The International Data Corporation (IDC) reports that the global web population in 1999 was 196 million, and e-Commerce spending was $111 billion. IDC projects an increase in global Internet population to 502 million with e-Commerce spending of $1.3 trillion by 2003. This begs the question: "Can anyone establish an e-business?"

The answer is that normal business considerations such as size, employees, payroll, supply, distribution, advertising and market niche, still apply and must be addressed. In addition, developing an e-Commerce business encompasses additional concerns such as computer literacy, managing suppliers/distributors and geographical issues such as worldwide availability 24 hours a day, seven days a week. Mr. Rhodes mentioned a Gartner Group study (1998) that estimates that 75% of Internet initiatives fail due to poor planning. A Gartner Group study issued in October 1999 on e-business project failure revealed the reasons for failure. They were:

- The website is an end in itself-not a vehicle for overall business performance or results,
- Poor e-business project management,
- Unclear definition of business goals, and
- Lack of incorporating new technologies to achieve project goals.

Internet Security

Despite the phenomenal growth in the industry as noted above, customers are still concerned about Internet security. According to 1999 Survey of 1,001 households by Rockbridge Associates:

- 58% of customers do not consider it safe to do any kind of financial transaction online
- 67% do not feel confident doing business with a place that can only be reached online
- 77% do not consider it safe to give out a credit card number over a computer
- 87% want their electronic business transactions confirmed in writing.

The bottom line is that absolute protection is impossible. Tradeoffs are needed to accommodate risk mitigation versus total cost and implications of security controls. In this regard, two key questions to ask are: What is the probability of a particular risk occurring, and what is the impact if it does?

There have been attacks on Government web sites since they are based on the same technology as e-commerce. GAO has found

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Panel Session: Performance Reports and Measures – What's Next?

D. Mark Catlett, Assistant Secretary for Budget at the Department of Veterans Affairs (VA), began the session by drawing upon his experiences at the VA. where the implementation of the Results Act has brought about several improvements. One of the most notable changes is the improvement in communications with veterans, Congressional offices, and other stakeholders. The Results Act established a five-year implementation schedule. Given the significant culture change required, this schedule was very aggressive, and the issues involved can be extremely challenging. Communication is the key to dealing with these tough issues, and without this, it is unlikely that VA would have been able to produce its new strategic plan.

VA's new strategic plan includes goals and objectives that are better focused on how well veterans are served and is more conducive to outcome definitions that its predecessor. The measurement phase is still to come and will be tough because of the need to measure program outcomes as well as service delivery or process measurements.

Program evaluations are an essential component of performance management by enabling the VA to identify potential measures for outcome-oriented objectives. Even though funding for program evaluation activities have been sharply reduced over the years, VA recognized the importance of program evaluation and funded these activities from its current resources.

Mr. Catlett acknowledged that there are other big challenges ahead: the validity of performance data, the restructuring of budget accounts, and the linkage of performance evaluation with the performance plans of senior managers. To tackle the data validity issue, the VA hired an actuary and then adopted a best practice from the Department of Transportation (DOT), the use of a template to define uniform characteristics for each key measure. These characteristics include a functional definition, data sources and frequency of collection, the formula for the measure, the baseline, the responsible official, and other information. Although the VA has numerous performance metrics, the template will only be applied to the 25 most important measures.

The current VA budget structure is not consistent with the way funds are actually used. There are 25 appropriation accounts with 11 major program accounts to fund five lines of business. A restructuring of the accounts would provide a clearer linkage among budgetary resources, strategic goals, and business lines. In addition, linkage between performance evaluation and the performance plans of senior managers is needed to provide greater accountability for results. Finally, in order to realize a greater benefit from the Results Act implementation, the Office of Management and Budget should take a lead role in the assessment of agency strategic plans and performance plans. A three to five year focus on planning is needed rather than a focus on an annual budget for the coming year. This is one of the toughest issues to solve because many sensitive political issues are likely to be involved.

Next, Robert Shea, Counsel to the Senate Governmental Affairs Committee, shared his insights on performance reports and the perspective of his Committee Chairman, Senator Fred Thompson. Mr. Shea stated that Senator Thompson has a personal and keen interest in the Results Act and that performance reports represent a critical juncture in the implementation of the Results Act. Committee members and others will be looking to identify measures that best represent the mission of the agency as well as the presence of good data to facilitate the evaluation of mission performance. The performance reports are also expected to provide feedback on goals that address major management challenges. The Committee Chairman wants these reports to paint a picture of performance that will be useful in communications with authorizing and appropriations committees and that can be used in decision-making processes.

Finally, J. Christopher Mihm, Associate Director of the General Government Division in the General Accounting Office, started off with a brief recap of the strategic and annual planning documents that have been developed and submitted to Congress. The initial performance report will cover fiscal year 1999 results, and it will represent the first time that actual information will be available for the entire Federal government on a consistent basis. There are 5 critical areas of interest, which the implementation of GPRA and performance reporting can address.

First, what results have been achieved for the investment in programs? In the past, the focus was on output. GPRA is changing the focus to outcomes, and more valuable data and information will be available because of GPRA. Secondly, there is much better information about crosscutting programs and their results. The federal agencies have made great strides in identifying their program delivery partners and ensuring that goals and strategies are aligned. Next, questions about how well day-to-day program strategies are related to outcomes can be answered. The call to link program results to Senior Executive Service contracts can only be done if goals and data are available for performance evaluation. A better understanding is needed of the relationship of day to day activities to program outcomes, and program evaluation is the key to determining the impact of these daily activities. The fourth critical area is the relationship between budgetary resources and the results achieved. Although the appropriations process moves very slowly in terms of process changes, substantive changes to this process can be and have been made over long periods of time. Appropriations Committees are paying greater attention to results. They are just not using specific GPRA terminology. Finally, there is a question about whether the capacity exists to evaluate performance. The answer is yes. Simplicity in presentation is important so that the reader doesn't get overwhelmed with data. Data strengths and limitations must be disclosed. There must be discussion about the implications of weak data on the decision-making processes, and the senior official responsible for performance must be identified.

In closing, the session moderator, Chris Wye, Director of the Center for Improving Government Performance at the National Academy of Public Administration, asked each panel member to provide his perspective on the future of a performance-based government. Mr. Catlett stated that the government can continue to make steady progress but a big leap in the rate of progress is dependent upon the willingness of the leadership to address tough political issues. Mr. Mihm stated that performance based government is here to stay and noted that movement toward performance-based government is occurring worldwide. The movement is bringing private sector expectations for service quality to government. Mr. Shea agreed with Mr. Mihm's assessment and added that performance management is a tool to enhance efficiency and effectiveness.□

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Panel Session: Implementing the FAIR Act

This panel session was led by Deidre Lee, Administrator, Office of Federal Procurement Policy. The panel members were Sally Thompson, Chief Financial Officer (CFO), Department of Agriculture and Chair of the CFO Council Entrepreneurial Committee; Bruce Carnes, Deputy Director, Defense Finance and Accounting Service (DFAS); and Nancy Saucier, Manager, Federal Affairs and Political Advocacy, National Venture Corporation.

Deidre Lee provided a brief explanation of the Federal Activities Inventory Report (FAIR) Act. The Act requires each Federal agency to create an inventory list of commercial activities performed by Federal employees that are not inherently governmental. The Office of Management and Budget (OMB) reviews each report and consults with the agency regarding its content. After OMB completes the review and consultation, the agency sends a copy of the inventory to Congress and makes it available to the public. The Act established a procedure for an interested party to challenge the omission or the inclusion of a particular activity in the inventory. Each time an agency wants to outsource an activity listed on the inventory, it must use a public/private competitive process (known as A-76 studies) to ensure that all costs are considered and that the costs are realistic and fair. The misconception about the FAIR Act is that if the activity is on the inventory list, it will be privatized. It should be viewed that the outcome of the Act is an inventory list that will be used as a management tool to identify ways to improve the performance of the Federal government's "commercial-like" activities.

