



## FOREWORD

The Joint Financial Management Improvement Program has as its mission the continuing improvement of financial policies and practices throughout the Government. The publishing of this report is one of the many ways through which we fulfill a goal of coordinating and sharing financial management improvement activities and experiences.

The emphasis on financial management improvement has been accented recently by the number of major programs being undertaken Government-wide. Improvement efforts initiated under the President's Management Improvement Council, the Inspector General Act, the Special Task Force for the Prevention of Fraud and Abuse, the Office of Management and Budget's Financial Priorities Program, and the Civil Service Reform Act reflect the degree of commitment and interest in improving Government financial operations.

This report describes the financial management improvement activities accomplished and undertaken during 1979 by the JFMIP whose principal agencies consist of the Office of Management and Budget, Department of the Treasury, Office of Personnel Management and the General Accounting Office. Further, it presents summaries of the many projects completed or initiated throughout the year by the Federal agencies. Our main purpose for publishing this report will be fulfilled if agencies identify concepts and practices which may offer the potential for improvement in their own financial management operations and learn from the experience and knowledge of others.

Improvement is a continuous process, and new ideas and techniques need to be shared Government-wide so that all of us will benefit. JFMIP wishes to express our congratulations and appreciation to those who participated in the development and implementation of the many useful projects published herein, and to others whose achievements were not included due to space limitation. We look forward to working with you on the many major challenges and issues that we will face in the new decade.

Susumu Uyeda  
Executive Director  
May 1980

CONTENTS

	Page
Foreword	i
CHAPTER	
I JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM	
A. Background . . . . .	1
B. Joint Financial Management Improvement Program Staff . . . . .	3
C. Office of Management and Budget . . . . .	12
D. Department of the Treasury. . . . .	18
E. Office of Personnel Management. . . . .	23
F. General Accounting Office . . . . .	28
II AGENCY INITIATIVES TO IMPROVE FINANCIAL MANAGEMENT	
A. Accounting Procedures and Systems . . . . .	35
B. Auditing. . . . .	42
C. Budgeting . . . . .	46
D. Cash Management . . . . .	50
E. Payroll and Personnel Systems . . . . .	55
F. Productivity. . . . .	58
G. Other Systems . . . . .	63
APPENDIX	
A Key Officials of JFMIP. . . . .	68
B JFMIP Staff . . . . .	69
C Interagency Project Teams . . . . .	70
D JFMIP Publications. . . . .	72

NOTE: The area code for the telephone numbers listed is (202) unless otherwise designated.

## CHAPTER I

### JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM

#### A. BACKGROUND

The Joint Financial Management Improvement Program (JFMIP) is a joint and cooperative undertaking of the Office of Management and Budget, the General Accounting Office, the Department of the Treasury, and the Office of Personnel Management, working in cooperation with each other and with operating agencies to improve financial management practices. The Program was initiated in 1948 by the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General, and was given statutory authorization in the Budget and Accounting Procedures Act of 1950.

The overall objective of JFMIP is to improve and coordinate financial management policies and practices throughout the Government so that they will contribute significantly to the effective and efficient planning and operation of governmental programs. Leadership and guidance are provided by the four Principals of the Program--the Comptroller General of the United States, the Secretary of the Treasury, the Director of the Office of Management and Budget, and the Director of the Office of Personnel Management. The Program is administered by a Steering Committee, which is composed of representatives of the Principals, and the Executive Director of the JFMIP. Under the guidance of the Steering Committee, the Executive Director and his staff develop, direct and undertake programs and projects for JFMIP on a day-to-day basis. Appendix A is a listing of key officials and Appendix B lists the Director and his staff during 1979.

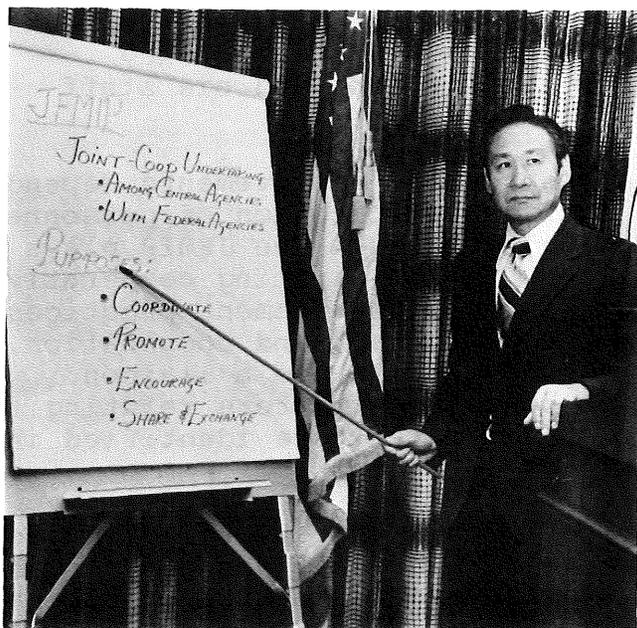
Achievement of financial management improvements depends heavily on the interest and active participation of personnel from the principal and operating agencies. The JFMIP plays a key role in mobilizing resources and coordinating cooperative efforts in the improvement of financial management practices. To fully achieve the necessary coordination and cooperation, the head of each Federal agency has designated a liaison officer to serve as a point of contact on matters relating to the JFMIP. Agency liaison representatives are identified in our Financial Management Directory.

The JFMIP and its staff performs a variety of activities aimed at achieving its objective of financial management improvement. JFMIP reviews and coordinates central agencies'

activities and policy promulgations to avoid possible conflict, inconsistency, duplication and confusion. It acts as a clearinghouse for sharing and disseminating information about good financial management techniques and technologies. In this respect, JFMIP sponsors conferences and workshops, publishes a quarterly news bulletin, and prepares informative documents on good financial management practices. Working closely with agency liaison representatives, JFMIP reviews the financial management efforts of the operating agencies and serves as a catalyst for further improvements.

In addition, JFMIP undertakes special studies and research projects of a government-wide nature to resolve specific problems. Such projects are carried out through interagency project teams from both principal and operating agencies. Sometimes, project teams include representatives of State and local governments, depending on the nature of the projects. Lastly, it provides advisory services in dealing with specific financial management problems. Some problems may be dealt with by referral to a source of expertise, some by assignment to the principal agencies, and some by informal consultation.

During the past year, the JFMIP staff and the principal agencies--the Office of Management and Budget, the Department of the Treasury, the General Accounting Office, and the Office of Personnel Management--have undertaken many activities to improve financial management. In the balance of this section, some of their major initiatives are highlighted.



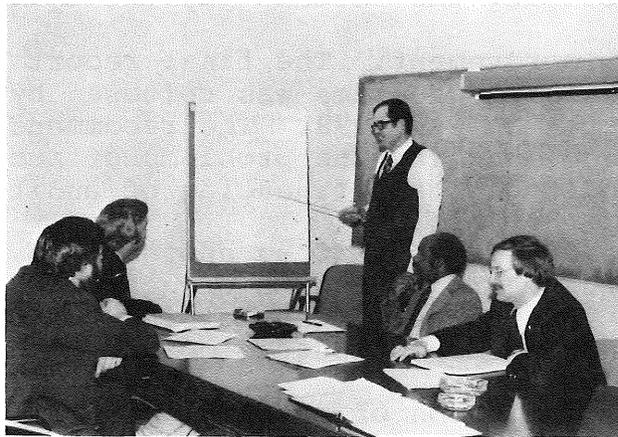
Susumu Uyeda  
Executive Director

Explaining the  
objectives  
of JFMIP

B. JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM STAFF

1. Major Projects of 1979

a. Roles and Responsibilities of Certifying and Disbursing Officers.



A JFMIP interagency project team undertook a study on the roles and responsibilities of certifying and disbursing officers in the Federal Government. The objective of the project was to seek ways to modernize the administrative procedures used by certifying and disbursing officers in fulfilling their legally mandated responsibility, and to develop meaningful, equitable and cost-effective methods and standards of accountability in Government payment systems.

Certifying officers in civilian agencies and disbursing officers in the Department of Defense are, by law, responsible and accountable for legality, propriety, and correctness of payments made by the Federal Government. With the advent of the computer and the tremendous increase in the volume of payments made by Federal agencies, the role of the certifying and disbursing officers changed drastically.

Certifying and disbursing officers can no longer examine and verify each and every payment because of the complexity and volume of payments. They have to rely on the integrity and reliability of systems and the people operating them. If certifying and disbursing officers are to rely on the integrity of systems to attest to the legality and accuracy of payments, they must have assurance that all the internal operating controls (manual and automated) have been examined and verified, and that the total payment system is operating properly.

To achieve this objective, a series of far-reaching recommendations have been made in a draft report that was distributed to Departments and Agencies for comment in February 1980. The recommendations are aimed at providing assurance to certifying and disbursing officers that payments are legal, accurate and correct, to strengthen internal controls in payment systems, and to provide a systematic process in monitoring the "total" payment system.

b. Audit Improvement. The final report on the audit of federally assisted programs was released by the JFMIP Steering Committee in May 1979. The recommendations are directed toward overcoming the problems of audit overlap and duplication, audit gaps and financing of audit activities:

- The development of an approach to rely on and require single audits of grant recipients, with an interagency group helping the Office of Management and Budget implement this approach;
- The inclusion of material program and administrative requirements in a uniform audit guide;
- The standardization of grant audit and administrative language;
- The extension of Federal cognizant agency arrangements to provide oversight of single audits;
- The review of a system for reimbursement of the Federal Government's share of audit costs;
- The determination, at a later date, of the feasibility of establishing a single agency responsible for audit of federally assisted programs;
- The establishment of a system for identifying where and by whom grant funds are being administered;
- The development, by the Office of Management and Budget, of a plan to implement the above recommendations, and
- The appointment of a group to review and monitor implementation of the recommendations.

The Office of Management and Budget is taking action to implement many of these recommendations as discussed in Section C of this Chapter.

c. Financial Management Systems Checklist. The JFMIP published "A Checklist--For New Agencies Designing and Implementing Financial Management Systems" to provide immediate assistance to new or reorganized Federal departments and establishments in developing their basic financial management systems. Significantly, many established agencies have found the Checklist to be extremely useful for reviewing ongoing systems and making systems revisions.

The Checklist provides an organized "reminder" of key agency contacts, major laws and regulations, basic system requirements, and other points that should be considered during the development and implementation of financial management systems. Outlined in the Checklist are four principal processes that agencies must consider in implementing their financial management system:

- Planning, organizing and staffing financial activities;
- Budget system design, implementation and operation;
- Accounting system design, implementation and operation, and
- Program control, feedback and evaluation.

d. Financial Management Functions in the Federal Government. An updated booklet, "Financial Management Functions in the Federal Government," was issued in August 1979. This document describes, in one volume, the functions of the central agencies responsible for providing financial and management guidance to operating agencies.

This booklet discusses the organizations, authorities and principal functions of those agencies responsible for:

- Assisting the President with budget formulation and execution;
- Supervising and managing the Government's finances;
- Independently reviewing the efficiency and effectiveness with which Federal programs are managed;

- Promoting the development and use of improved financial management systems throughout the Government;
- Providing central leadership for a wide variety of property management and related services for the Government, and
- Fostering a quality Government workforce through various programs to improve personnel management at all Federal agencies.

e. Financial Managers Directory. The 1979 "Federal Financial Management Directory" was published by the Joint Financial Management Improvement Program as a service to the financial management community. The directory, updated annually, is intended to facilitate the interchange of financial management information among agency officials in the Federal Government and thus aid in the development of intergovernmental cooperation among people engaged in financial management activities.

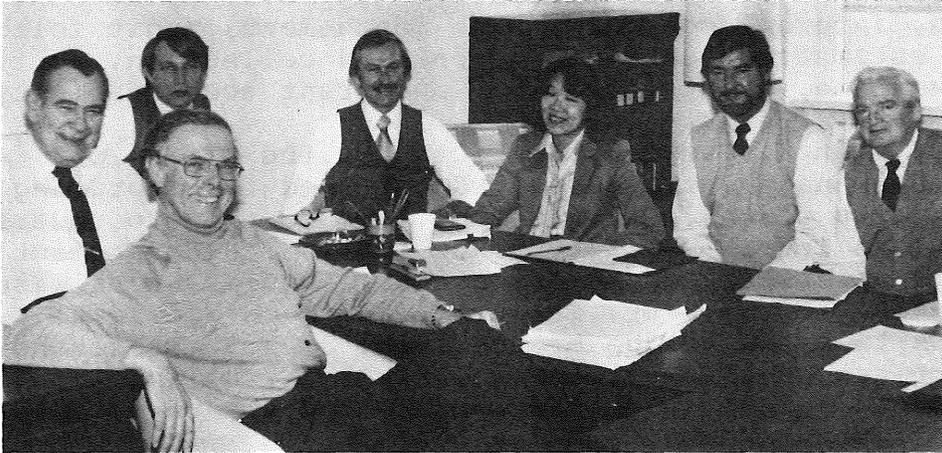
f. Study on Computer Service Charges. JFMIP assisted the Interagency Committee on Automatic Data Processing, sponsored by the General Services Administration, on their study on charging of computer services to users in the Federal Government. A document containing four case studies on charging for automatic data processing services was developed by the Special Interest Group on Installation Management. This publication is to assist Federal data processing installation managers in understanding the mechanisms associated with charging for automatic data processing and related services.

## 2. Projects Underway

a. Study of Financial Reports. A study was initiated in 1979 to review agency financial management reports and their management use. This project is concerned with reports that assist top management in effectively controlling operations and making managerial decisions. The objective is to share the best examples of these management reports with other agencies by publicizing them in a booklet. These examples are envisioned as showing management how effective financial reports can provide them with the right information at the right time to make the right decisions. Hopefully, agencies will study and consider these "model" reports in designing or redesigning their own financial management information systems.

b. Productivity in Accounting and Financial Offices.

The JFMIP initiated a project on developing a standard approach to measure and analyze work performance in finance and accounting offices. The Office of Personnel Management and three offices within the Department of Commerce--the Office of the Secretary, the Economic Development Administration, and the Maritime Administration--are actively participating in the development of this productivity measurement system with the JFMIP staff.



Pictured above are team members from Commerce Department, except otherwise noted: Clyde Ahrnsbrak, Leonard Sweeney, Earl Loe, Doris Chew (JFMIP), Marty Flaherty (OPM), Dallas Dobelbower. In front is Dennis Polivka.

