



U.S. Department of the Interior
BUREAU OF RECLAMATION

U.S. Department of the Interior

Financial Management Status Report and Strategic Plan

REQUIRED BY:

The Civil Financial Officers Act of 1990

September 1997





United States Department of the Interior

OFFICE OF THE SECRETARY
Washington, D.C. 20240

SEP - 8 1997

Mr. G. Edward DeSeve
Controller, Office of Federal Financial Management
Office of Management and Budget
New Executive Office Building
Washington, DC 20503


Dear Mr. DeSeve:

I am pleased to submit the Department's 1997 Financial Management Status Report and Strategic Plan in support of the Chief Financial Officers (CFO) Act of 1990. Our plan is consistent with the strategies, goals and initiatives described in the **Federal Financial Management Status Report and Five-Year Plan**, issued jointly by the Office of Management and Budget and the Government-wide CFO Council.

The Department has implemented and supports maintaining a sound CFO organizational structure to successfully meet the current and future challenges of improving Federal financial management. We continue to move forward with our plans and initiatives to streamline Departmental financial management practices while fulfilling our land management and resource protection responsibilities. Over the past few years, we have made substantial progress in improving financial management by improving customer service, streamlining organizations, reengineering business processes, increasing accountability and efficiency, and using technology to improve the delivery of information. As a result, the Department is more efficient and more responsive to its customers, the American people.

While we are proud of our successes to date, much more remains to be done. This plan outlines an aggressive agenda for the continued improvement of financial management within the Department. If you have any questions or would like additional clarification about the contents of this plan, please do not hesitate to call me on (202) 208-4203.

Sincerely,


for Brooks B. Yeager
Acting Assistant Secretary
Policy, Management and Budget

Enclosure

EXECUTIVE SUMMARY

The Department has adopted the following updated financial management vision developed by the Office of Management and Budget (OMB) and the Government-wide Chief Financial Officer (CFO) Council in 1997.

“Shaping an environment in which government officials use high quality financial and performance information to make and implement effective policy, management, stewardship, and program decisions.”

The Department has developed goals and initiatives for its Financial Management Strategic Plan that are consistent with the Federal Financial Management Vision and its related goals, strategies and priorities. The Department has focused its initiatives in four areas -- (1) implementing an effective CFO organization structure; (2) streamlining and re-engineering programs, operations and business processes; (3) improving financial systems, reporting and accountability; and (4) improving customer service.

The Department, like other Federal agencies, has expended considerable resources in rethinking the way it conducts its business; provides the necessary leadership to efficiently manage its resources; provides timely and accurate financial information for stakeholders and program managers; and contributes to restoring public confidence in government. All of the initiatives in these areas have been, and will continue to be, supportive of the Chief Financial Officers Act of 1990, the Government Performance and Results Act (GPRA) of 1993, the Government Management Reform Act (GMRA) of 1994, and the Federal Acquisition Streamlining Act of 1994.

Implementing An Effective CFO Organization

Since the passage of the CFO Act, the Department has developed and implemented a sound CFO organization structure that is capable of successfully meeting the current and future challenges in Federal financial management. Among other significant accomplishments in this area, the Department has:

- Appointed a highly qualified and experienced Departmental CFO and Deputy CFO;
- Appointed CFOs and Deputy CFOs in all bureaus;
- Established a Departmental CFO Council to address emerging financial management issues; and,
- Established the Finance Officers’ Partnership (FOP) to develop and implement management action plans to provide high quality, cost-effective financial information and services, and continually improve financial management within the Department.

Streamlining and Re-engineering Programs, Operations and Business Processes

The Department has made significant progress over the last several years in changing business practices and finding more cost-effective and productive financial management processes. The Department is using the tools of performance management, re-engineering and organizational streamlining to improve programs and organizations, operate more efficiently, and provide better service to customers.

The Department has an aggressive re-engineering laboratory program in place. This program has resulted in numerous improvements to organizations and various work processes throughout the Department. As a result, several Labs have been selected as recipients of Vice President Gore's prestigious "**Hammer Award**". In this area, the Department has:

- Benchmarked its financial management functions and processes in 1993 and 1996. These efforts systematically identified accounting and financial processes and procedures that could be standardized, improved, or eliminated to improve customer service and reduce cost; and led to plans for adopting the most effective practices and processes being deployed in private industry and other Federal agencies.
- Improved Business Practices and strengthened asset and debt management programs by increasing electronic fund transfers; increasing the use of debt offset programs; improving policy and procedure communications to the Department's geographically dispersed workforce through an Internet home page; and initiating a Departmental Reinvention Labs for the travel process.
- Streamlined management controls and processes in response to the recommendations in the National Performance Review; and the new direction provided by OMB Circular A-123, Management Accountability and Control. Pilot tested in one bureau a new and less resource intensive approach to assessing management control effectiveness. Pilot testing resulted in significant productivity and cost-savings from the new approach. Additional pilots will be conducted in all bureaus during the next fiscal year.

Improving Financial Systems, Reporting and Accountability

The Department has made great strides in strengthening and enhancing financial systems, preparing and auditing annual financial statements, and improving management controls and accountability over the last several years. The Department has also worked collaboratively with the Congress, OMB and others in pursuing innovative strategies to meet the challenges, expectations, and requirements created by the GPRA Act. The Department is pursuing improved accountability by cascading performance goals throughout the organization and tying them to individual performance plans and agreements. The Department is also gathering performance data that will form a baseline for implementing the GPRA in 1999. Over the last several years, we have:

- Developed a strategic plan for the Department and each bureau.
- Established preliminary program and financial performance measures in all bureaus in conjunction with OMB staff, and preliminary strategic plans in bureaus.
- Established a Data Stewardship function which includes a multi-year data integrity improvement program intended to ensure that financial information conforms to the highest possible standards of consistency and verifiability in the foreseeable future, and the formation of a Standard Accounting Classification Advisory Team to coordinate activities related to standardization of Departmental financial classifications.
- Improved Financial Management Systems by successfully implementing a single, integrated core accounting system in six of the Department's bureaus incorporating over 95 percent of all accounting transactions (the remaining three bureaus operate a virtual single accounting system and have formed a tri-bureau partnership to share resources in support of the system and to assure continuity of development and operations); acquiring an off-the-shelf procurement system, and implemented the system at approximately 85 purchasing sites; nearing completion of the development of a fully integrated, modern personnel/payroll system with the first bureaus scheduled for implementation in September, 1997; and establishing the IDEAS Software Advisory Board to coordinate software activities associated with the acquisition system.
- Improved Financial Management Reporting by preparing and auditing annual financial statements for all bureaus for FY 1996 (10 unqualified and 1 qualified audit opinions) and preparing and auditing Interior's first Accountability Report which included the consolidated FY 1996 Department financial statements (received a qualified opinion).

Improving Customer Service

The Department is committed to providing the best possible service to customers, partners, and stakeholders. Over the last several years, bureaus and offices have developed customer service plans, established standards of service, and conducted customer surveys. The Department is using partnerships and new technology to improve customer service and operate more efficiently. During this time the Department has:

- Strengthened collaborative working relationships throughout the Department by continuing to build strong working relationships with bureaus through (a) the Department CFO Council - formed to advise and assist the Departmental CFO in establishing and carrying out effective Department-wide financial management policies and management controls; (b) the Finance Officers' Partnership (FOP) - established to enable the Department to work better and cost less through the collaborative planning, development and implementation of improved financial management policies and practices at the bureau level; (c) the Software Advisory Board (SAB) - established to provide analytical and technical support to the FOP in the areas of FFS software design, development, and implementation; and (d) the Standard Accounting Classification Advisory Team (SACAT) - established to coordinate a common approach among

the bureaus for addressing accounting classification issues.

- Improved communication about financial policies and services by preparing a Departmental Accounting Manual to replace existing bureau accounting manuals, and establishing a home page on the Internet for the Office of Financial Management. The home page provides policy directives, semi-annual and annual reports, training courses, and status reports on current reinvention efforts to internal and external interested parties.
- Provided Accounting Utility Services to bureaus of the Department and similar services to non-Interior customers through the Administrative Service Centers (Denver, Colorado and Reston, Virginia), the Interior Service Center and the Interior Franchise Fund; and improved oversight over these operations by establishing an Administrative Services Advisory Board.

Strategy for the Future

The Department's focus and priorities to improve financial management over the next 5 years are described in the following chapters. They include:

- Improving and upgrading financial systems and making effective use of emerging technology;
- Improving financial management reporting and implementing the GPRA;
- Ensuring management accountability and control;
- Modernizing business practices and payment processes;
- Ensuring financial data stewardship;
- Strengthening financial management human resources; and,
- Seeking franchising opportunities.

The Department is committed to integrating its program management functions with financial management functions, and playing a leadership role and making considerable contributions to the development and implementation of government-wide financial policies and programs in meeting the objectives of the NPR and GPRA.

We are proud of our accomplishments to date, many of which are highlighted within this report. In addition, the Department has a number of initiatives underway, or which will soon commence, that employ new and contemporary approaches to effective resource planning and utilization, and delivery of essential financial services to customers in a cost-effective manner. These initiatives should improve the efficiency and effectiveness of financial systems and accounting processes, and empower, motivate and better support our financial management workforce.

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GLOSSARY

ABACIS	AdvancedBudget/Accounting Control and Information System	MCAF	Management Control and Audit Follow-up
AFS	Auditing and Financial System	MCC	Management Control Coordinator
AMS	American Management Systems	MCP	Management Control Plan
ASCR	Accounting System Compliance Review	MCR	Management Control Review
ASC	Administrative Service Center		
ATM	Automated Teller Machine	METS	Management Evaluation Tracking System
BIA	Bureau of Indian Affairs	MMS	Minerals Management Service
BLM	Bureau of Land Management	NIGC	National Indian Gaming Commission
BOR	Bureau of Reclamation		
CASU	Cooperative Administrative Unit	NPR	National Performance Review
CATS	Corrective Acting Tracking System	NPS	National Park Service
CFO	Chief Financial Officer	OCS	Outer Continental Control and Reclamation Act
CFR	Code of Federal Regulations		
CGPS	Comptroller General Principles/Standards	OMB	Office of Management and Budget
DASC	Denver ASC	OIG	Office of Inspector General
DCFO	Deputy Chief Financial Officer	OPM	Office of Personnel Management
DD/EFT	Direct Deposit/Electronic Fund Transfer	OS	Office of the Secretary
DSS	Distribution Sales System	OSM	Office of Surface Mining
FAR	Federal Acquisition Regulation	PAM	Office of Acquisition and Property Management
FFS	Federal Financial System	PAS	Office of Aircraft Services
FMFIA	Federal Managers' Financial Integrity Act of 1982	PCM	Office of Construction Management
FPPS	Federal Personnel/Payroll System	PCMI	President's Council on Management Improvement
FTE	Full-time Equivalent (employee)		
FWS	United States Fish and Wildlife Service	PEA	Office of Environmental Affairs
FY	Fiscal Year	PFM	Office of Financial Management
GAO	General Accounting Office	PIA	Office of Insular Affairs
GPRA	Government Performance and Results Act	PMB	Policy, Management and Budget
GMRA	Government Management Reform Act	RMMC	Rocky Mountain Mapping Center
GSA	General Services Administration	RMP	Royalty Management Program
IDEAS	Interior Department Electronic Acquisition System	SACAT	Standard Accounting Classification Advisory Team
IRS	Internal Revenue Service	SES	Senior Executive Service
ISC	Interior Service CeNter	USGS	United States Geological Survey
		WASC	Washington ASC

CHAPTER I. OVERVIEW OF THE DEPARTMENT

The American people have had a long-term investment in the resources managed by the Department of the Interior. From its establishment in 1849, the Department has managed many and varied programs including Indian affairs, administering land grants, improving historic western emigrant routes, maintaining boundaries, administering pension laws, issuing patents, conducting the census, and conducting research on the geological resources of the land. Following the conservation movement at the beginning of the 20th century, however, the Department focused its attention on the preservation, management, understanding, and use of natural and cultural resources with an increasing sense of the fragile nature of those resources and the interdependence of ecosystems.

Department Mission

Today, the Department's mission is fourfold:

- To encourage and provide for the appropriate management, preservation, and operation of the Nation's public lands and natural resources for the benefit and enjoyment by all Americans both now and in the future;
- To develop and use resources in an environmentally sound manner and provide an equitable return on these resources to the American taxpayer;
- To carry out related scientific research and investigations in support of these objectives; and
- To carry out trust responsibilities of the U.S. Government with respect to American tribes and Alaska Natives.

Charged with this mission, the Department ensures that the Nation's investment in its natural and cultural resources is cultivated to guarantee the optimum environmental, recreational, cultural and economic benefits for the American people.

One of the Department's principal goals has been to ensure that the funding the American people provide is used as efficiently and productively as possible. To achieve this goal, the Department has focused on three areas -- streamlining, re-engineering, and customer service. As a result, the Department has been a leader in the Administration's initiative to reinvent Government and implement the recommendations of the National Performance Review (NPR). The reduction of our workforce responds to the President's Executive Order, the Federal Workforce Restructuring Act of 1994, and the Secretary's direction to reinforce employees in the field who are in direct contact with the public. Other driving forces promoting improved efficiency and effectiveness include the Chief Financial Officers (CFO) Act of 1990, the Government Performance and Results Act (GPRA) of 1993, the Government Management Reform Act (GMRA) of 1994, the Federal Acquisition

Streamlining Act of 1994, and the Federal Financial Management Improvement Act of 1996.

Chief Financial Officer Organization

The Department has developed and implemented a sound Chief Financial Officer Organization that is capable of successfully meeting the current and future challenges in Federal financial management. The CFO organization is headed by the Assistant Secretary for Policy, Management and Budget (**See Appendix A**) who was appointed as the Department CFO. The Department CFO provides detailed and objective advice on program planning, budget, and policy matters; oversees compliance with environmental statutes and standards; develops and maintains internal administrative policy, standards, objectives, and procedures for use throughout the Department; oversees the administrative appeals process; and, undertakes special analytical and administrative support services for the Office of the Secretary. In addition, the Department CFO leads Interior's CFO Council in addressing emerging financial management issues and fulfilling its financial management vision.

Financial Management Vision and Goals

The Department has adopted the following updated financial management vision established by the Office of Management and Budget (OMB) and the Government-wide CFO Council in 1997.

“Shaping an environment in which government officials use high quality financial and performance information to make and implement effective policy, management, stewardship, and program decisions.”

The Department worked with OMB and the Government-wide CFO Council to develop goals and initiatives for the Government-wide Financial Management Strategic Plan that are consistent with the Federal Financial Management Vision. The Department's Financial Management Plan is consistent with these goals.

The Department's goals are to improve financial management by:

- Providing leadership to promote the efficient management of Departmental resources and assets.
- Providing quality financial services to internal and external customers based on their needs.
- Providing high quality financial information on Departmental operations which fully supports financial and performance reporting.

- Enhancing the framework that provides sound financial policies and services, and facilitates effective communication.
- Further enhancing financial management use of modern technology and business practices.

The Department, like other Federal agencies, has expended considerable resources in rethinking the way it conducts its business; provides the necessary leadership to efficiently manage its resources; provides timely and accurate financial information for stakeholders and program managers; and, contributes to restoring public confidence in government. All of the initiatives in these areas have been, and will continue to be, supportive of the CFO Act, GPRA, GMRA, and the Federal Acquisition Streamlining Act..

Financial Management Strategy for the Future

The Department's focus and priorities to improve financial management over the next 5 years are described in the following chapters. They include:

- Enhancing the CFO organization.
- Improving and upgrading financial systems and making effective use of emerging technology.
- Improving financial management reporting and implementing the GPRA.
- Ensuring management accountability and control.
- Modernizing business practices and payments.
- Providing financial data stewardship.
- Developing financial management human resources.
- Seeking franchising opportunities.

The Department is committed to integrating its program management functions with financial management functions (budget, financial reporting, performance measurement and analysis, and financial statement audits). The Department is also committed to playing a leadership role and making considerable contributions to the development and implementation of government-wide financial policies and programs in the areas of accounting and reporting standards, financial systems, streamlining financial management processes, franchising, and meeting the objectives of the NPR and GPRA.

The Department recognizes that capital and human resource constraints, organizational streamlining, re-engineering, rightsizing, and accelerating technological advances all pose major challenges for the timely achievement of our financial management improvement goals. Many of the planned actions for 1998 and beyond are contingent on obtaining necessary resources. However, we believe that the plan established for the Department focuses on improving the areas necessary to ensure integrity in our operations and provides financial management leadership in support of the Department's mission.

CHAPTER II. DEVELOPING AN EFFECTIVE CHIEF FINANCIAL OFFICER ORGANIZATION

Background

Since the passage of the CFO Act, the Department has developed and implemented a sound CFO organization structure that is capable of successfully meeting current and future challenges in Federal financial management. The Department, like other Federal agencies, is at an important crossroads, with unrelenting pressure to do more with less. The decade of the 1990's is proving to be one of the most challenging, dynamic periods ever experienced by Federal managers. The challenge facing all CFOs is to rethink the way we conduct the government's business; provide the necessary leadership to efficiently manage resources; provide timely and accurate financial information for stakeholders and program managers; and restore the public's faith in government.

To meet this formidable challenge, the Department has developed an aggressive agenda for streamlining, reducing the cost of operations, improving financial systems, improving financial reporting and accountability, enhancing the quality of financial services to customers, and re-engineering financial and program practices and processes. The Department embarked on an ambitious benchmarking effort to systematically identify accounting and financial processes and procedures that could be standardized, improved, or eliminated to improve customer service and reduce cost. In addition, the Department convened the Finance Officers' Partnership (FOP), a group of senior financial managers from each bureau, to provide a baseline for future financial management re-engineering activities.

The Department is committed to integrating its program management functions with financial management functions (budget, financial reporting, performance measurement and analysis, and financial statement audits). The Department is also continuing its efforts to make significant contributions to the development and implementation of government-wide financial policies and programs in the areas of accounting and reporting standards, financial systems, streamlining financial management processes, franchising, and meeting the objectives of the NPR and GPRA.

Collaborative Working Relationships

The Department recognized that, in order to improve financial management and effectively re-engineer and streamline financial management activities and processes, it was imperative that collaborative working relationships between program managers and financial managers be established. Therefore, the Department has established strong collaborative working relationships through the Interior CFO Council, the FOP, and re-engineering laboratories sponsored by the Department in support of NPR. In addition, the Department has an ABACIS Bureau Partnership of MMS, OS and OSM based on a memorandum of understanding to share resources, where possible, to achieve streamlining of financial resources in the three bureaus to improve and streamline operations supported by ABACIS.

