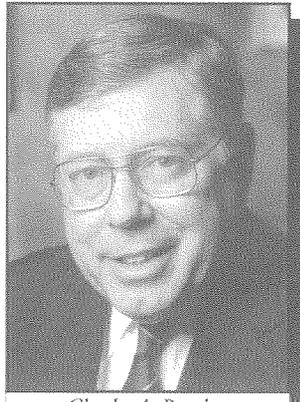


# JFMIP NEWS

A Newsletter for Government Financial Managers

Winter 1996

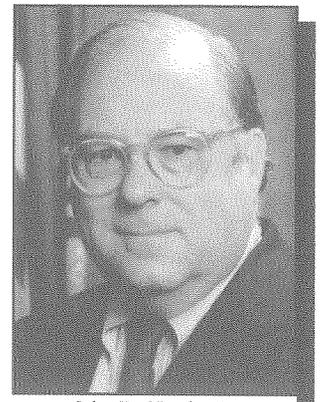
Vol. 7 No. 4.



*Charles A. Bowsher  
Comptroller General of the U.S.*



*Alice M. Rivlin  
Director, OMB*



*John D. Hawke, Jr.  
Under Secretary for Domestic Finance*

## JFMIP's 25th Annual Conference

The JFMIP's 25th Annual Conference will feature leaders of three financial agencies responsible for the Joint Program. The keynote speakers will include:

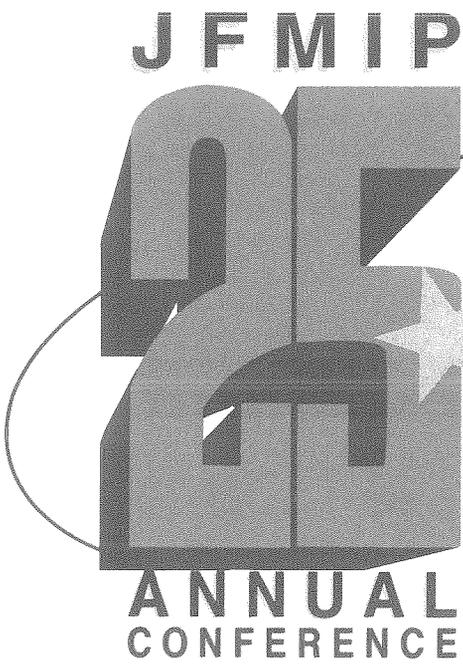
- Charles A. Bowsher, Comptroller General of the United States
- Alice M. Rivlin, Director, Office of Management and Budget
  - John D. Hawke, Jr., Under Secretary for Domestic Finance, Department of the Treasury.

The conference date is March 19, 1996; its location is the Omni Shoreham Hotel. The theme for JFMIP's silver anniversary conference is "Changing Government: Improved Effectiveness with Fewer Resources." The conference program—and registration information—appear in the centerfold of this issue of *JFMIP News*.

Mr. Bowsher will present the Donald L. Scantlebury Awards at the luncheon session of the conference. G. Edward DeSeve, Controller, Office of Federal Financial Management, Office of Management and

Budget, will address the afternoon plenary meeting.

Concurrent panels to be held in the morning session are "Streamlining Travel," "Beyond Bean Counting—What Can Financial Managers Provide?" and "Update on Federal Accounting Standards and System Requirements." The afternoon includes concurrent panels titled "Preparation and Audit of Financial Statements" and "Financial Management Systems—What's New." □



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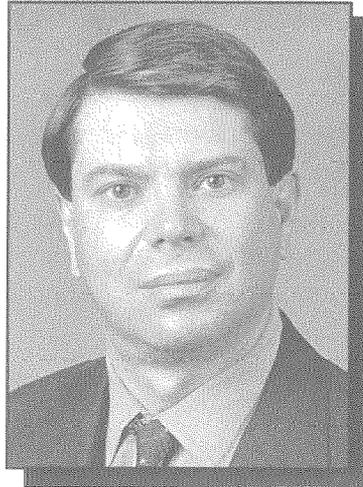
JFMIP. 11

## JFMIP Steering Committee Chair

**G**ene L. Dodaro is the new JFMIP Steering Committee Chair and the U.S. General Accounting Office representative to the Joint Financial Management Improvement Program Steering Committee. Formerly, Donald Chapin, Chief Accountant of GAO was Steering Committee Chair. Charles A. Bowsher, Comptroller General of the United States, is the present Chair of the JFMIP Principals. The lead agency of the JFMIP Principals rotates each 2 years among the heads of the Treasury, Office of Management and Budget, Office of Personnel Management, and the General Accounting Office.

Mr. Dodaro, who joined GAO in 1973 after majoring in accounting at Lycoming College in Pennsylvania, is the Assistant Comptroller General for the Accounting and Information Management Division of GAO. Mr. Dodaro assumed his present position in 1993 after serving as its Director of Operations for over 4 years. The division is responsible for

- auditing and analyzing the financial condition and management controls of federal agencies and government corporations,
- reviewing agency's management of information resources and major acquisitions of information technology and systems,
- auditing high risk areas vulnerable to mismanagement and financial exposure to the government,
- reviewing the operations of the federal Inspectors General and other federal auditing activities, and
- evaluating a range of federal budget issues.



Gene L. Dodaro  
U.S. General Accounting Office

JFMIP welcomes Mr. Dodaro to his new position. □

## JFMIP ordering information and documents

**T**he JFMIP has arranged with the General Accounting Office's Document Distribution Center to fulfill publication requests made after mail list distribution. The following ordering information applies:

The first copy ordered is free. Additional copies are \$2 each. Orders should be sent to the following address, accompanied by a check or money order made out to the Superintendent of Documents, when necessary. Orders for 100 or more copies to be mailed to a single address are discounted 25 percent.

Orders by mail:

U.S. General Accounting Office/JFMIP  
P.O. Box 6015  
Gaithersburg, MD 20884-6015

or visit:

Room 1100  
700 4th Street, NW (corner of 4th and G Streets NW)  
Washington, DC

Orders may also be placed by calling (202) 512-6000 or by using fax number (301) 258-4066, or TDD (301) 413-0006.

Be sure to specify for your order that the publication(s) wanted are from the JFMIP list. The present list of the documents includes:

*Financial Management Systems Overview for Agency Leaders*, May 1995

FFMSR-0, *Framework for Federal Financial Management Systems*, January 1995

*continued on page 14.*

## JFMIP Relocating

**J**FMIIP will be moving to the U.S. General Accounting Office (GAO) building effective February 26, 1996. The GAO Building can be reached by Metro at the Judiciary Square stop, National Building Museum exit (F Street), and situated across the street from the National Building Museum. The telephone numbers will not change. The new address is:

JFMIP  
Room 3111  
441 G Street NW  
Washington, DC 20548-0001

## Commemoration: 20 Years of Direct Deposit

On November 9, 1995, representatives of federal government and private sector financial industry and other entities celebrated a Commemoration of the 20th Anniversary Direct Deposit/Electronic Funds Transfer (DD/EFT). Direct Deposit originated a paperless payment system offering savings, convenience, and reliability to the citizens of the country.