The project will specifically identify and define the activities, functions and operations and their outputs. The system will enable productivity measurement and evaluation in the designated activities, functions and operations within a typical finance and accounting office in the Federal Government. The development and pilot testing of the productivity measurement system is expected to be completed within the next fiscal year.

3. Annual Financial Management Conference

The JFMIP sponsors a Financial Management Conference each year to disseminate information on new developments and ideas and to stimulate the widespread use of good financial management practices in the public sector. "The Role of the Financial Manager in Rebuilding Public Confidence in the Government" was the theme of the Eighth Annual Financial Management Conference held in Washington, D.C. on March 19, 1979. The three plenary speakers pointed out how the financial manager can meet the challenge of restoring public trust in the Government.

Dr. John P. White, Deputy Director of the Office of Management and Budget highlighted the major Presidential initiatives to achieve more efficient and effective Government, such as Civil Service reform, reorganizations, and improvements in budgeting and management techniques. He also announced a comprehensive program for improving financial management in the Government. This program, known as the Financial Priorities Program, will be integrated with the budget process. OMB will monitor the progress of selected areas for improvements, including: approval of accounting systems, internal controls, cash management, audit followup, outlay estimating, debt management and collection, controls over overtime, grant financing, and grant accountability.

Dr. Alan K. Campbell, Director of the Office of Personnel Management, emphasized the need for improving productivity of the public sector. To be able to understand and improve Federal sector productivity, the Government needs to establish meaningful output measures and a wise investment program. Dr. Campbell called on financial managers to bring to the productivity area their financial perspectives, analytical and quantitative skills, and know-how in establishing performance criteria and capturing work performance data.

Mr. Thomas D. Morris, Inspector General of the Department of Health, Education and Welfare stated that financial managers need to get "back to the basics," by refocusing efforts around the fundamentals of financial management learned over the years. He offered five basics for revitalization:

- Enlightened and timely audits;
- Relevant accounting reports and analyses;
- Skillful articulation of the budget;
- Tough performance targets and productivity improvement objectives, and
- Innovative approaches to systems improvement.

During the luncheon session, Mrs. Bette Anderson, Under Secretary of the Department of the Treasury presented the Financial Management Improvement Awards for 1978 to:

- Frank Greathouse, Director of Division of State and Municipal Audits in the State of Tennessee, for his outstanding leadership and accomplishments in intergovernmental cooperation and coordination of audit efforts for federally assisted programs, and
- William Henderson, Fiscal Affairs Specialist, U.S. Department of the Treasury, for his professional excellence in improving cash management in the Federal Government.



Pictured above at the 1979 Conference were: Allan Reynolds (VA), Donald Scantlebury (GAO), Beth Henderson, William Henderson (Treasury), Bette Anderson (Treasury), Frank Greathouse (Tennessee), Frances Greathouse, Gerald Murphy (Treasury), John Lordan (OMB), James Gregg (OPM), and Susumu Uyeda (JFMIP).

Four afternoon workshops were conducted covering the following topics:

- "Improving Financial Management Systems for Better Accountability," led by Richard Maycock, General Accounting Office;
- "Increasing Public Trust Through Innovations in the Budgeting Process," led by Carey P. Modlin, Office of Management and Budget;

- "Improving Financial Credibility Through Intergovernmental Cooperation," led by Leonard Greess, State Auditor Coordinating Council, and
- "Implementation of the Inspector General Act," led by Allan Reynolds, Veterans Administration.

#### 4. JFMIP Workshops

At the request of the Commonwealth of Virginia, JFMIP sponsored 2 two-day workshops in Richmond on OMB Circular A-102 covering uniform administrative requirements for grants to State and local governments. Also, working with the Department of the Interior's Office of Territorial Affairs, JFMIP conducted two similar workshops for the Government of Samoa. Sessions on OMB Circulars A-102 and A-110 were also given to the Hawaii Chapter of the Association of Government Accountants.

The JFMIP and a number of chapters of the Association of Government Accountants sponsored several workshops for program and staff personnel associated with letter-of-credit activities. The program included presentations on the evolution of letters of credit; regulations for using letter-of-credit systems; the monitoring responsibilities of agencies, and the use of electronic funds transfers for letter-of-credit payments. Workshops were held in New York, Philadelphia, Chicago, Kansas City, Dallas, Denver, San Francisco, and Seattle.

Also, JFMIP was invited to give presentations on such subjects as JFMIP, Presidential initiatives in financial management, improvement projects on intergovernmental relations and other matters. Presentations were given at the Department of Defense, Department of Labor, Coast Guard, USDA Auditor Training Center and the U. S. Naval Academy.

In keeping with our objective of staying current with the state of the art, we have actively participated in and given presentations at conferences and symposiums of the American Accounting Association, American Society of Military Comptrollers, National State Auditors Association and the Association of Government Accountants.

In 1979, JFMIP met with, and briefed, officials from Australia, Japan, Nigeria and Turkey.

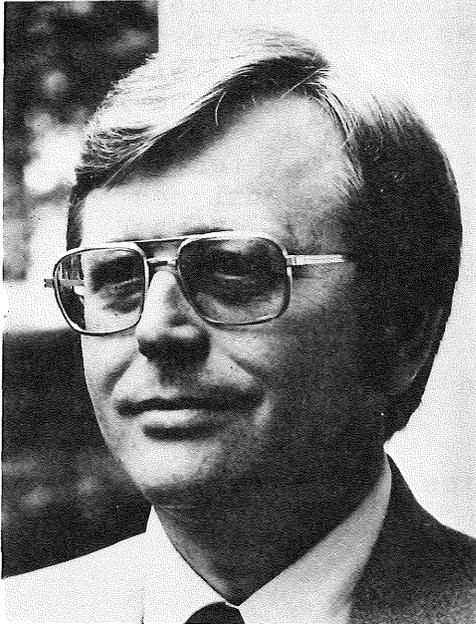
## 5. Agency Meetings

During the past year, JFMIP has met with top financial management personnel from major departments and agencies to learn about agency concerns, problems and initiatives in financial management. These visitations enable JFMIP to bring together agencies that are working, or have worked, on similar projects for the purpose of sharing and exchanging experiences and knowledge. Through this cross-fertilization effort, we hope to minimize systems developmental costs and to elevate the quality of the financial management systems. Meetings were held with the following organizations:

Agriculture, Department of  
Civil Aeronautics Board  
General Services Administration  
Interstate Commerce Commission  
Labor, Department of  
National Endowment for Humanities  
Small Business Administration  
Securities and Exchange Commission  
Smithsonian Institution

We also were invited to participate in the OMB-GSA-sponsored Executive Conference on Information Technology Management and the OMB-OPM-GSA-GAO-sponsored Public Management Research Conference. JFMIP continues to be an active member of the Interagency Committee on Automatic Data Processing and participates, with observer status, in the meetings of the National Intergovernmental Audit Forum.

C. OFFICE OF MANAGEMENT AND BUDGET (OMB)



PROGRAM PRINCIPAL  
James T. McIntyre, Jr.



STEERING COMMITTEE MEMBER  
John Lordan

1. Zero-Base Budgeting

The 1981 Budget is the third prepared by OMB using zero-base budgeting (ZBB). The results of the three-year experience have been highly satisfactory.

This experience has shown that ZBB continues to help managers undertake a systematic and careful examination of programs at various funding levels, clearly identify priorities, set objectives and develop alternative methods for carrying out agency missions. By facilitating the decisionmaking process, ZBB has made it possible to compare programs more easily, to make better informed judgments, and to put available resources to the best use possible.

The ZBB system has also permitted significant innovations in OMB's central review techniques. In the last two years, several interagency reviews have resulted in more systematic examination of programs with similar objectives. Government-wide ranking of zero-base packages at the "margin" of agencies' budget totals has provided a better basis for balanced and even-handed decisions.

## 2. Multiyear Planning

A multiyear planning system was instituted by OMB at the President's direction in the 1980 Budget and was again used in preparing the 1981 Budget. Although five-year projections of budget data have been published in the Budget since 1970, explicit plans rarely extended beyond the budget year. With the change to multiyear planning, the planning horizon is expanded to three years (e.g., in the 1981 Budget, the planning period covers 1981-1983).

The multiyear planning system ensures that the long-term consequences of programmatic changes and proposals are identified throughout the decisionmaking process, and provides a more useful structure for making spending and tax policy choices. In addition to the detailed estimates for future years included in the Budget, similar information is provided on a regular basis in the Budget updates transmitted to the Congress each spring and summer.

## 3. Control of Federal Credit Activities

To carry out a commitment made by the Administration in the 1980 Budget, OMB developed a system designed to control Federal credit activities. The 1981 Budget reflects a comprehensive and systematic review of credit activities and includes recommended annual appropriation bill limitations on many direct loan and loan guarantee programs.

There are three long range goals of the new system: first, at the program level, the system should ensure that credit programs meet the purposes for which they are intended, that they do so effectively, and that the level of resources is justified; second, the system should result in closer examination of allocation of credit and real resources across broad sectors of the economy, and third, the system should encourage more careful consideration of the total impact of Federal credit activity on the economy as a whole--on borrowing needs of the private sector, and on economic growth, inflation and employment.

To provide a basis for examining individual credit programs and the allocation of credit across the economy, credit data are now presented in budget appendix schedules, main budget document, and special analyses volume.

## 4. Audit Improvements

OMB revised three Circulars to improve Federal auditing. The revision to Circular A-73, "Audit of Federal

Operations and Programs," deals with audit followup. It sets a six-month time limit on audit resolution, establishes procedures for resolving major disagreements between audit and program officials, calls for semiannual reports to agency heads, and requires periodic evaluations of audit followup systems. OMB worked closely with the General Accounting Office on the revision. OMB is pressing the agencies for speedy implementation as part of the Financial Priorities Program.

The second revision is to Circular A-102, "Uniform Requirements for Grants-in-Aid to State and Local Governments," and sets forth standard audit rules for State and local grants. The revision calls for a single, coordinated audit on a Government-wide basis; it incorporates a standard audit guide to replace more than 100 that are now in use, and it calls for a system of audit cognizance that would allow one Federal agency to act for all agencies in dealing with a single grantee. The revision is based on recommendations of the Joint Financial Management Improvement Program and the General Accounting Office.

The third revision is to Circular A-88, "Indirect Cost Rates, Audit, and Audit Followup at Educational Institutions." This revision continues the policy of relying on a single agency to act for all agencies in auditing universities and in negotiating their indirect cost rates. It adds to those duties the responsibility to followup on audits by assuring correction of system's deficiencies and negotiating appropriate monetary recoveries.

#### 5. Allowable Costs Under Grants to Educational Institutions

A revised version of Circular A-21, "Principles for Determining Costs Applicable to Grants, Contracts, and Other Agreements with Educational Institutions," was published on March 6, 1979. The new rules, which took effect October 1, 1979, are based on recommendations of the Department of Health, Education, and Welfare after urging by the House and Senate Appropriations Committees. The Committees had expressed concern about "spiraling indirect cost rates" in grant programs. The originally proposed revisions to the Circular caused considerable concern among universities. As the result of extensive comments and further discussions with university representatives, all of the major differences were resolved.

In addition to making a long-needed reform in cost rules, another principal benefit of the Circular is a net

reduction in paperwork and red tape. These reductions came about through:

- Less frequent personnel activity reports;
- A "monitored workload" method of keeping track of personnel costs that requires far less reporting while retaining necessary control;
- A simplified method that small universities may use to compute overhead, and
- A coordinated action with the Congress' Cost Accounting Standards Board that exempts almost all universities from its regulations.

#### 6. Financial Priorities Program

This program was launched by the Administration on May 7, 1979. It is designed to direct top management attention to needed improvements in agency financial systems. The priorities were worked out by OMB in consultation with the Congress, the Comptroller General, and the agencies. The priorities that were approved focus on:

- Accounting systems: To obtain General Accounting Office approval of all accounting systems;
- Internal control: To upgrade control systems to reduce the risk of fraud, abuse, waste, and inefficiency;
- Cash management: To build upon the work of the President's Cash Management Project;
- Audit followup: To resolve audit findings promptly and properly;
- Outlay estimating: To improve accuracy and timeliness in estimating outlays;
- Debt collection: To encourage proper accounting, and prompt aggressive debt collection;
- Overtime: To implement accurate accounting and tighter control of overtime;
- Grant financing: To increase the use of letters-of-credit and electronic funds transfer, and recover unspent funds, and

-- Grant accountability: To seek the full implementation of cost principles and standard administrative requirements.

The program is committed to working toward improvements with agency management, through the budget process, and through special projects such as the Cash Management Project and the Debt Collection Project.

When this program began, agency financial systems had many weaknesses. There were reports of major breakdowns in fund control, with millions of dollars being overobligated. Audit reports citing billions of dollars in questioned costs were going unresolved, sometimes for years. Hundreds of millions in unspent grant funds were being retained by recipients. Cash management practices and debt collection practices were extremely weak.

The Financial Priorities Program is showing gratifying results. The backlog of unresolved audit findings has been substantially reduced. One agency alone has collected unspent grant funds of \$75 million. Letters-of-credit are now used for over \$100 billion in Federal aid, and the President's debt collection project is expected to make substantial progress in collecting delinquent accounts and reducing the amount of the Federal Government's bad debts. The Financial Priorities Program represents an ongoing Government-wide effort and will significantly increase the Government's ability to manage its resources wisely.

The work of the President's Cash Management Project is largely completed. It was designed to improve the way cash is handled by the major departments and agencies in an effort to more efficiently manage the cash flow of the Federal Government. This program developed more effective ways of paying the Government's bills on time, thus avoiding the interest income loss associated with the early payment of bills or penalties for late payments. It also involved investing idle cash-on-hand which generated savings of over \$400 million in 1980. In 1981 and 1982, annual savings totaling almost \$1 billion are expected. Continued monitoring, which is essential to ensuring success in cash management, will take place under the Financial Priorities Program.

## 7. Inspector General Resources Review

As part of the effort to assure effective implementation of the Inspector General Act of 1978, a special review of Inspector General resources was included in the fiscal year

1981 budget process. The policy guidance letters from OMB to each agency having a statutory Inspector General noted a need to make a special review of the resources supporting Inspectors General.

