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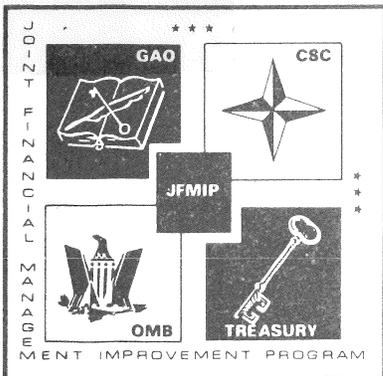
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**JOINT FINANCIAL
MANAGEMENT
IMPROVEMENT
PROGRAM**

REFERENCE

**ANNUAL REPORT
FOR 1975**

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FOREWARD

In 1948 the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General initiated the Joint Financial Management Improvement Program (JFMIP) as a cooperative venture to improve accounting in the Federal Government. The Budget and Accounting Procedure Act of 1950 gave the Program official status, recognizing all three agencies' statutory responsibilities in this area. The Chairman of the Civil Service Commission was added to the Program by agreement in 1966.

During the past year significant progress has been made in two cooperative projects for assisting agencies in developing improved financial management and work measurement systems which lead to substantial dollar savings as well as increased effectiveness. Many of the concepts developed in these projects have wide applicability to other agencies. These and other projects carried on by JFMIP in 1975 are contributing to improved financial management throughout the Federal Government. This report also identifies examples of financial management improvements made by individual Federal agencies during the year.

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Executive Director
Joint Financial Management
Improvement Program

April 1976



C O N T E N T S

	<u>Page</u>
ORGANIZATION AND OPERATION.....	1
FEDERAL AGENCY FINANCIAL STATEMENTS.....	1
REVIEW OF ACCOUNTING SYSTEMS.....	2
FARMERS HOME ADMINISTRATION PROJECT.....	3
Work Measurement System.....	3
Loan Disbursement System.....	4
Management Information System.....	5
Executive Development Program.....	5
ALCOHOL, TOBACCO AND FIREARMS BUREAU PROJECT.....	5
IMPROVED EDUCATION FOR PUBLIC FINANCIAL MANAGEMENT.....	7
ELECTRONIC TRANSFER OF FUNDS.....	8
PRODUCTIVITY PROGRAMS.....	9
MONEY MANAGEMENT.....	12
OPERATING BUDGETS.....	14
AGENCY IMPROVEMENTS.....	15

JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM
ANNUAL REPORT - 1975

ORGANIZATION AND OPERATION

The overall objective of JFMIP is to improve financial management practices throughout the Government so that they will most effectively serve program and general management purposes and achieve maximum efficiency and effectiveness in all operations. JFMIP carries out a variety of activities aimed at achieving this objective. It sponsors conferences, workshops and seminars. It publishes a periodic JFMIP Bulletin and various other documents to disseminate information on progressive financial management practices and promotes their widespread application. It reviews the management improvement efforts of the operating agencies and coordinates financial activities of the central agencies. JFMIP sponsors or conducts research or other studies on financial management matters of general interest and assists operating agencies in dealing with specific financial management problems, particularly those that have relevance to other programs and agencies. It also has important responsibilities in the Federal Government's effort to measure and improve productivity.

Some problems are dealt with through a joint study team, some by referral to a source of expertise, some by assignment to one of the central agencies, and some by informal consultation. JFMIP serves as a catalyst to stimulate action by whatever approach most suits the circumstances. Achievement of financial management improvements depends heavily on the interest and active participation of personnel from the central agencies and operating agencies. JFMIP plays a key role in mobilizing resources and coordinating cooperative efforts.

In 1973, the responsibility for developing Government-wide financial management policy was transferred from the Office of Management and Budget (OMB) to the General Services Administration (GSA). The action resulted in GSA becoming a fully functioning partner in JFMIP. Effective at the end of 1975, the financial management policy function was transferred back to OMB and the JFMIP now continues under the leadership of the Comptroller General, the Director of the Office of Management and Budget, the Secretary of the Treasury and the Chairman of the Civil Service Commission.

FEDERAL AGENCY FINANCIAL STATEMENTS

In May 1975, the JFMIP sponsored a workshop on Federal Agency Financial Statements. The purpose of the workshop was to focus attention on the objectives and uses of financial statements for Government agencies. As expected, there was no overall consensus on the need for or usefulness of annual financial statements of the type usually prepared by a business. It was agreed that the objectives of financial statements,

as published by the American Institute of Certified Public Accountants, were not really applicable to Government, and it was suggested that Government needs to restate the objectives that apply to Government so they will more closely conform to the Government environment. A draft of objectives for Federal agency financial statements is being prepared. Consideration will be given to developing a JFMIP publication.

Subsequent to this workshop, Arthur Andersen & Co. published a booklet entitled "Sound Financial Reporting in the Public Sector--A Prerequisite to Fiscal Responsibility." The booklet serves a useful purpose in illustrating overall aspects of the Federal Government's financial operations and in highlighting some of the critical financial questions that need attention. The Secretary of the Treasury has announced plans to publish consolidated Federal financial statements on an accrual basis, beginning with a report for FY 1977.

REVIEW OF ACCOUNTING SYSTEMS

At December 31, 1975, principles and standards had been approved for 98 percent of the accounting systems subject to approval. Designs had been approved for 52 percent of the systems. The emphasis given to this work in recent years is reflected in the fact that, of the 148 systems approved, 30 percent were approved prior to 1969 and 70 percent from 1969 to date.

The Department of Defense accelerated its efforts to get its accounting systems approved. During the year 19 of its system designs were approved by the General Accounting Office.

The table below summarizes the status of accounting systems approval as of December 31, 1975.

STATUS OF ACCOUNTING SYSTEMS APPROVAL
AS OF DECEMBER 31, 1975

	<u>Systems Subject to Approval</u>	<u>Principles and Standards</u>		<u>Designs</u>	
		<u>Approved</u>	<u>Percent Completed</u>	<u>Approved</u>	<u>Percent Completed</u>
Civil	170	165	97	114	67
Defense	115	115	100	34	30
D.C. Govern- ment	1	1	100	0	0
	<u>286</u>	<u>281</u>	<u>98</u>	<u>148</u>	<u>52</u>

FARMERS HOME ADMINISTRATION PROJECT

Late in 1974, the Administrator of the Farmers Home Administration (FmHA) requested JFMIP assistance in developing specifications for a coordinated financial management program with special attention to improving the work measurement system. The interagency project team organized to carry out this project included representatives of the Farmers Home Administration, other organizations within the U.S. Department of Agriculture, the General Accounting Office, the Department of the Treasury, the General Services Administration, the Office of Management and Budget, the Civil Service Commission, and JFMIP. Representatives assigned to this project have not committed their agencies to any actions taken or recommended. There also was consultation with representatives of other Federal agencies. The Associate Administrator of FmHA served as project director. The team included persons skilled in loan programs, financial systems, and management information systems.