Treasury Deputy Secretary Lawrence Summers, who represented Treasury Secretary Rubin at the Commemoration, noted in keynote address that DD/EFT is "one of the more dramatic examples of the kind of changes so important . . . to our economy and to the world of government." Mr. Summers accredited the Commemoration to an outcome of constructive alliances, collaboration, and, most importantly, joint and mutual achievements. Indeed, at the present time, the federal government has crossed the 50 percent threshold in EFT payments, but the goal is for 100 percent, leading to greater efficiency in financial management. Vice President Gore has indicated that "We envision a much better day, not far off, when virtually all funds in and out of the Government flow electronically and financial information is a normal by-product of operations."

The Direct Deposit innovation, along with the Automated Clearing House (ACH) network, propelled the financial world into the electronic era. Twenty years ago, the Direct Deposit innovators were reinventing not only government, but the national payment system. If it were not for DD/EFT, there might not be electronic commerce speeding along the information highway, plastic cards, ATM machines, and the many other electronic financial applications. Treasury's Financial Management Service

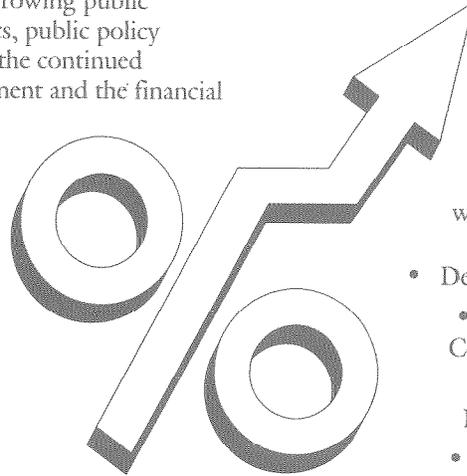
(FMS) attributed the origin of DD/EFT to financial institutions and the private sector looking to the government to lead the way and to "All entities cooperating together to make a national standard. . . ." Over time, aggressive marketing, growing public acceptance of electronics, public policy encouraging EFT, and the continued innovations by government and the financial community simplifying enrollment and implementing more efficient and secure procedures have contributed to the growth of conversions to EFT.

Four organizations, especially, were honored for Direct Deposit: the Department of the Air Force, the Federal Reserve System, the Social Security Administration, and the Department of the Treasury. In the early 1970's, the Air Force, the Federal Reserve System, the financial community, and the Treasury began to investigate ways to make paperless financial transactions. By 1976, Air Force was making EFT active duty payments nationwide. During the same period, Treasury piloted with the Social Security Administration (SSA) in Georgia and Florida the issuing of payments by EFT. By 1976, Treasury's FMS was processing more than two million Social Security payments electronically.

Leaders from the Air Force and SSA—Robert F. Hale, Assistant Secretary of the Air Force (Financial Management and Comptroller) and Shirley S. Chater, Commissioner, SSA—spoke at the

Commemoration. The ceremonies included presentation of 63 awards by Treasury Deputy Secretary Summers, Fiscal Assistant Secretary Gerald Murphy, and FMS Commissioner Russell Morris. Together with the USAF, Federal Reserve, SSA, and Treasury, the following organizations were recognized:

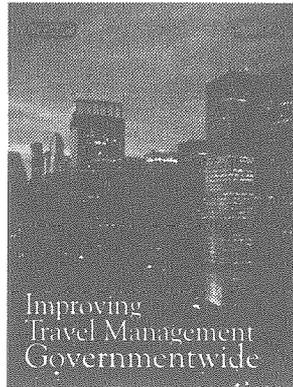
- Department of the Army
  - United States Marine Corps
  - Department of the Navy
  - Office of Personnel Management
- Railroad Retirement Board
- Department of Veterans Affairs
- American Bankers Association
- America's Community Bankers
- Credit Union National Association
- Independent Bankers Association of America
- National Automated Clearing House Association
- White Papers Incorporated. □



## Improving Travel Management Governmentwide

The Joint Financial Management Improvement Program (JFMIP) has just published a report titled *Improving Travel Management Governmentwide*. Its publication marks completion of a 15-month interagency collaboration to identify impediments and solutions to substantially improve the delivery and management of both temporary duty and relocation travel services. When the recommendations in the report are implemented within the federal government, the improved travel practices will save the taxpayer more than \$800 million annually. Throughout the reinvention effort, JFMIP met with numerous organizations to ensure the efficacy of the travel improvement solutions. The recommendations for improved travel

policies, regulations, and practice are based on exemplary practices used within both public and private sectors.



With the report now issued, the travel improvement effort continues with follow-on phases of achieving implementation. The interagency task force has partnered with the General Services Administration (which administers federal travel policies) to implement the solutions by revising the Federal Travel Regulations

(FTR). Such revisions will remove restrictions and thereby enable agencies to use the most cost beneficial and effective means to deliver travel services. Specifically, agencies will have ways to cut through red tape, manage travel funds for results, and humanize the treatment of the federal traveler. JFMIP and the project team also are working with the Congress to remove outdated statutes that no longer add value to travel management.

The report appears electronically on FinanceNet. For more information on the report, contact Ajay Madan, (202) 512-9201. For copies, see *JFMIP ordering* on page 2. □

## Agencies Save Transportation Funds by Prepayment Audits

Prepayment audit contracts, first awarded on GSA schedules in 1990, are arrangements made by agencies wherein contractors audit transportation charges, identify overcharges and adjust the bills accordingly...all before the carrier is paid and all within the time limits of the Prompt Payment Act.

Now in use by 12 agencies, these Prepayment Audit Contracts continue to "return savings" to the working transportation funds of the agencies. "Good

money is not spent paying bad bills..." The Prepayment Audit Program consistently has generated an average return on investment of 7 to 1. The program in fiscal year 1994 helped participating agencies avoid paying over \$9.3 million in excess shipping costs from their operating funds; for that time period, contractor fees were less than \$1.3 million.

Importantly, the Prepayment Audit Contract savings represent dollars not spent by agencies. These savings therefore differ from the PostPayment Audit program. Following payments, GSA's Office of Transportation Audits audits all

transportation bills. Adjustments are made, but because the agency has already paid the carrier, overcharges collected by GSA by law are returned to the U.S. Treasury rather than to agency budgets.