OMB also reviewed agency requests, assuring adequate coverage for Inspector General operations. These reviews resulted in staffing increases of 18 percent. Also, the post-budget allowance letters to each agency called for greater priority for Inspector General resources.

#### 8. The Debt Collection Project

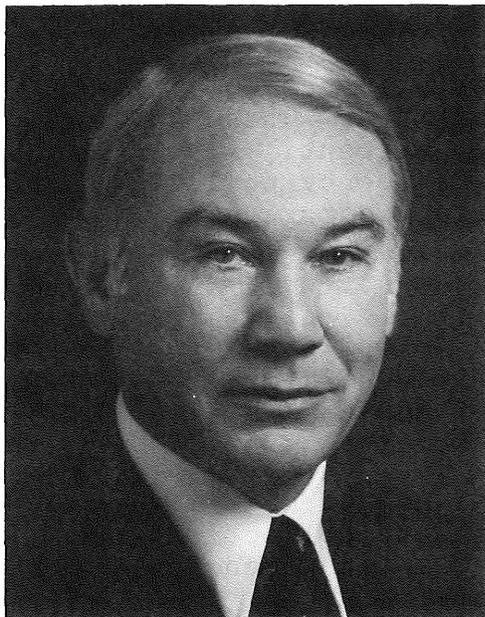
The significant and increasing amount of overdue debts owed the Government prompted the President's Management Improvement Council to establish the Debt Collection Project within OMB in August 1979.

The project, which has been designed to make maximum use of existing agency expertise in debt collection, has embarked on a survey of all credit granting agencies. The primary objectives of the project are to:

- Catalog all aspects of Federal debt;
- Remedy problems found and ensure effective future performance;
- Evaluate the effectiveness of debt collection in the Federal Sector, and
- Determine methods for application of favorable findings on a Government-wide scale.

The Debt Collection Project has selected 23 agencies in which to conduct detailed reviews of debt collection practices. Reviews in all agencies have begun and are in various stages of completion. A final report outlining Government-wide findings and related recommendations will be issued in late August of 1980.

D. DEPARTMENT OF THE TREASURY



PROGRAM PRINCIPAL  
G. William Miller



STEERING COMMITTEE MEMBER  
Gerald Murphy

1. Cash Management

Significant improvements in the area of cash management were reported by Treasury for fiscal year 1979. The Federal objectives of faster collection of receivables and prompt deposits of receipts to provide for greater availability of funds were enhanced by Treasury's initiatives.

Some of the projects that contributed toward the accomplishment of these objectives are discussed in the following paragraphs.

Treasury Financial Communications System. The utilization of the system for wire-transfer of agency receipts and payments increased significantly during 1979. Dollar receipts totaled \$63.7 billion, an increase of over 93 percent, or approximately \$31 billion. Payments totaled \$38 billion, an increase of almost 27 percent, or \$8 billion. Through the wire-transfer system, receipts are generally available 2 to 4 days earlier than with check transactions. Payments made through the system eliminate the use of checks and provide for better timing of cash needs, allowing the Treasury to more finely tune its cash and debt management decisions. (Michael Backert, 566-2379.)

Accrued Expenditure Reports. During fiscal year 1979, the Bureau of Government Financial Operations conducted two Government-wide surveys to evaluate the use of, and the costs of preparing accrued expenditure reports by Government agencies. It was determined that there was very little use of these reports, and elimination of the agency reporting requirement would result in recurring annual savings of over \$272,000. In addition, a one-time cost avoidance of \$78,200 could be realized by the Treasury. The decision was made to eliminate the reporting requirements after fiscal year 1979. (James Zok, 566-8374.)

Debt Collection. During fiscal year 1979, Treasury, in cooperation with the General Accounting Office and the Office of Management and Budget, initiated an effort to obtain information involving debt collection practices for accounts and loans receivable. This effort followed Congressional hearings which indicated major weaknesses in agency debt collection systems and reflected the Administration's interest in improving the management of the Government's receivables.

Treasury Fiscal Requirements Manual Bulletin 79-10 was issued to stimulate more effective accounting control over accounts and loans receivable and encourage more aggressive collection of past due debts. Reporting requirements were revised to provide that accounts receivable not due within one year be classified as noncurrent assets and unrecovered beneficiary overpayments be shown as accounts receivable. In addition, the Bulletin's interim instructions also establish that:

- Consideration be given to past collection experience in computing an allowance for uncollectible accounts;
- Uncollectible accounts written off during specified periods be reported, and
- Agencies provide an aging schedule of accounts and loans receivable as of September 30, 1979, as part of a report of the "Status of Accounts and Loans Receivable." (Charles White, 566-8374.)

Gold Bullion Sales. Recommendations to improve gold bullion sales procedures were implemented during the latter part of fiscal year 1979. The new procedures included (a) increasing the amount of bid deposits required from \$10 to \$30 per ounce by prospective purchasers, and (b) requiring

final payments by successful bidders within 7 calendar days of the auction rather than 10 days. (Anthony Quaglieri, 566-8374.)

Lock-Box Collection System. Treasury has begun developing procedures to implement a pilot lock-box collection system. This system will allow Government receipts earmarked for a specific purpose to be deposited directly to a general depository rather than going through the agency to the depository. Establishing a lock-box system will reduce the total float associated with a nonlock-box system, eliminate the need for preparation of receipts for deposit, and speed the collection of receivables. (William Patriarca, 566-8374.)

Social Security Trust Funds. Treasury has implemented daily wire reports from the Federal Reserve Banks to the Bureau of Government Financial Operations for the daily investment of deposits by States to the Social Security Trust Funds. This has allowed the investment of these receipts the day after the funds are received at the Banks instead of 6 to 11 days under the previous procedures. (Richard Buschman, 566-5613.)

Letters-of-Credit Transactions on Communications System. Treasury implemented the Letter of Credit-Treasury Financial Communications System, which is an electronic funds transfer application for making advance payments to grantees. This system utilizes the Treasury Financial Communications System to accomplish transfer of requests for funds, related fund transfers, and rejection messages. The objective is to better control advances of fixed payments and preaudit of requests for funds. The test system is currently used in the Federal Reserve District of Richmond and the Department of Agriculture's Food and Nutrition Service. About \$1 billion in annual letter-of-credit payments will be made by the system in fiscal year 1980. Further expansion plans include bringing additional Federal agencies and Federal Reserve Districts under the system by early fiscal year 1981.

The expediency of the system will allow at least a one-day transfer delay in average letter-of-credit flow and at current levels, each day's delay in flow translates to a \$375 million daily increase in availability of funds to Treasury. (Helen Sherman, 566-8251.)

Treasury Tax and Loan Investment Program. Pursuant to Public Law 95-147 and 31 CFR Parts 203 and 226, the Treasury implemented the Treasury Tax and Loan Investment Program. The new program enables the Treasury to earn a return on its

temporarily excess operating cash in commercial financial institutions by investing such cash in interest bearing accounts with tax and loan depositaries. During fiscal year 1979, the program generated gross interest earnings of approximately \$646 million.

Also, a major effort was accomplished to complete onsite reviews of the fiscal activities to carry out the program performed by Federal Reserve Banks acting as Treasury's fiscal agents. The purpose of the reviews was to ensure that the support systems are operating efficiently and effectively. (Daniel H. McGrath, 566-5125.)

In addition, audit reports were requested during fiscal year 1979 from the Federal Reserve Banks' General Auditors in connection with the Treasury Tax and Loan Investment Program. Several of the audit findings are being referenced in the Department of the Treasury audit of the Program. The references and related audit steps were incorporated into the audit guidelines for the Program and served as the basis for the individual Federal Reserve Bank's audit programs.

Internal control over the Program transactions will now be evaluated, which include confirmation of selected data directly with the depositaries, verification of interest and fee calculations and account balances, review of procedures and steps taken to monitor compliance with collateral requirements, and the estimation of incremental costs of the new program. (Murray Hawkins, 634-5010.)

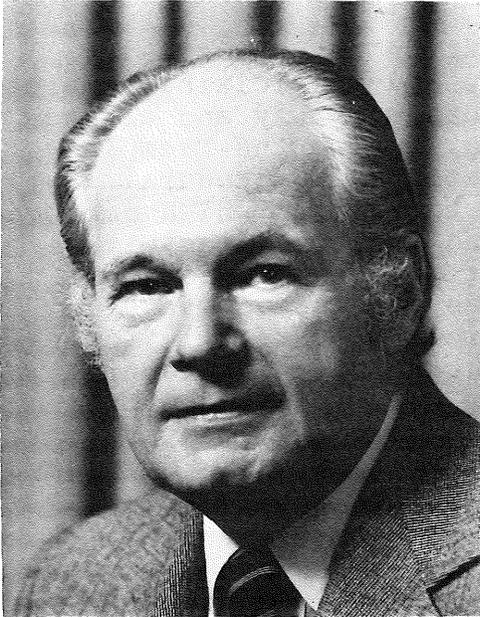
## 2. Specialized Systems

Several significant improvements were made during the past fiscal year in the development of fiscal requirements and regulations for the guidance of departments and agencies. Among the improvements are:

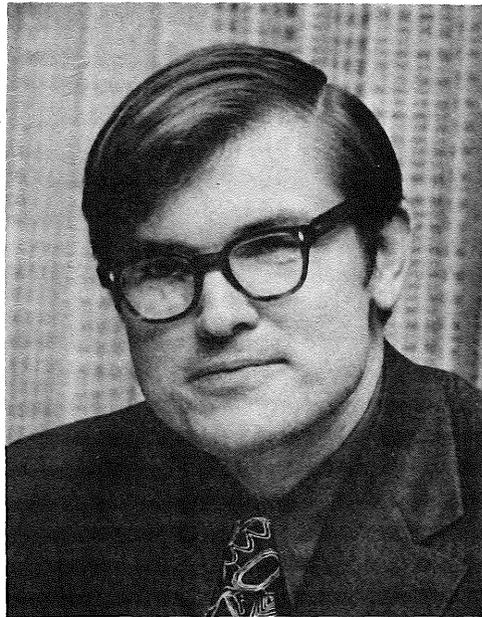
- The Report on Obligations (Standard Form 225) was modified to eliminate Object Class Symbol 97 (Obligations incurred abroad), and to change Object Class Symbols 96 and 98 to be consistent with the object classifications prescribed by the Office of Management and Budget. Obligations incurred abroad will be distributed among the other object classes;
- Federal agency cash management was improved through the issuance of revised procedures to provide for additional charges on late payments involving amounts due the Government which are not covered by contracts, agreements, or other formal arrangement;

- The Federal deposit system was improved through the issuance of new guidelines which included mandatory use of the new "Deposit Ticket" (Standard Form 215) for making deposits of all funds for credit to the account of the U. S. Treasury. The use of the Deposit Ticket provides a standardized format to insure timely and accurate processing and reporting of deposits of funds for credit to Treasury's account;
- The Administration's Minority Bank Deposit Program presently involves approximately \$200 million of Government owned, controlled, or sponsored deposits in 99 minority and women's banks;
- Modifications were made to the Check Issue Disbursing Procedures, including a requirement to make disbursement vouchers in a manner that will prevent duplicate payments, and new guidelines concerning check identification information and certifying officers;
- Interim reporting requirements were instituted to improve agency practices involving the managing of debts owed the Government. Such practices included corrective action to establish effective accounting control over accounts and loans receivable and to pursue aggressively the collection of debts that are past due;
- Agencies were provided with information and guidelines to implement the conversion of payroll sales from the Series "E" Savings Bonds to the new Series "EE" Energy Savings Bonds under the Voluntary Payroll Savings Plan. This change accentuates Treasury's interest in strengthening savings bonds as a vital part of its debt management operations, and
- The Simplified Intragovernmental Billing and Collection system was expanded to include several new Federal agency users. (Andrew M. Berdak, 566-8543.)

E. OFFICE OF PERSONNEL MANAGEMENT (OPM)



PROGRAM PRINCIPAL  
Alan K. Campbell



STEERING COMMITTEE MEMBER  
James Gregg

1. Productivity Improvement

OPM has defined productivity as increased usefulness and effectiveness of Government services or products; increased responsiveness to public needs; decreased costs, and decreased response time. OPM has established several approaches to help Federal agencies improve their productivity.

Consulting Services. Through its Office of Consulting Services, OPM is now offering services in management consulting, referral and information transfer to link agencies with expert help and successful management approaches, and training to assess agency needs, identify resources, and develop plans to upgrade staff capabilities. The Office of Consulting Services responds to requests on a confidential basis. It helps managers assess problems, analyze causes, and develop solutions that will result in improved management and productivity. The Office surveys Government-wide problems to determine whether any agency has developed effective procedures for handling them. The Office also provides Federal agencies with guidance, consultation and onsite technical assistance to improve the efficiency and effectiveness of

their training programs and systems. In each consulting task, the office works closely with agency personnel. (Robert W. Brown, 632-6811.)

Exemplary Practices. OPM's Office of Productivity Programs is identifying, analyzing, and publicizing concrete examples of productivity improvements underway and already highly successful. The undertaking, termed the Exemplary Practice Project, is seeking nominations from Federal managers of projects, programs, or techniques which improved productivity. The Office is looking for practices with widespread applicability throughout Government, so the multiplier effect can be as great as possible. Once the Office learns of a project, it reviews it carefully to certify that the project has brought about a substantial improvement. If the project passes the review, the Office designates it an exemplary practice and publicizes it. At present, there are four exemplary practices being developed and five more under investigation. (Steven Bryant, 632-7647.)

Productivity Research. The Office of Productivity Programs designed a program of field tests to demonstrate which productivity improvement approaches and techniques work, how well, and under what circumstances. Each test will measure the effects of the technique or approach against the objectives it is intended to accomplish. The tests will be evaluated, and the results disseminated through Government. (Martin G. Lively, 632-7647.)

Other productivity research includes: reports on findings with executive summaries and abstracts for use by line managers in the Government; state-of-the-art reviews and analyses in Civil Service Reform Act priority issues, and syntheses of research findings across various disciplines from the public and private sectors in this country and abroad. Two studies--organizational conflict and flexible work schedules--were finished. (Stanley Cohen, 632-6061.)

OPM is also developing a long range research agenda for productivity. It has developed a set of principles to govern and criteria to select topics for research. Several projects and papers covering major issues and individual projects have been developed and will be completed later this year. (Chester Wright, 632-6165.)