Sally Thompson believes the FAIR Act is very important to 2.4 million Federal employees. The debate in the Federal community is what should the government's primary functions be. As Chair of the CFO Council Entrepreneurial Committee, she is aware of the challenges facing agencies to try to comply with the FAIR Act guidelines. The FAIR Act requires that Federal managers outline their business processes. Now many groups, inside and outside the government, are watching to see how the Federal government will manage this new process. They may look at performance measures and outcomes or they may just look at what every employee actually does and categorize them.

Ms. Thompson discussed franchise funds, which were authorized by the Government Reform Act (GMRA) of 1994. Six pilot franchise funds were established at the Environmental Protection Agency, Departments of Commerce, Health and Human Services, Interior, Treasury and Veterans Affairs. Each fund provides common support services such as payroll, financial systems, administrative systems, record management, and financial management training to its own agency and/or other agencies. The principle behind franchise funds is that they are managed as self-supporting, business-like units. The pilots have to be run like non-profit private sector businesses. The pilot is scheduled to sunset on October 1, 2001. As the sunset approaches for this pilot, OMB and the CFO Council Entrepreneurial Committee are looking at the pilots to determine if the concept is working for the Federal government. The focus of the review is based on three major elements:

- Value to the government - Do franchise funds promote efficiency in operations by consolidating common support services, reducing administrative support costs and conserving government resources?
- Financial responsibility and integrity - Are these pilots self-sustaining, reimbursable organizations which recover full cost of operation through customer revenue? Are the costs identified and allocated in accordance with federal standards? Are independent audits conducted and used to ensure management accountability and financial integrity?
- Competition – Do the franchise funds engage in and promote public/private partnerships and competition on a level playing field? Ms. Thompson said that without a level playing field, true competition could not exist. The number one change that has to take place in the Federal government in order to obtain a level playing field is in human capital. We have to change the way we recruit, the way in which we reward performance, and the way we can offer people opportunity. The Federal government can, even within existing laws and regulations and the current environment, be entrepreneurial and competitive.

The franchises can provide cost effective, efficient services for the Federal government. They can allow for the elimination of duplicative services within the same agency or another agency.

USDA categorized 48% of their 89 thousand activities as commercial activities. They published the report in the September 1999 Federal Register and they received eight challenges from the private sector. USDA expects more challenges from labor unions and other groups. Ms. Thompson believes that regardless of what category a job falls under the FAIR Act, a person who is performing the task must be willing to accommodate the new expectations that grow with each Congressional session. Agencies' salaries and expenses have been reduced by 30% and program dollars have increased by 50%, which means the agency has to do a lot more with less resources. Not only do we need to have the right technology to perform the job, but also the people have to be held responsible to provide the most effective as well as the most efficient government service to the taxpayer. She said that, in this environment of change, all Federal employees should have the tools necessary to compete for their jobs.

The Defense Finance and Accounting Service was established in January 1991, and it is the world's largest finance and accounting operation. DFAS is a working capital fund organization that sells financial services to the branches of the military and Department of Defense (DoD) agencies. DFAS has completed many initiatives to reduce the cost of financial operations and improve the quality of service for its DoD customers. Between 1993 and 1998 they consolidated 338 sites into 26 sites, reduced the number of DFAS employees by 7000, and they eliminated 226 finance and accounting systems. DFAS achieved these initiatives by standardizing systems, reducing the number of places performing the same work and, to some extent, the workload has declined.

DFAS has an aggressive outsourcing program anrewng whether another 6000 positions should be outsourced. The private sector has been very critical of the way DFAS

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Panel Session: Investing in Human Capital

The greatest human resource challenge for both the public and private sector is attaining and retaining people with the right capabilities and knowledge to deliver results. Unemployment is negligible. The people supply is getting tighter and tighter. And those you hire have high expectations for compensation and responsibility.

In his keynote address, David Walker, Comptroller General of the United States, stated that agencies must make human capital planning an integral part of their overall strategic planning. These words embodied the theme of this panel session, and resonated throughout the presentations of the panel leader, Kenneth Bresnahan, Chief Financial Officer (CFO), Department of Labor and Chairman of the CFO Council Human Resources Committee; and panel members, Nancy Kingsbury, Assistant Comptroller General, General Government Division, GAO, and Michael Power, Vice President of Operations for the Mid-Atlantic Region of DMR Consulting Group, Inc.

Mr. Power described DMR's retention and recruitment challenges. He stated that companies can no longer expect to find people with the capabilities and knowledge they want right off the street. Hot skills are hard to find. But, unlike some companies who recruit desired skills to replace skills no longer needed, DMR chooses to retool outmoded skills to make their people more effective. He offers the following strategies and tactics for hiring the best and retaining your workforce's commitment to the company.

- "Woo" and "wow" employees and recruits to secure and retain them. Think constantly about the messages that would appeal the most to people to come and join the company.
- Make offers at web speed. See how many times you can offer a job to the individual on the same day as the interview. See if you are the company that's offering the quickest to the interviewee.
- Be creative with compensation and benefits. If your only criteria for retaining your employees is compensation, you'll find that you won't be able to pay your people enough money to keep them. People are motivated by more than just money. Consider variable compensation and benefits packages.
- Recruit at unexpected locations/sectors before others find them. Branch out and focus on areas where you think your competition may not be looking as hard as you are.
- Develop an aggressive recruiting and training program. Predict the skills you will need to acquire and maintain to stay ahead of the curve of interest that your colleagues have at any point in time.
- Know your company's talent, who they are, what they want, what they are doing and what they want to do next. Determine how you can meet their needs.
- Build ownership and capability to deliver in proprietary work products. Build into the individual an understanding and appreciation about what's special or unique about the company. From this comes a sense of ownership and belonging that helps retain and make people productive.
- Use employee surveys to measure the company pulse-beat. Assess employee job satisfaction, and launch and maintain meaningful skills profiling programs.

And, don't forget to develop training plans and programs. Encourage your employees to continue to learn. Turn your workplace into a learning environment.

The practices Mr. Power mentions are not pervasive in the private sector. Nor can the Federal government do some of the things that Mr. Powers mentions. But as Ms. Kingsbury pointed out during the panel session, the Federal government can develop strategies to improve their human capital management within the context of current rules. The rules can be changed if agencies can explain to Congress what they want to change and how they will determine whether they have achieved their goals.

That change begins with how agencies view their human capital. Ms. Kingsbury stated that people should be regarded as assets to be enhanced, not as costs to be reduced. Human capital strategies should be designed, implemented and assessed by how well they help the organization pursue its mission, vision for the future, core values, goals, and strategies. Once you embed the concept that human capital should be enhanced, then human capital practices should follow strategic planning and organizational alignment.

GAO has developed two tools by which they hope to engage agencies to help them develop a human capital investment plan. Human Capital: A Self Assessment Checklist for Agency Leaders – Discussion Draft (GAO/GGD-99-179, Sep 99) helps agencies to look at how their human capital strategies integrate with strategic planning, organizational alignment, leadership, talent, and performance culture. Human Capital: Key Principles from Nine Private Sector Organizations (GAO/GGD-00-28, Jan 00) provides successful human capital practices from nine companies who embodied the concept that human capital management is fundamental to strategic business management. One key point that Ms. Kingsbury emphasized is to integrate human capital functional staff into management teams. These people are often not part of the planning process, and agencies often do not consider how human resources will be used to carry out agency strategic plans. Also, agencies should identify and develop leaders early on in their careers and not wait until those individuals have attained a senior level professional or technical position within the agency. Another key point is to integrate employee input into the design and implementation of human capital policies and practices. Gauge employee satisfaction and capabilities. These will allow agencies to build an informed recruiting strategy and allow them to take actions to better shape their workforce.