GSA's Transportation Audit Program can help your agency make arrangements to take advantage of the benefits. For more information, contact Jeff Thurston, [202] 501-3000. □

## FINANCIAL MANAGEMENT PROFILE

Since 1989, John Webster has served as the Director of the Financial Services Division for the Library of Congress (LOC), the legislative branch agency that assembles and preserves over 108 million items of information available to the Congress and the taxpayer. Before this appointment, he served in a variety of financial management positions. His career began with the accounting firm of Haskins and Sells, where he specialized in Certified Public Accountant (CPA) audits and systems development for both public and private sector organizations. He worked as a senior accountant with the Civil Service System from 1975-77 in his first position with the federal government. He then held numerous posts with the Office of Personnel Management (OPM). Immediately prior to his tenure at the LOC, Mr. Webster was the Deputy Assistant Director for Financial Control and Management at the Office of Personnel Management. He was responsible for working on accounting, budget, management, information, quality assurance, and administrative services for the Retirement and Insurance Group.

Mr. Webster, both a Certified Public Accountant (CPA) and a Certified Internal Auditor, holds a bachelor of science degree in accounting from the University of Maryland and has taught several accounting courses at the Howard County Community College in Columbia, MD, and at the Northern Virginia Community College. He is a member of the American Institute of Certified Public Accountants (AICPA) and the Association of Government Accountants (AGA). He has written an article on federal retirement benefits for the *Georgia Journal of Accounting* and contributed a paper on implementing a new financial system to AGA's *Government Accountants Journal*.

As the Financial Services Division Director, Mr. Webster acts as LOC's Chief Financial Officer. He oversees the day-to-day financial operations (budgeting, accounting, disbursing, and financial systems) and provides policy advice to the Library's Executive Committee. Since 1989, Mr. Webster has engaged in a long-term agenda to improve the organization's financial management. He has improved the staff capabilities and financial policies. Having implemented an improved financial management system, he hopes to cap the keystone to his agenda by delivering unqualified audited financial statements. He believes the most important element of a financial system implementation is establishing a good foundation that consists of broad-based support, good project structure, defined requirements, and evaluated alternatives.

The Library replaced its central financial system as well as several non-integrated subsidiary financial systems. The process is a three-year roll out that began on October 1, 1994. The new system uses client-server technology for the procurement

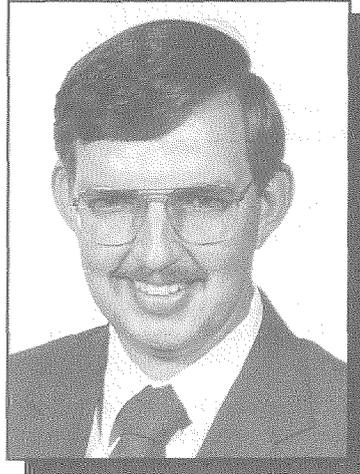
component and mainframe technology for other elements including standard general ledger, budget, travel, accounts receivable, disbursement, and reporting. The integrated system has improved operations by reducing paperwork and rekeying of data, minimizing cuff records, enhancing internal controls and reporting capabilities, and providing better information for decision making. LOC's culture has changed by having users directly select and develop financial reports rather than waiting for the Accounting Office to centrally generate and distribute standard reports. Users now rely more on the new system for information rather than cuff records.

Efforts continue in the client/server roll out. The new technology incorporates a paperless requisition process and improved inquiry and reporting capabilities. The LOC has found that the desktop environment is not always stable and that mixing software applications on a user's desktop can cause contention issues leading to either expensive software fixes or the need for multiple computers on a user's desktop. As a result, Mr. Webster observes that:

"Clearly, the future is moving toward client/server technology for federal financial systems, but that future is still several years away for a complete, cost-effective system. If most agencies rush forward now to implement client/server technology, the government as a whole will end up paying a higher price for limited benefits. Instead I recommend that the CFO Council take a lead approach to ensure a cost-effective transition. Under a lead agency approach, one agency with adequate resources would pilot test this new technology first, and other agencies would wait until the kinks are worked out."

Beyond adopting the lead agency approach, Mr. Webster believes that the development of franchise operations is a critical part of the future of Federal financial management. He says, "Financial services that can be performed in a cost effective manner by a customer driven organization will result in lower overall governmental costs and improved services."

Mr. Webster is supportive and appreciative of the Federal Accounting Standards Advisory Board (FASAB) work. "FASAB's cost accounting standard, along with the Government Performance and Results Act, will change the way agencies must accumulate and report financial information. With better activity based accounting information, program managers will be better informed when making difficult resource allocation decisions."



John Webster  
Director, Financial Services Division  
Library of Congress

continued on page 6.

## Inspectors General 2nd Annual Joint Report

The President's Council on Integrity and Efficiency (PCIE) and the Executive Council on Integrity and Efficiency (ECIE) have released their second annual joint report. The report details activities of Offices of Inspectors' General (IG) from October 1993 through September 1994.

The two Councils of federal Inspectors General and other appropriate federal officials exist to coordinate and enhance governmental efforts to promote integrity and efficiency and to detect and prevent fraud, waste, and abuse in federal programs. The PCIE, originated in 1981, consists of 27 "establishment" IGs (see IG Act) and certain other officials. The ECIE, formed in 1992, consists of 31 "designated Federal entity" IGs (see IG Act) and certain other officials. Generally, the PCIE consists of departments and larger agencies; the ECIE of other federal entities. The Deputy Director for Management of the Office of Management and Budget acts as Chairperson of each Council.

The report describes joint strategies and implementations of seven reinvention principles, congruent to those identified by the National Performance Review. The joint objectives are to:

- Work with the agency head and Congress to improve program management;
- Maximize the positive impact and ensure the independence and objectivity of IG audits, investigations, and other reviews;
- Use investigations and other reviews to increase Government integrity and recommend improved systems to prevent fraud, waste, and abuse;

- Be innovative and question existing procedures and suggest improvements;
- Build relationships with program managers based on a shared commitment to improving program operations and effectiveness;
- Strive to continually improve the quality and usefulness of IG products; and
- Work together to address governmentwide issues

IG inquiries generated \$1.9 billion in recoveries deriving from IG investigations and returned to the government in fines and reimbursement from the people and companies found to have defrauded the government. IG recommendations resulted in the cancellation or reimbursement of \$3.4 billion of contract or grant funds in 1994, and changed how federal managers planned to spend \$12.1 billion to maximize the return on the federal dollar. The report contains statistical information beyond the figures cited above which show that in 1994 IG audits, inspections, and investigations led to:

- \$25 billion in recommendations that funds could be put to better use;
- \$5.5 billion in questioned costs;
- 15,066 successful prosecutions;
- 3,134 personnel actions, and;
- 4,320 suspensions and debarment of persons or firms doing business with the Federal government.