Productivity Measurement and Analysis. OPM's Office of Productivity Programs has undertaken projects in cooperation with agencies to develop and improve productivity measures

and measurement techniques. It manages the Federal productivity program which covers 50 agencies and 67 percent of the Federal civilian workforce. It has developed and helped install productivity measurement systems in 45 personnel offices. The Office is beginning to design productivity measurement systems for other administrative functions (such as public affairs and accounting operations). The latter is in cooperation with JFMIP. (Allan S. Udler, 632-6164.)

Productivity Resource Center. The Office of Productivity Programs, in cooperation with OPM's Office of Intergovernmental Personnel Programs, opened a Productivity Resource Center. The Center distributes OPM's work in productivity, steers requestors to appropriate sources for information, and acts as liaison with State, private, and academic research centers. The Office of Productivity Programs deals with the Federal sector, and the Office of Intergovernmental Personnel Programs works with State and local governments. (Jane Gill, 632-7647 or Helene McIntyre, 632-7748.)

## 2. Merit Pay Program

The Merit Pay Program provides for pay for performance incentives for GS 13-15 managers and supervisors. OPM sponsored a major conference of Federal agency and private sector compensation experts to initiate the development of compensation management expertise in the Federal Government. It has also developed computer programs and methods for OPM to determine funds available for merit pay and to facilitate agencies' use of these funds.

OPM's merit pay task force contacted private sector organizations to get information on practical approaches to performance-based pay in payroll systems, performance evaluation, data support systems, employee communications and corporate policy. OPM has also formed the Inter-Agency Group on merit pay to review agencies' merit pay plans as well as OPM's new training courses.

OPM has developed plans to collect data on agencies' implementation with an interim data collection and analysis capability to be ready in October 1980. Agencies will report through the existing Central Personnel Data File with modifications, and through OPM agency contacts. OPM will undertake a separate Merit Pay Information System to analyze the effects of merit pay after the October 1980 and 1981 conversion dates. The analysis will be used to assess merit pay employees (currently estimated at 118,000), and audit

merit pay programs. This system will require additional agency input, specialized computer programs, and interfaces among OPM's data base. (Barbara Fiss, 254-8960.)

### 3. Senior Executive Service

The Senior Executive Service became operational on July 13, 1979. Leading up to this date, OPM allocated over 8,400 senior executive positions and over 900 General Schedule supergrade positions to the agencies, based on agency requests and justifications. OPM advised agencies and individual executives on critical areas such as interpretations of the law, position justification, protection for the individual executive, performance appraisal and agency Executive Resource Boards. (Sally Greenberg, 632-5438.)

### 4. Public Management Research and Demonstration Program

Title VI of Civil Service Reform Act authorized OPM to support a public management research program on the management improvement needs of agencies and new concepts and approaches to personnel management. During 1979, OPM convened a task force to design the program's organization, mechanics, and procedures. Once the plan was complete, OPM asked agencies to submit project plans for demonstration projects. Nine projects, most dealing with compensation and classification matters, were submitted; one was tentatively approved in December 1979.

Within OPM, the Director formed a Policy and Research Advisory Board to develop a research agenda, identify key policy issues, and pinpoint research needs. The board has sought views from Federal agencies, unions, interested groups, and the general public.

During November 1979, OPM sponsored with OMB, GSA, and GAO a two-day public management research conference at the Brookings Institution. The conference inaugurated a continuing interchange among the research community, public managers, and organizations. (Allan D. Heuerman, 632-4610.)

### 5. Model Competitive Staffing System

OPM developed the Model Competitive Staffing System to implement the delegation of competitive examining provisions of the Civil Service Reform Act. The system will speed up hiring, increase quality of referred candidates, and place more authority and responsibility for staffing with agencies. It has three components:

- Agency-based staffing (basic examining authority is in agencies);
- OPM-based staffing (OPM retains examining authority), and
- OPM/Agency shared staffing.

During 1979, as authorized by Civil Service Reform Act, OPM delegated 31 personnel authorities to agencies. It also prepared and distributed the handbook, Delegation Agreement Information for Agencies, and developed a training course for evaluators on quantitative methods. (Peggy Higgins, 632-6022.)

## 6. Financial Management Training

The Management Sciences Training Center introduced five new financial management courses into its training delivery system during fiscal year 1979:

- Effective Cash Management;
- Voucher Examination;
- Establishing Internal Control to Avoid Fraud, Waste and Abuse;
- Preparation of Financial Reports, and
- Advanced Budget Analysis.

The course on Effective Cash Management was established in direct response to the Administration's initiatives to strengthen cash management practices in Federal agencies, and to aid agencies in the implementation of the Treasury Department's cash management regulations.

The course on Establishing Internal Control to Avoid Fraud, Waste and Abuse was designed to help agency management evaluate their agency's management controls, identify and correct weaknesses, and avoid fraud, waste and abuse.

In addition, the Center has formed a Program Analysis and Productivity Management curriculum. Two new courses, Productivity Concepts for Managers and Productivity Briefing, have been planned for initial offerings in the second and third quarters of fiscal year 1980.

F. GENERAL ACCOUNTING OFFICE (GAO)



PROGRAM PRINCIPAL  
Elmer B. Staats



STEERING COMMITTEE MEMBER  
Donald L. Scantlebury

1. Review of Federal Government Program Management

During the past year, GAO completed many studies that resulted in savings, improvements in Government operations, and increased effectiveness of Government programs and activities. Table F-1 shows the number of audit reports, by major audit area, issued during fiscal year 1979.

TABLE F-1

AUDIT REPORTS ISSUED DURING FISCAL YEAR 1979

	<u>Number of Reports</u>
Administration of Justice .....	31
Agriculture .....	15
Automatic Data Processing .....	13
Commerce and Housing Credit .....	31
Community and Regional Development .....	20
Congressional Information Services .....	4
Education, Training, Employment & Social Services .....	25

AUDIT REPORTS ISSUED DURING FISCAL YEAR 1979 (Continued)

	<u>Number of Reports</u>
Energy .....	92
Financial Management & Information Systems .....	42
General Government .....	128
General Purpose Fiscal Assistance .....	9
General Science, Space & Technology .....	10
Health .....	71
Impoundment Control Act of 1974 .....	16
Income Security .....	47
International Affairs .....	46
National Defense .....	230
Natural Resources & Environment .....	67
Non-Discrimination & Equal Opportunity ..	5
Procurement Other Than Defense .....	20
Transportation .....	45
Veterans Benefits and Services .....	16
 TOTAL .....	 983

The total effect of GAO's activities on financial savings, improvements in the operations, and effectiveness of Government programs and activities cannot be measured. However, the amounts of collections and other measurable savings attributable to the work of the GAO for fiscal year 1979 are summarized in the following tabulations:

<u>Savings through</u>	<u>Amount in Thousands</u>
Collections	\$ 47,923
Congressional Actions	1,228,857
Agency Actions	<u>1,298,633</u>
 Total	 <u>\$ 2,575,413</u>

Of the total amount above, about \$1.9 billion represent one-time savings, while the benefits of the other \$700 million will extend into future years.

Some financial management areas of GAO reviews are highlighted below. For further information on these and other GAO studies, see the United States General Accounting Office Annual Report for 1979.

Internal Controls over Receipts and Disbursements. GAO disclosed that financial and accounting controls needed to be

improved at 144 fiscal offices in 10 Federal agencies. The reported control weaknesses encompassed practically all elements of the agencies' financial and accounting systems, including accounts receivable, collections, disbursements, obligations, and imprest funds. Fiscal officials at the agencies reviewed agreed to take actions to correct the weaknesses. In addition, as a result of other financial management work, the following are several actions, planned or taken, and their estimated savings:

- Increased use of account audits and reconciliations and collection letters for royalties due--\$13 million;
- Installation of controls to reduce overtime use--\$983,000, and
- Elimination of excessive reimbursements for home health care services--\$20 million.

Pricing, Billing, and Collection Systems. GAO found that accounting systems were not adequate to ensure that amounts owed the Federal Government were fully and promptly collected, and that the systems did not have necessary cost data to help insure that the Federal Government collects all amounts to which it is entitled. Examples of estimated savings from actions taken or planned are:

- Collection of delinquent public facility loans--\$1 million;
- Recovery of costs through improved pricing method--\$150 million;
- Increase in price of Federal uranium enrichment services to include specified program interest costs--\$100 million, and
- Increased reimbursement rate to fully recover cost of care provided patients--\$2 million.

Cash Management. GAO completed a study of the impact on the management of Federal funds and programs from delayed enactment of legislation extending the public debt ceiling. The study concluded that several legislative changes are needed to the present method of increasing debt ceiling. The Congress adopted the GAO recommendations that debt limits established in Congressional budget resolutions become the legal debt limit.

GAO also stated that Federal and State governments could increase annual interest income by about \$5 million by improving their cash management techniques, and that interest costs could be reduced by about \$1 million by improvements in the Department of Defense's overseas cash management practices. Some actions designed to improve cash management and their respective savings include:

- Reduction in Treasury borrowing costs by changing legislation to require disbursement of appropriated funds on a quarterly basis--\$3 million;
- Deposit of proceeds from certain Foreign Military Sales in the Miscellaneous Receipts account of the U. S. Treasury--\$188 million, and
- Recapture of excess earnings from a commercial bank on five bank accounts--\$31,000.

Financial reporting systems. GAO issued several reports pointing out that agencies' accounting and financial systems produced information and reports that managers do not or cannot use for controlling public funds and resources, nor for making sound decisions on the use of resources to achieve program goals. These problems existed because agencies have not established procedures and systems to periodically revalidate the continual need for, and usefulness of, financial information and reports.

GAO also issued a booklet, "Managers--Your Accounting System Can Do A Lot For You (Accountants, You Can Do A Lot For Your Managers)," which highlights how an agency's accounting system can be useful to managers by giving them the right information at the right time.

## 2. Approval of Accounting Systems

The Budget and Accounting Procedures Act of 1950, states that the accounting of the Government provide full disclosure of the results of financial operations, adequate financial information to manage operations and formulate and execute the budget, and effective control over income, expenditures, funds, property, and other assets. The Act charges GAO with:

- Prescribing principles and standards to guide Executive agencies in accounting;
- Cooperating with agencies in improving their accounting and financial management systems, and

-- Approving agencies' principles and standards and accounting system designs.

During the past fiscal year, GAO reviewed portions or certain aspects of the operations of 58 accounting systems. It approved 5 statements of accounting principles and standards, 1 of which was a reapproval. GAO also approved the designs of 10 accounting systems, 8 of which were in the Department of Defense. Also, the fund control aspects of 6 other Defense accounting systems were approved. As of September 30, 1979, principles and standards for 292 of the 302 accounting systems had been approved, and 186 of the 302 designs had been approved. Details are presented in Table F-2.

TABLE F-2

STATUS OF ACCOUNTING SYSTEMS APPROVAL  
AS OF SEPTEMBER 30, 1979

Subject	Principles and Standards		System Designs	
	Approved	Unapproved	Approved	Unapproved
Civil departments and agencies:				
Agriculture	5	5	1	4
Commerce	8	8	7	1
Energy	6	5	4	2
Health, Education and Welfare	31	31	6	25
Housing and Urban Development	2	2	1	1
Interior	13	13	10	3
Justice	12	12	11	1
Labor	2	2	2	-
State	9	9	5	4
Transportation	8	8	7	1
Treasury	20	20	18	2
General Services Administration	9	2	3	6
Veterans Administration	8	8	7	1
Other agencies*	<u>50</u>	<u>48</u>	<u>34</u>	<u>16</u>
Total Civil	<u>183</u>	<u>173</u>	<u>116</u>	<u>67</u>
Percent	<u>100</u>	<u>95</u>	<u>64</u>	<u>36</u>

TABLE F-2 (Continued)

STATUS OF ACCOUNTING SYSTEMS APPROVAL  
AS OF SEPTEMBER 30, 1979

Subject to Approval	Principles and Standards		System Designs		
	Approved	Unapproved	Approved	Unapproved	
Department of Defense:					
Air Force	29	29	-	24	5
Army	17	17	-	10	7
Navy (including Marine Corps)	54	54	-	30	24
Defense agencies	<u>18</u>	<u>18</u>	<u>-</u>	<u>6</u>	<u>12</u>
Total Defense	<u>118</u>	<u>118</u>	<u>-</u>	<u>70</u>	<u>48</u>
Percent	<u>100</u>	<u>100</u>	<u>-</u>	<u>59</u>	<u>41</u>
District of Columbia government*					
	1	1	-	-	1
Grand Total	<u>302</u>	<u>292</u>	<u>10</u>	<u>186</u>	<u>116</u>
Percent	<u>100</u>	<u>97</u>	<u>3</u>	<u>62</u>	<u>38</u>

\*Actual number of accounting systems not yet determined.

### 3. Special Task Force for the Prevention of Fraud and Abuse

Observing areas where there seems to be fraud potential in Government programs is part of GAO's normal audit work. Because of the rising concern by the Congress, GAO created a special full-time group in January 1979 to carry out an indepth analysis of this problem. The group is known as the Special Task Force for the Prevention of Fraud and Abuse.

The Special Task Force operates a nationwide hotline enabling anyone in the continental United States to call GAO auditors directly with information concerning misuse of Federal funds. During the first nine months of the hotline, 12,000 calls were received by the Task Force. Initial screening showed that over 6,500 of these allegations warranted further evaluation. More than 2,000 of these cases were referred to agency Inspectors General and 37 directly to the Department of Justice.

The Special Task Force also is assigned the responsibility to:

- Determine the vulnerability of Federal programs to fraud and abuse, and report to the Congress;
- Inform agencies and the Congress of weaknesses in internal controls or programs, and followup actions on fraud allegations, and
- Suggest ways to improve the training received by auditors and investigators, so that they may better detect and prevent fraud.

## CHAPTER II

### AGENCY INITIATIVES TO IMPROVE FINANCIAL MANAGEMENT

#### Introduction

Agency submissions of information on fiscal year 1979 improvements to agency financial management practices and systems reflect significant achievements and major undertakings. Overall, the agency reports reflect a strong commitment to improve financial management.

Descriptions of the more significant or unusual management actions in areas of accounting procedures and systems, auditing, budgeting, cash management, payroll and personnel, productivity, and other systems are presented in the following sections. Agency contact persons are provided in parentheses following the project descriptions in order to allow the readers to obtain additional information of the improvement activity.