Interior CFO Council - In 1992, the Department formed the CFO Council to advise and assist the Departmental CFO in establishing and carrying out effective Department-wide financial management policies and management controls, and in efficiently and effectively implementing the CFO Act. The council assists in identifying bureau and Departmental financial management issues for consideration by the CFO including areas requiring uniformity and consistency, initiatives crossing bureau lines, criteria for selecting and promoting financial management personnel, financial management training, and development of financial statements and integrated systems, the importance of internal controls, maximization of cost recovery, selecting program performance measures, and the generation of necessary financial management plans and reports.

Administrative Services Advisory Board (ASAB) - The ASAB was established to provide executive management leadership and guidance to DOI service providers who offer administrative services on a fee-for-service basis and to provide Departmental strategic planning direction for administrative services.

Finance Officers' Partnership (FOP) - The FOP was established to enable the Department to work better and cost less through the collaborative planning, development and implementation of improved financial management policies and practices. See **Appendix B** for a description of the FOP.

Software Advisory Board (SAB) - The SAB was established as a permanent sub-committee of the FOP to provide analytical and technical support to the FOP in the areas of FFS software design, development, and implementation.

Information Technology Steering Committee (ITSC) - The ITSC is the primary review and recommendation body for information resources management in the Department. The ITSC is responsible for reviewing new and major acquisitions involving information resources management, monitoring the progress of major information systems development, recommending IRM policies and standards, and reviewing IRM budgets and strategic plans for major information systems improvements.

Standard Accounting Classification Advisory Team (SACAT) - The SACAT was chartered by the FOP to establish and maintain a common approach among the bureaus for addressing accounting classification issues including Standard General Ledger (SGL) maintenance, accounting policy and procedures, internal controls, and reporting requirements. The SACAT's primary functions are to effectively and efficiently address standard accounting classification and accounting model issues, standardize the Department's SGL accounts and accounting entries, analyze new/modi-

fied reporting requirements to ensure the SGL meets the requirements and to ensure internal controls and audit trails are maintained, establish and maintain consistency among the bureaus in financial reporting, and provide the accounting community with a basis for achieving a common understanding of accounting standards.

Property Management Partnership (PMP) - The PMP, comprised of property management officials from the bureaus and the Department, was formed in FY 1997 to increase productivity and avoid the costly development or modification of duplicative, independent, stand-alone systems.

Recent Accomplishments

Since the inception of the CFO Act, the Department has made significant progress in improving financial management. Some of the more significant achievements are summarized below:

Developed a highly effective CFO organizational structure

- Appointed a highly qualified and experienced Departmental CFO (currently vacant because of a transfer to another agency) and Deputy CFO (DCFO), as well as CFOs and DCFOs in all bureaus. Interior applies the qualifications for the Departmental CFO and DCFO positions recommended by the Office of Management and Budget and the CFO Council to all bureau CFO and DCFO positions. Established an Interior CFO Council, which includes bureau level CFOs and DCFOs, to address emerging financial management issues and to assist in coordinating financial management activities of the Department.
- Established the Finance Officers' Partnership, a self-directed team comprised of bureau finance officers and a representative from the Office of Financial Management (PFM), to develop and implement management action plans to provide high quality, cost-effective financial information and services, and continually improve financial management within the Department. The FOP and the initial 15 Project Action Teams were the direct result of recommendations developed through the "Financial Management Best Practices Project". The FOP continues to identify and charter new project action teams to address additional areas for financial management improvement.
- Prepared CFO plans at the Department level in conjunction with CFO plans prepared for each bureau; and established a performance management framework including the Organizational Development and Performance Management Steering Group to provide guidance and assistance to bureaus in developing performance measurement programs, strategic plans, and fulfilling the objectives of the GPRA.
- Established an effective working relationship with the Financial Management community through the Departmental Administrative Systems Workgroup to focus on spe-

cific Department-wide administrative system improvement efforts. In addition, the FOP will begin working with the Department's newly created Property Management Partnership (PMP), comprised of personal, real and museum property program professionals from the bureaus' and the Office of Acquisition and Property Management. The PMP is focusing on initiatives to integrate and streamline business practices, and assure proper protection, maintenance, treatment and use of Interior property.

Provided Accounting Utility Services to bureaus of the Department and similar services to non-Interior customers.

- Reduced the number of financial management systems and improve service delivery through concentrating services in centers of excellence over the past 10 years. Interior has made significant progress in this area by establishing two administrative service centers, which function as accounting utilities, to provide timely and cost-effective accounting, payroll and personnel, and other administrative services to bureaus and offices, as well as cross-servicing other agencies. In addition, Interior is one of six agencies selected to participate in the Franchise Fund Pilot Program under the Government Management Reform Act.

Benchmarked Financial Management Functions

- Initiated a "benchmarking" effort in 1993, the "Financial Management Best Practices Project", designed to systematically identify accounting and financial processes and procedures that could be standardized, improved, or eliminated to improve customer service and reduce cost. From this effort, the Department developed a Management Action Plan to undertake 15 financial management initiatives under the direction of the FOP to improve cost-effectiveness and quality of financial services; strengthen financial operations; ensure the integrity of accounting processes; and, provide for the greatest cost and FTE reductions. As a result of these initiatives and other bureau specific projects, the number of accounting and finance personnel within the central finance offices was reduced over 28 percent from FY 1994 to FY 1996. This reduction exceeded the planned reductions originally scheduled to be achieved by the end of FY 1999.
- Participated in a 1996 benchmarking process sponsored by the American Institute of Certified Public Accountants (AICPA). This effort was needed in order to update the best practices study conducted in 1993 and to assist the Department in focusing on areas where the greatest potential for other improvement exists. The AICPA benchmarking process used the Hackett Group, an Ohio corporation that specializes in business re-engineering, to provide technical expertise and a database application with detailed process definitions that have been developed specifically for the study. The Hackett Group Benchmark program is the largest, most comprehensive finance study of its kind with more than 650 companies and corporations participating worldwide. The study was completed in the fall of 1996, and Interior rated very well in all measurement areas. *Chapter VI* of this report includes additional information on this study.

The Department will continue to pursue an aggressive agenda to enhance its CFO organization and implement significant improvements in all aspects of financial management in support of the CFO Act. The Department recognizes that budgetary funding and human resource constraints, organizational streamlining, re-engineering, rightsizing, and accelerating technological advances all pose major challenges for the timely achievement of our financial management improvement goals.

CHAPTER III. IMPROVING FINANCIAL MANAGEMENT SYSTEMS

Background

The Department shares the view of the government-wide CFO Council that a key to improved financial and program management is improved financial management systems. Improving financial management systems will provide for and strengthen our decision-making capabilities and enable Interior program and financial managers to more effectively carry out the Department's missions.

The Department continues to move toward the objective stated in OMB Circular A-127 for each agency to establish a single, integrated financial management system. Since the mid-1980's, the Department has improved its financial systems, and eliminated duplicative and redundant systems. By 1984, the number of personnel/payroll systems used within the Department had been reduced from five to one. Currently, the Department's existing personnel/payroll system (PAY/PERS) is being replaced with a fully integrated, modern, on-line system, the Federal Personnel/Payroll System (FPPS), being developed by the Bureau of Reclamation's Denver Administrative Service Center.

By FY 1992, the number of existing bureau core financial systems had been reduced from ten to two, with off-the-shelf software (Federal Financial System - FFS) being used in six bureaus which account for over 95 percent of the Department's annual accounting transaction volume. The remaining three smaller bureaus did not migrate to FFS because the anticipated costs of migration at the time was greater than the perceived benefit to the bureaus. Instead, these three bureaus, who all use ABACIS, formed a partnership to increase the standardization of financial management activities across the three bureaus and to coordinate and share in the cost of system changes and improvements, thus insuring a virtual, single accounting system.

In 1993, the Department initiated a project to acquire and implement a standard, automated procurement system, the Interior Department Electronic Acquisition System (IDEAS). The implementation of this system, which automates the acquisition process in requisitioning, contracting, purchasing, and contract administration, is underway using commercially available software. Completion is scheduled for FY 1999.

In addition, the Department has established two Administrative Service Centers (ASCs) in Denver, Colorado, and Reston, Virginia, that cross-service Interior bureaus and other Federal agencies. The ASCs provide consistent, high quality, and cost-effective services such as accounting, personnel/payroll, procurement, and other administrative support. A third ASC, the Interior Service Center, provides accounting, procurement, space management, printing, property management and other administrative support to selected departmental management offices.

Financial Management Systems Improvement Strategy

The Department's goal is to improve financial transaction processing and to enhance the financial management systems support for the partnership between the program and finance managers. The Department views the movement toward a single, integrated financial system as encompassing three interrelated elements: (1) migrating to and enhancing standard Department-wide systems for accounting, payroll/personnel, procurement, and property; (2) improving or replacing financial and mixed systems to take advantage of new technological capabilities (e.g., Internet browser and smart card technology); and (3) effectively interfacing or integrating financial management systems through electronic transfer of data and establishing standardized financial data classifications for movement of data to support finance and program managers.

The Department relies on a unified set of financial management systems planned for and managed together, and operated in an integrated fashion to collectively support program and financial managers. These systems are managed at various levels within the Department. Some of these systems are managed on a Departmental level, others are maintained at a bureau or local level, and some are government-wide systems that the Department relies on. Collectively, they represent the Department's financial management systems architecture. The current financial system architecture is shown in *Exhibit III-1*, arrayed by the different types of management approaches being used.

The target architecture for the next five years for the financial management systems to permit the Department to adjust to changes brought about by organizational rightsizing, streamlining, and re-engineering is illustrated in *Exhibit III-2*. To achieve this architecture, the Department will continue to work toward completing eight major financial management systems improvement strategies: (1) enhancing current Core accounting systems; (2) migrating Core accounting systems to an "open system architecture"; (3) implementing FPPS; (4) implementing a Decision Support System/Executive Information System (DSS/EIS); (5) implementing a Department-wide Procurement System; (6) maximizing opportunities for utilizing Electronic Commerce (EC) and other Electronic Data Interchange (EDI) applications; (7) reducing the number of property systems; and (8) improving the Indian Trust Funds systems.

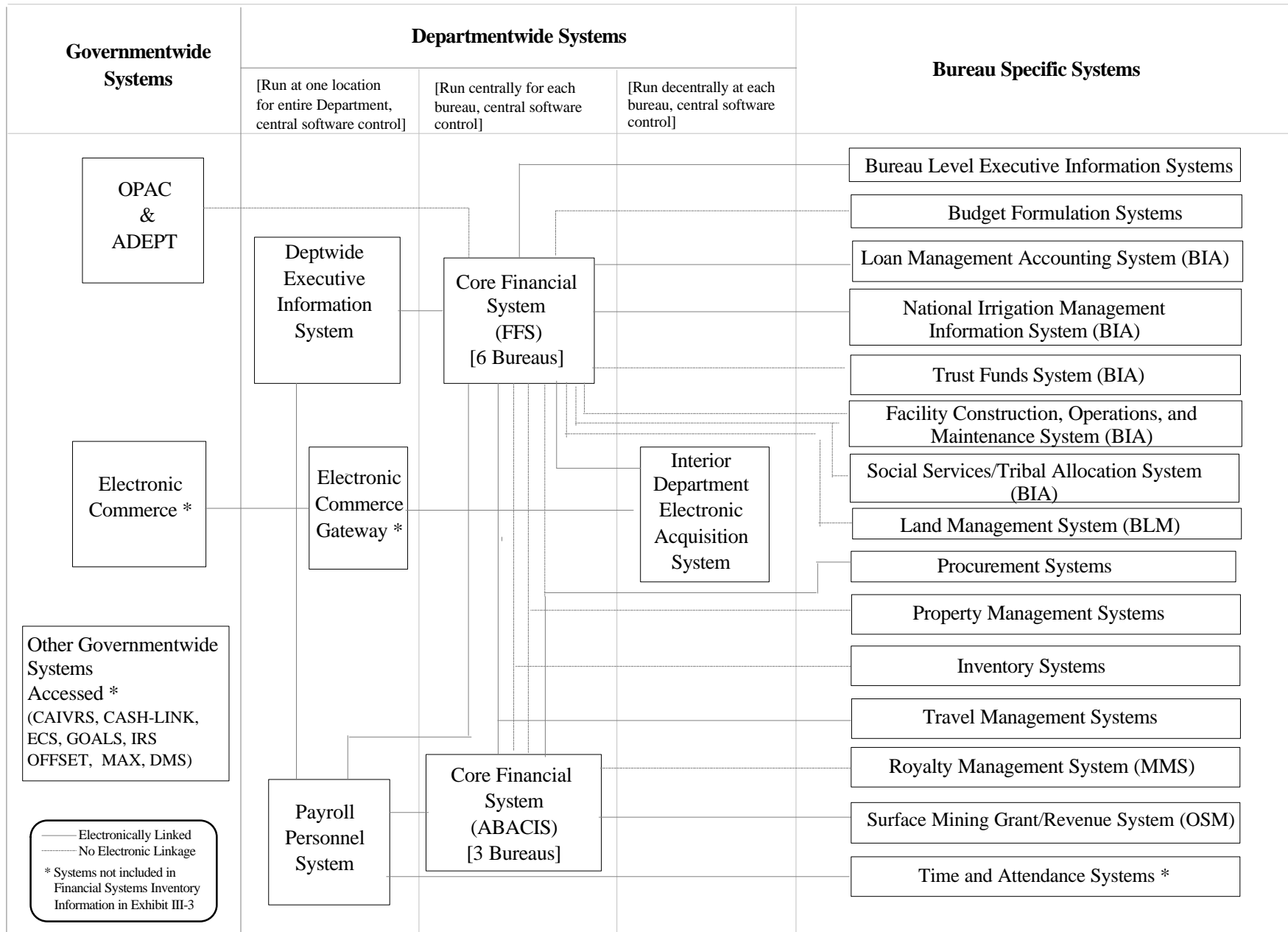
Recent Accomplishments

Enhancing Current Core Accounting Systems

In FY 1997, the FOP and the Department made a strategic decision to plan for the use of its current legacy Core accounting systems (FFS and ABACIS) for five more years. This strategy requires that the Department make selected improvements in the current Core accounting systems. The FOP and the Department are currently working on a number of initiatives aimed at enhancing the current Core accounting systems. Representative projects include:

- Addressing the changes necessary to make the Core accounting systems year 2000

Department of the Interior Financial Management Systems - Current Environment



Department of the Interior Financial Management Systems - Target Environment

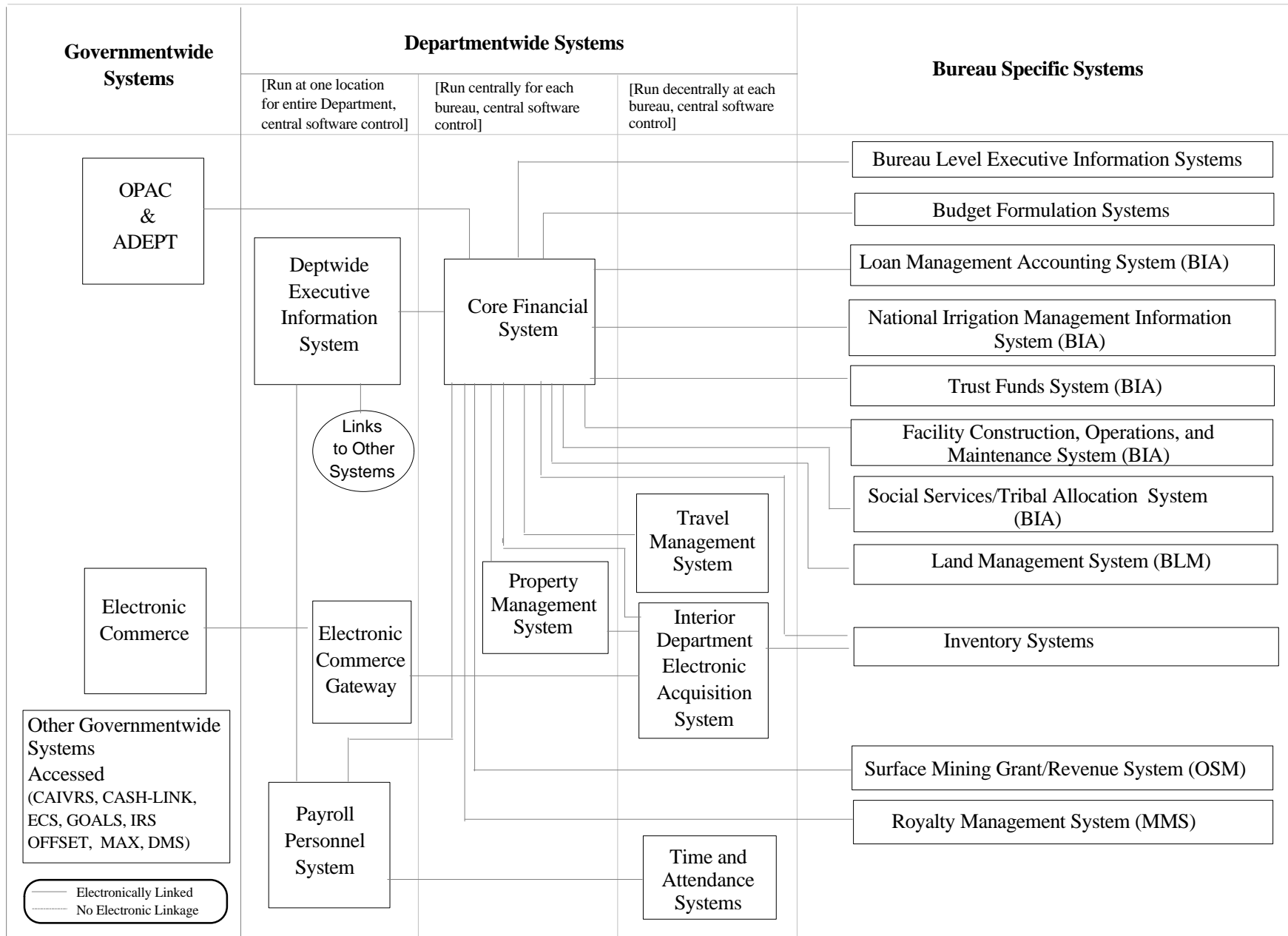


Exhibit III-3

**Department of the Interior
Financial Management Systems Supporting Exhibit III-1
System/A applications**

DEPARTMENT-WIDE SYSTEMS

Department-wide Executive Information

- Decision Support System/Executive Information System (DSS/EIS)

Payroll Personnel System

- Federal Personnel/Payroll System (FPPS) (New Department-wide System Being Implemented In Phases)
- Payroll/Personnel System (To Be Replaced By FPPS)

Core Financial System (FFS)

- Federal Financial System (6 Bureaus)

Core Financial System

- Advanced Budget/Accounting Control and Information System (3 Bureaus)
- Accounting and Aircraft System (OAS)

Interior Department Electronic Acquisition System - Department-Wide System Being Implemented In Phases And Intended To Replace Bureau Procurement Systems

BUREAU SPECIFIC SYSTEMS

Bureau Level Executive Information Systems

- Program Management System (BLM)
- Financial Information Reporting System (BOR)
- Administrative Information System (GS)
- Administrative Financial System II (NPS)
- Federal Aid Project Accounting and Ledger System (FWS)
- TABS (GS)
- Financial Reporting and Reconciliation System (NPS)

Budget Formulation Systems

- Program and Budget System (BOR)
- NPS Budget

Loan Management Accounting System (BIA)

National Irrigation Management Information System (BIA)

Trust Funds (BIA, OS)

- Individual Indian Monies System
- Integrated Resources Management System
- Omni Trust/ES

Facility Construction, Operation, and Maintenance System (BIA)

Social Services/Tribal Allocations System (BIA)

- Tribal Allocation Priority System
- Social Services Automated System

Land Management System (BLM)

- Payment in Lieu of Taxes

Procurement Systems

- Procurement Management Information System (GS)
- Procurement System (OS)
- SATIN (OS)

Property Management Systems

- FFS Fixed Assets Subsystem (BIA, BLM, GS)
- Moveable Property System (BOR)
- Property Management System (MMS, OSM)
- Personal Property Management Information System (NPS)
- Property Accounting and Control System (OS)
- Property Management Information System (New System Being Developed by MMS For Use By MMS, OS, and OSM)
- Personal Property Management Information System (FWS)
- Real Property Management Information System (FWS)

Inventory Systems

- FEDSTRIP System (BOR)
- Material Management Inventory Control (GS)
- DORRAN (GS)
- FFS Inventory Subsystem (GS)

Travel Management Systems

- Travel Manager Plus

Royalty Management System (MMS)

- Production Accounting and Auditing System
- Auditing and Financial System

Surface Mining Grant/Revenue System (OSM)

- Grant Information Financial Tracking System
- Fee Billing and Collection System
- Audit Fee Billing and Collection System
- Civil Penalty Accounting Control System

compliant. During FY 1997, needed year 2000 changes were identified and documented. The Core accounting systems are currently in the “repair” phase.