The report is available from the Office of Management and Budget. Please contact Lawrence J. Haas, (202) 395-7254 for more information. □

### Profile

*continued from page 5.*

The Financial Services Directorate has helped the library make tough resource allocation decisions and implement cost savings measures. Since 1992, the Library has lost 400 positions - or nine percent of its staff - resulting in the cut of selected services. Mr. Webster believes that budget reductions will drive positive changes in federal financial management, including the development of customer driven franchising operations resulting in fewer and more cost effective financial systems and a stronger link between program and financial managers. Like the private sector, as financial reports are linked to the resource allocation process, the financial professional will become an increasingly important part of each agency's decision making structure.

The Library and other legislative branch agencies have formed a working group parallel to the CFO Council - the Legislative Branch Financial Managers Council. The first meeting took place in December 1995; the next meeting is planned for March 1996. As with the CFO Council, the expectations for the group are to share information and to promote a uniform approach to financial management including joint projects and cross servicing.

The LOC uses FinanceNet and much more! Being an "information agency," the Library must be conversant on and have good access to the Internet. Mr. Webster says that he particularly uses the FinanceNet calendar of events and downloaded the FASAB standards to a local area network so that all accountants can have easy access to the new standards. The Library has its own website at <http://www.loc.gov>. □

## Training on Framework for Federal Financial Management Systems

JFMIP sponsored a 1-day training session on *Framework for Federal Financial Management Systems* on December 14, 1995 in Washington, DC. The training session was attended by federal agency officials representing 18 organizations in the federal government. Senior systems analysts and system accountants were invited to attend this session to ask questions and exchange information on their ideas and concepts on federal financial management system implementation.

The *Framework* document was issued by JFMIP in January 1995. The publication describes the basic elements of a model for integrated financial management systems in the federal government, how these elements should relate to each other, and specific considerations in developing and implementing integrated financial management systems. Many of the individuals who had been instrumental in the development of the *Framework* document served as training instructors and covered each chapter in the *Framework* document, including:

- Introduction and Context for Federal Financial Management Systems—Virginia Robinson, JFMIP
- Processes in Program Execution—Janett Smith, General Accounting Office
- Data Stewardship—Jean Morgan, Department of Energy
- Management Information for Program Execution — Jean Holcombe, Office of Management and Budget (OMB)

- Systems Architecture for Program Execution — Robyn Seaton, OMB
- Internal Control — Paul Hoshall, Department of Veterans Affairs, Office of Inspector General
- Implementing the Integrated Model — Schuyler Leshner, Department of the Interior.

The training session provided agency officials across the government opportunities to ask questions concerning the implementation of the concepts in this document. Please contact Doris Chew at (202) 512-9201 if JFMIP can assist your agency in conducting free training sessions on this document. □

## Core Competencies for Accountants, Budget Analysts, and Financial Managers

JFMIP issued the *Framework for Core Competencies for Financial Management Personnel in the Federal Government* in November 1995. The document contains core competencies developed for accountants, budget analysts, and financial managers. It establishes the framework for development of core competencies for others in the financial management series. Further, it depicts the relationship between phase 1, the development of core competencies for the financial management series, and phases 2 and 3 for continuing professional education and certification, respectively.

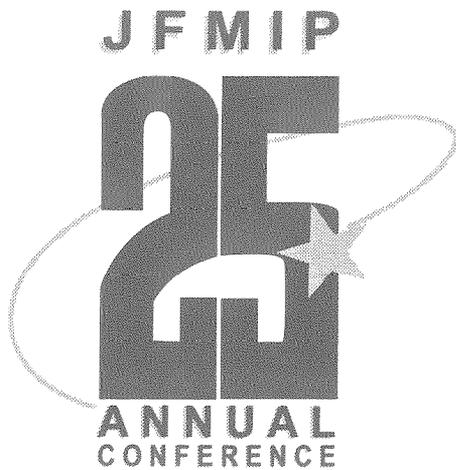
The project was an outgrowth from the 1st Annual Interagency Financial Management Education and Training

Symposium sponsored by the Chief Financial Officers Council and hosted by the CFO Council Human Resources Committee and JFMIP in November 1994. The priorities identified from that symposium were development of: (1) core competencies for financial management personnel; (2) continuing professional education policies, and (3) guidance on certification.

The development of the core competencies derived from work of interagency teams. Jim Maroldo of the Department of Energy headed the team for accountants; Len Bechtel of the Environmental Protection Agency led the team for financial managers; and Beckie Sweeney of the National Oceanic and Atmospheric Administration and Diane James of the General Services Administration co-chaired the team for budget analysts. The core competencies for accountants and budget analysts are identified for 3 levels—entry, journey, and senior. The core competencies for financial managers, because they are considered as applicable to all financial managers, are expressed as single listing. In addition to the core competencies, the *Framework for Core Competencies for Financial Management Personnel in the Federal Government* also shows learning objectives and developmental activities applicable to each of the core competencies.

The document has been widely distributed in the financial management community and well received. It was discussed at the 2nd Annual Interagency Financial Management Education and Training Symposium held in December 1995. The consensus from this symposium was to develop core competencies for other financial management series and to pursue phases 2 and 3. The implementation of the core competencies will require the commitment of management and supervisors to be successful.

For information, call JFMIP, (202) 512-9201. For copies, see *JFMIP ordering* on page 2. □



## Morning Keynote Addresses

Charles A. Bowsler  
*Comptroller General of the United States  
General Accounting Office*

Alice M. Rivlin  
*Director  
Office of Management and Budget*

John D. Hawke, Jr.  
*Under Secretary for Domestic Finance  
Department of the Treasury*

## Luncheon Session

Presentation of the Donald L. Scantlebury Awards  
by JFMIP Principals

## Afternoon Plenary Address

G. Edward DeSeve  
*Controller, Office of Federal Financial Management  
Office of Management and Budget*

Fewer people doing more with less is a catch-phrase in government these days. Fewer resources should not mean, however, a decline in effectiveness. In fact, today's leaner government agencies are evolving into more efficient, more effective organizations.

During this silver anniversary conference of the Joint Financial Management Improvement Program, you can learn how to be a key player in improving effectiveness with fewer resources. Hope to see you there!

## Morning Concurrent Panel Sessions

### 1. Streamlining Travel

Learn how federal agencies have streamlined travel processes and systems in their organizations, and the results of the governmentwide study to streamline travel policy.

Dennis Fischer (Leader)  
*Chief Financial Officer, General Services Administration*

Karen Alderman  
*Director, Performance Measures and Results, Department of Defense*

Donald Charney  
*Chief Financial Officer, Agency for International Development*

Larry Eisenhart  
*Deputy Chief Financial Officer, State Department*

### 2. Beyond Bean Counting—What Can Financial Managers Provide?

To successfully implement the Government Performance and Results Act (GPRA), financial managers must lead the way in providing program managers useful information. Various perspectives on how to financial managers can do this will be presented.