To round out the session, Mr. Bresnahan spoke about how the CFO Council Human Resources Committee and the Department of Labor were building on the human resource initiatives Mr. Power and Ms. Kingsbury discussed. He shared his thoughts on recruitment, qualifications, professional

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Panel Session: A New Look at Financial Systems

Karen Cleary Alderman, JFMIP Executive Director and moderator for the session, introduced a dynamic and diverse group of leaders in the Financial Systems arena, from both the public and private sectors.

Earnest J Edwards, Senior Vice President and Controller, Alcoa, Inc., gave an entertaining recap of the "Lessons Learned" while modernizing the financial systems at Alcoa, the world's leading producer of aluminum products. Mr. Edwards pointed out that 80% of the financial staff were involved in "transaction processing" when what Alcoa needed was to provide management with financial analysis, information and support for business decisions. Alcoa moved from a legacy environment to a "Best of Breed" solution that included Oracle general ledger and People Soft Accounts Payable and Receivables on a UNIX platform. He discussed Alcoa's experience, including strategies, improvements, change, and how obstacles were mitigated during the 18-month process.

Alcoa's challenge was to redirect resources while reducing costs. In order to get project resources and buy-in, they focused early on selling the benefits to top management, a strategy to which he attributes much of the success and recommends that others follow. Along the way, the project team reengineered processes, developed "shared" services, and implemented a uniform chart of accounts, which resulted in a myriad of financial improvements. Specifically, Mr. Edwards pointed out that Alcoa reduced its closing time for 150 locations in 20 countries from 8 to 3 days. Other lessons learned are as follows:

- Use the best people in your organization;
- Have an active governance board;
- Set stretch goals;
- Communicate throughout the organization;
- Get early successes; and
- Endure the pain of change.

Jerry Williams, Chief, Office of Federal Financial Systems, Office of Management and Budget, spoke on the Federal financial systems policy and direction. He gave a "snapshot" of the current state of financial systems in the Federal government and pointed out that $2 billion will be spent this year to upgrade 79% of the 751 financial systems currently identified. He discussed system replacement factors that must be considered, including OMB's vision for the future, new policy regarding systems requirements, OMB commitments to investment, and OMB's relationship to other requirements, such as IT architecture and compliance reviews. Mr. Williams stated that OMB's vision for the future was to "improve financial performance by establishing financial management systems throughout the federal government to support fiscal and programmatic accountability.

Schuyler Lesher, Deputy Chief Financial Officer (CFO), Department of the Interior, and Chair, CFO Financial Systems Committee, gave an update on the work of the Financial Systems Committee and JFMIP regarding the development of financial systems requirements, and the JFMIP Core Financial System Qualification testing process. He raised several intriguing issues and challenges with respect to managing the systems implementation change process in the Government. He thinks the basic systems challenge will be to find and train qualified people. He pointed out that 79% of the systems are going to need to be revamped in a five-year time frame, but there may not be the people needed to achieve it successfully. He discussed several needs:

- for better project management, including early warning of problems,
- to "help" problem projects;
- to improve the systems implementation project; and
- to make security enterprise-wide so that no matter what the technology environment is, the financial systems will be protected from intrusion.

In closing, he pointed out that the challenges are great and that the ultimate responsibility rests with the agencies. Mistakes should be accepted as a cost of doing business. Central agencies should give more flexibility and accountability.

John Mitchell, Deputy Director, United States Mint, described the experiences and lessons learned implementing the People Soft Enterprise Resource Planning (ERP) solution at the Mint. The Mint had never previously implemented a system "across the board." The Mint achieved numerous improvements through the migration of many legacy systems and processes to the People Soft Manufacturing and Distribution software package. Benefits included eliminating material weaknesses, closing timely, automating financial consolidation, and improving inventory management and performance measurement.

More importantly, the new system resulted in improved customer service and is the foundation for e-retail. Mr. Mitchell shared lessons learned from this system implementation. He warned that one should choose an ERP carefully because the systems are tightly integrated and one is locked into any changes made. Reversing changes is difficult. He also pointed out that as people are stretched, training and change management are sacrificed. He provided numerous charts demonstrating the positive effects the new system has had on customer service and revenues for the U.S. Mint. In the future, the Mint plans to upgrade e-commerce, enhance performance measurement, upgrade manufacturing and human resources, and franchise payroll processing. ❑

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Panel Session: Accountability, continued from page 12.

preparers are not locked into certain formats that do not fit their agency operational profile. She applauded the Association of Government Accountants' Certification Program for agency accountability reports. This program is designed to recognize agency excellence in reporting but also serves to provide substantive assessment to provide agencies with constructive feedback on their reports. Only two agencies received the Certificate of Excellence for 1998 – the National Aeronautics and Space Administration and the Social Security Administration.

Ms. Conley then addressed where we are with the basic financial management infrastructure. Compared with the past, the Federal government now has the ability to issue basic financial standards and has the basic systems to produce the information required by the financial and reporting standards. Agencies are making substantial progress in meeting the 18 FASAB standards, 5 interpretations, and 4 technical releases. Based on agency experience and input to the Board, FASAB is working to refine some of the basic set of standards and working on new issues. She also highlighted the importance of the AICPA's recognition of FASAB as the issuer of generally accepted accounting standards, or generally accepted accounting principles (GAAP) for the Federal government.

In closing, Ms. Conley stated that the area that is key to the Federal government's continued financial management and reporting successes is that we must have systems that can keep up with the changes required by the accounting and reporting standards. She underscored this point by saying that the underlying objective of the CFO Act was to ensure that agencies provide timely, relevant, reliable information to program managers and decision makers. To do that, agencies need sound and compliant systems from the outset – they cannot sustain the progress they have made to date without good systems in place.

Thomas Staples, Associate Commissioner, Office of Financial Policy and Operations, and Deputy CFO, Social Security Administration, presented the SSA's experience with preparation and usefulness of accountability reports. The biggest challenge that the SSA faced was integrating its financial management systems with its budget systems. Other challenges were to 1) ensure compliance with statutory requirements while streamlining information into one report; 2) provide information relevant to users of the report; and 3) tell a complete story in terms of accuracy, timeliness, efficiency, and outcomes.

SSA concentrated on developing its internal uses of performance information before developing external uses. It focused on setting internal goals and objectives, enhancing the quality of program management, and supporting policy and resource decisions. From that firm internal use foundation, the SSA concentrated on developing external uses that demonstrated accountability in achieving program results to Congress and the American people, and demonstrated requirements for funding specific internal needs and workloads. To help display these data in meaningful terms, the SSA relied on graphics to make the data "user-friendly." To assist in meaningfully explaining operations, the SSA provided clear explanations of progress and missed targets, and included trend analyses in its accompanying narratives.

Illustrating Ms. Conley's earlier point about combining several reports into one, Mr. Staples said that the SSA's accountability report included a 10-year summary of financial highlights; Management's Discussion and Analysis; the principal financial statements, notes, and supplemental schedules; the GPRA Performance Report; supplemental and programmatic information; and the Inspector General reports. Because the report was quite large, the SSA also provided a summary or digest of the full accountability report for managers and other users

Mr. Staples concluded by addressing some of the challenges that the SSA still faces. He spoke of the challenge and importance of producing the accountability report in a timely fashion. He presented the SSA's historical production timeline, showing that it went from producing the report 182 days after the close of fiscal year 1991 to 49 days after the close of fiscal year 1999. He said that one other challenge was to relate the budget to performance measures under GPRA. Although the SSA has related outputs to the budget for years, the challenge is to relate outcomes to the budget. However the SSA is committed to achieving this goal of linking resources used to outputs and outcomes to provide a comprehensive picture of how the SSA uses its budgetary resources.❑

Panel Session: FAIR Act, continued from page 15.

has conducted the past OMB Circular A-76 cost studies. DFAS is amending its A-76 process to address the concerns of the private sector. The first step is the development of a comprehensive performance based solicitation and the determination of private sector interest. The second step is to solicit private sector and government proposals. The third step is to compare the costs of the private sector and government proposals.