- Promoting the use of Vision Flashpoint as a tool to modernize the current mainframe version of FFS by creating front-end “windows” based screens to facilitate the use of data. Various briefings and demonstrations were conducted during FY 1997, with Vision Flashpoint being installed into production in the Bureau of Indian Affairs and the Office of Trust Funds Management.
- Developing an FFS automated table clearing process to archive prior year information to reduce the size of the operating files. This activity is closely linked to the production implementation of the year 2000 compliant changes. Table clearing, once implemented, will “clear” closed FFS records/tables, thus streamlining nightly operations and saving online storage costs.

Planned Actions for 1998

In FY 1998, the FOP and the Department plan to accomplish the following action items relating to enhancing current Core accounting systems:

- Complete the programming, test, and install into production, the FFS table clearing programs.
- Complete the programming, test, and install into production, year 2000 compliant Core accounting systems.

Planned Actions for 1999 and Beyond

- Continue to maintain the existing Core accounting systems until a replacement Core accounting is identified, acquired, and implemented.

Migrating Core Accounting Systems to an “Open System Architecture”

In FY 1997, the FOP and the Department began activities to lead to the replacement of the FFS and ABACIS legacy systems within a five year time period with a single, “open system architecture” Core Accounting System, using off-the-shelf software.

Interior’s current legacy Core accounting systems have served the bureaus well over the years; however, there are clear advantages to moving to a more modern system based on an “open system architecture”. These advantages can be broadly classified into four major categories: (1) useability; (2) functionality; (3) data accessibility; and (4) system integration.

1. Useability

Legacy systems present users with character-based screens that are nei-

ther intuitive or easy to use. As a result, the amount of training for new users is extensive. In addition, document processing is cumbersome and time-consuming. The Department intends to move toward an “open system environment” Core accounting system that utilizes modern technology which includes graphical user formats; utilizes tools such as pull-down menus and context sensitive help; simplifies navigation and improves editing capabilities for much easier use and increases the quality of data entered into the system; and requires far less training than legacy systems.

2. Functionality

Technical enhancements to legacy systems require labor-intensive programming efforts. Moreover, enhancing legacy systems is costly due to the technical architecture on which the legacy systems are built. The Department intends to move toward an “open system architecture” system, using modern fourth generation languages that utilize object-oriented programming to make it easier to maintain and enhance to support the functionality and useability of the system.

3. Data Accessibility

A major drawback of legacy systems is the inaccessibility of data. The current FFS system uses VSAM files and does not use a relational database management system. Accessing data stored in VSAM files requires the development of computer programs to extract and format the data, making standard reporting and ad hoc queries difficult and expensive to execute. The Department intends to move toward an “open architecture” system, utilizing a database management system that provides easier access to data, and creates standard reports or specialized ad hoc queries without the need for a computer programmer.

4. System Integration

Certain interfaces between feeder systems and the current FFS are based on batch data transfers. Financial systems based on open architecture standards provide an opportunity to integrate more easily with other financial management systems. The Department intends to move to an “open architecture” to facilitate data sharing among various administrative systems, reduce redundant transaction processing, and allow for more integrated reporting.

To address the migration to a more “open architecture” Core accounting system, the FOP and the Department formed an Interior Financial System Planning Team (IFSPT) in FY 1997. The IFSPT is composed of bureau and Departmental representatives.

Planned Actions for 1998

- Develop the strategic plan for the Department related to the migration of the Core Accounting Systems to new software based on an “open system architecture”. This effort would establish the proper strategy for upgrading the Department’s Core Accounting Systems and provide the justification for needed system enhancements under “Raines Rules” and the Information Technology Management Reform Act (ITMRA). This effort would be lead by the IFSPT in coordination with the FOP, the Office of Financial Management, and the Office of Information Resources Management. The strategy addresses the following:
 - Procurement methodology
 - Timetable for procuring the system
 - Timetable for implementation
 - Funding strategies

The pace of the migration to an “open architecture” based Core accounting system is dependent on obtaining adequate sources of funding.

Planned Actions for 1999 and Beyond

- Carry out the migration strategy established to replace the existing Core accounting systems with an “open system environment” Core accounting system.

Implementing the new Federal Personnel Payroll System

The Department currently operates and maintains a payroll/personnel system, called PAY/PERS, for all of Interior as well as seven other government agencies. An on-going development effort to replace PAY/PERS with a new system called FPPS (Federal Personnel Payroll System) is nearing completion. FPPS is a fully integrated personnel and payroll system that provides real-time updating of data in a database environment. It provides a full range of functional capabilities and allows supervisors and managers to access the system directly for both processing of actions and retrieval of information. It provides for electronic initiation and certification of personnel and payroll actions and electronic access to data, thus virtually eliminating the handling and mailing of hard copy forms. It utilizes state-of-the-art technology, has extensive security and flexibility, and is designed to be year 2000 compliant. FPPS will be the most advanced personnel/payroll system in the Federal government.

OMB has been actively involved in monitoring the status of FPPS progress and plans, and has encouraged the Department to continue to expand its cross-servicing commitment. Four new agencies (including the Social Security Administration) are already scheduled to convert to FPPS, once it is operational.

Planned Actions for 1998

- Implement FPPS in the Interior ABACIS agencies in the last quarter of FY 1997. Implementation of the other client agencies (Interior and non-Interior) will continue on a client by client basis through the end of FY 1998. The final implementation schedule is in the process of being coordinated. Interest from new client agencies remains high and involves active discussions with several agencies. FPPS implementation and resulting dialogue among existing clients is likely to generate even more interest from agencies seeking opportunities to redirect their resources and achieve economies-of-scale.

Planned Actions for 1999 and Beyond

- Continue implementation of new FPPS clients.
- Complete deferred system enhancements.
- Evaluate other enhancements including a “People Soft” interface.

Implementing a Decision Support System /Executive Information System (DSS/EIS)

Interior’s efforts to implement a Decision Support System/Executive Information System (DSS/EIS) is intended to deliver summary level information to executives to aid in their decisions and provide a user friendly interface and graphics to interact with individuals who may or may not be highly proficient in using computer technology. This effort began as part of a Departmental Administrative Systems Workgroup that was established in the fall of 1994 to determine methods for improving access to the Department’s administrative systems and delivery of the Department’s administrative information to users.

In May 1995, a project team was formed to determine short and long term strategies for DSS/EIS. At that time, Interior did not have a DSS/EIS to provide executives with various views of financial information (e.g., current budget authorities, obligation and expenditure of funds with comparisons to budget, actual and projected FTE information, procurement and inventory data, etc.). The efforts of the project team resulted in the acquisition of commercially available DSS/EIS software (Hyperion Enterprise) in September 1995.

Since the acquisition of the Hyperion Enterprise software, Interior has developed operational systems for (a) consolidating bureau trial balance data to support preparing the Department’s Consolidated Financial Statements, (b) analyzing revenue and cost information to support the Interior Service Center’s (ISC) efforts to develop the 1997 business plan, (c) tracking of SF-133 budget execution data submitted by bureaus to the Office of Management and Budget, and (d) analyzing Bureau of Indian Affairs financial data. In addition, the Department has developed several pilot applications to demonstrate DSS/EIS capabilities to extract bureau level financial data and other administrative data from

external sources such as the Federal Financial System (FFS), Interior's Procurement Data System, bureau level files and electronic spreadsheet data, and OMB's MAX system for the preparation of budget execution data analysis. Further, several bureaus have begun to develop similar capabilities to provide summary level information to senior executives and more detailed information to program managers.

During FY 1997, the Department developed an application for the Department-wide Consolidated Financial Statements which was used in preparing the FY 1996 Consolidated Financial Statements, developed a cost allocation application for the ISC which was used in the FY 1997 and FY 1998 planning process for the ISC, developed an application for the Department-wide Consolidated SF-133, participated in the establishment of the Hyperion Users Group, and developed a proof of concept financial application for the BIA to provide summary financial information to senior BIA executives.

Under the Government Performance Results Act, agencies are required to submit strategic plans to the Office of Management and Budget and Congress not later than September 30, 1997. These plans will set out measurable goals that define what will be accomplished during a fiscal year and reflect a level of accomplishment commensurate with the resources required and subsequently funded. Beginning with FY 1999, the Department will be required to report on accomplishments related to these plans. To successfully meet these performance measurement requirements, the Department must develop systems with the capability to collect, report, and verify performance information to measure accomplishments against the annual performance plans.

Although the Office of Financial Management is beginning to collect Departmental financial data on an annual basis as part of the consolidated financial statement preparation process, performance measurement data to meet GPRA reporting will require information not currently being collected on program activities as well as cost information.

Current administrative systems do not combine finance, program, budget, and human resource information and there is no central system available to capture, summarize and analyze bureau level data for Departmental reporting. The Department is beginning a process to build the needed infrastructure to provide the necessary reporting capacity to meet the FY 1999 GPRA requirement on a Departmental basis. The Department has established a team to define the Department-wide requirements to provide access to performance data for executives, managers and analysts to manipulate and improve the ability of the Department to achieve performance goals in the planned timeframes.

Planned Actions for 1998

- The Department plans to expand the availability and use of EIS software tools via client/server methods, as well as provide intranet and Internet access to a variety of administrative data. The Department will continue to use Hyperion software as the single source of preparing the consolidated financial statements for FY 1997. Other activities include building a financial statement application for one of the ABACIS bureaus for use in preparing the FY 1997 financial statements and for other manage-

ment reporting, developing a management reporting application for a bureau using data from FFS, and building an application consolidating budget information for the Department.

- To meet GPRA requirements, the Department is beginning a process to determine how it will obtain data on a Department-wide basis to meet performance measurement requirements and the means that will be used to verify and validate measured values. This effort would include an assessment of options for developing a data warehouse for collecting Departmental GPRA data from bureaus to support GPRA reporting requirements for FY 1999 and following years using technology currently available in the Department or accessible within the timeframes and budget constraints. The intent is to establish a technical architecture to appropriately link bureau level initiatives with Departmentwide efforts. The team would report back to the Department in the Fall 1997 on a recommended approach for accomplishing the objective that would build on capabilities currently in place to provide Departmental reporting; be compatible with bureau level systems that are being built or planned to support GPRA requirement; be in place for FY 1999 to be used to report on FY 1999 performance measurement data; support data needed for the Annual Accountability report; and support budget office needs to report on performance against the annual performance plan.

Planned Actions for 1999 and Beyond

- Implement the plan for FY 1999 reporting and continue to enhance EIS capabilities.

Implementing a Department-wide Procurement System

The Department made a decision in January 1997 to upgrade its Interior Department Electronic Acquisition System (IDEAS) procurement automation software to a Windows-based, commercial-off-the-shelf package. Competition was completed and an order placed in April 1997 to American Management Systems, Inc. (AMS) for Procurement Desktop (PD) software to be piloted in three locations for 45 days. The pilots and extensive systems testing were successfully completed in June 1997, and a decision made to implement the software, which includes an interface to the Department's Federal Financial System (FFS), across the entire Department.

Planned Actions for 1998

- The IDEAS implementation will proceed, with an effort to replace the older DOS-based software at the installed base of 80 procurement sites, plus moving into implementations at the remaining sites of other Interior bureaus. The Department expects to make policy and procedural changes necessary to implement the interface to the Federal Financial System and ABACIS, concurrent with implementation of the procurement software across the Department.

- The Department will work aggressively with other Federal agency users of the AMS PD product, including the Department of Defense, the Patent and Trademark Office, the House of Representatives, the Library of Congress, our franchise clients, and others to coordinate and reduce the costs of software enhancements. Currently, the Department is providing (as an OMB authorized franchise effort) procurement system support to other agencies. Clients who had been installed with the older DOS-based software had the opportunity to switch to the new Windows software and related support.

Planned Actions for 1999 and Beyond

- Complete the implementation of IDEAS.

Maximizing Opportunities for Utilizing Electronic Commerce and Other EDI Applications

An October 1993 memorandum from the President to the heads of executive departments and agencies established the objective to streamline procurement through the use of Electronic Commerce (EC). Interior has aggressively pursued the President's mandate. Moreover, during FY 1995, Interior had more EC procurement traffic than all other civilian agencies combined. With the continued implementation of IDEAS, Interior intends to increase its volume of EC procurement transactions. Electronic commerce will include a full range of financial and related transactions such as Requests-for-Quotations, vendor responses, Purchase Order and Delivery Order awards, notifications, and purchase card transactions.

From FY 1993 to FY 1996, the number of purchase cards increased from 4,535 to 14,584. The number of transactions increased from 96,060 to 473,122; and the purchase card dollar volume increased from \$17 million to \$135.7 million. Interior is ranked sixth in overall sales and third among the civilian agencies in dollar value. In FY 1996, 61 percent of all small purchase actions under \$25,000 and 28 percent of the dollar value of all such actions were made with the purchase card. The Department's target is to increase purchase card use to 70 percent of small purchase actions for FY 1997. DOI has a long-term goal of 90 percent of all purchases below \$2,500 to be made via purchase cards.

The Rocky Mountain Bank Card System (RMBCS) interface provides a standardized, optimally efficient process which minimizes data entry while improving customer service. With the full implementation of the RMBCS interface for the FFS bureaus in FY 1997, the FFS bureaus are receiving and processing RMBCS invoices electronically. The Finance Officers' Partnership has also established a new Project Action Team which, in FY 1998, will be investigating the expansion of electronic invoicing to other selected vendors.

Planned Actions for 1998

- The Department will continue efforts to implement the electronic payment requirements of the Debt Collection Improvement Act of 1996. During FY 1998, Interior will be investigating other forms of electronic payments, such as Visa E-Pay and the use of smart cards for the collection of entrance fees at national parks. Moreover, Interior plans to develop and implement an Internet-based approach to electronic procurement to take advantage of the speed, efficiency, and cost-savings of the Internet.

Planned Actions for 1999 and Beyond

- Assess the additional capabilities of the new credit card contract and determine which features to implement.

Reducing the Number of Property Systems

The Department has embarked on a property system strategy that is aimed at standardizing and streamlining the automation of the personal, real and museum property management functions Departmentwide. Led by the Property Management Partnership (PMP), comprised of property management officials from the bureaus and the Department, the PMP effort is intended to increase productivity and avoid the costly development or modification of duplicative, independent, stand-alone systems. Currently, a property module, with an electronic linkage to FFS, has been developed and implemented in three bureaus. The PMP will evaluate options for other bureaus and ensure that such efforts are Departmentwide or multi-bureau in scope and coordinated with the Interior's finance, procurement and information technology communities.

Currently, several Interior bureaus lack adequate subsidiary systems for their real property assets. Partnership efforts were begun in FY 1997 to promote standard real property management practices throughout the Department.

Planned Actions for 1998

- The Department will continue coordinating with the bureaus to reduce the number of separate bureau automated personal property systems (already reduced from nine just two years ago to four currently). Furthermore, the Property Management Partnership will address deficiencies in real property and museum property systems with an objective to migrate as quickly as possible to systems incorporating new technologies that will eliminate duplicative data entry and allow for easy and timely access to data.
- Contingent upon approval of its FY 1998 funding request, NPS will begin to implement this integrated personal property module in FY 1998. Starting in FY 1998, as many as eight of the nine bureaus will be using personal property systems that are integrated or have an electronic interface with finance and procurement systems.

Planned Actions for 1999 and Beyond

- Continue efforts to improve systems and systems support for property functions.

Improving the Indian Trust Funds System

The American Indian Trust Fund Management Reform Act of 1994 affirms the Secretary's trust responsibilities and establishes the Office of Special Trustee for American Indians (OST). The Act identifies actions required for the Secretary's proper discharge of trust responsibilities, including: providing adequate systems for accounting for and reporting trust fund balances; providing adequate controls over receipts and disbursements; providing periodic, timely account reconciliations; determining accurate cash balances; preparing periodic statements of account performance and balances; etc. The Act also addresses the need for developing systems for accounting and investing funds, for reporting to account holders, and maintaining accurate data on ownership and lease of Indian lands.

The OST, headed by the Special Trustee, now oversees and coordinates trust fund management reforms for the Department. The Special Trustee was appointed and confirmed in 1995, and reports directly to the Secretary. In 1996, a Secretarial Order expanded the Special Trustee's responsibilities by transferring to OST the Office of Trust Fund Management and other financial trust services functions of the Bureau of Indian Affairs (BIA).