An early step in the project was a comprehensive review of existing FmHA programs, processes, and operating practices. Process and system flowcharts were developed to aid in analyzing the existing loan programs and processes and in considering alternatives. Flowcharts identified functions of all of the participating organizations and depicted the actual steps and functions performed in processing all types of FmHA loans and grants.

The next step was to analyze all the FmHA loan processes and programs and develop a comprehensive financial management program. By the end of 1975, most of the work of the interagency project team had been completed. The major results are summarized below.

Work Measurement System

Although the agency has had a Work Measurement System for some time, it did not provide the Administrator the information which he considered necessary for planning and control of manpower, workload and budgets. The project team reviewed the existing system and developed a matrix for comparing the features, advantages and disadvantages of several alternative systems. The matrix was used by FmHA and USDA officials in selecting the most cost-effective system to meet FmHA requirements.

After testing in State, district and county offices in three states, a new system was put into effect in September 1975 on a nation-wide basis. It is being used in a statistically designed sample of 506 of the 1,750 offices. The system starts with a simple daily data card on which employees record the hours spent on the major FmHA programs with coding to show the type of function in each program. The data is recorded on a previously unused portion of the standard time and attendance report which then is run through an optical scanning process. This work measurement data is joined with loan obligation, case-load, and salary data from

existing accounting systems to generate a variety of work measurement reports. The Work Measurement System provides managers at various levels with a management tool to measure and assess the productivity and cost effectiveness of FmHA in delivering its services to FmHA clientele.

Loan Disbursement System

For many years the disbursement of FmHA loans has been handled in a manner which did not take into account the value of interest on the money flowing through the system. The general practice was to withdraw from the U.S. Treasury the entire amount of the loan upon approval of the loan and place the money in a non-interest bearing supervised bank account at the locations from which the loan was being administered. In many cases, only a small part of the loan was needed to meet construction project payments. Yet, the borrower was paying interest on the entire amount of the loan and both the U.S. Treasury and FmHA were incurring interest costs.

After analysis of the existing process and related accounting and management systems and evaluation of several possible systems, a new Loan Disbursement System was developed. The new system was tested in 3 states and is scheduled for nation-wide implementation in 1976. Under the new Loan Disbursement System a county supervisor uses only one standard form to obligate funds and request an initial advance if needed. The key feature of the new system is that partial payments of loan amounts are disbursed from the U.S. Treasury on an as-needed basis. Interest costs are incurred only on those partial payments rather than on the full amount of the loan. It has been estimated that application of the new Loan Disbursement System to the FY 1974 volume of \$3.5 billion in loans would have produced annual interest savings to borrowers and the Government of about \$20 million.^{a/} In addition, the new system would have made possible a reduction in initial loan outlays of about \$373 million.

With a current loan volume of about \$7 million per year, the savings for the year beginning March 1, 1976, are expected to be about double the amounts mentioned in the GAO report or \$40 million in interest costs of borrowers and the Government and a one-time outlay reduction of about \$750 million. In addition to these savings, the new system will reduce the amount of administrative work in county offices and will substantially reduce the time required to process a loan. Another example of the improved efficiency is a reduction in number of loan obligating forms from 19 to 1.

^{a/} In a September 10, 1975, report on "Personnel Management Improvements Initiated or Needed to Help Farmers Home Administration Meet Its Expanded Mission," the General Accounting Office estimated that FmHA borrowers paid interest of \$14.8 million on idle funds in FY 1974 and that the Federal Government incurred interest costs of \$4.9 million on idle funds.

Management Information System

During the early part of 1975, an information requirements survey was conducted on a nation-wide basis at the county, district, state, national finance office, and national office levels. Analysis of the survey data, together with the flowcharts and other analyses performed as a part of this project, provided the basis for development of specifications and a Request for Proposal for the design, development, and implementation of a Unified Management Information System. Through the normal competitive process, a contractor was selected and work was started on phase one of a two-phase effort.

The Unified Management Information System will incorporate the new Work Measurement System and the new Loan Disbursement System. It will also include a new loan accounting system and a new administrative and budget accounting and management system. The individual parts of the system are being designed as operational entities which can operate separately prior to availability of the completed unified system.

The improved systems developed under this project will provide FmHA management with tools to assess the cost effectiveness of its delivery of services to its clientele. They will provide capability for better program plans and budgets. They will improve the agency's capability to meet expanding requirements set forth in recent legislation, to evaluate its effectiveness in carrying out assigned responsibilities, and to allocate its resources in a cost-effective manner.

Executive Development Program

In addition to various other steps taken to strengthen the skills of its staff to meet the growing and increasing complex workload of the agency, FmHA has undertaken a new executive development program. The major feature of this program is participation of FmHA employees in courses of the Institute for Applied Public Financial Management at the American University in Washington, D.C.

The work on this project has been fully coordinated with related activities within the Department of Agriculture. It is expected that many of the project results will have applicability elsewhere within the Department and in other departments and agencies.

ALCOHOL, TOBACCO AND FIREARMS BUREAU PROJECT

The Director of the Bureau of Alcohol, Tobacco and Firearms (ATF) requested JFMIP assistance in the development of a financial management/planning system for routinely recording all resources data, both input and output, in such a manner that data may be extracted on a regular basis for review by various levels of Bureau management. An interagency project team, chaired by the Assistant Director for Administration, ATF, was organized in March 1975, to develop proposed specifications for a

financial management program, including a work measurement system. The team includes personnel skilled in financial and accounting systems, regulatory and criminal enforcement management, and management information systems from ATF, the Department of the Treasury, the General Accounting Office, the General Services Administration, and JFMIP. Representatives assigned to this project are not committing their agencies to any actions taken or recommended. Team members from ATF include representatives of financial, programmatic and general management groups.

The team reviewed the existing ATF programs, processes and operating practices in its two operational areas, Criminal Enforcement and Regulatory Enforcement, and in the support functions of Administration and Technical and Scientific Services. Process and system flowcharts were developed to aid in the analysis and to provide the data base for the design of the Financial Management/Planning System. The flowcharts depicted the actual steps, functions, and decision points for all ATF programs, processes and operations. Field visits were made to ATF field organizations in each region. The process and system flowcharts were validated and modified to provide an operational baseline of how each region is actually operating in each ATF program area.

Conceptual system specifications for a comprehensive Financial Management and Planning System (FM/PS) were then developed based on an analysis of all process/system flowcharts.

Decisions are being made on an incremental basis concerning the system operational environment, including the system hardware and software that will be used.

Detailed system specifications are in the process of development, along with a detailed system development and implementation plan, cost estimate, system hardware configuration designs, and schedules.

The detailed specifications are being prepared separately for the major ATF programs. Design has been completed for the Regulatory Enforcement segment and is nearing completion on the Criminal Enforcement segment. These designs incorporate a work measurement system to aid ATF management in the allocation of resources on a cost effective basis. The work measurement system represents an adaptation of the system developed for the Farmers Home Administration by a joint JFMIP/FmHA/USDA project team.