Publication of all reported improvements was impractical. However, the JFMIP staff, upon request, will provide assistance to agencies in identifying additional financial management improvement activities.

NOTE: The area code for the telephone numbers listed is (202) unless otherwise designated.

#### A. Accounting Procedures and Systems

Activities in this area concern agencies' interest in providing more accurate, useful and timely accounting information to management for increasing program economy and efficiency. Improvements in accounting functions include inventory management, travel administration, acquisition management and cost reporting. The economy and efficiency are resulting primarily from increased capabilities through information management technology and automation. Procedures and systems are being implemented with improved data collection and data integration. A sampling of improvement activities accomplished and underway are presented in the following paragraphs.

##### 1. Accounting Improvements Accomplished

In February 1979, the NATIONAL INSTITUTES OF HEALTH, Department of Health, Education and Welfare, implemented the

second phase of an overall administrative data base. The first phase involved computerization of central and delegated procurement areas. The second phase provided the following enhancements:

- a. Hard copy receiving reports are discontinued as a requirement for accounting documentation, data entry, and voucher payment. Receiving data is captured at its source and entered into the data base. The hard copy receiving report becomes a part of the "procurement jacket" with computer generated facsimiles used to support voucher payments;
- b. The computer system monitors the flow of data throughout the procurement process. In so doing, those functional areas which are responsible for data entry are prompted if data does not flow as prescribed by predetermined monitoring devices;
- c. Accrual transactions are automatically generated by the computer and recorded in the accounting system;
- d. The computer automatically matches ordering and receiving data upon prompting by the voucher examiner and prepares an "order/delivery" report to support the payment;
- e. Payment transactions are entered at this point and recorded in the data base, and
- f. The computer then generates a disbursement transaction and automatically records the transaction in the accounting system. (Samuel George, 496-3368.)

The DRUG ENFORCEMENT ADMINISTRATION of the Department of Justice implemented a new automated financial management system. It uses advanced on-line data collection and query techniques to record and report timely financial information. The system collects information by program identifiers structured to relate to Management by Objective categories and Zero-Base-Budget decision units.

Queries can range in level of detail from an individual obligation or travel advance to summary financial status at the appropriation level. Thus, the system supports both accounting operations and financial management on a day-to-day basis. It also generates management reports presenting the obligation and expenditure of funds for selected investigating expenses. The reports relate such

expenses by location (region, district, or resident office), drug category, and level of investigative expense. The accounting system was also interfaced with the Administration's Enforcement Management Information Systems and provides financial information by case number and informant number. The establishment of a single controlled source for investigative expense data eliminated discrepancies in management information which was produced previously from multiple sources. (Edwin J. Fost, 633-1038.)

The NATIONAL TECHNICAL INFORMATION SERVICE, Department of Commerce, began operating its own accounting system. The system is on an accrual basis and provides for an appropriate matching of costs and revenues by product line and organizational component. It also provides the supporting data for cost-based budgets. During fiscal year 1979, the Service operated under cost-based budgets. Budget execution was measured by project, cost category, and organization. This system provides for tracking and reporting on agency limitations that may be imposed by object class or other classifications. Data are recorded one time with all necessary accounting classifications shown in the original entry. The new financial system allows better control of resources, and is more responsive to management needs. (Eleanor M. Clark, 557-4710.)

The ECONOMIC DEVELOPMENT ADMINISTRATION of the Department of Commerce has developed a network of computer terminals to expedite the processing of accounting transactions which reserve funds. Through the terminals, a regional office's transaction reserving centrally controlled funds can be completed within hours rather than days under the conventional mail system. This automated procedure is now used to reserve approximately 70 percent of the agency's program funds. The Economic Development Administration's Communication Network System is designed to provide the regional offices and the Accounting Division with documentation of requests and notifications of actions taken, and provides assurance that these actions were properly authorized. (Lem F. Woo, 377-2631.)

During 1979, the ENVIRONMENTAL PROTECTION AGENCY implemented limited on-line payment applications. This process allows through remote terminals, selection of unpaid obligations from the accounting system, comparison of payment claims, and entry of abbreviated accounting data at the payment stage. The application has reduced accounting coding and input by 80 percent at the payment stage and reduced accounting entry reject rates by 65 percent. The estimated

cost savings is \$150,000 annually. Also, further modifications to produce magnetic tape for payment purpose to Treasury are being developed. (Robert Allwein, 755-0911.)

The DEPARTMENT OF DEFENSE is implementing a uniform cost and performance accounting and reporting system for all Department of Defense fixed military medical treatment facilities. The system uses a uniform chart of expense accounts and is designed to provide standardized financial and operating data for managing the delivery of peacetime health care resources. Savings will be realized as a result of consolidation of three separate and independent data bases maintained by military Departments. Also, establishment of a basis for valid comparison of the costs of different operational modes will provide additional benefits. (T. F. McCarty, 697-7296.)

The SOCIAL SECURITY ADMINISTRATION's Office of Systems, Department of Health, Education and Welfare, has implemented a Resource Accounting System designed to capture personnel hours, personnel costs, and ADP equipment costs for each service of the Office of Systems and distribute them by program activity and work center in accordance with the Administration's workload structure. Resource data will be used to prepare reports for planning, development of procurement justifications, and budget submissions. The system also supplies input for agencywide cost and workload reports. (Richard Singer, 301-594-8476.)

The NATIONAL SECURITY AGENCY implemented an on-line interactive Travel Management Data System that provides for the automation of certain travel accounting and management information. The system, approved by GAO, satisfies three basic functions:

- a. Creation of data which feeds the fiscal accounting and financial plan systems for temporary duty travel;
- b. Computer generation of the travel orders, and
- c. Provision of travel management data for all levels of management in support of budget formulation and execution functions.

The total integration of all temporary duty travel activity into a single automated interactive system has reduced personnel, administrative, and accounting costs.

At the same time, it provides a real-time capability to ascertain status of travel targets and summarization of travel costs. (Donald F. Gray, 301-796-6713.)

The PANAMA CANAL COMPANY improved its automated systems for inventory control of operating supplies and materials. The improvements include daily updating of supply management information and on-line inquiry. Automatic stock level and order quantity calculations increased optimization of investment in inventory. The system provides automated ordering under General Services Administration's Federal Standard Requisitioning and Issue Procedures. (C. J. Goodwin, contact through Washington office, 724-0104.)

## 2. Accounting Improvements Underway

The COMPTROLLER OF THE ARMY, Department of the Army, is designing the Program and Budget Accounting System as the standard financial system for the collecting, storing and processing of fund control and budget execution data for all funds administered by the Department of the Army. The system will satisfy all departmental accounting requirements for performing program and budget execution. It involves mass storage of financial information in a data base environment maintained centrally with interactive and batch processing of input as well as inquiry capability from remote locations. To provide optimum transmission and processing of data, this system will interface with installation accounting systems as well as the computer of the major commands.

The expected benefits include timely and accurate program and fund distribution and will provide centralized general ledger control within the headquarters' office. Fixed reports will be controlled through general ledger trial balances that provide more responsive and reconciled budget execution and performance data. Lastly, it will provide for the construction of a central data base to provide program directors and appropriation managers with real time access to financial execution data. (R. A. Hiscox, 317-542-3098.)

The Department of the Air Force has underway, within the OFFICE OF THE ASSISTANT COMPTROLLER FOR ACCOUNTING AND FINANCE, the development of the Air Force Data Base Transfer System. This simplified status of funds reporting system will involve electronic transmission of accounting data from field level to major air commands to the Air Force Accounting and Finance Center. Using the exception reporting concept, the system will significantly reduce the volume of data transmitted. This system will eliminate six recurring status

of funds reports. It will also reduce processing time and computer software maintenance with related cost reductions. (John Dunn, 303-326-7985.)

The NATIONAL INSTITUTES OF HEALTH, Department of Health, Education and Welfare, is undertaking the design and implementation of a vendor payment system which provides a means of managing vendor invoices and identifying problems that delay voucher payment. All invoices are to be entered via a cathode ray tube terminal. The data collected will interface with the Materiel Management data base and the controlled numbering system. The system will provide a means of:

- a. Aging of vendor invoices and accounts;
- b. Identifying of potentially complete vouchers and preparation of management reports by work station and vendor name;
- c. Acknowledging receipt of receiving reports;
- d. Automating the selection of computer generated order and receiving information that appears to be complete and ready for voucher audit and payment, and
- e. Automating initiation of followup actions.

This system, when finalized, will become the basis of an accounts payable subsystem, which will interface with both the Materiel Management data base and the Central Accounting System. This subsystem will function as an independent subsidiary to the Central Accounting System and is expected to maintain a continuous payment cycle on a daily basis for processing Treasury check tapes to the Washington Disbursing Center. It will function in an on-line mode under real-time conditions to facilitate input and query capability. The overall objective is to enable the agency to become more responsive to vendor inquiries by managing the process of paying open accounts in a more timely and professional manner, with minimum manpower resources. (Samuel George, 496-3368.)

The DEFENSE LOGISTICS AGENCY is designing updated detailed functional system requirements for a standard automated accounting subsystem. The system will encompass general ledger, allotment ledger, and cost and job order accounting for all agency funds except stock and industrial funds. A significant design feature provides major field

activity commanders with flexibility in controlling funds at lower organizational echelons through the use of operating targets. The total system centralizes data processing services while functional personnel remain decentralized. Communication with the central processor will be via cathode ray tube devices at the functional services sites. (John Glover, 274-6217.)

The DEPARTMENT OF THE ARMY is developing a Total Army Costing architecture which will be composed of costing guidelines for materiel and nonmateriel systems, and a family of computer programs designed to aggregate costs to several different levels of detail in multiple management languages (appropriations, missions, materiel, and force structures). Also, it will be designed to provide life cycle cost estimates and Army posture estimates. The Total Army Costing will become the preeminent vehicle for developing cost estimates in the Planning, Programming and Budgeting System process. Cost savings will be generated by the elimination of multiple sources of costing and by automation of the entire system. Standardization of data requirements and system computations will produce comparable costs of competing systems to be used in trade-off, cost-benefit and affordability analyses. (Robert F. Dee, 695-0315.)

The NATIONAL TECHNICAL INFORMATION SERVICE, Department of Commerce, is developing automated procedures which will integrate processing for its entire financial management system. It will provide the capability to analyze and evaluate program effectiveness in use of all types of resources including measurements of productivity. Another integral feature will be the development of unit costs for all relevant items of workload and outputs from production. This will provide constant measurement of costs for use in setting prices for the sale of goods and services. The overall benefit is complete integration of financial management data, timely reporting and better cost control. (Eleanor M. Clark, 557-4710.)

The DEFENSE LOGISTICS AGENCY is undertaking a study on making data entry more effective by using Key to Shared Processing, which utilizes a cathode ray tube terminal and has the capability for online or offline data preparation. The savings are anticipated from:

- a. Identification of source document errors before data are allowed to enter the system;
- b. Assurance that data will enter and update the system the first time it is processed on the mainframe;

- c. Reduction of time required to correct and reenter mainframe detected errors, and
- d. Reduction of time required to relocate source documents for the purpose of researching errors identified during mainframe processing.  
(A. R. Hendrix, 274-7799.)

The NATIONAL BUREAU OF STANDARDS, Department of Commerce, established a committee of users of internal Bureau accounting reports to study the managers' needs for financial information. A total of 48 reports were designed or redesigned. The most important was a series of reports summarizing progress of spending against a plan for each Bureau task and program. (David B. Shreve, 921-2507.)

Several other agencies are undertaking the development of improved accounting systems and reports. The expected benefits include better information at more levels of the organization, more timely system response, increased data integrity, data integration, and cost information. Some of the agencies are: FEDERAL HIGHWAY ADMINISTRATION, Department of Transportation; NATIONAL PARK SERVICE, Department of the Interior; BUREAU OF THE MINT, Department of the Treasury; PATENT AND TRADEMARK OFFICE, Department of Commerce; U. S. COAST GUARD, Department of Transportation; FOREIGN SERVICE INSTITUTE, Department of State, and FARMERS HOME ADMINISTRATION, Department of Agriculture.

## B. Auditing

In 1979, agency initiatives in the area of auditing primarily reflect the implementation of the Inspector General Act of 1978, the Administration's efforts to combat fraud, waste and mismanagement, and other audit improvements. Such efforts include fraud hotlines, improved audit followup, and increased audit coordination, especially with State and local audit entities. The significance of the efforts can be exemplified by the fact that improvement of audit closeout and followup procedures is a "Secretarial Objective" in the Department of Labor. The following paragraphs present some of the major initiatives reported by agencies.

### 1. Audit Improvements Accomplished

The DEPARTMENT OF AGRICULTURE audits of multiple funded programs or issues cutting across Department lines are performed jointly with Inspector General staffs from other Departments. For example, audits of administrative costs in the Food Stamp Program are performed jointly with the

Department of Health, Education and Welfare. Joint audit efforts also have been undertaken with auditors from the Small Business Administration, Department of the Interior and General Services Administration. These joint audits not only benefit agencies by extending limited resources and avoiding duplicate coverage but ensure effective across-the-board audit coverage. (Frank Reynolds, 447-2887.)

The NATIONAL AERONAUTICS AND SPACE ADMINISTRATION, Office of Inspector General, initiated a program to test the use of technical assistance as an integral part of selected audits. The program was designed to broaden the scope and add extra dimensions to audits by receiving advices on technical operational matters from sources which are independent of the operations being audited. The approach was successful. The audit in which the technical advisor was utilized disclosed several significant operational problems. The technical assistance enabled the auditors to perform a more complete assessment of the operations and activities. As a result of audit recommendations, actions being taken are expected to save \$.5 million annually. The Office of Inspector General plans to continue and expand the use of independent technical assistance in audits. (E. Taylor, 755-2284.)

The DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT implemented two improvements in its auditing function to minimize the opportunities for the occurrence of fraud, waste and mismanagement. A committee was created for the purpose of coordinating the review of such Department efforts in its programs and advise the Secretary on related policy matters. The committee, which is chaired by the Inspector General, consists of representatives from all principal offices in HUD, including regional and area offices.

In addition to the committee, a HUD employee hotline was established for employees to report activities in the Department involving fraud, waste or mismanagement. Employees can report their complaints without fear of reprisal to the Office of Inspector General's Fraud Control Division, which is responsible for referring them for appropriate action. (Wallace E. Smith, 755-6406.)