Reviews by the General Accounting Office, the Department's Inspector General, and independent accounting firms had identified serious financial management problems in the BIA's management of Indian Trust Funds. Reports based on these reviews indicated, among other things, that current trust fund data are unreliable, inaccurate, and inconsistent, and current trust systems are inadequate to comprehensively process trust data, and incapable of supporting investment activities. Also cited were inadequate internal controls and lack of consistent, written policies and procedures.

To bring about long-term constructive improvement in trust funds management, the Department issued a draft report -- "Indian Trust Funds and Trust Asset Management Reform Plan" in June 1994. Several initiatives have stemmed from the report, known as the Secretary's "Six Point Plan." The Office of Trust Fund Management implemented an interim service bureau system for managing tribal investments and accounting services. It helps the Office of Trust Fund Management perform fiduciary duties regarding tribal trust fund investment, accounting, and reporting. The majority of collection activities are still being performed by BIA. The Six Point Plan also called for correcting problems with Individual Indian Money (IIM) accounts, including correcting IIM data and improving IIM-related systems.

In April 1997, the Special Trustee submitted a proposed comprehensive strategic plan to the Secretary and the Congress. The plan includes initiatives to clean up IIM records; eliminate data backlogs; improve policies, procedures, and controls; enhance training; and improve computer systems. The plan also provides for the acquisition of (1) a Trust Asset

and Accounting Management System (TAAMS) and (2) a Land Records and Title Recordation and Certification System.

Planned Actions for 1998

- The Secretary has directed the Special Trustee and other Department officials to proceed with records cleanup, backlog elimination, and development of an implementation plan for improved systems. The plan will have the concurrence of the heads of key affected bureaus and offices. It will identify the set of tasks to be accomplished, the estimated required resources, responsible officials, and measures by which results will be judged. The effort will focus on pilot efforts to prove concepts, develop alternatives where necessary, identify implementation barriers, develop realistic cost estimates, and gain firsthand experience for broader full scale implementation.

Planned Actions for 1999 and Beyond

- Implement new trust fund systems.

Financial Management Systems Process Improvement

In carrying out the Department's financial management systems strategy, the FOP plays a key role. Many of the PATs sponsored by the FOP involve improvements to the Department's financial management systems. Examples of these FOP efforts include:

- Implementing an interface between the Rocky Mountain Bank Card System (RMBCS) and FFS to process RMBCS transactions.
- Expanding remote data entry of financial transactions throughout the Department.
- Developing an improved automated table clearing process in FFS. Implementation scheduled in FY 1998.
- Promoting the use of Vision:Flashpoint as a tool to improve the ease of use of the current mainframe version of FFS.
- Developing an interface between the new Federal Personnel/Payroll System and the accounting systems. Testing and implementation scheduled in FY 1998.

Planned Actions

See descriptions of FOP initiatives in **Appendix B**.

CHAPTER IV. IMPROVING FINANCIAL MANAGEMENT REPORTING AND IMPLEMENTING THE GPRA

Background

The Department is committed to preparing and publishing complete, concise, understandable, and meaningful information about the financial and operating performance of the Department and the individual bureaus, offices, and programs which comprise the Department. The CFO Act requires that agencies' trust funds, revolving funds, and substantial commercial activities be covered by audited financial statements. In addition, the Government Management Reform Act (GMRA) required agencies to prepare annual agency-wide financial statements beginning with FY 1996.

The Department's goals are to receive unqualified audit opinions for all bureau financial statements and the consolidated Department financial statements, to strengthen financial controls, and to ensure that financial data produced for management decision-making is reliable, verifiable and consistent with the annual audited financial statements. The Department's financial reporting strategy is to have each bureau continue as a reporting entity for purpose of preparation of CFO Act financial reports. The preparation of the Department's consolidated financial statements will be based on the bureau-level audited financial data.

The Department believes that there are significant and long-term benefits of bureau-wide statements, including usefulness to users and verification of financial and cost accounting data used by management. First, the audit of financial information ensures the availability of reliable cost and financial information necessary to support the implementation of the GPRA. Second, the quality of financial information available to management increases as financial systems, accounts and information are scrutinized and refined. Third, the annual reports serve as the vehicle for bureau reporting under GPRA as well as providing a clear and concise summary of the overall operations, accomplishments and concerns of each of the Department's operating components. Finally, long-standing operational problems have been highlighted by the financial statement process and subsequently corrected. Improvements to date directly attributed to financial statement audits have covered areas such as inventory management and collection of accounts receivable by working capital funds.

The CFO Act also requires that the Departmental CFO "maintain an integrated accounting and financial management system, including reporting and internal controls, which ...provides for...the systematic measurement of performance." The passage of the Government Performance and Results Act (GPRA) necessitates that Federal agencies effectively plan, budget, execute, evaluate, and account for resources appropriated to Federal programs. The Congress, the Administration, and taxpayers want greater accountability in the management and operation of Federal programs. The GPRA is a driving force toward establishing a "performance-based infrastructure" within the Federal government. The

Department is committed to taking the appropriate steps to comply with GPRA requirements, in coordination with efforts to comply with the CFO Act and GMRA requirements.

Improving Financial Management Reporting

The Department's goals are to be able to prepare bureau and consolidated financial statements that receive unqualified audit opinions, and make financial management information accessible throughout the year.

Recent Accomplishments

- Prepared and audited FY 1996 financial statements for the ten bureaus and operating components, and received nine unqualified audit opinions, indicating that the financial information presented was fairly stated in all material respects. Only the Bureau of Indian Affairs received a qualified opinion. All bureaus and operating components continue to demonstrate significant progress in improving the quality of financial data and financial statement presentation. *Exhibit IV-1* presents a summary of the Department's accomplishments in the areas of financial statement preparation and audits.
- Prepared and audited FY 1996 Consolidated Financial Statements for the Department, and received a qualified audit opinion.
- Prepared the Department's first Accountability Report under an OMB-sponsored pilot program. OMB has been encouraging agencies to join a pilot effort authorized by the GMRA to streamline reporting through consolidating various reporting requirements into an annual accountability report. The Department volunteered and was approved to participate in the pilot Accountability Report program for FY 1996. The report integrates the multiple financial management and performance measurement requirements of the CFO Act, GPRA, GMRA, FMFIA, and NPR into a comprehensive process. The Department's first Accountability Report encompassed FY 1996 consolidated financial information, as well as a variety of other information which demonstrates the Department's stewardship over the assets, missions and responsibilities entrusted to it.

Planned Actions for 1998

- Continue to streamline the financial data collection process, to permit more timely preparation of the annual audited financial statements as well as the preparation of periodic unaudited financial reports for management
- Begin preparation of quarterly financial statements for bureaus and operating components.
- Expand the amount of segment and program information presented in the Accountability Report, including both financial and GPRA performance information.

**U.S. Department of the Interior
Financial Statement Preparation and Audit Results**

	FY 1990	FY 1991	FY 1992	FY 1993	FY 1994	FY 1995	FY 1996
Consolidated Department					(F/S prepared but not audited)	Qualified	Qualified
Fish and Wildlife Service		(F/S prepared but not audited)	Qualified	Qualified	Qualified	Unqualified	Unqualified
Geological Survey		(F/S prepared but not audited)	Disclaimer	Disclaimer	Disclaimer	Qualified	Unqualified
Bureau of Indian Affairs		(F/S prepared but not audited)	Disclaimer	Disclaimer	Disclaimer	Qualified	Qualified
Bureau of Land Mgt		Disclaimer	Qualified	Qualified	Qualified	Unqualified	Unqualified
Minerals Management Service		Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Bureau of Mines		(F/S prepared but not audited)	Unqualified	Unqualified	Unqualified	Unqualified	(Bureau eliminated)
Nat'l Biological Service (est. Nov 1993)					Unqualified	Unqualified	(Bureau merged with USGS)
National Park Service		(F/S prepared but not audited)	Disclaimer	Disclaimer	Disclaimer	Unqualified	Unqualified
Bureau of Reclamation		Qualified	Qualified	Qualified	Unqualified	Unqualified	Unqualified
Office of Surface Mining	Qualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified	Unqualified
Office of the Secretary		(F/S prepared but not audited)	Qualified	Qualified	Qualified	Unqualified	Unqualified
Office of Territories & Internat'l Affairs		(F/S prepared but not audited)	(F/S prepared but not audited)	Unqualified	Unqualified	Unqualified	Unqualified

Exhibit IV-1

- Investigate more cost-effective approaches to the audit of Department, bureau and operating component financial information, to ensure the continuing preparation and publication of meaningful financial information. The Department will investigate approaches for improving support to the audit process to ensure that the benefits achieved to date will continue in the future.

Planned Actions for 1999 and Beyond

- Continue to improve the quality and timeliness of financial reporting.
- Begin preparation of monthly financial statements for bureaus and operating components.
- Continue to prepare and audit annual financial statements for all reporting entities, including bureaus and Department consolidated financial statements.
- Achieve unqualified audit opinions on all bureau and operating component financial statements, as well as the Department consolidated financial statements.

Implementing the GPRA

The GPRA requires agencies to develop strategic plans that elaborate the mission, outcomes and results that the agency programs are dedicated to achieving. The Act requires that agencies set performance goals that will reflect progress toward outcomes, measure performance against goals, and report annually on accomplishments. The Department fully supports the principles embodied in the GPRA, and is creating the performance measurement framework envisioned by the Act.

Recent Accomplishments

- The Department and its bureaus developed strategic plans with performance goals and performance measures. The plans were reviewed and developed in consultation with stakeholders, OMB and the Congress, and have been made available electronically to the public through the Internet. Completed plans will be submitted to OMB and Congress by September 30, 1997. Annual performance plans will be prepared and submitted with the FY 1999 budget request. The plans are expected to fully meet the requirements of the GPRA.
- The Department is evaluating the data required to support the GPRA plans and examining alternatives for reporting performance information. This information will form the basis for performance reporting required to meet GPRA requirements.

Planned Actions for 1998

- Prepare and submit the annual performance plan with the FY 2000 budget submission.
- Evaluate data and reporting requirements, and improve the Department's capacity to collect, report and verify consolidated performance measurement data.

Planned Actions for 1999 and Beyond

- Update the Department and individual bureau strategic plans.
- Prepare and submit the annual performance plan with the annual budget submission.

CHAPTER V. ENSURING MANAGEMENT ACCOUNTABILITY AND CONTROL

Background

The Department believes that by maintaining integrity and accountability in all programs and operations, it can promote good government, responsible leadership, sound management in the delivery of services to customers, and achieve desired program outcomes. As a result, the Department has developed and implemented management, administrative, and financial system controls which reasonably ensure that:

- Programs and operations achieve their intended results efficiently and effectively;
- Resources are used in accordance with the Department's mission;
- Programs and resources are protected from waste, fraud, and mismanagement;
- Laws and regulations are followed; and
- Reliable, complete, and timely data are maintained and used for decision-making at all levels.

Further, the Department has developed and implemented an effective audit follow-up program which ensures that audit recommendations are addressed and implemented in a timely manner to maximize the efficiency and effectiveness of programs and operations, and that disallowed costs and other funds owed the Government are collected and or offset when due.

Management Controls

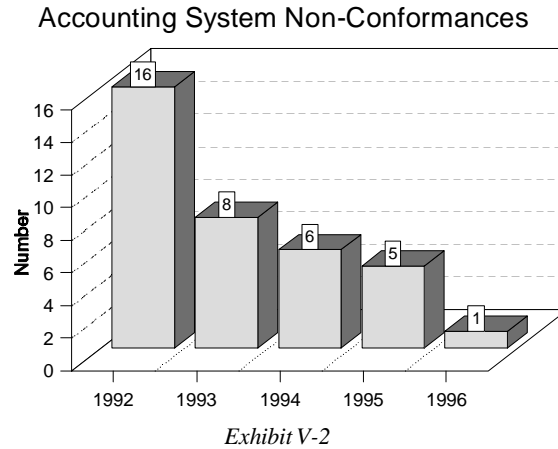
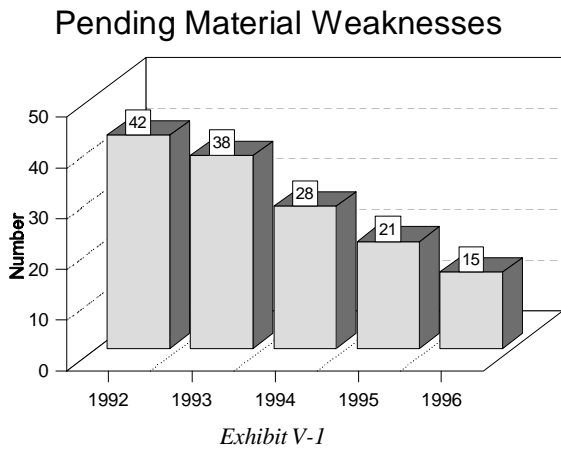
The Department's goal is to ensure that a sound system of management controls exists in all programs, organizations and functions that meets the requirements and intent of OMB Circular A-123, and to implement an approach to assessing management controls that integrates other management improvement initiatives.

Recent Accomplishments

Corrected Material Weaknesses and Accounting System Non-Conformances

The Department has continually evaluated the effectiveness of the management controls in its programs, organizations and functions in accordance with OMB guidelines. Over the years, the Department has identified and reported 159 material weaknesses and 64 accounting system non-conformances. The Department has corrected 144 of the total reported material weaknesses (90.6 percent) and 63 accounting system non-conformances (98.4 percent). Much of the progress in these areas was recently achieved as noted in

Exhibits V-1 and V-2. During the last fiscal year, the total number of reported material weaknesses was reduced by 29 percent (from 21 to 15) and the total number of accounting system non-conformances was reduced by 80 percent (from 5 to 1).



Identified Mission Critical Weaknesses and Accelerated Corrective Action Plans

In response to OMB guidance, the Department identified 7 of its 15 pending material weaknesses at the end of FY 1996 as “**mission critical weaknesses**” -- those material weaknesses that prevent the Department from fulfilling a programmatic mission or strategic goal, and that warrant senior management focus and attention, and resource priorities throughout to achieve timely corrective action. Collectively, the seven mission critical weaknesses facing the Department (*see Exhibit V-3*) could adversely impact the safety of employees and other citizens, damage the environment, prevent the collection and distribution of royalties and other funds owed to the Government and Native Americans, and preclude the identification, collection, and preservation of irreplaceable historical art and artifacts.

Mission Critical Material Weaknesses		
Title of Material Weakness	Bureau	Targeted Correction Date
Inadequate Management of Trust Funds	OST	TBD
Inadequate Records Management	BIA	FY 2000
Failure to Provide Effective Oversight of the Trans-Alaska Pipeline System	BLM	FY 1998
Inadequate Range Monitoring	BLM	FY 1998
Failure to Effectively Inspect and Enforce Fluids Minerals	BLM	FY 1997
Lack of Accountability and Control Over Artwork and Artifacts	PAM	FY 1999
Irrigation of Ineligible Land	BOR	FY 1999

Exhibit V-3

The Department recognizes the importance of correcting these mission critical weaknesses in a timely manner. Corrective action plans with key milestones, target dates, and accountable officials have been established and corrective action progress will be continu-

ously monitored by officials in each cognizant bureau or office. In addition, the semi-annual progress review meetings will be held with the staff of each cognizant bureau, the OIG and the Department's CFO.

Re-Engineered the Approach to Management Control Assessments and Reporting

In March 1996, the Department initiated a Management Control Re-engineering Lab to identify new and less resource-intensive methods for assessing and reporting on the effectiveness of its management controls. As a result of benchmarking activities and other research, the Lab recommended the adoption of a new management control program model supported by a contemporary, fully-automated approach for targeting, conducting and reporting the results of management control assessments. The approach uses eight management integrity measures and a comprehensive questionnaire to assess management control effectiveness. The management integrity measures and comprehensive questionnaire were developed in the Lab and validated by a customer focus group. The assessment is accomplished using the E-Mail network, and a state-of-the-art analytical software tool. A unique feature of this new approach is that it provides for the identification of areas of both potential material deficiencies and best practices.

The approach was pilot tested in one bureau during 1997, and the results exceeded expectations. Compared to a traditional management control assessment of the pilot program the preceding year, the new approach saved over 100 staff days in planning, conducting, processing and reporting the results of the assessment; avoided over \$10,000 in travel costs; and, identified one area of potential material weakness and one area of best practice which were not previously detected. To further validate the efficiency and effectiveness of the new approach, additional pilot tests will be conducted in all other bureaus during FY 1998.

Streamlined and Strengthened the Management Control Program

Similarly, over the last four years, the Department has made great strides in streamlining and strengthening its management control program. The initiatives and innovations in this program area supported the recommendations in the National Performance Review, and the direction and intent of the June 1995 revision to OMB Circular A-123, Management Accountability and Control. Some of the more significant initiatives included:

- Expanding the membership in the Departmental Management Control Audit Follow-up Council (MCAF) to provide a more "Departmental perspective" to Council deliberations and decisions;
- Implementing the recommendations of the Department's Management Control Re-engineering Lab thereby empowering bureaus to plan, conduct and report the results of management control reviews, and decreasing the frequency of periodic status reporting and monitoring;

- Amending the Department's material weakness criteria to be consistent with the intent of revision to OMB Circular A-123; and
- Developing and implementing a Material Weakness Corrective Action Project Management Training Program to improve the quality, timeliness and effectiveness of corrective actions..

The cumulative effect of these initiatives has been a 50 percent reduction in burden and improved efficiency and effectiveness in administering bureau and office management control programs.

Consolidated FMFIA and Semi-Annual Reporting on Audit Followup

The Department was approved by OMB to participate in Accountability Report Pilot Program beginning in FY 1996. The pilot program allows agencies to merge several financial management statutory reports into a single Accountability Report in order to streamline reporting, save staff time and provide better information to the President and Congress. All of the information previously reported in the Secretary's FMFIA Annual Report and the Secretary's Semi-Annual Report on Audit Followup were condensed into the Supplemental Information Section of the Department's first Accountability Report resulting in six pages of concise narrative and statistical data fulfilling the statutory requirements. Initial feedback from reviewers and users of the report included specific comments on the quality and presentation of this data.

Audit Followup

The Department's goals are to ensure that audit recommendations that are designed to improve the efficiency and cost-effectiveness of programs and operations are implemented in an expeditious manner, and that disallowed costs and other funds owed to the Department which are identified in audits are collected and or offset within reasonable or statutory timeframes.

Recent Accomplishments

Completed Implementation of the Value Added Report Recommendations

Working in conjunction with the Office of the Inspector General (OIG), the Department completed implementation of the remaining recommendations from the Audit Followup Program Value Added Report. Specifically, actions were completed to expand the comment period for draft OIG audit reports from 30 to 45 days, and both draft and final audit reports are now being disseminated electronically to allow maximum time for consideration of draft report findings and recommendations, and to facilitate report distribution and reduce printing costs.