Sallyanne Harper (Leader)  
*Deputy Assistant Administrator, Environmental Protection Agency*

Steven App  
*Deputy Chief Financial Officer for Finance, Department of Housing and Urban Development*

Ann Loose  
*Assistant Director, Program Development and Budget, U.S. Forest Service,  
Department of Agriculture*

Robert C. Musser  
*Corporate Controller (retired), Mobil Corporation*

Bob Woods  
*Commissioner, Federal Telecommunications Service, General Services Administration*

### 3. Update on Federal Accounting Standards and Systems Requirements

Hear the latest on federal accounting standards and systems requirements from FASAB and JFMIP. Find out what needs to be done in your agencies to comply with these promulgations.

Gerald Murphy  
*Fiscal Assistant Secretary, Department of the Treasury*

Donald Chapin  
*Chief Accountant, General Accounting Office*

Robyn Seaton  
*Acting Branch Chief, Financial Systems, Office of Federal Financial Management,  
Office of Management and Budget*

Ron Young  
*Executive Director, Federal Accounting Standards Advisory Board*

# effectiveness with Fewer Resources

## Afternoon Concurrent Panel Sessions

### 1. Preparation and Audit of Financial Statements

The deadline for all federal agencies and the federal government to have audited financial statements is approaching. This session will present various perspectives on the best ways to prepare and audit financial statements.

Patricia Dalton (Leader)  
*Deputy Inspector General, Department of Labor*

Gregory Holloway  
*Director, Civil Audits, General Accounting Office*

Holden Hogue  
*Director, Financial Standards and Reporting Division  
Financial Management Service, Department of the Treasury*

Ronald Longo  
*Senior Policy Analyst, Office of Federal Financial Management  
Office of Management and Budget*

Jean Morgan  
*Director, Departmental Accounting and Analysis Division, Department of Energy*

### 2. Financial Management Systems—What's New?

Learn how various organizations are successfully developing or implementing financial management systems. The CFO Financial Systems Committee will share its recommendations for the governmentwide system strategy.

Clyde G. McShan, II (Leader)  
*Deputy Chief Financial Officer, Department of Commerce*

Gary Callen  
*Vice President, Government Sales and Marketing, VISA, USA*

Alvin Tucker  
*Deputy Chief Financial Officer, Department of Defense, and Chair  
CFO Financial Systems Committee*

Sandra Weisman,  
*Associate Deputy Assistant Secretary, Financial Systems  
Department of Veterans Affairs*

### Registration Information

Attendance at this conference can be approved under the Government Employees' Training Act. Training authorizations should be submitted no later than March 12, 1996. Early submissions are recommended. Submissions made after March 12th will be accepted, but registrant may have to register at the conference site.

Registration at the hotel will begin at 7:15 am and the program will begin at 8:15 am

### Accommodations

A small block of rooms is available at the hotel at the government rate. Please call the Omni Shoreham Reservation Desk on (202) 234-0700 and indicate that you are with the JFMIP Conference.

## Registration Form

*This registration form AND payment or training request must be received by March 12. Conference fee: \$100 per registrant.*

Name \_\_\_\_\_

Title \_\_\_\_\_

Department/Organization \_\_\_\_\_

Office \_\_\_\_\_

Billing Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip Code \_\_\_\_\_

Office Phone # \_\_\_\_\_ Fax # \_\_\_\_\_

Please note any special accommodations you need (dietary, sign language interpretation). Be specific.

Please indicate means of payment. (Vendor is USDA Graduate School.)

\_\_\_\_\_ Purchase order/training authorization attached  
(please include 4 copies)

\_\_\_\_\_ Check (payable to USDA Graduate School)

\_\_\_\_\_ Please charge my (circle one)

VISA MasterCard Diners Club American Express

Credit Card # \_\_\_\_\_

Expiration Date \_\_\_\_\_

Signature \_\_\_\_\_

Mail to:

JFMIP Conference  
USDA Graduate School  
Room 142 (IH)  
600 Maryland Avenue SW  
Washington, DC 20024-2520

Fax to:

(202) 401-7304

# Omni Shoreham Hotel

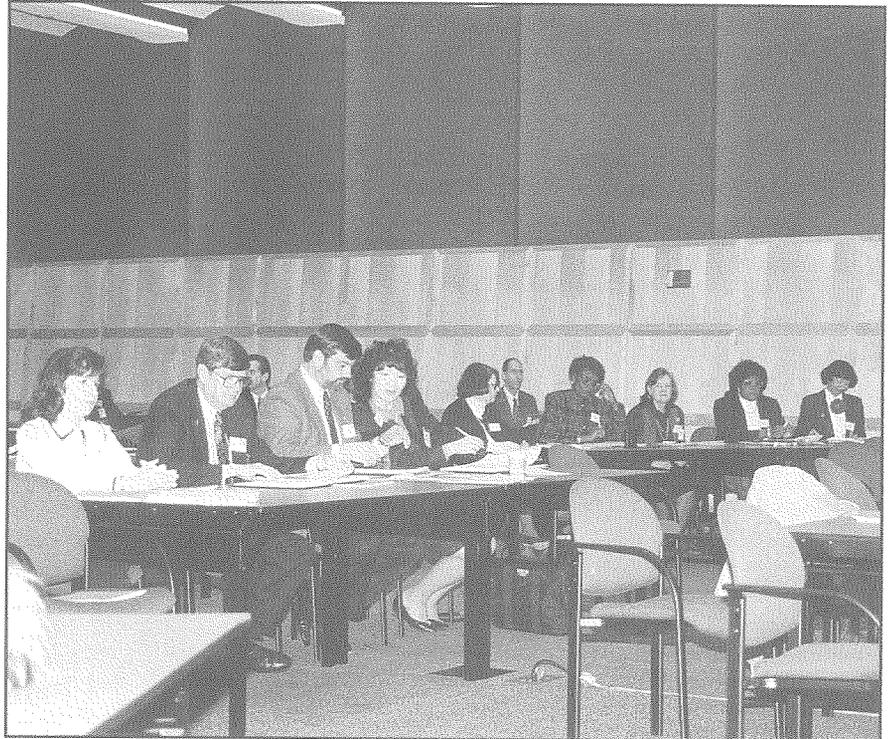
## 2nd Annual Interagency Financial Management Education and Training Symposium

The 2nd Annual Interagency Financial Management Education and Training Symposium, sponsored by the Chief Financial Officers Council and hosted by the CFO Council Human Resources Committee and JFMIP, was held at the Nuclear Regulatory Commission (NRC), Rockville, Maryland on December 12-13, 1995. James Taylor, CFO, NRC, welcomed the 50 attendees from over two dozen agencies and organizations.