Several agencies established new systems or procedures for improving the control over resolution of audit findings. Two agencies, ENVIRONMENTAL PROTECTION AGENCY, and LAW ENFORCEMENT ASSISTANCE ADMINISTRATION, Department of Justice, created audit resolution bodies to settle audit findings that are in dispute. The Environmental Protection Agency's system includes:

- a. Assignment of responsibility for audit resolution to agency action officers;
- b. Establishment of realistic time frames for resolution;
- c. Establishment of accounts receivable as appropriate, and
- d. Computer tracking of audit findings to final resolution.

This system will reduce the time required to resolve audit findings and, where recoveries are involved, it will reduce the collection followup time. (Bert Anker, 557-5047)

The DEFENSE CONTRACT AUDIT AGENCY developed and implemented a systematic process for assessing the Government's vulnerability to contractor fraud. The three phases of the vulnerability assessments are:

- a. Performing risk analyses;
- b. Evaluating internal controls, and
- c. Performing transaction testing.

The first phase is performed by using a risk-analysis matrix that assigns a numerical rating to critical factors associated with a particular location or major cost area. Some of the factors included are prior audit results, mix of types of contracts, defective pricing, and financial condition of the company. Contractor locations or cost areas with high-risk factors are immediately scheduled for a complete evaluation of internal controls and related transaction testing. The intensity of transaction testing is dependent upon the extent of internal controls in place. One of the major benefits of the procedure is that it permits a more systematic application of audit resources to minimize risk. (Joseph Nocera, 274-7314.)

Coordinated audits became the Department of the Treasury's INTERNAL REVENUE SERVICE most commonly used type of internal audit during fiscal year 1979. Over 70 percent of available direct audit time was allocated to this audit approach.

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NOTE: The area code for the telephone numbers listed is (202) unless otherwise designated.

Following a standard audit plan developed by the coordinator, audit teams conduct uniform reviews in a sufficient number of offices, intraregionally or inter-regionally, to evaluate the functioning of specific operations or programs on a regionwide or nationwide basis. This approach provides a better perspective on how well operations and programs are running and permits corrective actions to be taken regionwide or nationwide. Also, this approach increased Internal Audit Division's productivity by 30 percent. (Rudy Arena, 566-4520.)

## 2. Audit Improvements Underway

The LAW ENFORCEMENT ASSISTANCE ADMINISTRATION, Department of Justice, is developing a computer system to improve control of the clearance of audit reports issued or received. Findings are codified as to type and disposition of the amount in question. The automated system will provide reports on the following:

- a. Monthly activities reflecting numbers and types of reports issued and amounts questioned;
- b. Open audit reports;
- c. Common audit findings;
- d. Awards audited;
- e. Audit report data by state, and
- f. Unresolved audit findings by entity.

The benefits include improved monitoring and a data base for quantitative analysis. (Bill Bush, 633-4846.)

The ECONOMIC DEVELOPMENT ADMINISTRATION, Department of Commerce, has undertaken a system to monitor grants and contracts due to be audited. Based upon preestablished audit criteria and time tables, all grants and contracts subject to audit are reported monthly. In addition, the system has the capability to record and monitor audit recommendations. It will establish accounts receivable where a recovery is involved. Also, nonfinancial audit recommendations will be recorded and a status of each recommendation will be produced for analysis and followup. (Lem F. Woo, 377-2631.)

The DEFENSE CONTRACT AUDIT AGENCY has launched a major program to assist field offices in evaluating contractors' systems of internal controls. The program involves the

development of internal control questionnaires which can be used by all of the field offices, with some modifications. This approach will:

- a. Provide consistency in the evaluation process;
- b. Enhance efficiency as a result of centrally formulated guidance, and
- c. Provide a more integrated assessment of potential risk. (Joseph Nocera, 274-7314.)

### C. Budgeting

The examples of agency efforts in this area reflect the significant interest in automating the budgeting process to accomplish management planning with less reiterative human resource expenditures. Computers have provided the means to manipulate, quickly and cheaply, the planning information, thus allowing the budgeting process to be performed more efficiently at the agency and Executive Office levels. The techniques of budget development and presentation include the use of models and automated graphics.

#### 1. Budget Improvements Accomplished

The NATIONAL SCIENCE FOUNDATION and DEPARTMENT OF LABOR implemented automation of their Zero-Base Budget submissions to the Office of Management and Budget. Both agencies reported considerable savings in time as a result of the ease and flexibility in preparing and presenting funding strategies. The Foundation concluded that the total expenditure of staff time was approximately one third of the previous year's and resulting budget decisions were far superior. (Thomas M. Ryan, 632-4086.) Department of Labor used the Zero-Base Budget program package available from the Office of Management and Budget, thus saving systems' development work. Also, the submission of automated budget input eliminated the Office of Management and Budget's costs in establishing an agency data base. (Michael A. Griffin, 523-6901.)

Several Agencies, including NATIONAL OCEANIC AND ATMOSPHERIC ADMINISTRATION, Department of Commerce; DEPARTMENT OF STATE; FEDERAL TRADE COMMISSION; SECURITIES AND EXCHANGE COMMISSION; OFFICE OF PERSONNEL MANAGEMENT, and the UNITED STATES AIR FORCE, automated their decision package priority ranking process. The benefits included rapid response in answering "what-if alternatives." The automated sophistication of these systems varied. Interaction capability was available from budget analysts to top management, and at

headquarters' levels down to major program elements. Other benefits included automated audit trails and reduced staff preparation time.

The SOCIAL SECURITY ADMINISTRATION used its Budget System-Program Coordination and Analysis Module to produce the social security trust fund presentation for the President's budget appendix. The module produces tables used in budget submission to the Department of Health, Education and Welfare and the Office of Management and Budget. Among the tables and schedules produced are:

- a. Program and Financing Schedules;
- b. Object Classification Schedules;
- c. Payments to Trust Funds;
- d. Status of Trust Fund Schedules;
- e. Statement of Receipts, and
- f. Supplementary Source Document.

The Module reduced substantially the amount of staff support required at the height of the budget cycle and the need for costly staff overtime. (Niel Nieman, 301-594-3108.)

The U. S. MARINE CORPS designed and implemented a revised Performance Report to monitor budget execution for two appropriations. It uses a comprehensive data base with budget obligations being aggregated by Zero-Base Budget decision units, at field commands, various intermediate consolidating commands, and the appropriation level. The automated report provides data on expenses and unfilled orders. It matches actual obligations against the Commander's plan and displays a percentage of execution to plan. The report is also used by Headquarters Marine Corps for the review of current year execution and in formulating a current year budget for submission to higher reviewing authority. As a result, no current year budget submission is required from field commands. (Joseph Bonsignore, 694-8244.)

The Budget Office of the NATIONAL SCIENCE FOUNDATION is using computer-produced graphics for presentation of trend analysis, year-to-year comparisons, percentage distribution, and other data comparisons. Graphics are produced by inputting data to prepackaged computer programs which automatically produce a variety of different presentations. Benefits accrue from the quick and easy production of

graphics, much of which was previously contracted out. Also, the capability to easily change the graphics eliminates the expensive and time-consuming contractor resubmission procedure previously required. (Thomas M. Ryan, 632-4086.)

The RURAL ELECTRIFICATION ADMINISTRATION, Department of Agriculture, developed a computerized cash-flow model of the Rural Electrification and Telephone revolving fund. The model is used for budget projections of principal and interest collections, financing, and required congressional appropriations by varying the amount of projected loan advances and borrowings. The model allows different projections to be developed with a minimal expenditure of human resources. The model generated projections have less human errors, and its use allows reallocation of staff to other priority work. (Thomas Scanlon, 447-3581.)

The NATIONAL BUREAU OF STANDARDS, Department of Commerce, in fiscal year 1979, implemented a Budget, Program and Management Information System. Each program developed a five-year implementation plan, including resources, objectives and milestones. These plans reflect prior input from a variety of external and internal groups. Plans are reviewed, approved and consolidated at the laboratory level. A similar process at the Bureau level results in a five-year implementation plan for all Bureau programs. NBS programs are divided into tasks, each having an objective, milestone, resources, organizational and management information associated with it. The process improved the planning, programming and utilization of resources. Also, performance information generated by the Budget, Program and Management Information System will be used in evaluating the success of Senior Executive Service members. (Don Drinkwater, 921-2637.)

## 2. Budget Improvements Underway

The Department of Agriculture's FOREST SERVICE completed planning and design on a program development and budgeting process (computer supported) to help field units in implementing long-range plans through the annual budget process in a multiyear framework. This process is the initial step of annual work planning and provides the mechanism for documenting and scheduling work addressed in goals and objectives. During fiscal year 1980, efforts will focus on implementation and training to have the process online for fiscal year 1982 budget cycle. The process is expected to reduce duplication and repetition in the planning process, improve information reliability and provide better integration of Forest Service planning. (William G. Edwards, 447-4934.)

The ENVIRONMENTAL PROTECTION AGENCY has expanded the financial management system to handle program managers' local targets. This allows agency managers to track financial activities at levels below the standard agency planning and budgeting structure. The system will accommodate direct input of commitments by allowance holders. Program managers will have the capability of accessing financial data directly through terminals. The benefits include improved management of resources by program managers who will now have a day-to-day automated fund control in place of manual commitment registers and monthly status reports. (Michael Kaplan, 755-0911.)

The DEPARTMENT OF THE NAVY has undertaken a project to provide a common data element structure for programming, budgeting and accounting for operating resources. The existing budget classification codes are being restructured to represent the line items (activity groups and sub-activity groups) being used in the Navy budget process. The restructured codes will provide the capability to identify and manage resources as contained in the Congressional Budget by the same elemental unit in the Navy Resources Model, Navy Cost Information System/Five Year Defense Plan, budget tracking system and accounting system. The need to utilize cumbersome and inaccurate conversion procedures to cross-walk data among the various systems will be eliminated. (R. Panek, 694-3311)

The DEPARTMENT OF AGRICULTURE is undertaking two efforts to provide information for use in making management decisions with current and future program impacts. First, the Program Structure Dictionary provides a comprehensive decision framework for multiyear planning, budgeting, operating and evaluating the performance of programs and use of resources for the entire Department. This framework is defined in terms of missions and goals against which program achievements can be compared. It also provides a focus for viewing activities with a common purpose throughout the Department. Second, the Program Performance and Resource Summaries provide a documented history of key program management data at selected points in time. Program objectives, accomplishments and resource data are presented for the original budget request, the enactment of the appropriation, and the final operating plan results. The Summaries, together with the Dictionary, provide comprehensive historical information for use in making decisions with current and future program impacts. (Robert Sherman, 447-6176.)

The EMPLOYMENT AND TRAINING ADMINISTRATION, Department of Labor, has undertaken a study to improve methodologies and

techniques for allocating funds to State Employment Security Agencies. These funds finance indirect costs associated with the administration of programs of the U. S. Employment Service and the Unemployment Insurance Service. The improved methodologies will provide a more equitable, scientific and self-adjusting basis for the distribution of the relatively fixed pool of funds. (Joseph Nelson, 376-6250.)

#### D. Cash Management

Agency improvement reports show continued expansion of automated systems such as the Electronic Funds Transfer and the Treasury Financial Communications System. Cash balance requirements are being reduced through letter-of-credit procedures being implemented for more grant and contract programs. Improvements have also been accomplished or undertaken through reviews of cash handling procedures and collection practices. Samples of agency improvements are presented in the following paragraphs.

##### 1. Cash Management Improvements Accomplished

The CUSTOMS SERVICE, Department of the Treasury, has implemented two cash management improvement procedures designed to speed up deposit of Customs' revenues. First, the immediate deposit of duties collected before administrative processing of the entry is performed. The second was to move up cash closeout time at the 15 largest ports to enable collections to be deposited on the same day as received. These two procedural changes resulted in earlier deposit of collections and approximately \$4.8 million in interest savings. (J. Childress, 566-2596.)

At least two other agencies reported procedural changes to achieve earlier deposits and resulting interest savings. The NATIONAL ENDOWMENT FOR THE HUMANITIES improved internal procedures for accepting donations from the public, resulting in funds deposited in the Treasury, on the average, two weeks earlier. Fiscal year 1979 savings were calculated at \$35,000. (G. R. Alford, 724-0391.) The INTERNAL REVENUE SERVICE achieved further savings through its efforts to reduce transshipment of remittances over \$25,000 from district offices to service centers. Also, further improvement was realized by lowering the existing \$25,000 requirement to \$5,000. Total interest savings for fiscal year 1979 were determined to be \$7.2 million. (Caryl Grant, 566-6808.)

The SECURITY ASSISTANCE ACCOUNTING CENTER, Department of the Air Force, performs centralized foreign military sales

billing, collecting and trust fund accounting for all Department of Defense components. The Center implemented electronic funds transfer procedures to speed up deposits of collections into the trust funds. Savings to the U. S. Treasury in imputed interest are estimated to be about \$4.1 million during fiscal year 1979. (John Settle, 303-326-7382.)

The BUREAU OF THE PUBLIC DEBT, Department of the Treasury, implemented a program to accelerate the remittance of savings bond sales proceeds from issuing agents. Requirements governing remittances were revised to ensure an accelerated flow of funds to the Treasury. Based on a tracking of over-the-counter sales for April through September 1979, accelerated remittances will generate savings of \$1.1 million from reduced interest costs attributable to deferred borrowing by Treasury. (Kenneth W. Butler, 376-0336.)

The BUREAU OF LAND MANAGEMENT, Department of the Interior, changed the time requirements for receipt of deposits on leases covering successful Outer Continental Shelf (OCS) bids. The earlier deposit of these funds, from 30 days from date of receipt of the approved lease to 15 days, has resulted in a reduction in borrowing costs for the U. S. Treasury. The imputed interest savings for fiscal year 1979 amounted to \$8.4 million. In addition, these savings have been further enhanced in the New Orleans Outer Continental Shelf Office by eliminating 5 days in the delivery time through hand carrying leases to successful bidders. This accounts for another \$1.2 million savings in Treasury borrowing costs. (Alice Niner, 343-3624.)