ATF regional offices have been briefed on the system design and field preparations for system conversion are in process.

The Department of the Treasury is planning a new Treasury Personnel and Payroll Information System (TPPIS) which is modeled after a system used by the Department of the Interior. The systems design effort in this ATF project is being coordinated with this Department effort and ATF has been selected as the pilot bureau in implementing TPPIS.

The progress to date indicates that the new system being developed for ATF will be of substantial help in planning, financial, and program management. It can provide management with the ability to measure work performance and make decisions based on the operational cost effectiveness of various aspects of program operations. The design can be applied, not only to other organizations within Treasury Department, but it has great potential for application to other law enforcement and regulatory enforcement agencies at Federal, state and local levels.

IMPROVED EDUCATION FOR PUBLIC FINANCIAL MANAGEMENT

The American University has established an Institute for Applied Public Financial Management within a Center for Financial Management, at the University. The objective of this program is to educate government employees and other students in financial management skills which will contribute directly to improved government programs. The Institute is specifically devoted to the preparation of practitioners who will be qualified for responsible financial management positions, or other management positions requiring financial management skills in government.

The first class of 20 students from the Farmers Home Administration entered the program in September 1975. FmHA has made contractual arrangements with American University for this program and plans to have additional classes in subsequent years as a major part of the agency's executive development program.

JFMIP has assisted in plans for establishment of the Institute at AU as a pilot operation in the belief that the concepts being developed have wide application to other universities and locations.

Several hundred universities throughout the United States have been advised of this program and of the interest of AU and JFMIP in sharing information with any interested university. A number of specific requests for information have been received. The JFMIP staff has sent information to over 30 colleges and universities, discussed the concept with representatives of 12 institutions, as well as with representatives of the National Association of Schools of Public Affairs and Administration (NASPAA) and the American Assembly of Collegiate Schools of Business (AACSB), and has visited several institutions to talk about the program and learn more about other relevant programs.

During FY 1975, the Civil Service Commission's Bureau of Training conducted 240 course sessions and trained 5,353 participants from Federal, State and local governments, international organizations, and foreign governments. This training was in courses dealing with financial management; program and management analysis; government contracting and procurement; and program, planning and budgeting. The Commission's ten Regional Training Centers also conducted 411 sessions of these courses and trained 7,121 participants during the same period. Twenty-two new courses aimed at improving the knowledge and skills of employees in financial management related careers were introduced by the Commission during FY 1975.

For several years, JFMIP has sponsored an annual one-day financial conference. The purpose of these conferences is to stimulate the development and widespread use of good financial management practices. At the conference held in January 1975, Mr. David Packard, Chairman of Hewlett-Packard Company, presented the luncheon address emphasizing the need for an efficient and effective budget system in Government. At the February 1976 conference, Representative Frank Horton spoke about the work of the Commission on Federal Paperwork. The theme of this conference was "Communications in Financial Management." About 350 top level management officials attended this conference. One highlight of the conference was the presentation of the Financial Management Improvement Awards. The purpose of these annual awards is to give public recognition to government employees who, through the practice of effective financial management, have achieved significant economies, efficiencies and improvements. The award winners in 1975 were Bernard B. Lynn, Director, Defense Contract Audit Agency, and Martin Ives, Deputy Comptroller, State of New York. The 1976 award winners were Terence E. McClary, Assistant Secretary of Defense (Comptroller), and John E. Dever, City Manager of the City of Sunnyvale, California.

ELECTRONIC TRANSFER OF FUNDS

The Treasury Department is developing a program aimed at paying many recipients of recurring Federal payments by credit to their accounts at financial organizations. Currently, only a small number of such payments are directly deposited, at the option of the individual, using interim systems. In November 1974, social security beneficiaries in Georgia were given the option of receiving their monthly payments at their financial institutions. In April 1975, this option was extended to residents of Florida and in the latter part of 1975, was extended nationwide. Since then, the Treasury Department has initiated a second pilot project in Georgia and Florida for testing electronic transfers of these payments to financial organizations.

Public Law 93-495, dated October 28, 1975, created the National Commission on Electronic Fund Transfers to conduct a thorough study and investigation and recommend appropriate administrative action and legislation necessary in connection with the possible development of public or private electronic fund transfer systems.

The Treasury Department's Bureau of Government Financial Operations is developing new methods and procedures designed to update and streamline its Government-wide accounting practices. One such effort involves the EFT computer-to-computer link with the New York Federal Reserve Bank. When operational next year, it will replace an existing low speed teletype system. This new link is the first step in the implementation of a high speed EFT system that will clear and reconcile deposit transactions annually and generate certain types of payments.

The Department of the Air Force program for electronic transfer of military pay through the Federal Reserve System to individual accounts

is fully implemented. About 500,000 payments are made monthly under this program. It will be extended to retired pay and the Joint Uniform Military Pay Systems allotments. An annual cost avoidance of \$110,000 for active duty members and \$260,000 for the other extensions of this service is projected from the elimination of the need to furnish check listings (or checks) to individual financial institutions.

JFMIP and the Association of Government Accountants sponsored a one-day seminar in the fall of 1975. This seminar provided information on current Federal efforts in the electronic transfer area plus a look at current technology, proposed new systems and the impact on individuals and organizations.

Because of the interest in this seminar, JFMIP held a workshop on the subject as part of the annual Financial Management Conference in February 1976.

Other examples of EFT advances can be found later in the report.

PRODUCTIVITY PROGRAMS

During 1975 much national attention has been given to the subject of productivity and substantial progress was made in the cooperative effort to measure and improve the productivity of Federal workers. The JFMIP continued its active participation in this program along with the Bureau of Labor Statistics, Civil Service Commission, General Services Administration and the various Federal operating agencies.

JFMIP's annual report to the President and Congress, "Productivity Programs in the Federal Government - FY 1974," was issued in June 1975. It consists of Volume I "Current Efforts and Future Prospects" and Volume II "Case Studies." This report covers the period FY 1967 - 1974 and includes data from 245 separate organizations within 48 agencies. Output, input and productivity indexes have been developed for over 1.8 million staff years representing almost 65 percent of the total Federal civilian work force compared to about 61 percent in the previous report. The productivity index, which is expressed in terms of output per staff year, has grown from the FY 1967 base of 100 to 110.7 in FY 1974, a slight decrease from the figure reached in FY 1973. Over the 7-year period the average annual increase in productivity has been about 1.5 percent.

In addition to summarizing overall productivity trends, the report presents the trends for the three major groups of Federal employees-- defense workers, postal workers and employees in the various civilian agencies. It also presents data for 23 functional categories but it does not present specific productivity indexes for individual agencies.