In opening remarks, Edmundo Gonzales, Chairman, CFO Council Human Resources Committee, focused on the need to train the people who remain in this downsizing environment. Tom Bloom, CFO, Department of Commerce, delivered a keynote address which also focused on the changing environment and the need to train the people in CFO offices to do more with less.

Anthony McCann, Staff Director, Subcommittee on Labor, Health, and Human Services, Education and Related Services, House of Representatives discussed human resource development in the federal government. He discussed the use of internships, rotations, and forming alliances with universities.

Erika Mathis, Financial Management Service, Department of the Treasury, discussed the changing missions for providers of federal financial training. She discussed the merger of financial training programs of the Office of Personnel Management (OPM) with the USDA



Graduate School and commented on training and services offered by the Financial Management Service's Center for Applied Financial Management and professional associations.

A significant accomplishment since the first symposium was development of core competencies for accountants, budget analysts, and financial managers in the federal government. The core competencies are contained in the published document, *Framework for Core Competencies for Financial Management Personnel in the Federal Government*. The document depicts in graphic form the interrelationships between phase 1, the development of the core competencies, and phases 2 and 3, Continuing Professional Education and Certification, respectively. Virginia Robinson and the team leaders, Jim Maroldo, Len Bechtel, Diane James, and Beckie Sweeney discussed the development of the core competencies.

Presentations on Best Practices were made by NRC, the General Services Administration, and the Department of Energy. Presentations on Training Technologies were made by the Department of Defense and the Forest

Service. Other agency presentations included Basic Federal Accounting for Non-Financial Managers by the Department of Education, Financial Management for Non-Financial Managers by the Department of Agriculture, and Retraining the Survivors by the Office of Personnel Management.

Workshops were conducted on Core Competencies, Training Challenges, Continuing Professional Education, and Certification.

Mr. Maroldo provided a wrap-up of the 2-day symposium, stating it was a productive meeting and that more work needs to be done. Some of the recommendations include implementing the use of the core competencies, developing core competencies for other financial management positions, developing training strategies, and pursuing the continuing professional education and certification phases of the framework document.

JFMIP will publish and distribute to its mailing list the proceedings of this symposium. Thereafter, copies may be ordered as explained by *JFMIP ordering* on page 2. □

## FASAB NEWS

### *NPR Notified of FASAB's Completion of Basic Standards*

The basic accounting and cost accounting standards called for by the National Performance Review (NPR) are now essentially complete. This message was recently communicated to Vice President Gore, Chairman of the NPR, in a letter to him from Elmer Staats, Chairman of FASAB. The FASAB Principals have approved eight basic standards and statements, and approval of the final one—revenue accounting—is expected in March. This will complete the body of basic accounting and cost accounting standards for all federal agencies to use in preparing financial reports and developing meaningful cost information that would provide not only fundamental accountability but also useful information for oversight and decisionmaking.

Also, the statement of objectives of financial reporting has been approved by the Principals. Adoption of these objectives by agencies will facilitate relevant, useful financial reports that address:

- budget execution;
- operating performance;
- stewardship for assets and liabilities; and
- the adequacy of internal controls essential for eliminating fraud, waste, and abuse.

A standard on stewardship reporting is scheduled for completion in March. While not part of the package of basic standards, this additional standard will help inform the public about the magnitude of federal resources and financial responsibilities and the federal stewardship role over them.

Future work for FASAB will concentrate on participating in a joint effort with many other organizations for a major

overhaul of financial management within the federal government. FASAB is currently working with Treasury's Financial Management Service, Agriculture's Training Institute, and the Association of Government Accountants to educate and train federal accountants, budget analysts, and financial managers in implementing the new accounting and cost accounting standards.

### *Training on FASAB Standards*

Along with the Association of Government Accountants (AGA), JFMIP, and the Treasury's Center for Applied Financial Management (the Center), FASAB staff members have conducted a 1-day training session on several occasions over the last few months, covering the highlights of all approved and exposed FASAB concepts and standards. Additionally, FASAB is working with the Center to develop a series of workshops to be presented this year to cover in depth the various basic standards.

### *Liabilities*

The Office of Management and Budget (OMB) will be publishing its Statement of Federal Financial Accounting Standards (SFFAS) No. 5, Liabilities, through the Government Printing Office as soon as possible. Its availability will be announced in the Federal Register.

### *Property, Plant and Equipment*

Due to a provision of the CFO ACT, the standards for Property, Plant and Equipment (PP&E) must be forwarded to Congress for a 45 day period of continuous session before being implemented by Executive Branch departments and agencies. Therefore, FASAB expects that SFFAS No. 6 (PP&E standards) will not be published until Spring 1996. FASAB is planning to

post the recommended standards on FinanceNet as soon as possible. However, users should be aware that these standards cannot be implemented until released by the principals as a Statement of Federal Financial Accounting Standards.

### *Revenue*

The Board has discussed responses to the exposure draft, Accounting for Revenue and Other Financing Sources. In its initial consideration, the Board focused on responses to the 18 specific questions posed to respondents. Generally, the majority of responses supported the provisions in the exposure draft.

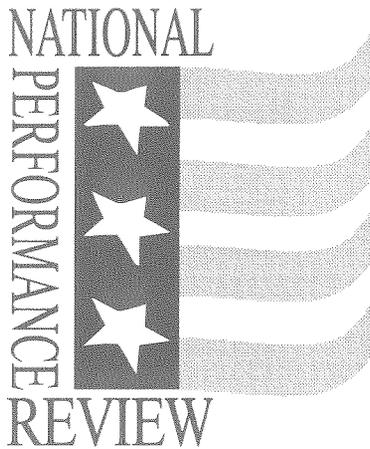
FASAB Statements may be purchased from the Government Printing Office by calling (202) 512-1800 or faxing (202) 512-2250. Exposure Drafts may be obtained from FASAB by calling (202) 512-7350. Also, Statements and Exposure Drafts are available on Internet: <http://www.financnct.gov>.

### *FASAB Workshops at the Center for Applied Financial Management*

**FASAB Workshop I**  
March 25-26, 1996  
May 28-29, 1996

**FASAB Workshop II**  
April 29-30, 1996  
June 25-26, 1996

**FASAB Workshops I & II**  
(condensed version)  
July 23-24, 1996  
location: Seattle, Washington



## Franchising Expected to Foster Competition, Cut Costs

### Federal Franchising Implementation

**F**ranchising was recommended by the National Performance Review and made law by the Government Management Reform Act of 1994.