DFAS originally identified 85% of their activities as inherently governmental. Upon further review, they defined only 14% of their activities as inherently governmental. The 75% available for competition represents all of the functions performed below the second line supervisor. The Office of Management and Budget completed a review of DFAS report on last December and the inventory was sent to Congress as part of DoD package on December 28, 1999. The major outsourcing challenges they face are to ensure accurate and timely reporting; satisfy DoD requirements, measure and improve quality of operations, modernize and replace systems, and foster teamwork within DFAS and with customers.

As an evaluator of the government FAIR Act reports, Nancy Saucier presented the private sector viewpoint of the process. Private sector organizations created teams to evaluate all of the inventories. They had thirty days after the inventories were published to present any challenges. Ms. Saucier believes that the Government has not realized the huge potential of the FAIR Act. This process can be a great management tool. This new process has the potential to allow agencies to devote more resources to their core mission or to redesign themselves to provide better services.

After the evaluating the first response to the FAIR Act, Ms. Saucier offered the following observations. All agencies completed the inventories. This was a concern to private industry and OMB that all agencies would submit a report. OMB released the reports for public review in cycles. There were three cycles of inventory releases that gave the private sector a better opportunity for critical review of the inventory lists. After the private sector submitted challenges to their reports, several agencies agreed to "re-think" their inventory lists. There were diverse interpretations of inventory definitions and they found inaccurate and incomplete data.❑

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Penal Session: Technology, continued from page 13.

that in general there have been weak government-wide information security controls. Twenty-two of 24 agencies had significant security weaknesses. These weaknesses have been at all levels, including management, operations, engineering and legal. Mr. Rhodes referenced the following written methodologies GAO has developed to improve security over Federal systems:

- Improving Mission Performance Through Strategic Information Management and Technology (GAO/AIMD-94-115, May 1994)
- Effectively Implementing the Government Performance and Results Act (GAO/GGD-96-118, June 1996)
- Business Process Reengineering Assessment Guide (GAO/AIMD-10.1.15, April 1997)
- Measuring Performance and Demonstrating Results of Information Technology Investments (GAO/AIMD-98-89, March 1998)
- Information Security Management: Learning from Leading Organizations (GAO/AIMD-98-68, May 1998)
- Federal Information System Controls Audit Manual (GAO/AIMD-12.19.60, January 1999)
- Information Security Risk Assessment: Practices of Leading Organizations (GAO/AIMD-99-139, August 1999).

Regarding security over information systems, Mr. Rhodes made the following points.

- No single security standard will meet an organization's needs
- No single vendor has everything an organization needs to secure its operations
- No single product can meet an organization's security needs
- One size does not fit all
- Today's vendor solution will not protect against tomorrow's technique
- Attack morphology is taking less and less time; attacks are becoming faster and faster

Mr. Rhodes recommended that organizations should ask themselves the following questions when dealing with information systems security and e-Commerce issues.

- What do we do for a living?
- Who is the competition?
- What are the critical data (i.e., what data are most valuable to my competitor)?
- How long can I go without an update?
- How many steps must I execute to build (re-build) these data?"

Van Zeck spoke about information technology initiatives at the Bureau of Public Debt. He provided an overview of the BPD, its mission and key customers. The BPD's key activities include: borrowing the money needed to operate the Federal government, selling Treasury Securities (wholesale and retail), managing the U.S. Savings Bond program, and accounting for the $5.7 trillion in outstanding public debt. Their customers include securities brokers and dealers, financial institutions, pension funds, State and local investors, and individual investors.

BPD has 3 areas of e-Commerce, which are: Treasury Direct electronic services, On-line Savings Bond sales and State and Local Government Securities (SLGS).

Treasury Direct (TD) electronic services – Investors maintain a direct relationship with Treasury, there are no intermediaries. Currently there are about 715,000 investor accounts worth about $84 billion. Investors hold T-bills, notes and bonds. TD customers can buy and reinvest securities online, as well as change and view account information. However there are still some things that BPD and TD customers are not yet able to do online. Those are changing ACH payment routing information, and selling or transferring securities from a TD account. BPD has determined that it was more beneficial to move forward in providing services they could provide online, rather than waiting until an ideal point in which nearly all services could be done online.

On-line Savings Bond sales - 55 million customers hold bonds. About 11 million customers buy each year for a volume of approximately $186 billion (780 million bonds). Savings Bond Services which are available online include viewing and changing HH Bond account information. Additionally, investors can buy EE and I bonds on-line through the "Savings Bond Connection".

State and Local Government Securities (SLGS) – This program is offered to state and local governments. The SLGS program allows State and local governments to invest proceeds of their bond offerings. Approximately 5,000 state and local entities deal through 500 trustee banks. There are presently holdings of about 72,000 securities worth $162 billion.

Use of Digital Certificates - Public Debt's first use of digital certificates was implemented in December 1999. (For further information on digital certificates see summary of Keynote session). Presently, digital certificates are requested from BPD via a paper application.

Certificates are issued to individuals and they are associated with their trustee bank. The key point to note about use of digital certificates is that their primary purpose is to restrict system access to valid and verified users, in other words "up-front authentication." Once users identities are validated, they have complete access to the system and can "Do it All". At BPD, digital certificate holders have complete access to account information and full transaction processing capabilities.

The use of digital certificates is being phased in at BPD. Three trustee banks are now on-line now in a pilot implementation. To date, 53 certificates have been issued. What's in store?

BPD will process the largest banks next, with a goal of having a certificate for all SLGS customers by 2002. This will result in an estimated 5,000 total active certificates. What is the reaction of the SLG community? They love it! They say the new system is empowering, easy to use and provides convenient access.

Mr. Zeck stated that BPD E-Commerce objectives were:

- Provide broadest possible electronic customer access.
- Make the most with legacy systems.
- Service Individuals and Institutions.
- Look to permit (not prevent) access.
- Take prudent risks and adjust as needed.

Other planned initiatives at BPD include Web-based auction bidding for institutions and Web-based access for franchising customers. For more information visit or www.treasurydirect.gov. ❑

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Panel Session: Human Capital, continued from page 16.

development, and education and training infrastructure.

- Recruitment. We must get in sync with the new market. Students today are more mobile. They are not looking for long-term contracts. They want a variety of experiences and challenges early on in their careers. They seek responsibility and are more confident and better prepared than students entering the job market 20 years ago. Agencies should work together and present a bigger target when entering the marketplace – hire across agencies. We must build relationships with schools. Faculty and placement centers don't think of the Federal government as a viable market for their students – and the students don't think of the Federal government as their first choice. We must emphasize the benefits of Federal service – benefits package, good way to balance work and family needs, challenges and rewards of public service. And, we must establish a structured career development program, to think more broadly about careers in Federal financial management. We shouldn't be competing across agencies to attract people.
- Qualifications. Base qualifications on core competencies. Use demonstrated competencies in the application process to rank candidates and to set grade and pay for new hires. Educate hiring officials in this process; educate your human resource functionals in how to use these tools efficiently and effectively. But, recognize that in practice, this is a very time consuming process.
- Professional Development. Use organizational assessments to prepare individual development plans. Individual development plans should be linked to core competencies. Promote professional certification and continuing professional education within your organization as a way to target investment in professional development.
- Education and Training Infrastructure. Impress upon your workforce the importance of lifelong learning. Streamline the procurement of learning technology applications, such as distance learning centers and web-based training. Establish central repositories of training providers that can be sorted by core competency and network the training providers.

Investing in human capital begins with practicing what we preach. Sadly, with the exception of DOD, most agencies have cut back on resourcing programs for retooling their workforce. These programs should not be add-ons to managing their workforce; they are integral to managing their workforce. The Office of Personnel Management believes that agencies should request resources for retooling in their budget. But realistically, agencies must figure out how to invest in their workforce within their existing resources. ❑

Keynote: Walker, continued from page 9.

(2) Reconsider whether to terminate or revise outdated programs or services provided, and

(3) Reconsider who is eligible for, pays for, and/or benefits from a particular program.