While the overall productivity index decreased slightly in FY 1974, 15 of the 23 functional categories experienced increases, while only 8 showed declines. In some of the functions there have been impressive

productivity gains over the 7-year period. In some functions where there were large gains in output, managers have also been able to significantly reduce the level of staffing. Other functions where there were rapidly declining workloads showed productivity gains because there were even greater reductions in staffing. Of the 23 functions, only 2 experienced a downward trend over the 7-year period.

Agency representatives have given a number of reasons for the change in productivity for their organizations. These causes of change have been grouped into 3 general categories: people or human factors, process factors and product factors. While generalizations are dangerous because of the magnitude of the data and the problem of accurately attributing a specific level of change to a particular cause, it appears that most productivity increases were attributed to the process factors while most decreases were attributed to problems in management of the work force.

Productivity gains were most often attributed to the use and acquisition of capital equipment, automation, work simplification, reorganization, revised workflow and procedures, and technological improvements. Problems in obtaining capital investment funding and increases in the complexity of the work process were often cited as reasons for productivity declines.

People factors have made significant contributions to productivity gains in some cases. Some agencies have had encouraging results from various behavioral science approaches. On the other hand, reductions in force, hiring and promotion freezes, high rates of turnover and the retirement of skilled employees were frequently cited as barriers to productivity improvement.

Product factors that have resulted in real gains in productivity included large gains in volume that allow use of economy of scale techniques, redesign of products, and increased workload stability. Productivity decreases were often attributed to such factors as decreases in workload, future workload uncertainties, and problems in obtaining raw materials and supplies when needed.

In some cases the indexes have also been affected by changes in the complexity and quality of products. Productivity measures are usually not so precise that they can sort out and identify all of the variations in quality which may have an impact on the productivity indexes. It is important that managers pay careful attention to quality and effectiveness indicators along with the productivity measures in order to consider tradeoffs of quality versus quantity and efficiency versus effectiveness.

The JEMIP productivity report also contained information on productivity in non-Federal sectors. Over the last several years, employment in state and local governments has been increasing much more rapidly than Federal employment. In fact, this is one of the most rapidly growing segments of the Nation's economy. It is important, therefore, that increasing attention be given to productivity in this sector. A number

of Federal agencies have provided technical and financial support in this area. In addition, Federal agencies operate a number of programs that are related to improving productivity in the private sector. For example, GAO and others are working to identify ways to improve national manufacturing productivity through a more rapid diffusion of appropriate technology.

Work is currently underway on collection and analysis of data to be included in the next annual productivity report. The data submitted by operating agencies is being compiled by the Bureau of Labor Statistics. A series of functional workshops will be held early in 1976. Work is underway on a number of case studies.

Various productivity studies have shown that existing programs for the acquisition and use of capital equipment are only partially effective in promoting productivity growth in the Federal sector. The General Services Administration, with help from JFMIP and others, has undertaken a special study and prepared a report, "Enhancing Productivity Through Improved Acquisition and Management of Capital Equipment." The GSA report evaluates the extent of agencies' problems in acquiring and using productivity-enhancing equipment, identifies and assesses alternative approaches to financing capital equipment, and contains guidelines for use of agencies in improving their programs. The report stresses the importance of agencies developing equipment financing arrangements which permit them to take advantage of opportunities for savings through acquisition of productivity-enhancing equipment.

The work to date demonstrates clearly that productivity measures can be very useful management tools when used in conjunction with other measures of program performance. During the past year there has been some interesting experimentation with the concept of a total performance measurement system. In this approach the traditional productivity measures are combined with measures of program effectiveness and with information on employee attitudes and customer attitudes. This can be particularly helpful in providing insight into causes of performance problems and identifying possible corrective measures. The initial results with this approach have been quite encouraging. The JFMIP staff is currently providing technical assistance to the National Center for productivity and Quality of Working Life in a comprehensive test of the total performance measurement concept in 4 levels of government--a regional office of a Federal agency, a state agency, a county agency, and a city.

Continuing attention is being given to efforts to expand and improve the coverage of the productivity program. This is done through special workshops, special research projects, and continuing consultations with representatives of operating agencies. For example, special workshops were held on such matters as legal services, food service at medical facilities, and library services.

Even more important than the compilation and overall analysis of productivity data is the use of that data in the management of programs.

This is the responsibility of operating agencies, but the staffs of JFMIP and the central agencies have worked with the staffs of the operating agencies to provide information and technical assistance in development of agency productivity programs. Briefings on the productivity program have been presented to a number of agencies and to several professional organizations. During the past year a special effort has been made to acquaint Federal managers in field offices with the productivity program. This has been done primarily through a series of one-day seminars for Federal Executive Boards. During 1975, seminars were presented to 18 of the 25 Federal Executive Boards.

Some areas of Federal activity are very similar to work being done in state and local governments and in the private sector. Information on the Federal effort has been provided to a number of organizations and visits have been made to several private companies to obtain information about their programs which may be useful in improving Federal programs. In some areas, such as medical services, arrangements have been made for participation of private groups in workshops and conferences. Through cooperation with the National Commission on Productivity and Work Quality and the National Science Foundation, a limited amount of technical assistance has been provided in efforts to measure and enhance productivity in state and local governments.

JFMIP has worked closely with the National Commission on Productivity and Work Quality and plans to continue this relationship with the newly established National Center for Productivity and Quality of Working Life which was established by Public Law 94-136 signed by the President on November 28, 1975. The new Center is an independent establishment within the Executive Branch under the direction of a Governing Board composed of up to 27 members with the Vice President now serving as Chairman of the Board. The objectives of the law are to provide for a review of all Federal activities which impact the performance of the economy; to encourage joint labor, industry and government efforts to improve productivity and working conditions; and to establish a national productivity policy.

MONEY MANAGEMENT

An interagency task group organized in 1974 has completed its study of cash management practices of Federal agencies. Most of the work in this pilot study was done within the Department of Agriculture, primarily in two operating agencies of that department, but there also were consultations with representatives of other departments and agencies. The task group included representatives of the Department of the Treasury, the General Services Administration, the General Accounting Office, the Office of Management and Budget, the U.S. Postal Service, the National Aeronautics and Space Administration, the Department of Agriculture, the Department of the Navy, and the Department of Health, Education, and Welfare.

Interest costs to the Federal Government are incurred for three reasons: (1) borrowing to finance expenditures in excess of receipts, (2) borrowing to maintain liquidity when receipts do not coincide with expenditure requirements, and (3) borrowing to insure liquidity in the face of uncertain receipt and expenditure patterns. Total Treasury interest payments on borrowing now amount to more than \$30 billion per annum. While much of this is out of the control of individual operating agencies, the programs, policies, and procedures of Federal agencies can have a significant impact on the flow of funds and the effective management of Government funds. Poor cash management by agencies can result in unnecessary borrowing by the Department of the Treasury.