Improved Rate of Management Decisions on Single Audits

The Department provides over \$1 billion each year in funding for grants, cooperative agreements, Indian Self-Determination contracts, and Self Governance Compacts to State and local governments, Indian Tribes, colleges and universities and other non-profit organizations. Over 700 single audits are conducted of Department grantees each year. Single audit reports are forwarded to the OIG for review and where necessary, the audit reports are forwarded to the bureaus working with the grantees to resolve deficiencies identified in the audit reports, and to determine the allowability of any expenditure of Federal funds which have been questioned by the auditor. Single audit management decisions are expected to be agreed to within six months from receipt of the audit report. If an audit results in disallowed costs, bureaus are responsible for collecting the disallowed costs from the grantees. The Department made significant strides in reaching timely management decisions on single audits during recent years. Only eight single audits had management decisions which were not made within six months -- or about one percent of the total single audit reports received.

Collected and Offset Disallowed Costs in Single Audits

The Department has made good progress in collecting and closing audits with disallowed costs. During the most recent fiscal year, 38 audits were closed (52 percent) and \$1.4 million in disallowed costs were collected (19 percent).

Improved the Closure Rate of Internal Audits

Internal audits are audits conducted by the OIG of the programs, organizations, financial and administrative operations of the Department. One category of internal audits are those audits where the OIG presents recommendations where funds can be put to better use (FBU audits). The Department made significant progress in implementing recommendations and closing FBU audits during the most recent fiscal year. Of the 78 FBU audits pending during the that year, a total of 31 audits (40 percent) were closed. The audits closed involved \$8.5 million of FBU funds, or 13 percent of total FBU funds in pending audits.

Reached Timely Management Decisions on Internal Audits

The Department has made steady progress in reducing the number of pending internal audits with unimplemented recommendations greater than one-year old. Audits in this category have declined by approximately 60 percent (15 to 6 audits) since 1992. Those audits still pending involve recommendations with long-term and multi-faceted corrective actions, or require statutory changes.

Improved Implementation Rate of GAO Audit Recommendations

General Accounting Office (GAO) audits are a major component of the Department's audit followup program workload. During the most recent fiscal year, 68 GAO audits

were initiated within the Department and resulted in 37 final audit reports. The final reports contained 17 recommendations of which 16 (or 94 percent) were implemented by the end of the year. The remaining recommendation involves an action that appears to be cost prohibitive.

Planned Actions for 1998

- Complete corrective actions on 9 of 15 remaining material weaknesses.
- Develop a Management Control Automated Assessment Advisory and Support Team within the Department to assist bureaus in planning and conducting management control pilot tests using the new automated assessment approach.
- Ensure pilot tests using the new automated management control assessment approach are conducted in at least one program area in each bureau.
- Continue to improve on the rate of implementing timely management decisions, collecting disallowed costs and closing internal, single and GAO audits.
- Develop an annual internal audit followup report which provides management with appropriate status and performance information, while also providing links to and support for the supplemental information section of the Department's Accountability Report.

Planned Actions for 1999 and Beyond

- Complete corrective action on all pending material weaknesses and accounting system non-conformances, and ensure that other material weaknesses are promptly identified, reported to senior management and corrected.
- Pending the outcome of pilot tests of the new automated management control assessment approach in all bureaus, develop and implement in conjunction with the Department's Administrative Service Centers a plan for providing technical guidance and support to other Federal agencies interested in using the new automated management control assessment approach.
- Work with Department and bureau GPRA staff in a pilot effort to identify appropriate performance measures of management control effectiveness in program and administrative areas, and validate such measures with the results of actual management control reviews and assessments.
- Develop a strategy for consolidating Department audit followup data bases and an effective means for disseminating all pertinent information related to audit activity within the Department.

CHAPTER VI. MODERNIZING BUSINESS PRACTICES AND PAYMENTS

Background

The rapid changes occurring in the modernization of business practices and payment processes, coupled with our goal to provide competitive and cost-effective services in a declining resource environment, make it essential for the Department to keep pace with such changes. As a result, the Department has multiple initiatives underway and is committed to a continuous process of improving and streamlining by eliminating outmoded approaches, maintaining only essential elements and services, and using state-of-the-art technology to yield maximum benefits to the American taxpayer.

The essential elements of the program to modernize business practices and payments are:

- Developing Departmental policy and guidance;
- Identifying high payoff areas for streamlining processes and upgrading technology;
- Providing assistance to bureaus in developing requirements;
- Measuring performance; and
- Working with central agencies to develop long term strategies for process and systems modernization.

Updating Benchmark Study of DOI Financial Organizations

In 1993, the Department conducted a best practices study of the financial components of its administrative activities. This systematic and unprecedented initiative looked at 102 accounting processes in 19 functional areas and was structured to identify those processes which should be standardized, improved or eliminated to improve efficiency and achieve cost savings. The objective of the study was to obtain cost and FTE savings of at least 25 percent in each of the DOI Finance Offices. More than 60 recommendations were identified and prioritized, and led to 15 Finance Officers' Partnership Projects for immediate implementation. In fact, measuring central office functions using the best practices methodology, by FY 1996, the Department had reduced the central finance office function's FTE by over 28 percent and the dollars by over 13 percent.

In 1996, the Department updated the best practices study by participating in a benchmarking study sponsored by the American Institute of Certified Public Accountants (AICPA). This update was intended to confirm that, in fact, the Department had achieved the planned FTE savings and to assist the Department in determining areas with great potential for improvement and cost savings. The AICPA study used The Hackett Group, an Ohio corporation that specializes in business re-engineering, to provide technical expertise and

a database application with detailed process definitions that had been developed specifically for this study. The Hackett Group Benchmark program is the largest, most comprehensive finance study of its kind, with more than 650 companies participating worldwide. The Interior benchmarking study used 1996 data and covered over 60 finance processes. Although the Hackett Group program is geared toward the private sector, it provided valuable information concerning the Department's financial functions. The study was completed in 1997. The following summarizes some of the more significant statistics from the study:

- The Department spends over \$70 million annually on finance functions;
- The cost of finance functions represent 1.3 percent of Department revenue;
- The Department employs 949 staff involved in finance and related functions; and
- The Department processes over 3.6 million routine finance transactions per year.

The Department was compared to companies in the "large service company" database, and results showed overall that the Department's financial operations are better than the average of all companies in the data base (i.e., in the second quartile when cost and FTEs are based on revenues). Some of the more significant results were:

- Finance staffs are highly educated and highly experienced with relatively low turnover.
- The Department has additional opportunities for leveraging best practices.
- Transaction processing and system operations were identified as priority areas for productivity improvement across DOI financial activities.
- The Department should continue to follow the approach of reducing and simplifying finance costs, maintain its "cross functional perspective", leverage best practices; and develop common information systems and structures.

Planned Actions for 1998

- Update the Hackett Benchmark Methodology based on FY 1997 data.

Planned Actions for 1999 and Beyond

- Use the data collected as a result of the Benchmark Study to target best practices and identify candidate processes for re-engineering in future periods.
- Update the Hackett Benchmark data periodically as required.

Improving Cash Management and Cost Avoidance

Due to the Department's substantial revenue-producing activities, efforts have focused on cash receipts. A key emphasis of the Department's cash management program has been on accelerating cash receipts by requiring payments via wire transfer. In addition to using wire transfers, the Department worked cooperatively with Treasury to establish several lockbox systems to collect timber fees, abandoned mine land fees, water sale receipts, construction cost repayments, and state and local government reimbursements.

Recent Accomplishments

- In FY 1996, the Department collected approximately \$6.4 billion, of which approximately \$5.2 billion was collected using accelerated cash management methods.
- Cash management savings of \$80 million have accumulated from FY 1983 through the end of FY 1997 (projected) by using new cash management techniques.
- The Department's efforts to control unemployment compensation costs continues to pay substantial dividends. Since January 1, 1986, the Department has used a contractor to: (1) verify employment, (2) process protests and appeals, (3) verify State data, and (4) produce management reports. Projected cumulative net program savings as of September 30, 1997, are expected to be approximately \$12.3 million.

Planned Actions for 1998

- The Department will conduct a detailed review of its imprest fund operations, in order to eliminate, consolidate and substantially reduce the number of funds. Emphasis will be placed on finding cost effective solutions which eliminate the need for manual cash payments.

Planned Actions for 1999 and Beyond

- Eliminate imprest funds by January 1, 1999.
- Continue the Departmental effort to control unemployment compensation costs through the use of a contractor as long as the process is cost beneficial.

Improving Payment Processes

In carrying out its basic missions, the Department of the Interior annually processes over 2 million (non-payroll related) payments, which account for expenditures in excess of \$2 billion each year. Collectively, these payments cover a broad range of payment categories (i.e., payments to vendors, payments to other Federal agencies, reimbursements, grants, contracts, purchase orders, etc.), and involve an equally broad and growing array

of available payment mechanisms -- which include convenience checks, third party drafts, debit cards, charge cards, electronic funds transfers, wire transfers and so forth.

In recent years, the payments process has been impacted heavily by technological developments, as well as new legislative requirements. Since 1994, the Department has been an active participant in the Governmentwide Electronic Commerce Pilot Program, and has developed demonstrated capabilities which will allow the Department to fully capitalize on this promising technology once governmentwide standards are in place.

Recent Accomplishments

As a result of the rapidly growing small purchase (VISA) card program, approximately \$200 million in purchases will be made using this vehicle in FY 1997. Recent accomplishment include:

- Worked with BLM to establish a pilot program for VISA Checks for use under emergency situations.
- Modified purchase card policies to allow the use of the purchase card under certain conditions to pay for group travel related expenses as a substitute for a purchase order.
- Assisted the Office of the Secretary in implementing mandatory use of ATM for travel advances which will also help with the effort to reduce the number of imprest funds.

In addition, the Department began reporting electronic funds transfer data to Treasury to measure progress in increasing the number of payments being made by EFT as required by the Debt Collection Improvement Act of 1996 (DCIA). Bureaus prepared individual plans on how they will comply with DCIA EFT requirements. As of March 31, 1997, 60 percent of all FY 1997 DOI payments were made via EFT.

Planned Actions for 1998

The Department expects substantial additional future growth in credit card use, which will further reduce the number of payments to be made. This additional growth is expected as early as 1998 when GSA completes the award of a new Master Contract for Charge Cards Services.

To capitalize on these opportunities, the Department will take steps in FY 1998 to standardize and streamline existing payment processes; to improve the levels of service provided to customers of the payments process (i.e., program managers, vendors, etc.); to reduce the direct and indirect costs of making the payments; and to substantially improve the Department's performance on Government-wide indicators relating to the payments process.

A high level team comprised of bureau representatives will be organized under the leadership of the Office of Financial Management to develop strategies aimed at standardizing and streamlining existing payment processes and bring the Department into compliance with the Electronic Payment requirement included in the Debt Collection Act of 1996.

Planned Actions for 1999 and Beyond

- The Debt Collection Improvement Act of 1996 (DCIA) requires that all Federal payments be made electronically after January, 1999. This will require the elimination of the estimated 1,800 imprest funds which are currently in operation, and the development and implementation of efficient, technology-driven payment mechanisms to support the Department's decentralized operations.
- Reduce the cost of payment transactions to the mid-point of the 2nd quartile of the Hackett Benchmark Study.

Improving Prompt Payment Performance

In January 1997, a Department-wide team was formed to address prompt payment performance issues within the Department. Our bureaus prepared a management plan (1) identifying the problems that had an unfavorable impact on their prompt payment performance; (2) listing planned corrective actions to solve the problems; and (3) providing a timetable for reaching the Department's goal. To measure the progress of the bureaus, the bureaus are submitting monthly prompt payment reports to the Department's Office of Financial Management for review.

Recent Accomplishments

- Four subgroups gathered and analyzed the data and are proposing recommendations for improvement. The subgroups were formed to solve common problems among the bureaus in the following areas:
 1. Reporting, Consistent Application Among Bureaus; Prompt Pay Data Analysis; Quality Control Checking/Reporting.
 2. Guidelines and Training.
 3. Identify Specific Large Dollar Volume Vendors; Vendors With Recurring Payments, and/or Opportunities for Fast Pay.
 4. Process Improvement (includes front-end procurement processing, communication between Procurement and Finance, and remote data entry.
- In FY 1997, bureaus with significant late payment problems established internal teams to identify and minimize the causes of late payments.

- As a result of efforts to improve prompt payment performance for the Department, the percentage of payments requiring interest penalties decreased from 12.7 percent for the first half of FY 1996 to 11.0 percent during the first half of FY 1997. Since the establishment of the work group in January and monthly reporting in April, bureau late payment rates have declined considerably.

Planned Actions for 1998

- The Department will review the subgroup recommendations and where appropriate, implement the recommendations.
- By the end of FY 1998, the Department's overall rate of late payments requiring interest should be 3 percent or less.

Planned Actions for 1999 and Beyond

- Monthly progress reporting by the bureaus instituted in 1997 will continue until the number and dollar amount of interest penalties are reduced to an acceptable level.
- By the end of FY 2001, late payments requiring interest payments should be 2 percent or less for the Department overall.

Streamlining Travel Processes

In February 1996, the Department's CFO chartered a Department-wide Travel Re-engineering Lab to streamline the Department's travel processes; to improve the levels of service provided to travelers; to reduce the direct and indirect costs of the Department's travel program; to substantially reduce the number of Travel Management Centers used by the Department; and to improve accountability.

The Travel Lab used a systematic approach to focus on the five major components of the travel process: authorization, obligation/funds control, arrangement of travel services, voucher preparation, and payment/reconciliation. In reviewing each of the 5 components of the travel process, the Travel Lab members considered: **why** the steps were being performed; whether they **added value**; whether the steps could be **streamlined** or **eliminated**; and whether **someone else** could perform the functions more efficiently. The team reviewed the travel reinvention efforts of other Federal agencies; examined the "Best in Class" practices" of three industry leaders in the private sector; conducted a DOI customer survey (which included over 5,000 responses from DOI employees); and considered a range of alternatives in preparing recommendations. The DOI Travel Lab completed its Report Findings and Recommendations in September 1996, and implementation began in FY 1997.

Recent Accomplishments

- Reduced the amount of delinquencies for both centrally billed and individually billed travel card accounts to at least the government wide average. One day seminars were held in Washington, D.C. and Denver, CO between AMEX Officials and Agency Program Coordinators to address delinquency reduction and best practices. AMEX plans to have a feature article on the seminars in the Fall 1997 issue of *Focus*.
- Published the draft Report of Travel Lab Findings and Recommendations in November, 1996.
- Obtained travel recommendations from the DOI Management Council, CFO Council, and FOP, and completed and distributed the Final Travel Lab Report in January, 1997.
- Finalized the guidelines to assist bureaus in implementing the Travel Lab recommendations in February, 1997, and began national/local union consultations. Began FOP monitoring of Departmentwide implementation of recommendations.
- Travel Management Center Request For Information was issued in March, 1997.
- FOP completed the assessment of Travel System and recommended using the Elite Form Solution to test on a pilot basis.

Planned Actions for 1998

As noted above, Travel Lab recommendations commenced implementation during FY 1997. During 1998, the focus will be on the following three initiatives:

- **1. Reporting and Monitoring of Travel Process Improvements** - The Finance Officers' Partnership will continue to report and monitor progress in implementing travel process recommendations in all bureaus. (See Appendix "B" PAT #22 Travel Lab Recommendations.)
- **2. Consolidated Travel Management Center (TMC) Initiative** -The Department plans to award a contract to consolidate the seven largest Travel Management Centers (TMCs) into one contract administered by the Department. The Department expects substantial improvements in the services provided to travelers and administrative savings through standardized billing and reconciliation procedures.
- **3. Travel System Improvement Efforts** - Modify and pilot the existing Department of Justice automated travel system and make a recommendation regarding department wide use and implementation. (See Appendix "B" PAT #18 - Automated Travel System.)

Planned Actions for 1999 and Beyond

- Implement a Department-wide travel system that maximizes electronic transmission of data to employees and between systems.

Improving Debt Management

The Department continues to make progress in its collection and debt management activities. Over 80 percent of the Department's debt originates from the enforcement of laws and regulations and audits (not from loans or the sale of goods and services). Consequently, traditional safeguards, such as credit worthiness checks, are often not applicable. However, it is important to note that approximately one-third of the Department's delinquent debt is covered by letter of credit, bond, or other surety. With the advent of the DCIA of 1996, the Department will work closely with the U.S. Treasury to transfer its delinquent debt over 180 days past due in accordance with the DCIA and utilize current and new debt offset mechanisms to further improve collections. All bureaus and offices will be referring delinquent debt that is over 180 days old to the Department of the Treasury for cross-service collection. In addition, more aggressive action is being taken on employees who are in debt to the Department.

Planned Actions for 1998

- Refer bureau delinquent debts over 180 days old to the Department of the Treasury for collection via cross-servicing.
- Refer bureau delinquent debt to the Treasury Offset Program.

Planned Actions for 1999 and Beyond

- Complete the implementation of all electronic payment initiatives required by the Debt Collection Act of 1996.

Implementing Managerial Cost Accounting Standards

In 1995, FASAB issued the Managerial Cost Accounting Concepts and Standards for the Federal Government (SFFAS No. 4), which was aimed at providing reliable and timely information on the full cost of federal programs, their activities, and outputs. This standard will become effective for FY 1998.

The Department performs a significant number of activities and services on a reimbursable basis (including interagency agreements and agreements with State and local jurisdictions), Franchise Fund, Working Capital Funds and user charge activities. Coupled with the advent of the GPRA, full program cost accounting will be a major focus for the Department. With implementation requirement of the SFFAS No. 4 and other during

FY 1998 and other cost management needs, the Department will focus efforts on developing and implementing improved cost accounting practices over the next several years.

Planned Actions For 1998

- Establish an intra-departmental work group to implement SFFAS No. 4.

Planned Actions for 1999 and Beyond

- Implement managerial cost accounting incorporating full-cost principles.
- Establish reporting an internal reporting structure to produce cost and productivity measurement reports.

Evaluating User Fee and Cost Recovery Activities

The Department operates a substantial user charge program. Annually, the Department collects fees of approximately \$350 million from over 100 cost recovery activities and approximately \$5 billion from other fee activities including royalties, rents, and bonuses mostly related to minerals, timber, and other uses of Federal lands. The Department maintains a data base of all user charge activities (both receipts and offsetting collections) for some 250 identified activities (includes cost recovery activities). The data base includes descriptions of the activities, estimated annual collections, pricing structure, legal authority, contact personnel, and other pertinent information.