The following articles on franchising are printed from newsletters of the Departments of the Treasury and Veterans Affairs:

"Franchising Expected to Foster Competition, Cut Costs," by Bruce Turner, The Center for Applied Financial Management, Financial Management Service, Department of the Treasury, appeared in Treasury's *THE FINANCIAL CONNECTION*, December 1995.

"So VA has a franchise ... What does it mean?" by Susan Spurling, Department of Veterans Affairs, appeared in the Department's *CFO News*. □

#### *Agencies Vie to Offer Reimbursable Services to Others*

**W**hile this year's headlines have been dominated by downsizing, consolidating, and decentralizing, another recommendation of the National Performance Review is about to quietly go into effect. Last year Congress passed legislation allowing the Office of Management and Budget to approve six "franchise fund" pilots within the Federal Government. After lots of hard work by the Chief Financial Officers Council and others, it appears that the commencement is now imminent.

The purpose of the franchise fund is to promote competition among common administrative service providers in the Federal Government with the belief that a marketplace will both improve quality and reduce costs by allowing efficient providers to compete openly across Government as the overall size of the administrative workforce shrinks. While the term "franchising" is now in vogue, the concept is not really new. Many agencies have reimbursable programs and revolving funds, but the new spin goes much farther in that the main purpose is to instill competition and eliminate monopolies. If successful, those who can provide the best service or have an innovative program will be allowed

to operate within a revolving-fund concept, without excessive rules and annual appropriation limitations. The concept of franchising is also timely because it provides a hope for preserving more productive organizations and some innovative initiatives in a time of wholesale budget-cutting and consolidation.

#### *Extent of Use in Question*

The National Performance Review specifically mentioned the Financial Management Service's Center for Applied Financial Management, among others, as an example of an innovative and entrepreneurial program that could be replicated through franchising.

However, while the franchise fund gives agencies the authority to compete by offering services to other agencies on a reimbursable basis, it remains to be seen as to how many agencies will allow their organizations to seek services elsewhere.

For more information, contact Bruce Turner, The Center for Applied Financial Management, (202) 874-9549. □

## "So VA has a franchise... What does it mean?"

The Department of Veterans Affairs (VA), like the rest of the Federal Government is in the midst of reinventing the way we do business. As you may have heard, VA is in the process of establishing a Franchise Fund for some common administrative services. The VA Fund is one of the innovative ways that VA is restructuring to meet today's financial challenges. If this is your first encounter with the concept of a Franchise Fund, rest assured that there will be more on this topic in the future. To introduce the concept of franchising and what it means to VA, the following provides some definitions, explains some of the benefits, and describes VA's implementation strategy.

### Background

The concept of franchise was introduced in the National Performance Review and put into law by Public Law 103-356 "The Government Management Reform Act of 1994." The Franchise Section, Title IV, Section 403 of the Act, was designed to foster a more efficient, cost effective government. The Act authorizes Franchise Fund Pilots in each of six agencies to be named by OMB. The pilots will provide certain common administrative support services such as personnel, travel processing, procurement, information technology, facilities management, and accounting on a reimbursable basis, both internally and externally, to other federal agencies. OMB will be reporting to Congress on the financial and program performance of the selected pilots. In July, OMB forwarded their letter of recommendation to Congress including VA as a pilot agency. VA expects final written approval in the near future.

Three other agencies were also recommended: Department of the Treasury, Environmental Protection Agency, and Department of the Interior.

### Definitions

**Franchises:** An entrepreneurial activity within a government organization that provides common administrative support services to other government agencies or other components within the same agency. A franchise may offer one or more common administrative services. In VA we refer to individual franchises within the fund as Service Activities. These franchise Service Activities offer services to other Government agencies and/or components of VA following applicable federal standards and legal authorities regarding both the services they may provide and the accounting method for their expenses and charges.

**VA Franchise Fund:** The VA Franchise Fund is comprised of six independent service activities that will provide a variety of common administrative products and services on a reimbursable basis. Full costs for these activities will be recouped from customers based on rates approved by a customer Board of Directors. VA's current franchise Service Activities are: the Austin Automation Center, Austin Finance Center Payroll operation, Neosho Records Depository, Central Office Security and Investigations, Little Rock Law Enforcement Training Center, and the Central Office ADP and Adaptive Training Service. Service Activities will begin this year with a zero budget. All funding for salaries, equipment, maintenance etc., will come from revenues collected from customers in return for the services or products provided. Also included in the rate for a service will be an amount for depreciation and a potential operating reserve as established by OMB guidelines. The fund will operate as a "no year" fund meaning that savings etc., can be carried over from year to year. Additionally, services may be marketed both within VA and to other government entities.

### Common Administrative Services:

Support services that agencies need in order to operate efficiently and effectively. Examples (not all inclusive) include: accounting, financial management, information resources management, personnel, contracting, payroll, security, and training.

### Organizational Structure:

Each VA customer organization will have one voting member on the Franchise Fund Board of Directors. The Assistant Secretary for Management is the Board Chairperson and the Inspector General serves as an Ex Officio member. The Board has oversight responsibility for the Service Activities within the Fund and will establish budgets and rates annually. The decision to add Service Activities or to reduce an activity will also be the responsibility of the Board. Each Service Activity under the fund will be managed by a Service Activity Director who will manage the day to day operations of the Fund and report directly to the Board.

### VA's Implementation

The fund was established on paper October 11, 1995, based on current appropriations and usage. Franchise Fund customers will receive billing statements throughout the year. However these billing statements will be informational only and no funds will be moved.

Starting in FY 1997, the budgets appropriated for Service Activities will be reallocated to customers. Customer budgets will be increased based on FY 1996 statistics and service organization budgets will decrease a matching amount. Both the customer and the Service Activities will be obligated to maintain the agreed upon levels of service and payment.

During the two-year grace period described above, customer and service provider funding will remain consistent with appropriations. During this time - service levels, equitable pricing, and quality

customer service practices will be developed by the Service Activities.

In FY 1998 the fund will be fully operational, with billing rates and service requirements established through contracts between the customers and the Franchise Fund Board of Directors.

### Advantages

Efficient cost-effective operations, flexibility in resource allocations, and quality customer support are a natural by-product of franchise services. Other direct benefits to the customer: the fund service managers, and VA include:

- Essential administrative services are adequately funded.
  - The customer has greater control over the price and quality of services.
  - Financing and accounting for business-type common service operations are consolidated.
  - Long-term cost of operations are lowered by stimulation of cost awareness between the service activities and users of the goods and services through a "Buyer-Seller" relationship.
  - Service Activity directors have the flexibility to effectively procure and use manpower, materials, and other resources where they are most needed.
  - Service Activity directors have the flexibility to make business decisions based on customer requirements and not the political climate.
  - The operating funds are not subject to fiscal year limitations.
  - Equipment can be replaced through depreciation charges as a means of recovering the costs of large-scale assets over the useful life of those assets.
  - Congressional and Executive Branch decision makers can be assured that decisions concerning program funding are made on the basis of full cost.
- Proactive efforts to reduce overhead costs can be encouraged.
  - Duplication of services among those who might provide the service can be avoided.
  - Services and the quality of services to customers can be improved.
  - Service can be made available to those users who could not afford them except on a centralized basis.
  - Projects, products, and services are only pursued based on improved operations and lower costs and are in direct response to customer requirements.