The study confirmed previous impressions concerning the general lack of attention to cash management policies and procedures within operating agencies. Agency managers generally have not been much concerned about the cost of money, and the potential significance of their management actions on the Government's interest costs. The task group found many examples of management actions taken with little or no regard for money management considerations. The report of the task group shows clearly that there are many opportunities for substantial savings through careful attention to cash management. The areas to which operating agencies should give increased attention include the following:

1. Carefully developed plans for the collection and disbursement of cash.
2. Improved procedures for forecasting of cash flow.
3. Systematic schedules and control systems for collections and disbursements.
4. Attention to the time value of money along with other factors affecting collections and disbursements.
5. Reporting and analysis of actual collections and disbursements compared to plans.
6. Procedures for updating plans and forecasts to meet changing situations.
7. Fuller use of improved techniques such as letters of credit.

The results of the task group study are being published in a JFMIP booklet. Workshops and seminars will also be used to disseminate information on cash management. It is hoped that the guidelines in the JFMIP booklet will help agencies in establishing improved cash management procedures and policies.

The Bureau of Government Financial Operations in the Treasury Department, to further optimize the advantages of the letter of credit procedure,

encourages Federal agencies to adopt the Delay of Drawdowns technique. Under this method the grantee delays drawing down on the letter of credit until some time after it has issued and mailed checks disbursing funds under the involved Federal grant or program, thus taking advantage of the outstanding float. This practice is used by the Social Security Administration (SSA) in funding Medicare insurance carriers. The State of Georgia has recently agreed to adopt this technique. The Energy Research and Development Administration has been using an even more advanced technique, the paid checks basis.

The Bureau has been concerned that most Federal agencies have not been fully complying with Treasury regulations in managing their grants. Consequently, the Treasury RDO Letter of Credit System has been developed and is currently being tested. The system is designed to give Federal agencies a better tool for controlling advances and monitoring their grantees' cash management practices without Treasury either assuming or relieving the Federal agencies of primary responsibility for control and audit. It also provides the Bureau with a better media for overseeing that agencies are fulfilling their cash management responsibilities. Under the new system, letters of credit are maintained at the Treasury disbursing offices (DO) and drawdowns on the letters of credit are functioned through the DO's instead of the Federal Reserve Banks.

It is conservatively estimated that annual recurring interest savings to Treasury as a result of utilization of letter of credit funding by the Federal Government have reached \$184 million.

Additional cash management improvements reported by operating agencies are included later in the report.

OPERATING BUDGETS

During 1975 an interagency team studying the use of operating budgets for program management completed its work, and JFMIP issued a publication "Operating Budgets - A Practical Approach." The study team reviewed practices in a number of Federal agencies. Team members also drew on their own broad experiences in budgeting and other aspects of financial management. Some Federal agencies have made very effective use of internal operating budgets, or short-term plans for managing the resources of an organization. However, this management tool has not been used as extensively or as effectively as might be possible.

It is clear that there is no one "right way" to use operating budgets to aid in the management of programs. Each agency must tailor its system to fit its own organization and management policies. The booklet includes a set of guidelines which have been written for the executive who may not be financially trained or oriented, but who needs a basic understanding of operating budgets. Guidelines are in the form of answers to the following questions:

- What is an operating budget?

- Why is it needed?
- Who needs it?
- What does it cover?
- How do I design it?
- How do I use it?
- What are some of the pitfalls to avoid?
- Where can I get help?

The booklet also contains a list of factors to consider in developing and using operating budgets and some sample reporting formats.

AGENCY IMPROVEMENTS

Some financial improvements are included in earlier sections of this report. Examples of other agency improvements follow.

The U.S. Information Agency is improving its payroll cost distribution system. In addition to work time and cost, the system will produce quantitative data on work units at the function and organization level. The concept of the system is such that it can be applied worldwide as well as domestic, so that future implementation overseas has also been facilitated. A built-in reconciliation (by computer) between cash and accrual data by payroll period is a new feature included in the fully developed design.

The installation of a remote electronic data terminal in the National Aeronautics and Space Administration Lewis Research Center accounting branch with direct access to the computer on which are stored valid work units and associated codes has resulted in increased productivity and has reduced the retention time of purchase requests and travel authorization documents for coding purposes. Prior to the installation of the remote electronic data terminal, all codings on purchase requests and travel authorization were manually checked against a listing containing some 6,000 codes to ascertain if the initiator supplied coding was valid. Because the printed listings were not always up-to-date, numerous transactions were being rejected. Since the installation of the terminal, coding errors have been reduced from 6 percent to less than 1 percent. The retention time for document coding has been reduced from an average of 8 hours to an average of less than 2 hours after receipt. This terminal, when not in use for coding of accounting documentation, is also being used to check the validity of work units reported on time cards by all Lewis Research Center employees, other than administrative and staff personnel, each pay period. The work units cited are associated with projects. The computer edits the work units cited on time cards for

validity, rejects the invalid codes and accumulates the valid charges by project. Prior to the use of the terminal for such editing, a clerk manually checked the validity of the work units by a listing of valid work units. It was also necessary for the clerk to contact many employees to obtain a valid work unit identification. The terminal has substantially reduced the number of contacts made with employees as it identifies follow-on work units to work units that are no longer valid.

Full implementation of the Civil Service Commission's Simplified Intragovernmental Billing and Collection procedures has resulted in a significant improvement in the timeliness of billing and a substantial reduction in accounts receivable. As of June 30, 1975, the Commission's accounts receivable were 43 percent lower than June 30, 1974, although the number of bills issued and the program levels were about the same for both years.

The Automated Funds Control System in the Agency for International Development is an interactive time-sharing system. This system will provide current information, via remote access, as to the availability of funds to enable the Office of Financial Management to better control the allocation and programming of funds available to AID and available allotted amounts programmed at the country level.

The Navy's planning, programming and budgeting system which systematically controls the development and implementation of needed financial management improvements identifies deficiencies in financial systems and then programs and supports corrective action consistent with priorities. As a part of the process, an annual assessment is made of the future financial management environment over the next ten years. An annual statement of probable conditions, requirements and planning assumptions results. These actions are then periodically incorporated into a long-range improvement plan considering deficiencies, improvement objectives, time requirements, and priorities.

The Department of Health, Education, and Welfare has successfully implemented a new Regional Accounting System (RAS). This automated system services the Department's ten regional financial management offices which in turn provide financial services to all DHEW agencies in the region (excepting the Food and Drug Administration). The automated system operates in a batch mode on the Department's central computer facility in Washington linked to the regional offices through a leased line telecommunications network and remote terminals.

Major improvements brought about by the system include:

- Replacement of regional interaction with 5 separate systems with a single system.
- Reduction of report receipt lag time from three weeks to one day.

- Provision of validated regional financial information in a common format to the headquarters agencies of DHEW.
- Provision of financial reports tailored to meet regional financial needs using the exception reporting method.
- Provision of meaningful automation support to regions: for example, an automated SF 224 report. Plans in FY 1976 call for an automated schedule capability.