The Department will be conducting its third biennial review of all user charge activities in accordance with the CFO Act and making appropriate recommendations on revising those charges to reflect actual costs incurred in providing services and things of value to identified recipient(s) beyond those received by the general public. In this climate of shrinking budgets, it is imperative that the Department undertake a careful analysis of all user fee activities and pursue the most cost-effective means of providing goods and services.

It should be noted that the National Park Service, the Fish and Wildlife Service, and the Bureau of Land Management under the Omnibus Consolidated Rescissions and Appropriations Act of 1996 were authorized to develop new and expanded fee collection sites as part of a three-year recreation fee demonstration program. The purpose of the demonstration program is to explore the feasibility of collecting additional user fees to offset the costs to administer recreation on Federal public lands. The new fees will be used primarily to address the repair and maintenance backlogs in the participating parks and sites.

Planned Actions for 1998

- The Department will review user charge activities and recommend action, as appropriate, to recover full cost for such activities where practical.

Planned Actions for 1999 and Beyond

- The Department will continue collaborative efforts, both inter- and intra-departmental to address user charges. These activities include coordinating issues and solutions with the CFO Council, the DOI Administrative Services Advisory Board, and the Franchise Fund Board.
- Restructure user charge cost structures as necessary based on the implementation of SFFAS No. 4 requirements.

Improving Property Management and Accounting

The Department has developed a strategic plan to strengthen the management and oversight of real, museum, and personal property. Generally, the plan provides the framework for enhancing the Department's accountability and controls over these assets so that we can better support our diverse missions and meet customer needs. The plan promotes the sharing of information, the seeking of common solutions, and coordination with finance, acquisition, information technology and other related program partnerships. During FY 1997, a Property Management Partnership was established to provide an ongoing forum to help us accomplish the plan objectives. Also, the Office of Acquisition and Property Management in FY 1997 completed development of performance goals and measures for property.

Planned Actions for 1998

- An immediate goal is to improve the reconciliation between personal and real property records and the general ledger recorded amounts for these items and establish consistent property accountability and capitalization thresholds..

Planned Actions for 1999 and Beyond

- Long term goals include developing core requirements for a property system, integrating the accounting, property, and procurement systems, and improving the skills of those responsible for property management.

Improving Electronic Communication

PFM has embraced the Internet as an efficient and cost-effective means to electronically publish and disseminate critical financial management information to customers. In 1997, PFM began to electronically access the Federal Register and other authoritative documents rather than subscribing to these items in paper form.

In March, 1996, PFM introduced a World Wide Web Home Page on the Internet. The development of the Home Page and use of the Internet represents one of PFM's efforts to use information technology to streamline financial services. The following information is available to internal and external customers:

- PFM Organization and Directory
- Departmental Accounting Manual
- Financial Administration Memoranda
- Financial Management Training Courses and Events
- Reinvention Labs
- Statutorily Required Reports, and
- Links to Other Financial Management Web Sites

Planned Actions for 1998

- Post additional financial management information to the PFM Home Page including:
 - DOI 1996 Accountability Report (Prototype)
 - DOI 1997 Five-Year Financial Management Status Report
 - Bureau FY 1996 Annual Reports
 - Finance Officers' Partnership Information
- Enhance the Web site by using advanced Hypertext Markup Language (HTML) elements and standards to facilitate communication with customers. This will include posting comment and survey forms to allow customers to provide electronic feedback to PFM. Moreover, PFM plans to work closely with FinanceNet to improve the delivery of government services by reducing sales and information distribution costs. As a member of FinanceNet's Technical Working Group, PFM plans to build partnerships with other Federal financial management offices to facilitate access to government information.
- Expand the use of advanced technology to reduce/eliminate paper driven inputs/outputs for communications, policy issuances, and reports. This effort includes the development of an Executive Information System (EIS) to extract data from bureau systems to produce accurate and timely Department-wide financial and program performance reports.

Planned Actions for 1999 and Beyond

- Continue to use electronic communication technology to the maximum extent possible.

CHAPTER VII. PROVIDING DATA STEWARDSHIP

Background

Data stewardship is the process of managing information necessary to support program and financial managers, and assuring data captured and reported is accurate, accessible, timely, and useable for decision-making and activity monitoring. The objective of data stewardship policy is to address data collection synchronization, reduced data redundancy, data accessibility, data availability, and data flexibility in a systematic manner.

Effective data stewardship requires that (1) definitions clearly describe requirements and characteristics of data to be maintained in financial management systems, (2) data be created, recorded and reported in compliance with definitions, (3) feedback is provided when data are inadequate to meet user needs for information, and (4) data assurance provides attestation to, or comments on, the integrity of the information within the system.

The Department has developed a data stewardship function by assigning one individual within PFM to focus on data stewardship functions. That person manages the Department-wide data definition process, monitors data creation and captures compliance processes, ensures data usage relies on information derived from data consistent with intended definition and that adjustments are made to data definitions when data are inadequate to meet user needs. This function also assists in coordinating Departmental relations with the Financial Management Service's SGL Board, and the OMB related to financial data definitions.

The Finance Officers' Partnership chartered the Standard Accounting Classification Advisory Team establish and maintain a common approach among the bureaus for addressing SGL issues involving accounting policy and procedures, reporting requirements, internal controls, and SGL maintenance. The PFM data stewardship person is a member of the SACAT.

Recent Accomplishments

Enhancing Data Integrity Throughout the Department

- Added additional accounts to the Department's SGL Chart of Accounts to accommodate accounting and reporting requirements for several FASAB standards.
- Ensured that the Department-wide SGL incorporated all of the accounts in the United States Standard General Ledger and enables all of the bureaus to implement the reporting requirements of the FASAB standards.
- Developed additional posting models and FFS and ABACIS tables to accurately record all bureau accounting transactions.

CHAPTER VIII. DEVELOPING FINANCIAL MANAGEMENT HUMAN RESOURCES

Background

In view of the changing demands on financial management personnel as a result of the CFO Act, GPRA, GMRA, and organizational rightsizing, it is imperative that personnel responsible for the administration of the Department's financial resources continuously upgrade their skills so they can meet the challenges imposed by internal and external forces. To assist the Department financial management personnel in achieving the skills needed to operate in a changing environment, the Department is committed to developing and maintaining a cadre of highly skilled financial management personnel. To that end, and to ensure a strong and effective financial management program, the Department's CFO Council established a subcommittee to determine the financial management training needs of Interior's workforce, and to provide guidance to the Director of the Financial Management in developing an overall training and development plan for the Department.

Recent Accomplishments

Establishing a Financial Management Training and Development Plan

- Established a Departmental training and development program for financial management employees by designating a Training Coordinator within PFM. The Training Coordinator schedules financial management training, locates and reserves training sites, identifies instructors and on-the-job training experiences, tracks and records participants training, reviews and maintains participants' Individual Development Plans (IDPs), prepares and distributes training certificates, and monitors and responds to program evaluation and feedback. The Training Coordinator also serves as the Department's liaison to the Government-wide CFO Council for Human Resources, JFMIP, AGA, Training Officers Conference, American Association for Training and Development, and professional organizations related to financial management.
- Established an advisory board under the Department's CFO Council to oversee the financial management training program and provide guidance and support to the Training Coordinator.

Sponsoring Diverse Training Programs in Financial Management

- Presented the Department's first Joint Program, Budget, and Financial Management Conference at the Gallaudet University Kellogg Conference Center. Approximately 316 Department personnel came together to focus on ways to better link planning, budgeting, and financial reporting to meet the needs of the Department, OMB, and the Congress. Conference attendees overwhelmingly rated the conference very good or excellent, and suggested that this type of venue be an annual affair.

CHAPTER IX. SEEKING FRANCHISE OPPORTUNITIES

Background

The Department submitted an application to OMB for consideration as a Franchise Fund Pilot Program established by the Government Management Reform Act (GMRA). The plan was approved by OMB and the Department received its designation as a franchise pilot on May 17, 1996.

The Department provides commonly required administrative products and services to Interior and non-Interior clients through three service centers and one service provider. They are the Washington Administrative Service Center (WASC) operated by the U.S. Geological Survey, the Denver Administrative Service Center (DASC) operated by the Bureau of Reclamation, the Interior Service Center (ISC) operated by the Office of the Secretary, and Minerals Management Service's (MMS) Office of the Associate Director for Administration and Budget. These organizations are proven alternatives for agencies that wish to reduce costs associated with administrative systems and support services, achieve economies-of-scale, and produce operating efficiencies.

The demand for, and interest in, cross-servicing is increasing in conjunction with downsizing, streamlining, reinvention, and other NPR initiatives. The proposed franchising services will build on the foundation of cross-servicing currently performed in the administrative systems and support services areas. Where appropriate, existing customer bases and services would be incorporated into the franchise pilot program. Franchise services would be offered to customers on a competitive and voluntary basis. The Department's goal is to offer a full range of administrative systems and support services for non-Interior clients that desire high quality and cost-effective support.

The WASC, the ISC, and MMS presently comprise what is known as the "Interior Franchise Fund" (IFF). The IFF provides a variety of administrative systems and support services on a reimbursable basis under the GMRA.

These organizations, along with the DASC, operate in an entrepreneurial environment, cross-servicing bureaus and other agencies through interagency agreements. Their mission is to provide cost effective administrative systems and related support services as well as administrative operations that are responsive to customer needs. Today, these organizations provide support to over 90 customers in the following areas:

- Procurement, personnel and payroll management, property management, and financial management systems and support services;
- General purpose mainframe computer timesharing services, electronic commerce, and World Wide Web services; and

- Operational support services, such as accounting, procurement, payroll and personnel operations.

Customer-focused attention on agency requirements would make it possible to extend a variety of franchise services and products to new customers at attractive prices. The list of franchise services would grow as new markets and targets of opportunity present themselves.

The Department is committed to work with both OMB and the Department's Congressional committees to ensure the development of a high quality pilot program for franchise services.

Recent Accomplishments

- The Department has established an Administrative Service Advisory Board (ASAB) to provide executive management leadership and guidance to Interior service providers who offer administrative services on a fee-for-service or reimbursable basis, and to provide departmental strategic planning direction for administrative services. The Board provides advice and recommendations to the Assistant Secretary - Policy, Management and Budget (PMB), the service providers, and the service providers' respective lead agencies. The Advisory Board began meeting in April 1996, and has convened at regular intervals during FY 1997.
- The Department began implementing the Franchise Fund Pilot Program under the leadership of its Deputy Chief Financial Officer.
- Criteria has been established for selecting franchise services to be offered.
- An IFF Director has been designated to manage day-to-day IFF activities. The IFF Director is in the process of drafting policies and procedures dealing with competition and cooperation between service providers, the types of products and services which may be offered by the IFF, full cost recovery, rate setting, and variety of other issues.
- A new revolving fund account and agency location code have been established at the U.S. Treasury for the IFF.
- A conceptual operating model and draft accounting model have been developed and are presently being staffed.
- An IFF Operating Committee, comprised of key IFF service provider representatives, has been reviewing draft policies, procedural guidelines, and accounting conventions drafted by the IFF Director and makes recommendations to the ASAB.

Planned Actions for 1998

- A Franchise Fund Board will be established consisting of all Departmental service

providers and customers which will provide recommendations to the ASAB related to franchise operations.

- Franchise service providers will become familiar with operating in the new environment and results of operations will be produced regularly in the form of consolidated financial statements.
- A new initiative is planned which is designed to deal with the human aspects frequently associated with the customers' adoption of new systems, services, and products. Thus, emotions associated with major changes in the customer agency can be neutralized or channeled in positive directions, making the change easier for both the IFF service provider and the client.

Planned Actions for 1999 and Beyond

- Development of marketing strategies for the future, with a focus on agencies with budgetary pressures, dated technology, year 2000 compliance issues, and JFMIP CORE accounting compliance issues.
- Exploration of new products and services, initiation of "R & D" activities aimed at leveraging cutting-edge technologies, and competitive benchmarking will be performed to enable IFF to position itself to take maximum advantage of future opportunities.
- Providing customers with the opportunity to choose from a wide range of administrative and general support services in the near term, and ultimately "one-stop" shopping for most commonly required administrative services.
- Focusing on providing quality products and customer service with the goal of producing a high level of customer satisfaction (conscientious efforts are being made to ask existing customers what the IFF can do better and how, with lessons learned being incorporated into future tactical plans).
- Draft customer service level agreement which, along with the reimbursable agreement, will provide customer quality level assurances and appropriate guarantees if that quality is not achieved.

Washington Administrative Service Center

The WASC is currently providing services related to the: Federal Financial System (FFS); Fixed Assets and Inventory Subsystems; Interior Department Electronic Acquisition System (IDEAS); Federal Procurement Data System (FPDS); Automated Vacancy Announcement and Distribution System (AVADS); Electronic Commerce; Federal Electronic Time and Attendance System (FETA); Mainframe Time Sharing; World Wide Web Publishing; and Accounting Operations including consulting type accounting services such as operational reviews, requirement analysis, Treasury reporting, training, and quality assurance.

Interior customers will continue to be cross-serviced through the USGS working capital fund.

The WASC is currently working on several new products and enhancements. Among these are a new version of IDEAS which includes an on-line interface between IDEAS and FFS. The interface will enable users to pass commitments and obligations from IDEAS to FFS. In addition, the WASC is working on partnering with American Management Systems (AMS) on development of its new Program Office Desktop product (POD). The POD is a state of the art client/server application using the latest technologies including object-oriented design and development technologies. Adjunct capabilities offered with FFS include Oracle databases and Crystal Reports, a standard query language (SQL) tool, for custom report development, Hyperion Enterprise EIS/DSS software that provides senior management with visual information access to summary level management data, and Flashpoint - a desktop integration package developed by Sterling Software that allows FFS to operate in a friendly "GUI" environment.

The WASC continues to experience steady consistent growth in both programs and clients. New client interest in WASC systems and services is at an all time high. As a result of this solid growth as a cross-servicing provider of administrative systems and services, substantial economies of scale are now significantly benefitting not only new clients, but the Department and other existing clients as well.

Denver Administrative Service Center

The DASC is an established provider of a wide range of administrative systems and services to the Department, as well as numerous other Federal agencies. The DASC operates in an entrepreneurial environment whereby customer service and quality, cost competitive products are key. The DASC's success has been built on the fundamental, underlying principle of providing "value added" and cost savings to clients, the Federal Government, and the American taxpayer. The DASC operates within a working capital fund on a fully reimbursable, cost competitive basis.

Products and services provided by the DASC are primarily in the areas of payroll and personnel, accounting, automated systems, quarters management, and training. The PAY/PERS System continues to provide payroll and personnel support to all of the Department, as well as, many other Federal agencies. The new Federal Personnel Payroll System (FPPS), which will replace the PAY/PERS System, is nearing development completion and implementation will begin in the last quarter of FY 1997. FPPS will provide clients with a modern, online database management system that fully integrates payroll and personnel activities. Accounting services are provided to the Department and other Federal agencies through the Federal Financial System (FFS). These services include accounting system and technical support, as well as accounting operations including administrative payments. Additional services provided by the DASC include computer time-sharing, rental rate-setting for government quarters, and training.

Recent commitments from new clients for payroll and personnel services will more than double the existing customer base. DASC accounting services, especially administrative payments, have also expanded dramatically in recent years.

Interior Service Center

The ISC is providing a wide range of administrative and operations services through the Office of the Secretary's working capital fund. The ISC delivers cost-effective products and services that meet customers' service and quality demands. Its goal is to be an excellent entrepreneurial service provider. The ISC operates on a fully reimbursable, cost competitive basis.

Operational support services and products fall into four broad categories. The ISC provides transportation and travel services such as management of shipments and household moves. In communications and information services, the ISC supports clients with an excellent graphics shop, print and copier services, mail and locator services, document management and computer and telecommunications services. The ISC provides space planning, management and leasing, alterations, and facilities management and maintenance. The ISC provides training and development services through four learning centers, including consultation on training needs and use, alternatives to training, program design, and a thriving, hands-on re-engineering training practice.

MMS's Office of the Associate Director for Administration and Budget

As the newest service provider in the IFF community, MMS brings with it a long history of providing quality, customer oriented administrative services within its own bureau and the Department. Services offered by MMS under the IFF fall into four major categories, all fully reimbursable. In the area of procurement support services, MMS provides operational support from inception to closeout (i.e., request for proposals through closeout of contracts). By providing the complete range of procurement services, MMS becomes in essence the prime contractor responsible for the goods and services ordered by other Federal customers. With regard to the human resources arena, MMS performs as a "full service" third party personnel office with management support services like classification, recruitment, appraisal and awards management, employee/labor management relations, and employee development. MMS provides a full array of financial management services including budget execution with administrative control of funds, payments, collections, reconciliations, and management and regulatory reporting. MMS also maintains, configures, and operates an Information Technology Training Facility which may be used by other agencies on a fee-for-service basis. Beginning in FY 1998, MMS will serve as the lead agency for the Denver Cooperative Administrative Support Unit (CASU).



- Trained 723 staff members in conjunction with the Washington, Denver, and Albuquerque Learning Centers. Course offerings included:
 - Fundamentals of Accounting
 - Introduction to Federal Financial Accounting
 - SF-133 Preparation
 - Financial Statement Preparation
 - SF 133/MAX Forum
 - Survey of FASAB
 - Performance Measurement: Financial and Program Evaluation-GPRA
 - Appropriated Fund Law
 - Revolving Fund Forum
 - Team building
 - FASAB/SGL Update
 - Standard General Ledger
 - Strategic Planning and the GPRA
- Developed a core curriculum and training program that leads to certification by the Department CFO.
- Developed a formal on-the-job training program and related certification.
- Developed a recording and tracking system that identifies the training received by financial management personnel enrolled in the program.

Planned Actions for 1998

- Continually analyze training results and make appropriate curriculum revisions.
- Analyze and report periodically on the results of the financial management training program to Bureau CFOs, DCFOs and Finance Officers.
- At a minimum, conduct and or sponsor training in the following subject areas:
 - Introduction to Accounting
 - Performance Measurement - GPRA
 - Survey of FASAB
 - Introduction to Federal Accounting
 - Survey of FASAB/SGL
 - Revolving Funds
 - Introduction to Federal Financial Accounting

Planned Actions for 1999 and Beyond

The Department will look to expand the training and development program over the next five years by aggressively publicizing program opportunities and encouraging employees to avail themselves of program opportunities.

The Department, through the program, will also continue to prepare financial management employees for current and future challenges in financial management. To assist in that effort, the Department will offer an array of training in accounting, governmental accounting, budgeting, financial analysis, team building, and problem solving techniques.

Depending on the availability of adequate and appropriate funding, the following initiatives will be implemented:

- Develop financial management training for non-financial managers. Projected completion date is FY 2000.
- Develop a core curriculum for technical and clerical personnel within financial management. Projected completion date is FY 2001.
- Develop an activity specific curriculum and training that meets the needs of the Department and its bureaus. Projected completion date is FY 2002.