The GEOLOGICAL SURVEY, Department of the Interior, has responsibility, under the Mineral Leasing Acts and related lease terms, to protect the Government and Indian lessors' interests, to receive fair market value for the resources removed from Federal and Indian lands, and to improve cash management practices. It has been improving the Royalty Accounting System in order to speed up the collections and deposits. In this regard, the Geological Survey has:

- a. Initiated the effort to prescribe for lessees and operators its royalty accounting reporting and payment requirements;
- b. Developed and implemented a uniform oil and gas lessee/operator payment Rental and Royalty Remittance Advance Form;

- c. Reorganized its accounting sections on a functional basis which included compliance and audit units to enforce the regulations and timely submittal of all monies due, and
- d. Revised and issued manual releases that relate to cash management practices.

The 1979 cost savings for the above are estimated at \$226,000. (Walter M. Harris, 703-860-7511.)

The OFFICE OF PERSONNEL MANAGEMENT is using a journal voucher system for processing agency payments to the Office for Health Benefits, Group Life Insurance, and Civil Service Retirement. The journal voucher system has provided better controls for maintaining, recording and monitoring activity affecting the three trust funds. Trust fund investments are made in U. S. Treasury securities more promptly, thereby increasing investment income. Concentrated efforts for more timely reporting of remittances of withholdings and contributions due from the more than 1,000 payroll offices will further improve savings to the trust funds. The estimated savings during fiscal year 1980 will be approximately \$1 million. (L. R. Giordano, 254-9843.)

Increased investment earnings was achieved by several agencies through earlier deposit of funds by wiring of deposit information. Included in that group of agencies were:

- a. The BUREAU OF INDIAN AFFAIRS, Department of the Interior, who has the responsibility for collecting and depositing to the U. S. Treasury for Indian Tribal trust funds. Investment earnings have increased approximately \$200,000 annually since the implementation of Electronic Funds Transfer deposits (Donald M. Gray, 505-766-3496), and
- b. The BUREAU OF GOVERNMENT FINANCIAL OPERATIONS, Department of the Treasury, receives daily wire reports from the Federal Reserve Banks on the deposits of Social Security Trust Funds by States. This has reduced delay of investment by 6 to 11 days and resulted in large interest earnings for the fund. (Richard Buschman, 566-5613.)

Agencies continue to expand cash management savings achieved through use of letter-of-credit procedures for distributing funds awarded under grants and contracts. Some of the agencies improving coverage of letter-of-credit

procedures included: URBAN MASS TRANSPORTATION ADMINISTRATION, Department of Transportation; SMALL BUSINESS ADMINISTRATION, and NATIONAL ENDOWMENT FOR THE HUMANITIES.

## 2. Cash Management Improvements Underway

The FARMERS HOME ADMINISTRATION, Department of Agriculture, is working on a study to determine the feasibility of collecting field office receipts through commercial lock box services. If adopted, one or more banks would receive and process collection items. Banks would electronically transfer funds to Treasury, and loan payment data would be transmitted via telecommunications or magnetic tape to the Finance Office for application to borrower accounts. Potential benefits include workload reduction at the Finance Office and reduced interest costs to the Government. (Joseph F. Freburger, 436-8578.)

The DEPARTMENT OF HEALTH, EDUCATION AND WELFARE initiated a "Departmental Federal Assistance Financing System-Treasury Electronic Funds Transfer Pilot to Improve Controls over Grant Drawdowns." In the current letter-of-credit advance of funds environment, the grantor agency cannot tightly control:

- a. Excess cash buildup by the recipient;
- b. Overadvanced accounts, or
- c. The drawdown of funds against unfunded programs.

The potential for improved Federal cash management with the use of Treasury Financial Communications System is a reduction of Treasury outflows which reduces Treasury borrowing requirements. Additional advantages for federal assistance programs are:

- a. Allows agency to control the timing and amount each recipient draws to prevent overadvancing;
- b. Assures recipient of payment within 24 hours of request;
- c. Simplifies the payment process and requires less labor, and
- d. Maintains grantor records of advances on a more current basis, virtually eliminating reconciliation problems with Treasury and the recipient. (Lynn L. Furman, 443-1858.)

The DEPARTMENT OF STATE is undertaking the implementation of two procedures to reduce bank balances on a worldwide basis. The first is the funding of Regional Disbursing Officers' local bank accounts on a check-paid instead of a check-issue basis. This permits the use of prepositioned U. S. dollar checks to fund the Disbursing Officer's bank account when the balance reaches an agreed minimum level. When the official receives notification from the bank that the account needs replenishing, the official will purchase local currency with the equivalent amount of prepositioned U. S. dollar checks.

The second procedure is in the replenishment of 70 local depository accounts to maintain their balances at minimum levels. The frequency of replenishment is determined on the basis of such factors as usage, time delay to credit the account, and current account balance. These factors have been incorporated into the currency purchase requirements module of the Department's management system to provide the currency traders with on-line capability to update data and receive an automatic calculation of a U. S. dollar equivalent of foreign currency to be purchased.

These procedures have resulted in a reduction of over \$15 million in worldwide bank balances with a resulting interest savings of \$1,350,000. (Edward N. Gulli 632-1286.)

Within the Department of Defense programs, there were several efforts underway to reduce cash balances held outside of the U. S. Treasury. The following three initiatives account for a total estimated savings of \$2.3 million:

- a. The AIR FORCE ACCOUNTING AND FINANCE CENTER has taken actions toward negotiating with Pacific Command Central Funding Office to reduce cash authorizations for operations from \$13.9 million to \$8.0 million. This reduction would save an estimated \$531,000 in imputed interest annually. (Edward Yohe, 303-326-7471.)
- b. The COMPTROLLER OF THE ARMY is currently undergoing a test of a "Check-to-Bank" program for Army military personnel in Europe. This direct deposit effort is expected to reduce the custodial account funds required to support finance offices. This reduction of funds will generate an estimated \$1 million in imputed interest for the U. S. Treasury. (R. M. Hahn, 317-542-3001.)

- c. The OFFICE OF THE COMPTROLLER, Department of the Navy, is emphasizing a reduction of idle cash held by Navy disbursing offices, in particular cash held onboard ships and foreign currency held in banks. Issuance of a comprehensive set of instructions pertaining to computation of cash requirements, acquisition of cash, and reporting of cash authorizations is expected to reduce cash requirements and produce an estimated \$750,000 in annual savings. (G. A. Terrill, 697-9546.)

Treasury Department's CUSTOMS SERVICE is implementing an Independent Collection System which permits collection processing functions independent of entry processing and eliminates the need to maintain validating machines in the field offices. Minimal data from the Entry Record is entered into the system to establish entry control. In addition to processing all the various types of collection transactions and importer/broker identification information, entry liquidations can be handled by the system. All transactions entered into the system are transmitted via computer tapes to the Revenue Accounting System. Estimated savings from improved data processing procedures with this system are \$2.3 million. Additional savings from reduced accounting error corrections, improved term bond verification, and broker prenumbering of entries are expected with full system implementation. (Charles Dubay, 566-8795.)

#### E. Payroll and Personnel Systems

Agency efforts in this financial management area show implementation of activities towards the Administration's Financial Priorities Program goal of improved control over the use of overtime. The capability for increased effectiveness and efficiency through automated integration of data between personnel and payroll systems is also reported in several improvements.

##### 1. Payroll and Personnel Improvements Accomplished

The ENVIRONMENTAL PROTECTION AGENCY, as authorized by the Office of Management and Budget, implemented the use of Full Time Equivalency workyears accounting in lieu of position ceilings. The Agency's financial management system was expanded to integrate this concept showing employee hours worked with dollars paid. This method of controlling employment requires continuous monitoring throughout the year. The system provides for tracking and reporting actual hours worked against agency targets and produces annual projections based on utilization rates and uncommitted employee hours in each organization.

The integration of workhours and payroll dollars contributed significantly to the Agency's efforts in workload analysis and budgetary control to include employment and dollar ceilings. Since dollars and hours are easily convertible, budget development, comparison and execution are made easier. (Robert Daisey, 755-0911.)

A combined Payroll/Personnel System was implemented for two agencies in the DEPARTMENT OF THE INTERIOR. This system integrated the data for the personnel and payroll functions performed, thus eliminating the requirement to maintain data in two separate systems. It also provides improved audit trails, automated checks and balances between the payroll and personnel systems and data integrity in the personnel and payroll files. (John J. Ryan, 303-234-2983.)

The following are two of the agencies that implemented a system for controlling overtime. The NATIONAL HIGHWAY TRAFFIC SAFETY ADMINISTRATION of the Department of Transportation designed, developed and implemented a system for extracting and tracking overtime hours and costs by employee and by office for each quarter. These status reports assisted management in controlling overtime and reducing it by 44 percent in fiscal year 1979, a savings of \$162,000. (A. J. Johnson, 426-2880.)

The VETERANS ADMINISTRATION also implemented a new quarterly report to control overtime. Employees at a station who received overtime pay for more than 10 hours in a week are listed. Field directors then review the report to assure overtime was properly authorized. This approach to overtime control reduces the potential for abuse or fraud in the payment of overtime premium pay. (Harry Yeich, 389-5007.)

## 2. Payroll and Personnel Improvements Underway

The SOCIAL SECURITY ADMINISTRATION, Department of Health, Education and Welfare, undertook the improvement of its Time and Attendance Processing System. Improvements to the system include:

- a. Redesign of system edits;
- b. Provide on-line capability for correction of errors;
- c. Redesign of the report subsystem to provide more meaningful reports for better control, and
- d. Design of a subsystem for telecommunication of data.

Benefits expected are reduction of payroll errors, more timely detection and correction of erroneous time and attendance input, improved employee morale due to timely and accurate payroll, and better control of time and attendance compliance. (Fred Simon, 301-594-4238.)

The BUREAU OF LAND MANAGEMENT, Department of the Interior, is developing a report designed to track overtime usage by Bureau, major office, division and individual employee. The report is designed to provide three major categories of overtime:

- a. Regular;
- b. Compensatory time in lieu of paid overtime, and
- c. Holiday overtime paid.

In addition to this regular report, special reports on specific grades or other elements can be extracted for management information. The major benefit to be realized is an overall reduction of overtime costs. (Alice Niner, 343-3624.)

Several other agencies reported development of overtime reports or reviews verifying the validity of overtime charges, including the FOOD SAFETY AND QUALITY SERVICE of the Department of Agriculture; SAINT LAWRENCE SEAWAY DEVELOPMENT CORPORATION of the Department of Transportation, and the DEPARTMENT OF ENERGY.

Agencies have undertaken efforts to improve payroll systems by integrating automated payroll and personnel system data and improving data entry. The SECURITIES AND EXCHANGE COMMISSION is implementing automated data entry for accessions, transfers, promotions, within grade increases, and changes in leave categories in their automated personnel system. Improved accuracy and reliability in data input are also expected through the use of source document readers and visual display terminals. (Herb Silbert, 272-2151.)

The PATENT AND TRADEMARK OFFICE, Department of Commerce, is developing an interface program that will translate data updated in the personnel master file to update the payroll master file at the same time. This system will:

- a. Reduce duplication;
- b. Provide better internal controls, and

- c. Provide more consistent internal and external reports.

The feasibility of using optical character reading equipment for processing source documents is now being studied. (Leonard L. Nahme, 557-3761.)

Several agencies are implementing improvements in the payroll input process. The BUREAU OF ENGRAVING AND PRINTING, Department of the Treasury, acquired data entry terminals which will provide a better editing capability and, thereby, reduce payroll and personnel input errors, eliminate verification of the Projected Hours Report, and reduce current labor intensive data preparation work. (M. M. Schneider, 447-9845.)

The MINE SAFETY AND HEALTH ADMINISTRATION of the Department of Labor and the DEPARTMENT OF THE ARMY are also initiating data processing terminal enhancements which will reduce labor intensive payroll processing to include reducing field processing time of pay transactions. (Department of Labor, Marilyn Barclay, 303-234-5345; Department of the Army, LTC R. E. Pederson, 317-542-4303.)

#### F. Productivity

Project reports submitted show better use of available agency resources and management interest in improving mission accomplishments. Some of the activities reported include the development of work measurement systems for various areas, increase of employee coverage under these systems, automation of labor intensive practices, and development of more cost efficient methods of accomplishing functions.

##### 1. Productivity Improvements Accomplished

The BUREAU OF THE MINT, Department of the Treasury, implemented two procedures to improve operations in the Office of Production. A study found that the Mint's coin bag production costs are higher than commercial sources. The mandatory source for canvas goods, Federal Prison Industries, is higher than canvas goods from foreign services. Also, labor services of the Federal Prison Industries are higher than those of commercial sources. The fiscal year 1979 savings by contracting out the Bureau's bag production were approximately \$400,000. (Galen D. Dawson, 376-0553.)

As part of the Mint's continuing program to reduce coin distribution costs, several programs have been implemented. These have included increased shipping levels and direct

shipments to commercial banks. Savings from less frequent and larger quantity truckload shipments have financed the increases in labor and fuel costs amounting to \$84,000 in fiscal year 1979. (Benjamin M. Horton, 376-0480.)

The NATIONAL INSTITUTES OF HEALTH, Department of Health, Education and Welfare, realigned the Accounts Payable Section under a concept of staffing and work distribution called Vendor Accounts Management Team Concept. Groups of four or five employees are assigned to all vendors within an alphabetical range for payment and accounting purposes. Duties and responsibilities within the team are assigned in accordance with employees' knowledge and skills. The realignment under this concept provides the means to:

- a. Reduce impact of employee absences as accounts are assigned to teams instead of individuals;
- b. Improve job training by being more controlled, organized and comprehensive for specific duties assigned to the individual, and
- c. Provide a better means of identifying and resolving problems. (Samuel George, 496-3368.)

Improvements in the measurement of labor resources expended on programs and objectives were implemented in two agencies. Staff Time and Activity Tracking System at the SECURITIES AND EXCHANGE COMMISSION is a labor distribution system that applies to all Commission employees. Staff time distributed is compared to the current year budget data. Also, information from this system is included in summaries and analyses submitted to the Chairman. The significance of coverage is that professional resource performance, in particular lawyers, is being tracked. (George Kundahl, 272-2142.)