At the Tennessee Valley Authority, the number of copies of the W-2 withholding statement has been reduced from eight to three. This was possible by providing computer printouts of W-2 data to states, and year-to-date W-2 data on all employees to the IRS on magnetic tape. In prior years, the magnetic tape provided the IRS was supplemented by copies of W-2 forms for employees terminated prior to the end of the year. In addition to a savings in forms cost, employee time will be reduced in processing W-2 forms.

After determining the feasibility of standardizing civilian pay, the Office of the Secretary of Defense directed the Army to modify its new civilian payroll system to serve as a Department of Defense system. Detailed specifications are under development to meet the unique requirements of other DOD Components. The system is expected to operate on a regional or decentralized basis. When the system becomes operable sometime late in FY 1977, it will replace 105 different civilian payroll systems in the Military Departments and Defense Agencies. Initial application of the system will involve over one million employees. Estimated savings will be almost \$20 million through FY 1982. In addition, certain intangible benefits of standardization will result; e.g., more consistent and uniform application of payroll policies, more ease in their administration and audit, and more uniform reporting. A standard DOD payroll system may also permit the wider application of system improvements, such as microfiche, cathode ray tube display, and electronic transfer of funds.

The new combined payroll and personnel system at the Department of State combines the personnel data elements with the required payroll data elements into one master computer record for each employee, assuring complete system linkage. Extensive validations and controls were built into the system. Controls were designed and developed for both the Payroll and Personnel Offices in their areas of control, and for monitoring the records within the computer. These controls and validations provide for verification of data within the computer system and the means for verifying the various output reports.

Updating the master record is accomplished through the use of Cathode Ray Tubes (C.R.T.) located in the Personnel and Payroll Offices which are directly connected to the computer. This technique enable the office which enters a change action to visually display the employee's master record and to change this record immediately. Time and Attendance Reports are entered by a mark data reader for the domestic payroll

and by Telegraphic Input (TIP) from overseas posts. After the master records have been updated, Time and Attendance data are entered into the system, pay and all related elements are computed, and reports produced by the computer.

Benefits that accrue from the implementation of the system are:

- Elimination of duplicate input of common data elements for both the Personnel and Payroll Systems.
- Elimination of need for payroll personnel to abstract and code payroll change data onto code sheets thereby reducing possibility of errors.
- Validation of all input data prior to computation of payroll.
- A significant decrease in required computer time.
- Utilization of Telegraphic T/A's from overseas posts for direct input to the payroll system, thereby avoiding the need for delayed payment of premium pay and untimely recording and reporting of leave.
- The ability to display on the C.R.T. the employee's entire master record for quick response to employee or office inquiries.
- The ability to process changes on a current basis thereby avoiding numerous telephone or letter inquiries for pay actions which previously required an inordinate amount of time to research and answer.

The General Services Administration designed a Nation-wide Automated Billing Address System (NABAS) which will be used as a central address file for directing billings to various levels within each agency based on the agency's particular organizational structure. This addressing system provides the capability for directing the billing to a central location and at the same time providing for distribution of billing information to a different location. This addressing system also provides the capability of implementing the Treasury SIBAC procedures for all GSA's sales of goods and services. The SIBAC system provides overall cost benefits to the Government by eliminating intra-governmental receivables and payables resulting from intra-governmental sale and receipt of goods and services. Cash transfers between accounts are effected periodically by the Treasury on the basis of computer produced billing/payable tapes. SIBAC enhances the cash position of GSA revolving funds by providing "instant" cash.

The Air Force uses a remote inquiry system via cathode ray tubes and printer devices to have an on-line inquiry capability Master Military

Pay Account records. The system minimizes manpower for military pay inquiries through more efficient work flows and the use of the most current pay information. The remote inquiry terminals will be installed at 14 major Air Force bases in FY 1976 and subsequently at all Air Force accounting and finance offices. Projected measurable net savings at the 14 bases for the five-year system life cycle are \$700,000.

In September 1975, the Treasury Department's Bureau of Government Financial Operations (BGFO) released to the IRS a new Deposit Ticket, Standard Form 215, for testing and evaluation. The SF 215 not only replaces six existing forms but also is designed for automation of source data by use of Optical Character Recognition equipment. The thrust of the revised form is to get complete and accurate reconciliation figures back to agencies in a matter of days as opposed to the six to twelve weeks now required.

A major advance in work simplification occurred on July 1, 1975, when the Treasury Department converted all remaining disbursing office checking accounts from funded to unfunded status. The significance of this conversion is that, previously, funded accounts were required to use a unique accounting system. Now all D.O. checking accounts will be under a standardized and less complex accounting and financial reporting system.

The Federal Aviation Administration implemented a real-time on-line accounting data system in the Washington Headquarters Accounting Operations Division. The system permits inquiry and on-line response on the status of selected data in the system. Entry is from source documents which must pass edit and validation of coding criteria before acceptance in the data file. This eliminates errors, delays, preparation of code sheets, key-punching and processing by outside contract. New reports generated by the system eliminated the need for monthly reports.

The National Finance Center in the Department of Agriculture is engaged in major system development efforts to centralize administrative payments of all USDA agencies and develop a central accounting system to serve all USDA agencies and Secretarial Staff offices.

Centralized payment systems are being developed and implemented on a transaction-by-transaction basis. During FY 1975, major centralized payment systems were implemented for commercial telephone (140,000 transactions annually), gasoline credit cards (360,000 transactions annually), and small purchases (50,000 transactions annually).

Formulation of the Department of the Interior's Bonneville Power Administration (BPA) budget on a single integrated program and financing schedule encompassing two major program categories, i.e., operating costs and capital outlays, has been a significant accomplishment. Previously, BPA's budget programs were shown on separate budget schedules covering construction, operation and maintenance, reimbursable, continuing fund, and trust fund activities.

BPA now uses business type budget financial statements which provide additional financial details and supplement program financing information.

The Department of State is seeking congressional approval of a new reimbursement system. Presently reimbursements are received through the Shared Administrative Support System (SAS). This is a portion of the total costs of overseas administrative support. The proposed successor to this system is the Foreign Affairs Administrative System (FAAS). It is a fixed/added cost system under which the Department of State will fund the fixed costs of overseas administrative support (CORE) and the serviced agencies will pay only for the added costs created by their presence at post. (Distributed Administrative Support - DAS)

The new reimbursement system will provide improved budgeting and resource control for each participating agency. Under the SAS system, the departure of an agency from an overseas post did not necessarily produce a corresponding reduction in the cost of administrative support. In fact, since there were fewer agencies sharing the fixed expenses, cost may have gone up to individual agencies. Under the FAAS system, agencies other than State can expand or contract without having an effect on the positions and funds State needs to continue administrative support. The CORE will remain intact. The impact of having one or more agencies sharply curtail, or even completely eliminate, their programs in a country would be limited to the added or DAS costs that State incurred to provide administrative support to the agencies. Thus, an agency can better identify its administrative support costs.