In Mr. Walker's view, there are opportunities available to us now to better manage and improve the federal government's performance. First, using information technology provides new, more responsive, and efficient ways of delivering services and information to citizens. The President's 2001 budget recognizes this opportunity and includes $40 billion for information technology. Effectively managing the IT investment through capital planning and investment control is essential. However, Mr. Walker admonished, along with the many advantages IT offers us, its widespread use has also left us vulnerable, such as potential for fraud.

Second, using GPRA to help decision-making and oversight can improve the federal government's performance. GPRA holds great potential to improve fiscal, program, and management performance and for restoring citizen confidence in government. The challenge to making GPRA a reality is having precise program goals and adequate program performance and cost information. To comply with the intent of GPRA, GAO is about to issue a new strategic plan— which could be a model for the government.

Congress has put in place a statutory framework that focuses on "process," namely the CFO Act and GPRA, as well as "technology." The next step to facilitate the government's improved performance is to focus on "people." Mr. Walker stated that many agencies are at risk for not achieving their intended goals because of past downsizing, hiring freezes, and cuts in training. Agencies must make human capital planning an integral part of their overall strategic planning. In addition, the agency's strategic and annual performance plans must be linked with its performance management system in order to make GPRA come alive.

What is the outlook for financial management? Financial mangers play an important role in carrying out management reforms. Over the past half century, the JFMIP has been committed to and has put considerable energy into better financial management, and it is to be commended.

Recent legislation, starting with the CFO Act, has put in place the foundation for financial management reform. Financial statement audits are progressing, the third governmentwide audit is about to be issued, and the number of agency-level unqualified opinions is rising. Now, the challenge is to achieve the end game: reliable, useful, and timely information for managing the government's operations day-to-day. We know that we reached that point when federal agencies routinely use and have available:

- Accountability reporting,
- Financial statements issued within weeks of the close of the fiscal year,
- Financial and management data at managers' fingertips, and
- Financial reports that are understandable by the American public.

In order to do this, Mr. Walker observed that the federal government will have to do much better in the fiscal arena: modern systems that meet standards and requirements, cost effective controls; cross-servicing, outsourcing, paperless offices, highly integrated systems, and having the right people—human capital.

The government's successful response to Y2K provides a roadmap for successfully

Continued on next page.

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Keynote: Katzen, continued from page 9.

This year, the Federal agencies have made good progress towards resolving problems with financial statements. Last summer, OMB, Treasury, and General Accounting Office met with the CFOs and Inspectors General at 15 agencies that did not have clean audit opinions or were late submitting their financial statements, to discuss ways to eliminate obstacles. The Department of Defense was given as an example of an agency that has invested significant contractor support resources to address its problems accounting for property, plant, equipment, and inventories. Many agencies have problems in identifying and reporting on intra-governmental transactions. OMB, Treasury, and GAO are working with the CFOs to develop short-term and long-term solutions to this problem.

Ms. Katzen stated that the primary focus for the next ten months is to improve financial management and the systems supporting it. We want to integrate management and budget by using financial and other management information to make sound decisions that advance the Administration's policies. For the past two years the Administration has tackled the government's biggest management challenges, which are designated as Priority Management Objectives (PMOs), through intensive efforts with agencies and have achieved significant improvements. This year we chose 24 PMOs—12 government-wide and 12 agency-specific—as our management challenges. The first two are: "Use performance information to improve program management and make better budget decisions" and "Improve financial management information."

Last year's number one was Y2K and now that challenge is gone. The transition was trouble free thanks to staffs working on weekends and to John Koskinen for establishing relationships with the private sector to share information on Y2K. Ms. Katzen stated that it would be nice if the PMO for improving financial management information could be off the list in a few years.

Other PMOs were identified as important to financial management. PMO #10, to ensure that the right person is getting the right payment, promotes matching up front, program integrity, and good systems. PMO #7, which aims to implement electronic government initiatives, calls for aggressive government action to explore opportunities for applying commercial electronic commerce technologies and business practices to improve Federal buying and paying operations as outlined in the government's electronic commerce strategic plan issued by the President's Management Council. The goal stated in the plan is for Federal agencies to provide customer-friendly electronic purchasing tools that can integrate with commercial electronic processing payment, accounting, and performance reporting information by 2001. Agencies are developing cross-functional plans to implement the government-wide EC strategic plan. PMO #4, to provide for computer security and protect critical information, addresses worries about computer security and privacy that goes with electronic commerce. The government plans to issue at least 100,000 digital signatures based on PKI by the end of year to enable secure communications with the government. Other electronic government efforts are underway to make the government more available to citizens. WEBGOV will provide a single site organized by type of service or information people may be looking for instead of by agency.

In summary, Ms. Katzen stated that the Administration is committed to improving Federal financial management, and over the next ten months OMB will be actively engaged with the agency management, CFOs, IGs, and the JFMIP to keep the momentum going.

Priority Management Objectives

Strengthening Government-wide Management

1. Use performance information to improve program management and make better budget decisions.
2. Improve financial management information.
3. Use capital planning and investment control to better manage information technology.
4. Provide for computer security and protect critical information infrastructure.
5. Strengthen statistical programs.
6. Implement acquisition reforms.
7. Implement electronic Government initiatives.
8. Better manage Federal financial portfolios.
9. Align Federal human resources to support agency goals.
10. Verify that the right person is getting the right benefit.
11. Streamline and simplify Federal grants management.
12. Capitalize on Federal energy efficiency.

Improving Program Implementation

13. Modernize student aid delivery.
14. Improve DOE program and contract management.
15. Strengthen HCFA's management capacity.
16. Implement HUD reform.
17. Reform management of Indian trust funds.
18. Implement FAA management reforms.
19. Implement IRS reforms.
20. Streamline SSA's disability claims process.
21. Revolutionize DOD business affairs.
22. Manage risks in building the International Space Station.
23. Improve security at diplomatic facilities around the world.
24. Reengineer the naturalization process and reduce citizenship application backlog.

Source: Government-wide Performance Plan, Budget of the United States Government, Fiscal Year 2001. ❑

Keynote: Walker, continued from previous page.

implementing financial management and other management reforms. The federal government's anticipation of and preparation for Y2K exemplifies what the federal government can do constructively. Both the legislative and executive collaborated to first concentrate in ensuring that the federal government itself would be able to meet the Y2K challenges, then expanded their efforts to assist state and local governments and others in the U.S. and around the World. Mr. Walker concluded that some don't understand that this type of investment of time, energy, and funding continues to generate benefits. Similarly, the contributions made by those in financial management should be considered in the same light. The contributions of financial managers are directed towards the greater good: a more partnerial, results-oriented, integrated and externally focused federal government. ❑

JFMIP 29th Annual Financial Management Conference

Former JFMIP Steering Committee members gather at the 50th Anniversary celebration of JFMIP at the 29th Annual Financial Management Conference: (L to R) Jimmie Brown, Gene Dodaro Woody Jackson, Hal Steinberg, Thomas Simon, Jack Carson, Gerald Murphy, Larry Wilson, Karen Alderman (current Executive Director), and Alvin Tucker.

Keynote: Puckett, continued from page 8.

valuable resources. When we increase costs and lessen functionality we reduce risks. But by raising functionality and keeping costs down, we create more risk.

Risk Management involves understanding your systems and networks; that is, knowing what you really have, and assessing your technical vulnerabilities with your best people, in open and honest discussion. You need to evaluate potential threats so that you fully understand where they come from. Finally, to manage residual risks you need to integrate and analyze these findings to develop an umbrella strategy. Mr. Puckett noted that this is an ongoing process. It is important to recognize the risk drivers, and to develop a company-wide security plan. Few executives or technologists appreciate what is at risk, or how easy it is to compromise their systems, whether it is theft of assets, denial of service, disclosure of information to third parties, system outages, or unauthorized disclosure of information. He stated that this is our responsibility to ensure that security measures are taken.