The ENVIRONMENTAL PROTECTION AGENCY has implemented workload analysis as a preliminary step in its Zero-Base Budget development. Where workload is quantifiable, work standards and measurement serve as the building blocks for resource allocation. In addition, the workload analysis has served other needs such as pricing new programs and evaluating the performance of personnel assigned similar functions. Workload analysis is an effective tool in defining objectives, setting standards of performance, and evaluating results. (Marcus Pugh, 755-0374)

The DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT developed new simplified documents and procedures for small

research grants (under \$25,000) which sped up their application, review and award. The grantee and grantor time for processing of the applications through signing of definitive grant agreements is expected to be reduced from an average of fifteen weeks to five weeks. In particular, response time for potential grantees is expected to be reduced an average of four weeks to one week through:

- a. Improved application requirements and instructions, and
- b. The use of new and simplified "Terms and Conditions" which are reviewed by the applicant while the Government is reviewing the substance of the grant applications.

Time for grantor processing is expected to be reduced from eleven to four weeks. This has been done by:

- a. Structuring the small grant to be for a firm amount;
- b. Setting up a "fast-track" internal processing system;
- c. Delegating invitation and award authority to a level closer to the work, and
- d. Eliminating the usual letter-award stage and moving directly to the definitive agreement as the award instrument.

The agency estimates an aggregate potential savings of \$470,000 to \$720,000 for fiscal year 1980. (Arthur Newburg, 755-5060.)

A variety of other efforts improving agencies' performance were accomplished. The OFFICE OF PERSONNEL MANAGEMENT eliminated reporting requirements on agencies, such as New Hire Estimates and Report of Nationwide Selections. The information in the Civilian Personnel Data file can be used to generate employee selection data. (Margaret S. Murtagh, 632-6040.)

The DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT successfully combined the processing of Mutual Mortgage Insurance Distributive Shares System with the Home Mortgage Distributive Shares System. The integration reduced the time required to issue a distributive share from 90 days to 45 days. (Peter Ottman, 755-5918.)

The SECRET SERVICE, Department of the Treasury, devised a system whereby the vehicles owned by the Service can be assigned to the offices with the greatest need. The dynamic system takes into account miles to be traveled and costs of various types of transportation methods. This system allows for more efficient utilization of the critical vehicle resource. (M. Kerneklian, 535-5825.)

## 2. Productivity Improvements Underway

The DEPARTMENT OF DEFENSE, in an effort to improve labor utilization and improve productivity, initiated aggressive action to insure that small dollar and fast payback Productivity Enhancing Capital Investments are promptly identified and financed. The Congress approved funding for 1979 with several guidelines including a \$40,000 project cost ceiling, which has since been increased to \$100,000.

In addition, \$105 million was "set aside" in the fiscal year 1981 Defense program to finance major four-year payback investments. Candidate projects from the services and agencies were ranked and selected through a competitive process. Based on this selection, project funds will be allocated to the respective service and agency.

As an incentive to managers to participate, benefits in both Productivity Enhancing Capital Investments and major "set aside" projects may be applied to valid unfunded requirements of the participant. The estimated savings through cost reduction and avoidance from \$6.5 million invested in fiscal year fast payback funded projects is \$9.5 million. The estimated total savings from \$73.9 million "set aside" for funding major projects in fiscal year 1981 is \$181.5 million. (Richard J. Power, 756-2346.)

The NATIONAL INSTITUTES OF HEALTH, Department of Health, Education and Welfare, is implementing a work measurement system for voucher processing. Work units have been defined with standard time values based on various difficulty factors applied to types of vouchers. The standards serve the basis for work breakdown and distribution to the workforce as well as a basis for evaluating the performance of individuals and the total organization. Workload and production statistics are developed and processed on the computer as a byproduct of the normal voucher payment process. Voucher inventories in process can be better managed through improved work distribution and better identification of staffing needs. Problems and their causes can be better identified and corrected. During fiscal year 1980, the standards of performance will be reaffirmed through appropriate management engineering

methods. Actions will also be taken to expand the implementation of performance standards in other financial management functional areas. (Samuel George, 496-3368.)

Several other agencies have undertaken improvements or development of performance standards or productivity indicators for their workforce. The VETERANS ADMINISTRATION has begun a performance standard program within the Office of Data Management and Telecommunications. (W. R. Martin, 389-2227.) The SECRET SERVICE, Department of the Treasury, is involved in developing productivity indicators for each of its investigative and protective activities. (Frank Palmer, 535-5793.)

The SOCIAL SECURITY ADMINISTRATION, Department of Health, Education and Welfare, is designing a semi-automated work measurement system readily adaptable to full automation if determined to be cost effective. The objectives of the system are:

- a. Document manpower and workloads in the base year budget;
- b. Provide data for manpower forecasting;
- c. Provide data for workload forecasting;
- d. Provide a basis for manpower allocation;
- e. Measure productivity;
- f. Provide data on manpower expenditures to allow coordination with a system that is tracking project status, and
- g. Provide data to management on the cost of various processes. The system is designed to allow the most efficient use of staff resources. (Alan C. Shafer, 301-594-2324.)

Two agencies in the Department of Agriculture initiated workload measurement projects. The RURAL ELECTRIFICATION ADMINISTRATION initiated a pilot project to develop a work measurement system which will provide program management information useful in the allocation of resources. The measurement units are being reviewed to determine validity of measurement. Reports generated by the system will provide managers a tool to help evaluate the allocation of their resources and individual employee performance. (Blaine D. Stockton, 447-4512.)

The FARMERS HOME ADMINISTRATION, through the use of a central computer, will generate reports on program accomplishment and productivity of each field office. Field office recordkeeping and reporting have been minimized. Anticipated benefits of the Resource Management System include:

- a. Better budget formulation and fund allocation;
- b. Improved personnel projections and allocations, and
- c. More accurate measurement of performance against objectives and standards. (Joseph F. Freburger, 436-8578.)

The OFFICE OF PERSONNEL MANAGEMENT implemented several initiatives to realize productivity improvements through more effective resource management, workload measurement and control activities in its Compensation Group. A major revision of cost center structure and the employee work report system will expand the data available on workload processing costs. A major revision in workload measurement will provide more accurate data on receipt, processing and backlog levels. The system provides for a number of trend and special analyses. Implementation of revised production standards which reflect the relative degree of difficulty encountered in processing these claims is being negotiated with a local union.

Also, development of an automated processing system to interface with retirement and insurance operations is underway. The system applies distributed data processing concepts and hardware to processing systems which are currently paperbound. (Ruth A. Pierce, 254-7052.)

#### G. Other Systems

Projects presented in this section identify improvements resulting from other techniques and concepts such as risk and model analyses, and from information technology and automation efforts not clearly or directly related to the previous financial management categories presented.

##### 1. Other Systems Improvements Accomplished

The DEPARTMENT OF HEALTH, EDUCATION AND WELFARE implemented actions, in response to a Risk Analysis of the Departmental Federal Assistance Financing System and resulting Corrective Action Plan, for correcting deficiencies in

the system for processing payment of funds to recipients and providing expenditure data to grant-making agencies of the Department. Some of the actions include:

- a. Storing copies of master files to furnish disaster backup;
- b. Developing formal procedures to be used in the event of loss of telecommunications capability;
- c. Obtaining locked steel file cabinet to store computer tapes;
- d. Developing formal policy for data terminal usage;
- e. Installing smoke detectors and fire extinguishers, and
- f. Implementing a system documentation policy and accomplishing systems documentation.  
(Lynn L. Furman, 443-1858.)

The MARSHALL SPACE FLIGHT CENTER of the National Aeronautics and Space Administration established procedures to compute indirect cost rates required by OMB Circular A-76, Policies for Acquiring Commercial or Industrial Products and Services Needed in the Government. The rates are needed for use in preparing comparative cost studies to determine whether certain activities are to be performed in house or contracted out. The composition of these rates is described in detail in the A-76 Handbook. Most of the cost data were not available from current cost reports. Procedures were developed to compile the data from several organizational sources including the Marshall Information Retrieval and Display System, and a new ADP report which summarizes cost data in a format applicable to rate computations. The development of rate computation procedures will enable the Center to complete cost comparison studies as scheduled and minimize the manpower requirements. (B. N. Taylor, 205-872-1490.)

The LAW ENFORCEMENT ASSISTANCE ADMINISTRATION of the Department of Justice, has upgraded its automated grant program information system. The Program File system generates Financial Status Report turnaround documents. These are cumulative reports sent to grantees for updating with the current reporting quarter's financial data. The system then records the receipt of the updated reports from grantees and produces delinquency notices. Significant benefit has been

realized in terms of accuracy and timeliness of data. The delinquency rate has been reduced significantly. (Larry Kriehm, 633-4842.)

In addition, States will have the ability to transmit, via telecommunications, their subgrant data. This will eliminate the interim coding step. (Pete Tunanidas, 633-4846.)

The DEFENSE CONTRACT AUDIT AGENCY completed the development of a self-study course on Cost Accounting Standards Board rules and regulations. Cassette-taped lectures are used in conjunction with reference materials and case studies contained in a 400-page workbook. The course provides contract auditors with a quick understanding of cost accounting standards, a subject omitted from the usual college accounting curriculum. The self-study approach eliminates the expense of formal classroom instruction and allows agency quality control over the training experience. (Fred Newton, 274-7522.)

The DEPARTMENT OF AGRICULTURE established a Financial Council to provide a forum for monthly meetings of agency fiscal officers to:

- a. Strengthen communications between Department staff offices and agencies;
- b. Seek solutions to common problems, and
- c. Provide advice and recommendations on Department-wide finance and accounting matters.

Another benefit is that the fiscal officers' successful techniques and practices are communicated with the potential for wider application elsewhere in the Department. (Larry Wilson, 447-7161.)

The FOOD AND NUTRITION SERVICE, Department of Agriculture, developed a "model" automated delivery system for the Supplemental Food Program for Women, Infants and Children. It is installed in 18 States, and several other States are planning to use this model or an acceptable State version. The model standardizes accountability, reconciliation, and audit trail methods and procedures. Also, it provides for standards in State agency baseline concepts and development. These standardization efforts cover such activities as:

- a. Reconciliation controls over issue and redemption of vouchers for benefits:

- b. Computation of ethnic participation in the program;
- c. Batch control procedures for maintaining file integrity, and
- d. Method for implementing departmental guidance on basis of food packages available under the program.

The benefits include cost-avoidance in system concepts, design and software development in excess of \$1,000,000. (Henry Sobiech, 447-5397.)

Two new computer programs for lease/buy analysis were made available within the DEFENSE CONTRACT AUDIT AGENCY on time sharing or micro-computers. One program determines if a contractor's lease should be classified as an operating lease or a capital lease under the provisions of the Financial Accounting Standards Board Statement No. 13, which has been incorporated into Defense Acquisition Regulations. This program also tests the reasonableness of operating lease payments. Another program calculates the excess of lease over purchase costs, taking into consideration cost of capital, projected inflation, and the present discounted value of future payments. The use of this time-shared program will save analysis time and result in a more consistent application of Statement No. 13. (Robert Ilderton, 901-744-5161.)

## 2. Other Systems Improvements Underway

The FEDERAL HIGHWAY ADMINISTRATION, Department of Transportation, and interested States, embarked on the development of a preconstruction engineering management system, for use by the States. The system includes features that enable the determination of staffing requirements both qualitative and quantitative, for each project phase, based on planning factors sensitive to fluctuating workload and other conditions. An additional feature is a system for multiple project scheduling of State project workloads for optimal resource utilization. Anticipated State benefits include:

- a. Meeting scheduled letting dates;
- b. Predicting future workloads;
- c. Obligating funds timely, and
- d. Distributing the preconstruction workload. (C. E. Gilbert, 426-1212.)

The BUREAU OF LAND MANAGEMENT, Department of the Interior, is implementing Phase II of the Bureau's automated simultaneous oil and gas system. This is the development of a single document method for processing multiple parcel lease applications. The average monthly filings increased significantly over the past ten years. With the implementation of Phase II, the number of documents to be processed is reduced by a factor of seven. The use of optical mark reader equipment was determined to be the least costly, easiest for the public to complete, and the most accurate method to capture data. In addition, Phase II will provide the following immediate benefits:

- a. Reduce the filing burden on the general public and BLM State Offices;
- b. Enhance the accuracy of drawings;
- c. Provide automated notice of participation and results to applicants, and
- d. Produce substantial personnel and processing costs savings. (Alice A. Niner, 343-3624.)

The DEPARTMENT OF AGRICULTURE is in the process of providing an alternative communications facility to the present use of the Federal Telecommunication Services to its agencies. This alternative is the contracted Value Added Networking service to specifically provide for low speed data communication. During 1981, 90 percent of the low speed data communications for data processing terminal users will be made by use of this networking facility. In fiscal year 1979, the Department has saved approximately \$90,000 through the use of this alternative means of low speed communication. (Vic Muller, 447-4301.)

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Susumu Uyeda	Executive Director Joint Financial Management Improvement Program

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Doris Chew (4/78-4/79)	Department of the Treasury
Alvin Kitchen (4/78-9/79)	Office of Personnel Management

The day-to-day operations are carried out by the Executive Director and a small staff. The project directors are provided by the principal agencies and serve on the staff for a period of 12 to 18 months.

INTERAGENCY PROJECT TEAMS

CERTIFYING AND DISBURSING OFFICERS STUDY TEAM

Kenneth M. Winne, Project Director  
Joint Financial Management Improvement Program

Donald R. Kassel  
Department of the Treasury

Alvin E. Kitchen  
Joint Financial Management Improvement Program

Robert Scally  
Department of the Navy

James F. Smith, Jr.  
Department of the Treasury

Sandy A. Wilson  
Department of Agriculture

In addition to the work performed by the study team, assistance was provided by the General Accounting Office Regional personnel who studied systems for the Joint Financial Management Improvement Program at Albuquerque, New Mexico; Cleveland, Ohio; Indianapolis, Indiana, and St. Louis, Missouri.

AUDIT IMPROVEMENT PROJECT TEAM

W. A. Broadus, Project Director  
General Accounting Office

Curt Alexander  
Department of Agriculture

John Justis  
Office of the Comptroller, Tennessee

Dale Knowles  
Department of Health, Education and Welfare

Gary Lawson  
General Accounting Office

Violet Lidinsky  
Office of Auditor General, Illinois

William Logan  
Department of Health, Education and Welfare

Sam McGeorge  
Department of the Treasury

Richard Pectol  
Office of Personnel Management

James Rinaldi  
General Accounting Office

Jack Sheehan  
Office of Management and Budget

Thomas Sheets  
Office of Auditor General, Pennsylvania

Gary Whittington  
Department of the Treasury

James Wu  
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