Planned Actions for 1998

- The Department will work with OMB to develop a data model for the Federal government and Treasury to pilot test FACTS II.
- The SACAT will work closely with the Decision Support System/Executive Information System (DSS/EIS) Team to ensure pertinent information is delivered to executives for decisionmaking, and
- The Department will determine how to best use the reporting process to support performance reporting under the GPRA and the preparation of the annual accountability report.

Planned Actions for 1999 and Beyond

- Coordinate, on a Department-wide basis, critical definitions for financial data necessary for reporting to OMB, the Department of the Treasury, and for Department-wide decisionmaking and management. This effort will work through the newly formed SACAT.
- Establish feedback procedures on data definition, and usage to identify and resolve data definition issues relating to bureau, Department, or Federal government user requirements.
- Develop a data integrity management control review.
- Develop standards for transaction level interfaces, and
- Determine how the information technology and user communities can best coordinate their efforts to standardize data requirements.

APPENDICES

FINANCE OFFICERS' PARTNERSHIP

Introduction

The FOP is a professional accounting organization made up of Departmental Financial Officials and Bureau Finance Officers. The primary purpose of the FOP is to provide: (1) a means of managing and rapidly implementing the financial recommendations of the NPR and the Department's CFO Council; and (2) a structure through which Finance Officers develop agreements, consensus, and priorities on improvements in systems, operations, services, and information. The goal of the FOP is to coordinate, cooperate, and participate in the short and long term improvement of the Department's Financial Management Program while promoting efficiencies that reduce costs and improve service. (Refer to **Appendix A** for the FOP roster.)

Mission

The FOP's mission is to:

- Provide leadership in developing financial management strategic direction.
- Plan, implement and manage financial management initiatives.
- Ensure linkages across administrative support functions.
- Advance sound financial policies and practices.
- Champion the establishment of a partnership relationship with program managers.
- Encourage collaborative efforts across the DOI financial community.
- Promote consensus within the DOI finance arena and establish priorities.
- Foster information sharing within the Department of the Interior both to and from the CFO Council and PFM.
- Provide a structure for communicating the accomplishments of the DOI financial management community.
- Establish operating structures to address data stewardship, management of systems and other initiatives.

The FOP recognizes that financial management encompasses the full range of administrative disciplines: Accounting, Budget, Acquisition, Property, and Information Resources Technology. To effectively accomplish its goal, the Partnership will reach out to these

BUREAU FINANCIAL MANAGEMENT INITIATIVES

U.S. Geological Survey (USGS) Financial Management Initiatives

The USGS is pursuing the following initiatives as part of its efforts to meet the Government-wide CFO Council priorities and DOI strategic goals for financial management improvements:

A. Improving Financial Management Systems

Common Financial Desktop -- USGS has several mixed-use management information systems used extensively by program managers and support personnel for a variety of both programmatic and budgetary/financial management activities. These subsystems all obtain data from the DOI accounting and payment system, the Federal Financial System (FFS). Beginning in FY 1997 and continuing in FY 1998, USGS will explore an enterprise approach to working with the FFS, termed a common financial desktop. The effort entails the collection of data to define common end-user requirements, system standards, and the development of current and estimated future costs of financial systems activities and the future costs of moving forward to implement/operate a common financial desktop. Its scope is targeted to identifying common processes and systems tools for USGS budget formulation and budget execution activities. The initial phase consists of: conducting a comprehensive discussion with financial system users and customers at all levels (organizational and geographical) of the organization, to identify core customer requirements for obtaining financial information — considering enterprise-level, program-level, and transaction/account-level user data needs; defining a potential common system's technical characteristics, including potential integration links to other division systems; and, refining the set of functions to be included in the budget formulation and budget execution capabilities. Output of the initial phase will be a set of recommendations for a final list of financial desktop functions and characteristics and an estimate of implementation and operating costs of adopting an enterprise approach to the FFS. A decision whether and how to proceed with implementation will be made in early 1998.

FFS Enhancements -- USGS participates through the DOI Software Advisory Board in the identification of future FFS enhancements, as well as in software testing and implementation. For FY 1998, testing and implementation of software to convert the FFS database to four-digit fiscal years to resolve Year 2000 issues will be a major activity. Other significant issues on the agenda for FY 1998 include the DOI strategy for migration to a client-server financial management system, and the implementation of data clearing and archiving processes.

Implement FFS Cost Allocation Module -- USGS completed its evaluation and configuration testing of the subsystem software in FY 1997, and will begin use in FY 1998 for the automated redistribution of selected indirect costs.

Convert to FPPS/FFS interface -- USGS will implement a revised interface to pass labor cost data from DOI's Federal Personnel/Payroll System (FPPS) to FFS.

FFS/IDEAS Interface -- the bureau will implement processing changes related to the DOI interface between the Interior Department Electronic Acquisition System (IDEAS) and FFS.

B. Implementing the Government Performance and Results Act

Financial performance measures -- USGS will continue efforts to improve upon the initial implementation of the Government Performance and Results Act. Financial management efforts will focus on the development of cost information related to performance measures and outputs, and continued work with program managers to develop improved financial information in support of program performance reporting.

C. Accounting Standards and Financial Statements

Compliance with new standards -- In FY 1998, USGS will be implementing new Federal Accounting Standards Advisory Board (FASAB) standards, including Accounting for Property, Plant, and Equipment (SFFAS No. 6), Managerial Cost Accounting Concepts and Standards (SFFAS No. 4), Accounting for Revenue and Other Financing Sources (SFFAS 7), and Supplementary Stewardship Reporting (SFFAS No. 8). The last three in particular will require significant efforts from bureau financial management staff.

In addition, USGS will implement the DOI Standard General Ledger (SGL) team's recommendations for a revised SGL.

Financial Statement Improvement efforts -- USGS will continue efforts to improve the presentation and accuracy of the bureau's annual financial report.

D. Developing Human Resources and CFO Organizations

Process changes and restructuring -- the USGS Office of Financial Management (OFM) plans to carry out a realignment of positions and functions associated with the bureau's expansion of remote data entry; this effort was deferred due to higher priority activities in FY 1997. With the changing support mission of OFM, position descriptions and office organization will require change to reflect the transition from a high volume of data entry to an increased emphasis on quality control, post-audit review, and development of management information. Associated with this effort will be a need for process redesign and staff retraining.

E. Improving Management of Receivables

Implementation of Debt Collection Improvement Act of 1996 -- USGS will implement plans to comply with the requirements of P.L. 104-134, including actions to convert all employee payments to electronic funds transfer (EFT), shifting of vendor payments to EFT, and participation in the Treasury Offset Program.

F. Ensuring Management Accountability and Control

Management control improvements -- USGS revised its sample selection process in FY 1997; efforts in FY 1998 will focus on improved end-user reporting, further revisions to statistical sample for travel payments, and development of corrective action plans as may be indicated by the statistical analysis of payment transactions.

Program coordination improvements -- USGS will continue to focus on efforts to improve reporting tools and management controls in such areas as Government travel charge card expenditures and purchase card expenditures, both to ensure that cards are used for appropriate purposes and to provide effective oversight of credit card expenditures and employee debt.

G. Modernizing Payments and Business Methods

Electronic receipt of commercial invoices (Electronic Data Interchange) -- As a longer-term initiative, OFM will work with additional vendors to implement electronic invoicing procedures in order to further reduce manual processing and speed payments.

Implementation of DOI Travel Lab recommendations -- USGS will complete implementation of DOI travel policy and process changes in FY 1998.

Customer outreach efforts -- OFM will continue current efforts to provide improved financial information and better customer access to financial data, with a particular emphasis on Intranet-based process tools and information dissemination. A specific goal is the implementation of electronic notification to travelers of impending reimbursements and expanding use of electronic communications to customers via E-mail and Internet access.

Expansion of USGS remote data entry -- USGS in FY 1998 will expand remote data entry (RDE) authority for processing FFS transactions to the Biological Resources Division, Geologic Division and the Office of Program Support; other divisions will be included in the expansion of RDE as resources allow.

Benchmarking -- USGS will participate in a DOI-wide financial management benchmarking effort, intended to collect basic data (transaction volumes and resource requirements) regarding the full range of financial management processes within the Department. Data will be compared to a database of comparable private sector performance and best practices, to identify areas for improvement and help establish priorities for process change.

Reviewing and streamlining of financial reports process and tools -- USGS FFS reports will be reviewed to identify opportunities for improved management and production cost savings, as well as for opportunities to better meet program customers' information needs. In addition, OFM will seek improved information retrieval tools to reduce time and effort and simplify user access to FFS for queries.

Imprest Fund Reductions -- In FY 1997, USGS carried out an analysis of payment transactions at selected imprest funds, aimed at identifying transactions which could readily be accomplished via electronic or other non-cash means. In FY 1998, USGS intends to apply the results of this study in order to reduce fund amounts and eliminate imprest funds wherever possible.

Bureau of Land Management (BLM) Financial Management Initiatives

A. Improving Financial Reporting

The BLM has worked closely with the DOI Inspector General's staff to correct deficiencies in accounting for real and personal property and firefighting operations inventory. The Bureau's has successfully implemented the personal property component of the FFS Fixed Asset Subsystem during FY 1996 and fully reconciled it to the General Ledger. The BLM is now working on implementing the Real Property component of the Fixed Asset Subsystem and plans to have both operating in synchronization with the General Ledger quite soon. Efforts are continuing to reduce the number of inventory stores accounts. The firefighting operations inventory has been closed and the number of stores accounts has dropped from 45 to fewer than 15, and more closings are planned.

B. Redesigning Billing and Collection Systems

The BLM is pursuing consolidation and integration of its existing billing and collections systems into a single system that manages all billing and collection processes in an efficient and cost effective manner. A redesign team developed a conceptual design model and implementation plan for one system that meets the needs of the BLM's diverse customer base. An implementation team has now been formed consisting of accountants and systems staff from the Business Center and representatives from the field user community. When implemented, the system and the new procedures will simplify work, provide one entry point for data common to the program and accounting systems, and provide managers with alternatives in accomplishing their mission.

C. Redesigning the Acquisition Process

The Acquisition Redesign Team was established to identify, evaluate, and recommend "radical" procedural and organizational changes in acquisition of goods and services in BLM. The Team focused on internal changes that BLM could make, rather than proposing legal and regulatory change where there would be nominal opportunity for change. A

number of the recommendations are now being implemented, including submission of a plan to GAO to allow for an increase to the limit of \$2500 for statistical sampling of invoices and the use of VISA checks in the field in lieu of imprest cash funds.

The increase in the sampling level will reduce workload in the finance office and will accelerate payments, reducing the prompt payment interest penalties paid by the BLM. The use of VISA checks, which has been implemented for emergency firefighter payroll and incidental needs at fires, will, when expanded to the entire bureau, reduce processing costs because the costs can be processed through the IMPAC interface, and will significantly reduce the number of imprest funds and the cash needed in those that remain.

D. Developing and Implementing a Management Information System

The BLM has launched a project to develop a Management Information System which will incorporate financial data, billings and collections data, managerial cost accounting information, performance measurement data, and other business data in a single system. This system will meet the requirements of a finance system with integrated cost accounting, and will provide timely, meaningful business information to managers in the field. It will provide on-line access and be updated daily, it will use low maintenance equipment, it will be web-based on the bureau intranet, and it will have ad hoc query capability. Another key feature being planned is that it will have historic data in the data warehouse. The MIS will have the capability of allowing field users to extract data at whatever level of detail desired into individually designed report formats.

Bureau of Reclamation (BOR) Financial Management Initiatives

A. Human Resources

BOR's downsizing efforts in its financial management organization during the past three years resulted in reduced costs and FTEs, but raised employee concerns with job security, additional workloads, new duties, reorganizations, etc. To address these concerns, BOR implemented a Human Resource effort aimed at providing additional training needed to accomplish new duties and responsibilities; providing cross-training to enhance career opportunities; sponsoring team building activities to empower employees at all levels to best accomplish and manage new duties and additional workloads; and improving communication within the organization. This initiative has been adopted and promoted by the organization and has raised the morale and enthusiasm of employees. The features of this program have been assimilated into the organization's human resource policies and procedures, and will be adjusted as necessary to maintain a high level of employee well being.

B. Conversion to New Programmatic Budget Structure

Effective October 1, 1998, Reclamation is implementing a new Programmatic Budget (appropriation) Structure to better meet the requirements of GPRA, NPR, and the CFO Act. This will result in a change to Reclamation's budget and account structures, and require a major conversion of all systems collecting, processing, and/or reporting budget and finance data. The expectation is that Reclamation's financial management data will link more consistently with its mission goals and objectives, and will provide managers with better and more relevant data with which to manage their programs.

C. SGL Improvement Effort

Reclamation has an effort underway to improve its use of the Treasury Standard General Ledger in accordance with the Treasury Financial Manual. This is necessary to accommodate the accounting and reporting requirements of FASAB, Treasury, OMB, CFO, and DOI. Many of the changes are a result of new FASAB accounting standards and others are in response to OMB's reporting requirements for the new SF-133 in accordance with Circular A-34.

D. Fed Select Initiative

Reclamation has begun implementation of Treasury's Fed Select program and plans to complete this Reclamation-wide effort by the close of FY 1998. The objective is to eliminate the majority of cash held by Imprest Fund Cashiers throughout Reclamation and to reduce the cost of administering the imprest fund activities. In addition, Reclamation hopes to migrate from the use of Third Party Drafts, and thereby reduce the cost of that program as well. With the Debt Collection Improvement Act requirement to process all payments via direct deposit to payee bank accounts effective January 1, 1999, Fed Select provides an excellent alternative to direct deposit, while still meeting the requirements of the Act.

E. Improvements in Management of Working Capital Funds

Reclamation has undertaken a significant effort to improve the use and management of its Working Capital Fund program, and apply business-like principles in its operation. To date, the management and oversight of the fund has been centralized; management roles and responsibilities have been more clearly defined; guidelines have been revised and issued; policies and procedures have been defined and communicated throughout the organization; budget and financial data has been, and continues to be, analyzed for accuracy and compliance with policy and procedural requirements; and the reporting of financial management data has been improved. In addition, review and oversight of the budget formulation process has been assigned to the Reclamation's CFO Council for those Working Capital Fund activities affecting Reclamation-wide programs.

F. Improvements in Accounting for Receipts and Revenues

To improve its receipt and revenue accounting and reporting process, Reclamation has initiated an effort to identify and implement needed improvements to this process. Reclamation will review and act on the results of this effort, with the objective of implementing a new and improved process in FY 1998 that will satisfy customer and stakeholder needs for more accurate and timely receipt and revenue information.

Fish and Wildlife Service (FWS) Financial Management Initiatives

During FY 1997 the FWS accelerated its efforts to streamline its financial processes while improving the quality of financial and management information available to its managers. Efforts were concentrated on making more effective use of financial resources, managing processes better, and developing management systems to promote efficiency of operations in program areas.

A. Using Financial Resources More Effectively

Central voucher processing services were eliminated within the FWS. Such services are now provided under a memorandum of agreement with the Bureau of Reclamation's Denver Administrative Service Center. As a result of this action, 35 FTEs were saved. Moreover, financial resources formerly consumed in managing voucher processing staff were redirected toward improving FWS financial management processes and information, and strengthening accountability for financial operations.

B. Improving Financial Processes

Remote data entry expansion continued. Payments of up to \$25,000 are now made through remote data entry. Additional types of adjustments to obligations are made at field locations. The results are a decrease in prompt pay penalties and a significant improvement in the quality of financial information.

Improved payment processes were developed and are being implemented to permit the issuance of checks at field locations and to automate completely the payment of Federal Express shipping charges. The FWS is implementing the Treasury FedSelect payment system to provide for small dollar value and emergency payments to be made at field offices. When fully implemented, a proportionate reduction in imprest balances is planned. Federal Express bills will be examined for accuracy through third party software which extracts information directly from Federal Express systems, records data into the Federal Financial System, and pays electronically. The result will be a automated payment system which improves controls, saves money and reduces work.

VISA card use in the FWS continues to expand with substantial savings in the efforts necessary to procure goods and services. Although an automated interface is used to

transfer information from VISA systems into FFS, additional improvements are underway. Payment approval and verification processes still depend largely upon comparison of paper documents to recorded payment information. Processes necessary to correct erroneous charges are also time-consuming and laborious. To reduce efforts necessary to verify and correct charges, the FWS is implementing a stratified statistical sampling process.

Improvements in travel processes were accomplished through implementation of the DOI travel lab. Individual trip authorizations are no longer required for temporary duty travel. Accountability was strengthened by travelers and supervisors acknowledging responsibility for efficient travel planning and execution.

C. Increasing Efficiency in Program Operations

Efficiency in program offices was improved through the elimination of paper and microfiche reports. Essential reports are distributed electronically. More comprehensive reports are distributed on CD-ROM. These information distribution mechanisms allow field offices to more readily locate necessary information and transfer data into spreadsheets for additional analysis. In addition to eliminating 350,000 pages of paper, program offices can conduct analysis more efficiently and have the capability to better utilize funds.

National Park Service (NPS) Financial Management Initiatives

A. Conversion to the Federal Financial System Fixed Assets Subsystem

During FY 1998, the Service will convert its personal property inventory from the Department of Agriculture's Property Management System (PROP) to the FFS Fixed Assets Subsystem. The conversion will integrate the property and accounting data and eliminate the need to develop an interface or reconcile the data currently captured in two different systems.

B. Administrative Financial System II

AFS II is a microcomputer-based software package used by most parks and offices for budget planning and execution utilizing accounting data downloaded from and uploaded to FFS. During FY 1999, the Service is planning to improve AFS II to provide additional capabilities to support GPR requirements, and to convert the program to a Windows environment.

Bureau of Indian Affairs (BIA) Financial Management Initiatives

The Bureau of Indian Affairs has the following initiatives underway or planned in its effort to meet CFO Council priorities and mission responsibilities:

A. Improving Financial Management Systems

Loan Management and Accounting System (LOMAS): After several years in design and development, the LOMAS system is finally reaching full implementation. This has been a joint effort by the Bureau and the old FMIP staff, and later by the WASC-West, that upon completion provides a mechanism for effective management of the Bureau's loan portfolio. It replaces an older "batch" system that was difficult to use and provided a limited set of reporting capabilities; the new version is network-based and greatly improves management tools and reporting and includes a quality and easy-to-use interface with the FFS. Anticipated completion is September 30, 1997.