The Energy Research and Development Administration has established a policy and management process for obtaining approval to execute major research and development programs that will provide improved definition and control. The ERDA Program Approval Documentation System entails a series of documented agreements between the various organizations responsible for managing the ERDA programs. The process starts with the Program Approval Document (PAD) through which the Administrator or Deputy Administrator:

- approves program execution, including annual operating plans for specific programs;
- establishes limits that cannot be exceeded without review and approval; and
- approves means for managerial review and control, including a framework for reporting results against planned performance.

The PAD approval process includes a review of the plan and objectives for each program to assure consistency with ERDA's budget and long-range plans. The cognizant Assistant Administrator prepares a PAD for approval by the Administrator or Deputy Administrator covering the major program areas defined in the agency-wide budget and reporting classifications and approved in the planning and budgeting process. The emphasis

is on near-term planning, current resource requirements, and near-term milestones in program execution. Status reporting is an integral part of the ERDA Program Approval System. The primary status reporting mechanism is the monthly status review scheduled by the Controller.

Effective August 1, 1974, the Veterans Administration began charging delinquent borrowers a 4 percent late charge on installment payments received more than 15 days after the due date. The security instruments have always provided for a late charge, but the VA had never assessed one. Earnings from the late charge for FY 1975 totaled \$971,000.

The National Science Foundation (NSF) converted its Letters of Credit from the Federal Reserve Banking System to the Treasury Regional Disbursing Office (RDO) System on March 1, 1975. The Treasury RDO System, which is still in the testing phase, uses payment voucher forms which reflect the recipient's cash position at the time of each drawdown. The recipient's cash position is thus reviewed by the Treasury RDO at the time cash is requested instead of after cash is drawn. The RDO consults with NSF when requests for cash appear to be excessive. The Government expects to benefit from the RDO System by further reducing excess cash draws from the Treasury.

The Department of Labor's Employment and Training Administration has now implemented the new Treasury RDO letter of credit method for all grants and contracts which meet Treasury Department Circular 1075 requirements for the letter of credit. In February 1975 the RDO-LC was expanded to include national office contracts/grants and on July 1, 1975, all remaining eligible contracts/grants were brought under the system. The implementation of the RDO-LC has provided much more detailed and comprehensive information for use in monitoring cash advances. Cash balances in the hands of recipients are being substantially reduced by the RDO-LC method.

New procedures were implemented by the Treasury and State Departments for funding Treasury RDO local bank accounts at all Posts in Latin American countries. The procedures were first tested at three embassies and found to be very successful.

The procedure changed the funding of the RDO accounts from a check-issued to a check-paid basis. It permits an official of the post, designated by the Disbursing Officer, to use pre-positioned U.S. dollar checks to fund the Disbursing Officer's bank account when the balance reaches a minimum (floor) level agreed to by Treasury and the bank. When the post official is notified by the bank that the account needs replenishing, the official will purchase currency with checks totaling the U.S. equivalent amount of the units of local currency needed to replenish the account to the maximum (ceiling) level agreed to by Treasury and the bank. The new procedures resulted in large reductions in cash balances at many banks. Treasury Department estimated that installation of the new procedures in Latin American countries serviced by Treasury will

result in savings of more than one million dollars per year in interest. This savings is not a one-time savings, but will recur each year.

The procedures will be installed at other embassies and posts throughout the world. On a worldwide basis, Treasury estimates that its working capital will be reduced by more than \$50 million.

A DHEW Cash Flow Analysis Task Force was established at the Secretary's request when it became apparent that the Department was underrunning its estimated budgetary cash outlay by three billion dollars. The Task Force was to determine the major factors responsible for the \$3 billion DHEW cash outlay underrun in FY 1974 when compared to the actual outlay shown in the FY 1975 President's budget and to review the Principal Operating Components' cash payment systems and the Departmental Federal Assistance Financing System (DFAFS) to determine what impact, if any, they have on cash outlay estimating the tracking.

The Task Force made field reviews of program activities and analyzed in depth programs comprising 83 percent (\$80 billion) of the DHEW budget estimate, which represented 88 percent (\$2.7 billion) of the variance.

The Task Force reported its findings, conclusions, and recommendations in a series of research reports and in an executive summary in July 1975. The reports pinpoint the various reasons for the huge variances; for example, some projections were made solely on the basis of past experience, estimators failed to realize the effects of cash transfers between agencies and the DFAFS, estimators did not receive up-to-date trend data from other systems or simply lacked experience and facts for new programs such as Supplemental Security Income and Medicare for the Disabled. The Task Force outlined techniques and systematic methods that should improve future forecasts, and set forth implementing timetables.

The Secretary accepted the Task Force's report and instructed POC and Agency heads to implement the recommendations on a priority basis.

Implementation of the Task Force's recommendations has begun and it is expected that the majority of them will be fully implemented during the current fiscal year.

In order to minimize financing costs to the Government, the Department of Housing and Urban Development, in cooperation with the Treasury Department, began testing of the Treasury Regional Disbursing Office (RDO) method of letter-of-credit funding for HUD's Community Development Block Grant Program. HUD was already using the Federal Reserve method of letter-of-credit funding in several programs. The main advantage of the Treasury RDO method is that it provides the Treasury with a better opportunity to review the grantee's funding request before funds are made available to him. This review includes determining whether the additional funds are actually needed. If the test is successful, HUD may use the RDO system for all HUD grant programs receiving advance funding in order to avoid withdrawal of cash from the Treasury before it is needed and thus help reduce Treasury's financing costs and the level of the public debt.

Substantial improvements were made in the system for managing cash used for the Tennessee Valley Authority power program. These improvements included implementation of a system for more accurately forecasting cash needs by considering time and magnitude of receipts and disbursements, for monitoring large disbursements to assure that payments were not made before due dates, and for recommending short-term borrowing levels to provide more effective use of cash and to maximize use of the least cost source of funds available. While it is difficult to estimate dollar savings from these improvements, evidence indicates savings in FY 1975 exceeded \$200,000.

The Audit Agency of the Department of Health, Education, and Welfare has developed a simplified flexible system for its auditors to use the power of the computer to conduct their examinations. The system, which comprises procedures, training, and computer programs, is called the HEW Computer Audit System-HEWCAS. HEWCAS composes programs written in COBOL for processing and extracting data on any computer with a COBOL compiler. Because of its versatility, HEWCAS has enabled the Audit Agency to use computers in a variety of audit applications.

HEWCAS provides four basic options for extracting and presenting data available in computer-accessible files related to an audit. These options are described below.

