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# Strategies to Minimize Old, Payables, Receivables, Obligations, and Unfilled Orders

Treasury Year-end Closing Seminar  
August 6, 2008

# GSA Statistics

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- Accounts Payable \$17.0B
- Accounts Receivable \$17.4B
- Payroll Disbursements \$1.17B
- 36 Million Financial Transactions Annually
- Travel Charge Cards \$25M & 140,000 transactions
- Purchase Charge Cards \$81M & 116,000 transactions
- Track \$31B of GSA Capitalized Assets
- Process transactions, perform financial analysis, and prepare financial statements for 135 external entities
- Meet the payroll needs of GSA and 40 boards and commissions, paying over 28,000 personnel
- Controller for \$680M General Management & Administration Budget

# Fiscal Year 2005 Audit Results



In FY05, GSA's audit opinions were:

	<b>Assets, Liabilities, Equity, Revenues and Expenses</b>	<b>Budgetary Resources &amp; Status of Resources</b>
<b>FBF</b>	Unqualified	Unqualified
<b>ITF</b>	Unqualified	Disclaimer
<b>GSF</b>	Unqualified	Disclaimer

In addition, GSA had five reportable conditions and a material weakness.

# Fiscal Year 2005 Audit Results



## New Material Weakness – Budgetary Reporting Process

### ❑ Significant transaction level errors:

	FBF	GSF	ITF	Total
Change in Unfilled Customer Orders	\$ (303)	\$ (34)	\$ (701)	\$ (1,038)
Prior Year Recoveries	62	47	227	336
Obligations Incurred	(41)	(12)	(49)	(102)
Unobligated Balance - Available	(262)	(22)	(425)	(709)
Unobligated Balance - Not Available	62	47	-	109
Unfilled Customer Orders - Uncollected	303	34	701	1,038
Undelivered Orders - Unpaid	(62)	(59)	(276)	(397)
Accounts Payable	(41)	-	-	(41)

# Fiscal Year 2005 Audit Results



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## New Material Weakness – Budgetary Reporting Process

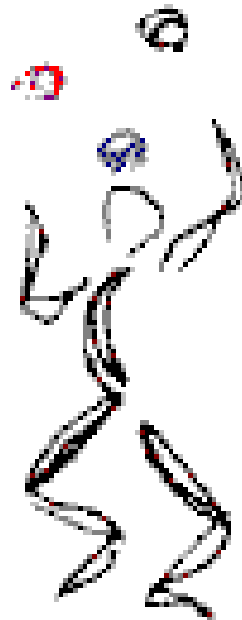
In other words: “Hey management, you have a BIG problem with unfilled customers orders (i.e., budgetary resources from your customers) and obligations (use) of your customer’s funding.”

# Who has responsibility?

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- Financial integrity is one of the balls we ALL must juggle as well as customer service, administration, management, etc.
- Financial integrity is customer and will make our professional lives easier.



# Corrective Actions



## Action Plan

To ensure this issue is resolved in FY06, GSA needs to CLEAN UP OLD, COMPLETED PROJECTS.

- Project Cleanup – Old and completed projects must be identified, vendors & customers contacted, and budget authority returned.
- Streamlined Process - OCFO will issue policy allowing streamlined deobligation of older (e.g., three years) and small (under \$1,000) amounts to get them off our books. Also, issue similar policy for unfilled orders.
- Certification Policy - OCFO & CAO will issue policy requiring that older and larger balances receive certification of validity from contracting officers and/or project managers.

# Corrective Actions



## Action Plan

- Trust but Verify - Certifications made by contracting officers and/or project managers will be validated by A-123 testing teams.
- Business System Reconciliation - All business systems contributing significant financial information to Pegasys must be reconciled to Pegasys by the services and the OCFO Regional finance centers.
- Future Statistical Samples - Conduct statistical samples and measure progress through declining error rates.
- Monthly Aging Reports - Unfilled order and undelivered order balances must be monitored through aging reports which show how old certain balances are. The older a balance is, the more suspect it becomes. Amounts over a certain threshold and older than a certain time period will require certification noted previously. These aging reports must be produced from the business systems and tie to the business system reconciliations noted above.



# Executive Scorecard Criteria

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- A/P = % of dollars over 30 days old;
- A/R = % of dollars over 180 days old
- UFCOs:
  - FAS = % dollars older than 2007;
  - PBS A&B RWAs = % of dollars > than three years;
  - PBS N RWAs = % of dollars > than two years; and
  - Other PBS RWAs = % of dollars > one year.
- Credit Card Logging = % of transactions during the month that are NOT logged within ten days.

# GSA Today

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Clean opinion, no material weaknesses, and two (hopefully one) significant deficiencies.

Green on PMA scorecard.

Green in all MTS measures.

Record Performance Report submission.

# Contact Info

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