Mr. Puckett indicated that the foundation of any security plan is a policy that provides a common framework for people to talk about, and to protect information. In short, a sound policy is vital to the success of your entire program. He emphasized that security should be made a constant process.

Mr. Puckett asked the audience, "Do you know what is your most critical asset? Do you know who owns the information, and why it's so important? If not, I'll bet there are hackers who do. While a lot of companies don't think they have anything of value, hackers can always find something to use or to exchange with others through underground network exchanges."

A variety of new technologies that are being developed to reduce risk include:

- A tool like Tripwire can monitor critical system resources on a computer alerting you to changes to your systems."
- A tool like Cybercop can test your systems for network vulnerabilities. These are the same type of tools that hackers will use to test your sites. You should do this yourself and fix the holes you find quickly.
- Monitor the traffic to your systems, track and log with tools like Dragon. You may be able to detect attacks, but most important you will have forensic information about your network that can be used later to determine if someone has indeed misused your system."

Mr. Puckett also indicated that privacy has become a critical issue. A recent survey by Louis Harris and Associates found that 88 per cent of American consumers are concerned about threats to their personal privacy. Other related tools discussed were authentication; public key technology; digital certificates; Back Orifice 2000; Smart card technology; and Virtual Private Networks (VPNs). VPNs are a combination of encryption and access control technologies and services that provide private and authentication communications across untrusted networks.

In conclusion, he offered the following advice:

- Don't underestimate what it takes to keep your organizations secure.
- Always keep an eye on emerging technologies.
- As Albert Einstein said: 'problems cannot be solved by thinking within the framework in which the problems were created.' So think outside the box.
- Accept the fact that you're never done improving your security systems. ❑

FASAB *Update*

As a result of the American Institute of Certified Public Accountants' (AICPA) decision to designate the Federal Accounting Standards Advisory Board (FASAB) as the rule 203 standard-setting body for the Federal government, FASAB has changed the way it issues accounting concepts and standards. After October 1999, FASAB will continue to issue exposure drafts of proposed concepts and standards for comment. However, it will no longer produce recommended standards for approval. Instead, FASAB will forward final standards to the three Principals (Comptroller General, Secretary of the Treasury, and the Director of Office of Management and Budget) for a 90-day review. FASAB will forward final statements that set standards for capital asset accounting to the Congress for the mandatory 45-day review. If there are no objections during these respective review periods, the statements would be considered final and FASAB will publish them on its website and in print as Statement of Federal Financial Accounting Concepts or Standards (SFFAC or SFFAS). Under the new procedures, when the FASAB sends a statement to its Principals for review, it will announce this action in the Federal Register and in a press release.

The Board approved Statement of Federal Financial Accounting Standards 18. The Statement amends certain accounting standards for direct loans and loan guarantees originally issued in SFFAS 2, August 1993 and requires:

- Reporting subsidy re-estimates in 2 distinct components—the interest rate re-estimates and the technical/default re-estimates.
- Displaying in a note to financial statements a reconciliation between the beginning and ending balances of the direct loan subsidy allowance and the loan guarantee liability, and
- Disclosing significant events and changes in risk factors that have affected the subsidy costs during the reporting year.

The SFFAS 18 has been submitted to the FASAB Principals for a 90-day review. If there is no objection from any of the principals, SFFAS 18 will be issued as final Statements. The requirements would then be effective for periods beginning after September 30, 2000.

The Board expressed interest in pursuing a project to review the Federal reporting model, and believes this review would lend insight to many of the more innovative issues it is currently considering. For example, in the current Federal reporting model, the Board created a separate reporting category, "Required Supplementary Stewardship Information RSSI)." RSSI was designed to report information that did not necessarily lend itself to balance sheet presentation, but that the Board believed should be considered as essential to fair presentation as basic or primary financial statement information. RSSI has been used primarily to report stewardship categories of information, such as stewardship property, plant and equipment (PP&E), stewardship investments and stewardship responsibilities.

Recently, in a related project, the Board had come to a tentative consensus to do away with the RSSI category and place the stewardship information in the traditional categories of basic and required supplemental information (RSI). The Board directed the staff to develop a reporting model project plan for consideration for its April meeting.

At the February Board meeting, background papers were presented on the issues and decisions that lead to the current reporting requirements for National Defense PP&E, and the Department of Defense's characteristics, including its mission, organization, structure, manpower, budget, funding, acquisition life cycle and programs, and performance plan. These papers, intended primarily for newer Board members, were used by the staff to solicit input from the Board members on possible follow-up work. The Board deferred the discussion of National PP&E until it begins its discussion on the Reporting Model Project.

In a separate action, the Board decided to include the project on major acquisitions as a subproject within the National PP&E Project. Although the focus of the subproject will be National Defense PP&E assets, the Board could consider applying any resulting useful applications to all major acquisitions.

The Department of Defense (DoD) awarded a contract to KPMG, LLP to study reporting alternatives for National PP&E. The study consists of four concurrent tasks:

- Documenting the life cycle of the National Defense PP&E acquisition process;
- Performing an abbreviated user needs study to assist in evaluating reporting
- Evaluating condition assessment and reporting methodologies, and
- Evaluating the adequacy of the definition of National Defense PP&E.

The study will be completed by September 30, 2000. DoD will provide monthly status reports to the FASAB staff and Board members, as requested.

AAPC Highlights

The Accounting and Auditing Committee (AAPC) last met on November 18, 1999. The January meeting was cancelled due to snow. At the November meeting, the AAPC continued developing guidance for allocating legal liabilities among agencies involved in joint litigation. It agreed to expand the guidance to address when there is no basis for cost allocation. It is drafting language to say that if no meaningful allocation can be applied, the costs and related liabilities should be reported only in the Consolidated Financial Statements of the U.S. Government. The guidance will be issued as a Technical Release.

The AAPC also discussed its proposed definition of liabilities covered by budgetary resources. It discussed how the definition relates to the Statement of Budgetary Resources and the Statement of Financing, trust fund payments, permanent indefinite budget authority and contract authority.

Another topic of discussion was whether securities not intended to be held to maturity should be valued at market value. It will continue to discuss this issue in future meetings. The next meeting is scheduled for May 11. ❑

Reflections, continued from page 4.

our class members, Len Bechtel and Tracy Dahbura received the first CFO Council Impact Award for their contributions.

One of my objectives for applying for the CFO Fellows Program was to obtain a mixture of knowledge and skills to support the development of sound financial management systems. As a systems accountant, I want financial management systems to be perceived by government managers, as the tool they need for making accurate and reliable management decisions. Karen Alderman, Executive Director and her staff are leaders in federal financial management. Their priority is to improve financial management systems to meet the demand for greater financial accountability. JFMIP is a small organization with a very large responsibility. It's an incubator for change management and a forum for developing competencies of current and future financial professionals. So when Ms. Alderman offered me the opportunity to work with JFMIP, I said yes, and then exhaled.

One of the 1999 CFO Council priorities was to improve financial management systems. The objectives for implementing this priority were (1) provide a financial management systems environment in which financial systems can be successfully planned, developed, operated and maintained; (2) establish government-wide systems requirements that support information standards; and (3) improve the availability of systems that meet government-wide system requirements. The PMO was established in November 1998 to develop financial management system requirements, address systems integration issues, develop comprehensive testing vehicles, serve as in information clearinghouse for Federal financial systems, and facilitate communication with the private sector.

When I began my program year, JFMIP had published the Core Financial System Requirements and completed staffing the Program Management Office (PMO). My first task was to help develop the comprehensive tools the PMO will use to test and qualify commercial core financial management system software products. We developed the test script. The test script is designed to test the mandatory core financial system requirements. The script included the test plan, 166 test steps with the expected results, a road map, trial balance, status of funds, SF 224 and SF 133 reports. To facilitate communication with the private sector and federal agencies, these materials are published on the JFMIP Knowledgebase. In addition, the PMO had to develop the standardized application, the policy and procedures that govern the testing process.

