



## Improved Financial Performance Initiative

The Department of Energy (DOE) shares the President's vision for improving financial performance by providing Federal managers with accurate and timely financial information to manage costs, inform decision-making, and to drive results in key areas of operations. Toward that end, the Department prepared and submitted a Financial Management Business Plan to the Office of Management and Budget (OMB). A major component of this plan is implementing an integrated business management system that will improve financial and business information used by DOE decision makers.

### Highlights of What We've Accomplished

- *Launched Integrated Business System (I-MANAGE) Project.* DOE is in the process of implementing an integrated business management system that integrates financial, budget, procurement, human capital, program and performance information. The system is supported by a central data warehouse and will improve decision-making capabilities by providing managers with the equivalent of a business information global positioning system at their desktop.

- *Accelerated Financial Statements.* Since FY 2004, DOE improved the timeliness of its annual financial statements by issuing its statements 45 days after the end of the fiscal year. (In FY 2002, DOE submitted its financial statements 149 days after the end of the fiscal year.)

- *Strengthened Project Management.* DOE has established a rigorous process for monitoring its multi-million dollar construction projects to ensure that they adhere to cost, schedule and performance targets. Monthly reports are prepared evaluating project performance. Projects that are not on target are put on remediation plans or terminated. Prior to establishing this process, managers would not know with certainty whether a project was on target, and cost overruns were rampant. This process provides managers with an "early warning system" to correct problems before they become intractable.

- *Improved Real Property Operating Cost Visibility.* In coordination with the Real Property Management Initiative under the President's Management Agenda, DOE has documented the linkages between our contractor's maintenance management systems, our contractor's financial systems, and DOE's financial management system, and established a framework for internal control of annual Real Property operating and maintenance cost data. Analysis of labor rates was conducted, and future efforts will explore normalizing costs between sites.

## **FY 2006 Goals**

- *Continue to Refine and Improve the Data Warehouse and Accounting Modules of the Integrated Business System (I-MANAGE).* The Data Warehouse was deployed on January 31, 2005, and the accounting module (STARS) was deployed in April 2005. These systems provide managers increased access to financial data on which to make sound management and budget decisions. DOE continues to refine financial reporting and improve business processes in light of this new financial information system.

- *Refine the Financial Management Business Plan.* DOE's financial management business plan provides a roadmap for improving financial data that is used for making management and budget decisions. Deployment of the STARS accounting system is central to this plan. Demonstrating the use of financial information in decision making through three agency activities is also highlighted in the plan, with a focus toward expanding the scope of routine data use to inform management decision making in additional operational areas.

- *Integrate A-123 Implementation Plans and Key Milestones into this Initiative.* In light of the new internal control requirements for public traded companies, the OMB issued revisions to Circular A-123, *Management's Responsibility for Internal Control*. To meet the intent of these revisions, detailed plans have been developed and key processes will be documented. Key controls will be evaluated and tested to determine operational effectiveness and ensure the accuracy of financial information used by our programs. These efforts will result in a management assurance statement for internal controls over financial reporting.

- *Receive an Unqualified Financial Statement Audit Opinion on our FY 2006 Balance Sheet.* We anticipated the challenges of implementing a new Department wide financial services organization in addition to a new core financial management system and successfully resolved many of the initial issues. However, the Department's fiscal year 2005 financial statements have been reviewed by independent auditors and received a disclaimer of opinion with a reported material weakness in financial management and reporting controls. The Department continues to work on key accounting reconciliations to ensure system data integrity and to resolve issues with converting data from the Department's legacy accounting system. When fully functional, the new accounting organization and system will serve as cornerstones for enhanced integration of financial and performance information, increased data integrity and internal controls, and improved access to financial information for decision makers. We expect these financial control and reporting challenges to be fully resolved during fiscal year 2006.