National Irrigation Information Management System (NIIMS): NIIMS is currently operating in production mode at individual bureau irrigation project offices; however, in order to provide a more complete picture of the financial (receivables) side of each project, the Division and the Office of Trust Responsibility have been developing an interface between NIIMS and FFS. Scheduled for completion later this calendar year, the interface is designed to record irrigation billings and collections for each irrigation project and detailed reporting for audit purposes.

B. Modernizing Payments and Business Methods

Improving Remote Data Entry Capabilities: During this fiscal year, the bureau continued its implementation of Remote Data Entry by introducing selected payment capabilities at three pilot offices. The pilot phase began in March, 1997, and included the Anadarko and Navajo Area Offices and Central Office in Washington DC. With the valuable assistance of staff from the WASC-West, the Division was able to develop a quality implementation plan, training program, and implementation effort. The pilot phase was an invaluable learning experience for everyone, especially the staff of the pilot offices, and corrected many of the processing difficulties that contributed to elevated levels of prompt payment penalties in previous years. Pilot implementation ended in August, followed by an overall evaluation report and subsequent request to the Department for full Bureau implementation during FY-98. A unique aspect of this project was the joint development by the Division and the WASC-West of a quality Windows-based software utility that greatly improves on standard FFS data entry, researching, and reporting capabilities.

Prompt Payment Reduction Initiative: The bureau is dedicated to greatly reducing its overall prompt pay penalty percentages during the current and following fiscal years and ultimately reach levels commensurate with Departmental recommendations. The Bureau has obligated staff to participate on intra-Department improvement teams and developed a Bureau action plan to monitor progress. The expansion of the Remote Data Entry project described above is a key element in the bureau's reduction effort and significant decreases are expected as that implementation effort progresses.

Updating Vendor Information: During the third quarter of this fiscal year, the bureau contacted over 14,000 vendors for updated W-9 and ACH payment information. The updated information is currently being entered into the FFS and allows the bureau to comply with Department of the Treasury payment initiatives and associated deadlines.

Implementing Travel Lab Recommendations: The Bureau plans to implement a sizeable number of Travel Lab recommendations that streamline voucher preparation, review, and payment processes. Most are planned for completion early in FY-98. Current travel payment processing and payment statistics indicate that significant improvement should result by implementing Travel Lab recommendations.

C. Improving Management of Receivables

Debt Collection Improvement Act of 1996: The Division has initiated a Memorandum of Agreement with the Department of the Treasury that facilitates debt collection of delinquent accounts receivables. This has provided an immediate economic impact in FY-97 and we envision continued reduction of delinquent accounts that eventually resolves a long-standing financial weakness for the bureau.

Office of the Secretary (OS), Minerals Management Service (MMS) and The Office of Surface Mining Reclamation and Enforcement (OSM) ABACIS Bureau Partnership

During FY 1995, the OS, MMS and OSM established a partnership (ABACIS Bureau Partnership) to work jointly on several initiatives to streamline and automate financial processes. This partnership allows the three organizations to share both personnel and computer resources in order to optimize our ability to meet changing requirements in the federal financial management arena. The major accomplishments for FY 1996 and FY 1997 (to date) are: (1) joint acquisition of a fourth generation language, SpeedWare, for use with ABACIS; (2) joint acquisition of a report writer, EasyReporter, for use with ABACIS; (3) consolidation of all source code to one location; (4) implementation of a new Budget sub-system for ABACIS; (4) development of a new Property Management Information System (PMIS); (5) development of the Rocky Mountain Bank Card (RMBC) sub-system for ABACIS; (6) completion of a requirements analysis for an interface between PMIS, IDEAS, and ABACIS; and (7) enhancements to the ECS sub-system on ABACIS. Projects currently underway include: (1) modifications associated with the implementation of the new Standard General Ledger (SGL); (2) modifications associated with the Year 2000; (3) implementation of the PMIS at MMS and OSM; (4) implementation of the RMBC sub-system at all three bureaus; and (5) modifications associated with the new Standard Departmental Budget Object Classifications. In addition, all three ABACIS bureaus received unqualified audit opinions on their financial statements for FY 1996.

The MMS has expanded its FedSelect Check program to its Denver and New Orleans field offices. FedSelect is a Treasury cash management initiative that allows MMS to use checks for payments normally made from imprest funds. After implementing FedSelect in

these offices, the imprest funds there were closed. MMS expects to replace all of its imprest funds with FedSelect stations by December, 1997. The MMS also expanded its efforts to reimburse employees for travel and other expenses via EFT. About 50 percent of MMS travelers now receive their travel reimbursements via EFT.

OSM implemented FASAB's financial reporting standards and received an unqualified audit opinion for the sixth year in a row. OSM also implemented the Government Performance and Results Act's (GPRA) requirement to track and relate expenses to program activities. OSM generated management reports for GPRA, using SpeedWare's EasyReporter product.

OS expanded the use of the travel charge card to include ATM access for all travelers. This significantly reduced usage of the imprest fund and virtually eliminated all travel advance payments. OS also implemented DD/EFT requirements for all travel reimbursements with automated electronic mail notification to travelers. OS cooperated with the Departmental Personnel Office in implementation of the ARTS (Automated Requisitions for Training Services) and receives SF-182's electronically for posting obligations.

disciplines to form expanded Partnership teams to address the overall complex financial management challenges.

The recommendations of the FOP are made through the Director of PFM to the CFO Council. The FOP organization consists of one representative from PFM (the Deputy Chief Financial Officer's representative) and one representative from each bureau (Finance Officer). Meetings are held on a regular basis.

The FOP uses Project Action Teams (PATs) to address/carry out its initiatives, activities, etc. The FOP selects PAT leaders and staffs them from the bureaus, Administrative Service Centers (ASCs) and PFM. In general, the PATs manage the projects (action items) and are accountable to the FOP through their representatives for the completion of assignments.

The FOP is a fully participatory organization consisting of one representative from PFM (the Deputy Chief Financial Officer's representative) and one representative from each bureau (the Finance Officer). The FFS-SAB operates under its charter but reports to the FOP. The SACAT also functions under the FOP. The work of the SAB and SACAT covers both the FFS and ABACIS bureaus. The FOP selects the PAT Leaders (usually volunteers). The PAT Leaders select their team members from the bureau nominations. The Finance Officers to whom the PAT Leaders report are the accountable managers for their respective Project Action Items. The FOP periodically reviews the progress of each PAT.

Administration

The Chairperson is responsible for the direction and administration of the FOP as follows:

- Develop and maintain a Management Action Plan (MAP) for the activities of the PATs.
- Coordinate and facilitate the exchange of management information necessary for the FOP to track each project.
- Facilitate and influence the activities of the PATs and any special teams, in cooperation with the Accountable Finance Officer, the SAB, and the SACAT. Prepare and distribute periodic reports or summaries of activities.
- Represent the FOP at CFO Council meetings.
- Assist in obtaining the resources necessary to carry out PAT team objectives.
- Schedule meetings, develop and distribute agendas, conduct meetings, prepare meeting minutes as appropriate and distribute to each FOP representative.
- Solicit comments and recommendations from FOP representatives.

- Present reports and recommendations made by the FOP to the CFO Council through the Office of Financial Management (PFM).

Selection of High Priority Projects

The FOP reviews recommendations presented by the CFO council, PFM, or the bureaus. The FOP prioritizes the projects and recommends project initiative teams to PFM. Upon approval of a project, a Project Action Team prepares a Project Scope Statement which defines the project objectives, target completion dates, dependencies and assumptions, and major milestones.

Formation of Project Action Teams (PATs)

Members of the FOP volunteer to manage one or more of the high priority recommendations. In each of these cases, a member of the responsible Finance Officer's staff is assigned the responsibility to lead the PAT. The FOP also assigns some of the recommendations to the SAB and SACAT.

Members of the FOP nominate key staff to participate on the various PATs. The Team Leaders are provided with information regarding each nominee's relevant skills and experience and are empowered to select the members of their PAT.

Project Management

The hierarchy for project management is illustrated below:

- CFO Council
 - Deputy Assistant Secretary - Budget and Finance/Office of Financial Management
 - Chair, Finance Officers Partnership
 - Finance Officers' Partnership Representatives
 - Project Action Team Leaders
 - Project Action Team Members

The accountable manager for a PAT is the FOP representative to whom the PAT Leader reports. Ultimately, the Chair is responsible for reporting the progress and accomplishments of each of the PATs to the CFO Council through the Office of Financial Management. The accountable FOP representative is responsible for ensuring that the Team Leader who reports to him/her has adequate resources to successfully complete the project on time and that identified resource problems are immediately reported to the FOP for resolution. Revised dates for deliverables must also be reported immediately with an assessment regarding the impact of such revisions on the project end date.

Administrative Service Centers' Participation

The Washington and Denver ASCs also develop Management Action Plans as appropriate.

Project Action Teams (PATs)

The FOP's original Management Action Plan addressed 15 PATs for immediate action. A brief discussion of each of these PATs (numbered PAT #1 - PAT #15) is provided below. In addition, since the publication of the original MAP, seven new PATs have been added. A brief discussion of each of these new PATs (numbered PAT #16 - PAT #22) is provided below.

PAT #1: Rocky Mountain Bankcard System (RMBCS) Interface

- **Project Objective:** Develop, test, and implement a standard payment interface in the Department's FFS applications for VISA credit card transactions from RMBCS.
- **Status:** Software development completed in FY 1996. Software has been installed in the six FFS bureaus as of the end of FY 1997.

PAT #2: IDEAS/FFS/ABACIS/Property Systems Interface and Electronic Commerce

- **Project Objective:** Determine the most cost-effective means of interfacing/integrating data between the IDEAS and the accounting and property systems, and analyze the effects of Electronic Commerce (EC) initiatives on these systems.
- **Status:** Final recommendations of cost-effective means of interfacing/integrating data between the acquisition and financial accounting system were completed. Interface is being adapted and will be implemented during FY 1998.

PAT #3: Automated Travel Management Software

- **Project Objective:** Implement a travel management software package for use by all DOI bureaus that will meet bureau, Departmental, and regulatory requirements.
- **Status:** Project objective redirected to the DOI Travel Re-engineering Lab initiatives see PATs #18 and #22 which are briefly discussed later in this Appendix.

PAT #4: Automated Teller Machine Usage for Travel Advances

- **Project Objective:** Implement a cost effective, Department-wide Automated Teller Machine (ATM) travel advance program by expanding the American Express ATM usage for obtaining travel advances.
- **Status:** Completed.

PAT #5: American Express Credit Card Interface

- **Project Objective:** Develop an automated FFS interface for airline ticket costs processed by American Express.
- **Status:** Completed. Interface strategy that was developed was not feasible and the project was terminated.

PAT #6: Standard Payment and Certification Processes

- **Project Objective:** Develop streamlined, standard, and cost-effective payment and certification processes for small purchases, contract purchases, and employee travel reimbursements.
- **Status:** Completed

PAT #7: Statistical Sampling

- **Project Objective:** Develop a training package and provide training for all bureaus on proper statistical sampling concepts and procedures for use in auditing financial records.
- **Status:** Completed.

PAT #8: Permanent Change of Station (PCS) Travel Consolidation

- **Project Objective:** Determine the viability of standardizing, re-engineering, streamlining, and consolidating the PCS functions with the objective of reducing FTEs and improving customer service.
- **Status:** Completed. PCS processing is available from DOI's Denver Administrative Service Center (DASC) upon request by the bureaus.

PAT #9: Remote Data Entry (RDE)

- **Project Objective:** Document the current remote data entry (RDE) practices throughout the Department, determine which documents are candidates for RDE, and develop standard RDE packages for use by the bureaus.
- **Status:** Completed.

PAT #10: Joint Testing of FFS Software Releases/Standardization of FFS System Processing Controls and Options

- **Project Objective:** Standardize systems settings and options across bureau lines; develop standard test plans, schedules, and test cases; and conduct common tests to help eliminate duplicate bureau testing.
- **Status:** Completed.

PAT #11: Quality of American Management Systems (AMS) Software Releases/ Software Enhancement Procedures

- **Project Objective:** Improve the quality of the software delivered by AMS, and improve software enhancement procedures by identifying and documenting standard procedures and processes for submitting requests for enhancements and/or problem reports to the SAB for review and approval.
- **Status:** Completed.

PAT #12: Employee Debt Collection Processes

- **Project Objective:** Re-engineer and improve the overall effectiveness of the employee debt collection process.
- **Status:** Completed. DOI's Denver Administrative Service Center is scheduled to provide this service to DOI bureaus beginning in FY 1998.

PAT #13: Feasibility of Consolidating and Standardizing Non-Program (Non-Employee) Delinquent Debt Management

- **Project Objective:** Determine the feasibility of consolidating the management of specific types of delinquent debt within Interior.
- **Status:** Completed. Project objective was preempted by the passage of the Debt Collection Improvement Act (DCIA) of 1996. All DOI bureaus will be transferring their debt collection to the Department of the Treasury's consolidated debt processing services effective FY 1998.

PAT #14: Processes for Adjustments/Redistributions and Reconciliations

- **Project Objective:** Examine the reasons for adjustments/redistributions and reconciliations, and identify processes that may be automated.
- **Status:** Completed.

PAT #15: FFS Table Clearing/Archival Process

- **Project Objective:** Develop and implement an automated table clearing process in FFS, and research data archival and retrieval technology for implementation in the Department.
- **Status:** Scheduled for completion in FY 1998.

PAT #16: Labor Cost Interface

- **Project Objective:** Develop specifications, program, test, and implement an FPPS standardized labor cost interface in all bureaus utilizing FFS.
- **Status:** Scheduled for completion in FY 1998.

PAT #17: Vision:Flashpoint

- **Project Objective:** Promote the use of Vision:Flashpoint as a tool to modernize the current mainframe version of FFS.
- **Status:** Completed and available for bureau implementation upon bureau request to the DOI Washington Administrative Service Center-West.

PAT #18: Automated Travel System

- **Project Objective:** Determination of an automated travel system requirements, acquire and/or design and development of a system.
- **Status:** Decision has been made to modify and pilot the existing Department of Justice automated travel system and make a recommendation to DOI regarding DOI wide use and implementation.

PAT #19: Electronic Invoices

- **Project Objective:** Investigate the feasibility of expanding electronic invoicing capabilities with selected vendors, and develop any appropriate accounting system interface processes.
- **Status:** In Progress

PAT #20: Rocky Mountain Bankcard--Daily Pay

- **Project Objective:** Modify the RMBCS interface to accept and process daily invoices.
- **Status:** Proposals and recommendations being considered. To be completed in FY 1998.

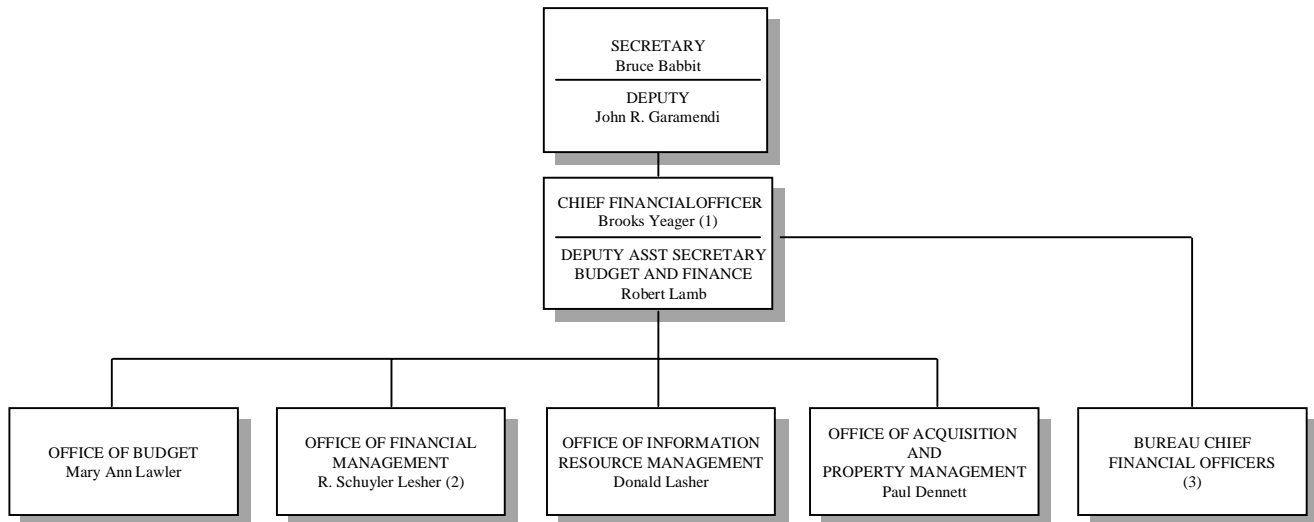
PAT #21: Financial Management Performance Indicators

- **Project Objective:** Develop a common set of performance indicators to evaluate relevant outputs, service levels, and outcomes of financial management functions in Interior bureaus.
- **Status:** In Progress. To be completed in FY 1998.

PAT #22: Travel Lab Recommendations

- **Project Objective:** Participate in the implementation of the travel process changes identified by the DOI Travel Re-engineering Lab.
- **Status:** Completed.

Department of the Interior Chief Financial Officer Organization



- (1) Assistant Secretary - Policy, Management, and Budget and Chief Financial Officer
- (2) Director of Financial Management and Deputy Chief Financial Officer
- (3) Assistant/Associate Director - Finance & Administration

ORGANIZATION

Chief Financial Officers and Deputy Chief Financial Officers

Brooks B. Yeager, Acting Chief Financial Officer, DOI	Don Matheson, Deputy Chief Financial Officer, MMS
Robert J. Lamb, Deputy Assistant Secretary - Budget and Finance, DOI	Hilda Manuel, Acting Chief Financial Officer, BIA
R. Schuyler Leshner, Deputy Chief Financial Officer, DOI	James McDivitt, Acting Deputy Chief Financial Officer, BIA
Jay Gerst, Chief Financial Officer, FWS	Mary Bradford, Chief Financial Officer, NPS
Paul Henne, Deputy Chief Financial Officer, FWS	Bruce Sheaffer, Deputy Chief Financial Officer, NPS
Barbara Ryan, Chief Financial Officer, USGS	Steve Magnussen, Chief Financial Officer, BOR
Martin Eckes, Acting Deputy Chief Financial Officer, USGS	Kathy Gordon, Deputy Chief Financial Officer, BOR
Nina Hatfield, Chief Financial Officer, BLM	Vacant, Chief Financial Officer, OSM
Roy Morris, Deputy Chief Financial Officer, BLM	Bob Ewing, Acting Chief Financial Officer, OSM
Bob Brown, Acting Chief Financial Officer, MMS	Bob Ewing, Acting Deputy Chief Financial Officer, OSM
	Stan Dunn, DASC
	Dick Comerford, WASC

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