By October 1, 1999, the PMO had tested five commercial off-the-shelf software products. I was a member of two of the test teams and the leader of one test team. To prepare for a qualification test, we had to

- develop roles and responsibilities,
- establish a test team,
- distribute roles and responsibilities to members of test team,
- read the vendor's application to learn about the product, establish communication with the vendor,
- meet with the vendor, and
- prepare test workpapers.

The test was done at the vendor's site. The vendor had up to 40 hours to complete the test steps and 4 hours to demonstrate value-added functionality . To administer the test, we had to:

- travel to vendor's site,
- promptly begin at 8:00am and end at 5:00pm,
- observe vendor complete each test step,
- validate the vendor's assertion to product capabilities,
- document any discrepancies observed during the test,
- collect all required outputs,
- identify any test step failures,
- document test results,
- notify vendor of test step failures,
- if vendor passes 90% of test steps, negotiate a re-test date,
- prepare for workpapers for retest,
- document re-test results,
- issue certificate of compliance or failure to comply to the vendor, and
- prepare system capability observations for Knowledgebase.

All of the software applications we tested are designed to populate a relational database and use client-server and/or web-based technology. The vendors introduced Federal accounting requirements into software that was developed for domestic and/or foreign private industry application. JFMIP PMO's task is to certify that the software is ready to process federal government's financial events to provide reliable and timely financial information that is crucial to decision-making processes.

I attended meetings with agencies, that either is currently implementing, successfully implemented, or failed to implement commercial-off-the-shelf (COTS) financial systems. Seeking lessons learned should be included in all implementation plans. I also attended meetings of interagency councils such as the Federal Financial Managers Council, the Small Agency Council, Chief Information Officer's Council and professional organizations such as the Association of Government Accountants, Association of Military Comptrollers, and the Greater Washington Society of CPAs.

I coordinated two JFMIP forums to communicate with our partners in the federal financial management community. My communication with our partners was also achieved via memorandums, letters, news articles and press releases and electronic mail. To communicate effectively with our partners, I used sources such as the CFO Act, Federal Managers Financial Integrity Act, the Government Performance and Results Act, the Clinger-Cohen Act, OMB Circulars, Federal Accounting Standards and Accounting Board Standards and Statements, JFMIP Federal Financial Management System Requirements, Government Standard General Ledger, Treasury Financial Manual, JFMIP News, The Federal Times, and Government Executive magazine. My knowledgebase has increased exponentially.

My experience at JFMIP has been an incredible broadening of personal and professional horizons. I was exposed to every facet of financial management, such as budgeting for system acquisition, recruitment of competent financial management staff, current COTS financial management systems, current Federal financial reporting requirements and current financial system requirements. My development assignment was an opportunity for me to work with Karen Alderman, Doris Chew, Janet McBride, Steve Balsam, Dennis Mitchell, Steve Fisher, Bruce Turner, Dorothy

Continued on next page.

FACTS II Testing

The JFMIP and the Department of Treasury, Financial Management Service (FMS) are working together to develop and administer an incremental test of commercial off-the-shelf (COTS) Financial Management System software packages which have already been approved by JFMIP. The incremental test will be aimed at ensuring that the various approved software packages will be capable of satisfying reporting requirements required by the Federal Agency Centralized Trial Balance System II (FACTS II).

Presently, JFMIP has posted a draft test plan and test script on its Knowledgebase on financenet.gov/financenet/fed/jfmip/pmo.htm. Comments on the draft are due by May 5, 2000, and should be forwarded via e-mail to steven.fisher@gsa.gov or stephen.balsam@gsa.gov.

The test has been designed so that it can be executed independently of the current core Financial Management System qualification test. Treasury FMS will be providing a test region so that JFMIP can require vendors to submit a bulk FACTS II file during test execution. This approach will ensure that COTS packages have incorporated the correct file layout as specified by FMS. In addition, the incremental FACTS II test will require vendors to incorporate the validation edits performed by the FACTS II system into their qualified software packages.

For additional information on the FACTS II incremental test of JFMIP approved financial management system software, please contact Steven Fisher or Stephen Balsam at (202) 219-0526. ❑

Reflections, continued from previous page.

Sugiyama, Donna Tebeau, and Bruce Kletz. The environment at JFMIP is like an empowerment zone. At JFMIP I was challenged to meet new and more highly sensitive issues in federal financial management. I was challenged to help improve the availability of systems that meet government-wide system requirements. I obtained a mixture of knowledge and skills to support the development of sound financial management systems.

One of my coaches at JFMIP (I had seven great coaches) asked me to name three things I learned this year. They are: (1) Success is driven by top management. (2) No one agency has the corner on change management. Information sharing is important to business process reengineering. (3) Focus on development opportunities with the greatest impact.

Last, but not least, I like to thank Ken Bresnahan, Chief Financial Officer at the Department of Labor for giving me this opportunity to be a CFO Fellow and enrich my career. ❑

Staff, continued from page 4.

assignment. At JFMIP, she researched and populated the Road Map Catalog/Index for the Financial Systems Implementation Road Map project. She used existing references, integrated written and electronic resources, and provided hyperlink sites. The Road Map is intended to be a living document. She has met with the Road Map task force members from other government agencies as well as the technological and design support staff from the Logistics Management Institute. She also worked with the Grants Financial System Requirements project team to finalize that document. Ms. Gaites is a management analyst with the Department of Education's Office of Student Financial Assistance, Debt Collection Service, where she was a project leader of a portfolio management team. ❑

Congratulations to these Agencies

Clean Opinions Received for FY 1999 Financial Statements

- Department of Commerce
- Department of Energy
- Federal Emergency Management Agency
- General Services Administration
- Department of Health and Human Services
- Department of Labor
- National Aeronautics and Space Administration
- National Science Foundation
- Nuclear Regulatory Commission
- Small Business Administration
- Social Security Administration
- Department of Transportation
- Department of Veterans Affairs

Joint Perspective, continued from page 2.

audit opinions, they are doing it through heroic staff efforts. Meeting the March 1st deadline to "close the books" is a major challenge. One reason, only three of the 24 agencies report that their financial management systems comply with the requirements of the Federal Financial Management Improvement Act (FFMIA): compliance with federal accounting standards, JFMIP system requirements, and standard general ledger at the transaction level. Compare the challenges of Federal agencies to produce audited financial statement in six months to the comments of Earnest Edwards, retired Senior Vice President and Controller, Alcoa, Inc. at the JFMIP Conference. Mr. Edwards fielded a new financial system in 150 locations in 20 countries that reduced Alcoa's closing time from 8 days to 3 days and that provides timely management information for decision support. While Federal agencies are making progress, they have a way to go to compare to best in class private companies.

CFO Council Retreat and the 2000 Federal Financial Management Report

On April 18 the CFO Council conducted its annual retreat. This is the 10th anniversary of the CFO Act and much has changed in the Federal financial management landscape. The retreat gave the CFO Council the opportunity to assess if and how Federal CFO roles and responsibilities should parallel the evolving role of private sector CFOs; identify CFO Act legislative proposals and policy adjustments necessary to enhance the Federal effectiveness; and to make final decisions on the OMB 5 year plan. While a future JFMIP News will reprise the OMB 5-year plan, this issue will forecast some interesting changes under consideration. For instance, the separate focus on financial systems, electronic commerce, and franchise funds will be integrated into a single chapter. This recognizes that these all address tools and practices to support financial performance. Electronic commerce (e-business) rides commercial infrastructure –some open and some closed—to automate transaction processing. Franchise funds use entrepreneurial practices to deliver common administrative services more efficiently and effectively. These initiatives reflect different aspects of financial systems. Improving federal program performance and accountability requires streamlined financial management processes supported by financial management systems that optimize and integrate government and commercial services. These integrated systems have to operate in environments that are secure and that maintain appropriate control over information access, exchange, and privacy.