Cross-servicing in the federal government has been quietly growing over the past few years. There are currently over 100 entrepreneurial organizations throughout the federal government. These organizations operate under various statutory authorities such as revolving, industrial or working capital funds. In virtually all of these Services, agency specific legislation was required to establish the authority to operate. Although its scope is limited by legislation, the VA Supply Fund is one example of such a service. Additionally, several operations within VA currently provide services to internal and external customers on a reimbursable basis, but they do not have the benefit of no-year funding or depreciation of capital equipment. Franchising will provide these benefits.

The VA Franchise Fund is a giant step toward creating a climate in which VA common administrative services "work better and cost less." We are confident that as we see the evolution of a leaner federal environment. The VA Franchise Fund will position VA as one of the leaders in cross-servicing.

For information, contact Susan Spurling, VA, (202) 565-8389. □

### Publications

*continued from page 2.*

FFMSR-1, *Core Financial System Requirements*, September 1995

FFMSR-2, *Personnel-Payroll System Requirements*, May 1990

FFMSR-3, *Travel System Requirements*, January 1991

FFMSR-4, *Seized/Forfeited Asset System Requirements*, March 1993

FFMSR-5, *Direct Loan System Requirements*, December 1993

FFMSR-6, *Guaranteed Loan System Requirements*, December 1993

FFMSR-7, *Inventory System Requirements*, June 1995

CC-1, *Framework for Core Competencies for Financial Management Personnel in the Federal Government*, November 1995

*Compendium of Courses 1996*

*Continuing Professional Education: Federal GS-510 Accountants' Report*, December 1990

*Continuing Professional Education Study: Budget Analysts in the Federal Government, GS-560 Series*, December 1994

*Interagency Financial Management Education and Training Symposium*, November 1994

*Strategies to Improve Communication between Program and Financial Managers*, May 1992

*Project on Standardization of Basic Financial Information Requirements of Central Agencies*, October 1991 □

# FINANCENET NEWS



## Steering Committee

The FinanceNet Steering Committee held its initial meeting in February. Formed by the Chief Financial Officers Council (CFO Council), the Committee's membership includes George Munoz, CFO, Department of the Treasury, and Deputy Chair of the CFO Council; Dennis Fischer, CFO, General Services Administration, and Secretary Treasurer of the CFO Council; Joseph Kull, CFO, National Science Foundation (NSF); Rich Green, Deputy CFO, Department of State; Clyde McShan, Deputy CFO, Department of Commerce; Al Muhlbauer, Deputy CFO, NSF; Virginia Robinson, Executive Director, Joint Financial Management Improvement Program; and Preston Rich, Executive Director, FinanceNet.

The Steering Committee, which will meet quarterly, reviewed FinanceNet development and growth under the CFO Council's support. The Committee would like to see all government assets that are for sale to be placed on FinanceNet. The Office of Personnel Management will be asked to supply FinanceNet with information of relevant job openings within federal agencies. The Committee asked that the FinanceNet Users Group suggest what should be on a typical department's or agency's CFO home page.

To measure and increase awareness and uses of FinanceNet within the government financial community, the Committee has asked the liaison taskforce of FinanceNet's volunteer Users Group to design a survey to determine the level of FinanceNet awareness. Further, FinanceNet's display

## Mark Your Calendar

**March — May Courses at  
The Center for Applied Financial Management**

<p><b>Accrual World</b> March 7-8, 1996 May 30-31, 1996</p> <p><b>Basic Accounting Concepts</b> April 1, 1996</p> <p><b>Budget Execution Game</b> March 14-15, 1996 May 2-3, 1996</p> <p><b>Certifying Officers: Your Roles and Responsibilities</b> April 4, 1996</p> <p><b>Dollars &amp; Sense</b> June 27-28, 1996</p> <p><b>Fundamentals of Cash Management</b> March 19, 1996</p> <p><b>Implications of Federal Appropriations Law</b> (includes Red Books vol. 1 &amp; 2) April 2-3, 1996</p>	<p><b>Managing Your Impress Fund</b> March 5, 1996</p> <p><b>Reconciling Differences</b> March 22, 1996 April 19, 1996</p> <p><b>SF 1219/SF 1220</b> April 17-18, 1996</p> <p><b>SF 224: Statement of Transactions</b> March 20-21, 1996</p> <p><b>Understanding and Using the Standard General Ledger</b> March 11-13, 1996 April 24-26, 1996</p> <p><b>Unlocking Key Reports</b> May 23-24, 1996</p>	<p><b>Conferences &amp; Seminars</b></p> <p><b>6th Annual Government Financial Management Conference</b> September 18-20, 1996 Location: Washington, DC</p> <p><b>Year-End Closing Seminar</b> August 20, 1996 Location: Washington, DC</p> <p><b>3rd Regional Government Financial Management Conference</b> 2 days \$365 16 CPEs July 25-26, 1996 Location Seattle, Washington</p>
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**For FASAB Workshops at The Center  
see FASAB News on page 11.**

To Register for Center courses, submit an SF 182 to the Registrar, The Center for Applied Financial Management, Room 1100 KSB, 401 14th St., S.W., Washington, DC 20227. All classes are held at 1411 K Street, N.W., unless otherwise noted. For information, call (202) 874-9560.

booth has been offered to CFOs for events sponsored within each agency.

## Users Group

The FinanceNet Users Group met subsequent to the Steering Committee meeting held earlier. Steering Committee members Virginia Robinson (JFMIP) and Preston Rich (NSF and FinanceNet) described the meeting as very productive and indicative of the strength of interest and support for FinanceNet by the CFO Council.

The Users Group discussed items including publicity, liaison, and library activities. A "FinanceNet Booth Calendar" is being added to FinanceNet's financial management calendars, so departments and agencies may schedule this resource; the calendar will include instructions. The Users Group and FinanceNet's Executive Director are working on implementation of FinanceNet Steering Committee and other initiatives. □

JFMIP wishes to acknowledge  
and thank the following  
contributors to this issue:

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### Change of Address?

Write to *JFMIP News* at:

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or call (202) 512-9209

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Suggestions and article submissions may be sent to *JFMIP News*, or faxed to (202) 512-9593, telephone (202) 512-9201.

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