- Option 1, Stratify/Sample. Selects all or a sampling of records having the characteristics stated by the auditor. Multiple sets of characteristics can be designated for a single application. For each set, called a stratum, statistics are provided on the number of records on the input file, the number of records selected, and the sums of designated data fields. Each stratum may be sampled or printed in its entirety. The auditor can have all selected records or only a summary printed. Item sampling or dollar-unit sampling can be applied to strata in the same run as desired.
- Option 2, Find Duplicate Fields--One File. Lists those records which match other records on the same file. One or more data fields designated by the auditor are compared. Records would be sorted in advance of the HEWCAS application.
- Option 3, Find Duplicate Fields--Two Files. Lists those records which match records on another file. One or more data fields designated by the auditor are compared. Must be used when the records to be compared are in two different files. Record layouts of the two files can be different, except for the fields to be matched. The two files must be sorted on the fields to be matched.
- Option 4, Print Account Details and Totals. Provides subtotals of designated data fields for each classification of records defined by the auditor. The auditor has the option of printing

all records supporting each subtotal or of printing only the first two such records. Records would be sorted in advance of the HEWCAS application.

During FY 1975, HEW exceeded its goal of 100 man-years savings for the fiscal year by 14 man-years through the use of HEWCAS in its audits. There were a total of 337 applications during the fiscal year.

The General Services Administration, Office of Audits, is leading a unique Government-wide audit to determine the effectiveness of the Executive Departments' implementation of GSA Federal Management Circular FMC 74-7 on uniform administrative requirements for grant-in-aid to State and local governments. The management policies issued in this circular (previously OMB Circular A-102) are designed to achieve uniformity and simplification in the administration of about \$50 billion of Federal assistance programs to State and local governments. Accomplishments in FY 1975 included organization of a joint-coordinated internal audit effort of the auditors in the grantor agencies; development of a uniform audit survey program; survey of agencies' implementing grant administration policies; issuance of some agency internal audit reports to improve policy implementation; and development of a draft uniform audit guide for use in evaluating agency practices. The auditors also conducted an intergovernmental seminar for audit and grant administration personnel. Completion of the audit and issuance of a summary report are scheduled in 1976.

Air Force Audit and the Defense Contract Audit Agency (DCAA) each introduced program objective documents as an aid in tracking performance to goals throughout the year and to manage the allocation of manpower resources. In addition, DCAA implemented a procedure to assess expected savings per audit man-hour, and the Air Force developed a productivity measurement system to evaluate both individual and management level performance.

In FY 1975, the U.S. Information Agency leased a computer forms printer (an off-line computer printout copier/duplicator that automatically reproduces multiple copies of single-ply continuous forms printout) for producing computer printer products, including accounting and property reports, rather than using the computer printer. Monetary savings resulted from the elimination of purchasing costly multi-part computer paper. Other significant benefits are: (1) tape drive and printer time are saved by eliminating multipass computer operations, which also reduces computer set-up time and extends ribbon life; (2) substantial savings are realized from the storage, handling, managing, and controlling of the smaller sized computer printer reports; (3) requests for additional computer runs are now satisfied without the need for making additional computer printouts; (4) elimination of the need for purchasing costly preprinted computer forms since overlays can be acquired at a very reasonable cost serving the same purpose; and, (5) elimination of the need for the use of bursters and decollators since the computer forms printer is equipped with sorter bins producing the desired number of copies ready for binding and distribution.

The Air Force reported a number of actions to reduce the use of computer tab paper and file space. One effort resulted in saving about 7.3 million sheets of tab paper and over \$62,000 annually by eliminating or combining computer output products, reducing the frequency or number of copies printed and converting to microfiche or computer printer forms. For example, converting a monthly ledger trial balance printout to nine microfiche frames replaced over 20,000 pages of computer paper annually. Using a summary format instead of a detailed run for one monthly report saved 125,000 sheets of computer paper annually.

The Civil Aeronautics Board has developed and used a workload reporting system for many years. However, a program to review the existing workload and productivity reporting system was recently begun. There are several areas in the Board's operating programs where productivity standards are meaningful and have been adopted. These are usually recurring, repetitive or processing operations and include: printing plant operations; ADP systems design, programming, machine operation and machine activities; certain carrier auditing and investigating activities of the Accounting and Reporting and Enforcement Programs; and certain procedures for the review and processing of tariff filings and complaints.

The Civil Service Commission's Bureau of Training has developed a revised work reporting system based on the FY 1976 Operational Unified Planning Document for the nationwide training program. By establishing work report functional accounts for the projects and objectives included in the Bureau of Training's FY 1976 plan, the revised system will provide the means to track time and costs associated with implementing the plan.

The Civil Service Commission has replaced its ARS teletype network for data entry and transmission of accounting, payroll, and financial management information from its ten regional offices to the central office with a new and improved communications network. Under the new network, manual editing of data has been eliminated, data entry productivity has doubled, manual coding from source documents has been greatly reduced, data can be transmitted unattended after regular office hours, and costly paper tape operations have been eliminated. The new network will also permit the transmission of financial reports from the central office to each regional office.

The Financial Analysis and Reporting System (FLARES) at GSA was recently demonstrated in a special review by the GSA Office of Audits of a GSA revolving fund. Via FLARES, financial data was transmitted on remote terminals from the Regional Offices and summarized financial reports were immediately available. The use of this system (available through INFONET) resulted in the availability of more timely financial reports upon which managers could make more effective financial decisions. INFONET's Financial Planning and Forecasting System (FIPLAN) was used by the GSA Office of Audits.

The output measurement reporting system at the U.S. Coast Guard has been expanded to include measures of effectiveness. The effectiveness measurement data is now used to establish standards of timeliness and accuracy. These standards will greatly enhance the value of the productivity measurement data.

The monthly "Obligation Status Report" at the Central Intelligence Agency is now being produced on COM (Computer Output Microfilm) in lieu of two hard copy outputs. The estimated paper savings was approximately 256,000 pages of computer printed sheets in FY 1975 with comparable savings each succeeding fiscal year.

The Department of Housing and Urban Development completed the conversion of the Time and Attendance Report processing from punched cards to OCR documents for all field employees. Annual net savings of \$27,000 and approximately 3 man-years were accomplished.

The Tennessee Valley Authority eliminated the savings bonds EDP subsystem and the payroll EDP systems were modified to include the processing of U.S. savings bonds. Eight computer programs, several separate computer runs, and many manual controls were eliminated which resulted in a more efficient system and annual savings of \$16,000.

Use of Check Wrapping Systems in the Treasury Department will significantly reduce the envelope costs for mailing checks, particularly in view of the increasing cost of pre-manufactured envelopes. This system manufactures an envelope from a roll of paper while simultaneously inserting a check and as many as three separate inserts. More than 90 million checks were wrapped in FY 1975 in the envelopes manufactured by the prototype system. The first production model system was delivered on June 26, 1975, and the installation commenced the following day. Thirteen production model systems are planned to be installed by the end of FY 1976. Projected annual recurring savings of approximately \$1.5 million are anticipated when all Check Wrapping Systems are fully operational.