JFMIP Activities in Context

I would like to close with a short discussion of several JFMIP deliverables in Spring 2000 that address critical needs surfaced in audited financial statements. JFMIP's role is to leverage Federal financial management system resources through issuing functional requirements, facilitating industry partnerships, and improving the chances for successful systems deployment through testing and qualifying software. Spring 2000 milestones include fielding the FACTS II testing and qualification process for core financial systems software, issuance of the Guaranteed Loans System requirements document, the finalization of the Grants System Requirements document, the issuance of the exposure draft of the Property Management System Requirements document.

FACTS II is an important development in Federal accounting in that it integrates budget formulation and budget execution into a single reporting format. FACTS II requires the use of data posted at the transaction level using the US Standard General Ledger to produce information that replaces the SF 133 and the SF 2108 reports. The significance is that instead of agencies preparing these reports from two separate reporting processes, FACTS II will require one submission from the agency's accounting data; this will ensure data integrity among the agency's budgetary and proprietary accounts. JFMIP is actively partnering with Treasury, OMB and the software vendors to develop a process that will allow JFMIP to incrementally test all vendors who hold a JFMIP Certificate of Compliance. This incremental test process ensures vendor software compliance with the FACTS II requirements, and will be used as the prototype process to test and ensure vendor software compliance with new emerging Federal accounting requirements. JFMIP will hold an Open House to address the issue. Look for updated information on the website.

Several major milestones occurred in systems requirements development, including issuance of the JFMIP Guaranteed Loan System Requirements document in March 2000. This brings to six, the number of JFMIP Requirements documents updated since the beginning of calendar year 1999. We are working on comments received on a JFMIP Grant Financial System Requirements Exposure Draft published in October 1999, to publish, for the first time ever, a JFMIP requirements document for grant programs. Thirteen (13) responses, containing 214 comments were received on the Exposure Draft. Since the draft was published, Public Law 106-107 the Federal Financial Assistance Management Improvement Act, was passed placing additional emphasis on streamlining grants management and reporting. George Strader, Deputy CFO of Health and Human Services and new Chairman of the CFO Council Grants Committee, is leading the effort to publish a final Grants requirements document for approval by the JFMIP Steering Committee.

On March 29, JFMIP unveiled the exposure draft for Property Management Systems during an Open Forum held at GAO. The exposure draft culminated the efforts of an interagency private/public sector task force that has been working since April 1999 to define government-wide requirements for Federal agency property management systems. The requirements address all property that agencies are required to track (e.g. capitalized property, stewardship assets) or choose to track (sensitive or controlled property that is expensed when acquired). The requirements in the document are driven by statutory and/or regulatory compliance, compliance with FFMIA, financial statement reporting, and physical control of assets. The exposure draft is out for public review now. All comments are due to JFMIP by May 31, 2000.

All Federal agencies can benefit from the above efforts as they make improvements in financial systems. Moreover, these initiatives reflect the joint efforts of stakeholder agencies. In order to maximize the value of these tools I invite all stakeholders to provide us feedback. JFMIP looks forward to continue partnering with the many who must play a role in achieving success.□

Treasury's 10th Annual Government Financial Management Conference

Treasury's 10th Annual Government Financial Management Conference will feature over 75 financial management sessions by experts governmentwide, special plenary sessions with prominent speakers, as well as corporate presentations, demonstrations, and exhibits. The conference, planned by the Financial Management Service's Center for Applied Financial Management, is scheduled for August 16-18, 2000 at the Hyatt Bethesda in Maryland.

Conference highlights include topics in the areas of accounting, reporting, auditing, budget, financial systems, procurement, travel, technology, human resources, legislative issues, and best practices. A sampling of sessions includes: accountability reports; e-money, credit programs, electronic transfer accounts, cash accounting and reporting of the US Treasury, FinanceNet, FASAB Update, e-commerce, EFT payments and collections, EFT Regulatory and Policy Update, GOALS II, FACTS II: Lessons Learned, and Treasury offset programs. Donald Hammond, Treasury Fiscal Assistant Secretary and Sallyanne Harper, Chief Mission Support Officer, GAO are among the many prominent plenary speakers scheduled to share expertise from their leadership perspectives.

As planning continues, interested persons can obtain updates by visiting the Center's website, www.fms.treas.gov/center/ or by calling Diane Migliori, Conference Project Manager at (202) 874-9546. Like last year, this top-rated conference is expected to sell out. Interested parties are encouraged to register early.

Treasury Year-End Closing Seminar

Treasury's Center for Applied Financial Management has scheduled its Year-End Closing Seminar on August 15, 2000 at the Hyatt Regency in Bethesda, Maryland. The Year-End Closing Seminar, one of the Center's most popular training events, will present topics on the fundamentals of financial reporting as well as those covering updates and changes in reporting requirements. Some of the topics are: FACTS I, FACTS II, Audit Requirements, What's New with FASAB, SGL Update, Form and Content Statements.

Anyone working at the operational and transactional level including preparers, reviewers, and auditors of year-end reports and statements will find this seminar very informative. Space is limited. Early registration is encouraged to avoid missed opportunity. For more information, call Diane Migliori or John Emery at The Center, 202 874-9560. ❑

Property System Requirements, continued from page 3.

agencies choose to track for accountability and management purposes. The requirements address information that the property management system must generate or capture from source documents, from performing property management functions, or from financial and non-financial systems with which the property management system interfaces.

Issuance of government property management system functional requirements promotes a common understanding among private and public sector financial managers and property managers regarding property management system capabilities. The functional requirements provide benchmarks for agency compliance under FFMIA and serve as a tool for oversight agencies to evaluate property management systems. The functional requirements help justify agency system improvements or replacements and help organize the private sector market by communicating mandatory capabilities that commercial software must be able to provide to Federal agencies, as well as identifying value-added features Federal agencies desire.

Copies of the Exposure Draft will be mailed to agency senior financial officials together with a cover memo listing the questions on which JFMIP is soliciting feedback. The Exposure Draft and cover memo are available on the JFMIP website.

Comments and feedback on the Exposure Draft are due to JFMIP by May 31, 2000. Questions concerning the document should be directed to Dorothy Sugiyama, Project Manager, JFMIP at (202) 219-0536 or via e-mail at dorothy.sugiyama@gsa.gov. ❑

Profile, continued from page 5.

essence, agencies make a "contract" with Congress and the American people as to the levels of service and program management they will deliver. SSA has developed a framework of performance indicators that better define service from the perspective of its customers. This framework is SSA's Strategic Plan, which has provided the basis for the agency's annual performance plans for fiscal years 1999 and 2000. Performance indicators in SSA's annual performance plan support the goals set forth in its Strategic Plan. Performance indicators link resources used with outputs and outcomes to show how SSA manages its budgetary resources.

In a recent presentation at the AGA's 11th Annual Federal Leadership Conference, Ms. Jackson described the way SSA monitors the performance of its programs by tracking GPRA performance indicators throughout the year, in order to assess whether SSA programs are achieving their intended outcomes. SSA created the Executive Management Information System (EMIS) as the means to track this data. EMIS is the overall effort to bring various management information systems in the agency under one roof and to deliver this information online, by way of SSA's Intranet. EMIS provides SSA's executives with current data on mission-critical activities, workload measurements, costs and other priority initiatives in the context of agency key initiatives, goals and objectives. SSA managers use EMIS to track and monitor actual versus planned performance. The timeliness of this data gives SSA decisionmakers the opportunity to assess how well the agency is meeting its goals and to refresh workplans to achieve desired outputs and outcomes.

SSA has been very successful in using the GPRA model to enhance program management. SSA was a pilot agency for submitting annual performance plans for fiscal years 1994, 1995 and 1996. Since that time, SSA has been measuring its progress in meeting GPRA goals and reporting on this progress annually. But more importantly, SSA has used the results to enhance program management. The GPRA model has provided SSA with a means to demonstrate accountability in achieving program results to Congress and to the American public. ❑

JFMIP Has Moved!

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JFMIP 29th Annual Financial Management Conference Report

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