

**President's Management Agenda  
Financial Management Improvement**

**U.S. Department of the Interior  
Scorecard**

**For Measurements and Scoring in April 2002**

*DEPARTMENTAL INDIVIDUAL ACTIVITY SCORING CRITERIA:*

*Red = 1-3*

*Yellow = 4-6*

*Green = 7-9*

*Best Practice = 10*

CRITERIA	DESCRIPTION	METRIC
<p>1) Financial management systems meet Federal financial management system requirements and applicable Federal accounting and transaction standards</p>	<p>Financial systems meet Joint Financial Management Improvement Program (JFMIP) Core requirements, comply with the Standard General Ledger, and are in material compliance with Federal accounting standards.</p>	<p style="text-align: center;"><i>Levels 1-3 (Red)</i></p> <p><b>Bureau financial systems comply under Federal Financial Management Improvement Act (FFMIA) in the following areas: a) JFMIP systems requirements, b) Federal accounting standards, and/or c) Standard General Ledger (SGL) at the transaction level.</b>                      Level 1 = non-compliance in all 3 areas.                      Level 2 = non-compliance in 2 of the 3 areas.                      Level 3 = non-compliance in 1 of the 3 areas all areas are in compliance under FFMIA.</p> <p style="text-align: center;"><i>Levels 4-6 (Yellow)</i></p> <p><b>Bureau in compliance with FFMIA and has effective and efficient systems interfaces (automated or manual) to move information between systems with appropriate controls.</b>                      Level 4 = Bureau in compliance with FFMIA but needs to establish effective systems' interfaces that move information timely and ensure data integrity.                      Level 5 = Bureau in compliance with FFMIA and has established effective system interfaces with supporting processes that move data between the bureau's core financial system and critical systems such as Procurement, Payroll, Property, and Travel Systems in a timely fashion ensuring data integrity.                      Level 6 = Bureau in compliance with FFMIA and has established effective critical systems interfaces with supporting processes for those systems listed for Level 5 plus other systems critical operating systems such as Revenue, Cost, and Grants systems.</p> <p style="text-align: center;"><i>Levels 7-9 (Green)</i></p> <p><b>Bureau is in compliance with FFMIA, maintains effective and efficient system interfaces (automated or manual) and operates systems that provide timely information to management.</b>                      Level 7 = Bureau performs at Level 6 and has a management information system that provides timely basic financial management information to program managers within 24 hours.                      Level 8 = Bureau performs at Level 7 plus the management information system supports activity based costing.                      Level 9 = Bureau performs at Level 8 and the management information system includes appropriate linkages to performance information.</p> <p style="text-align: center;"><i>Level 10 (Best Practice)</i></p> <p><b>Bureaus financial management systems meet the needs of the program managers and management can demonstrate that the information from the systems are being used in the bureau's decision-making process.</b>                      Level 10 - Bureau performs at Level 9 plus can demonstrate that the management information system can provide timely cost and performance information used in the bureaus management decision-making process.</p>

CRITERIA	DESCRIPTION	METRIC
2) Accurate and timely financial information	Provide internal management reports on a monthly basis and produce interim quarterly financial statements.	<p style="text-align: center;"><b>Levels 1-3 (Red)</b></p> <p><b>Bureau reporting process supports financial management on a monthly basis.</b>  Level 1 - Bureau produces internal financial management reports to bureau management on a monthly basis.  Level 2 - Bureau produces accurate internal financial management reports within 15 business days after the close of the month to bureau management.  Level 3 - Bureau produces accurate internal financial management reports within 15 business days after the close of the month to bureau management and program managers.</p> <p style="text-align: center;"><b>Level 4-6 (Yellow)</b></p> <p><b>Bureau reporting processes supports financial management as needed throughout a month.</b>  Level 4 - Bureau produces accurate internal financial status and transaction reports to bureau management and program managers at least twice a month.  Level 5 - Bureau produces accurate internal financial status and transaction reports to bureau management and program managers at least weekly.  Level 6 - Bureau meets Level 5 and makes available to bureau management and program managers accurate financial status and transaction information within 24 hours of processing a financial event.</p> <p style="text-align: center;"><b>Level 7- 9 (Green)</b></p> <p><b>Bureau reporting process supports preparation of interim financial statements.</b>  Level 7 - Bureau meets Level 6 and produces financial statements <i>in compliance with OMB guidance</i> on a quarterly basis without complete accruals.  Level 8 - Bureau meets Level 6 and produces financial statements <i>in compliance with OMB guidance</i> on a quarterly basis without complete accruals within 21 days of the end of the quarter.  Level 9 - Bureau meets Level 6 and produces financial statements <i>in compliance with OMB guidance</i> on a quarterly basis with complete accruals within 21 days of the end of the quarter.</p> <p style="text-align: center;"><b>Level 10 (Best Practice)</b></p> <p><b>Bureau produces financial information for program managers and uses analysis of information supporting financial statements to keep senior managers informed of financial performance.</b> Bureau produces <i>accurate</i> internal management reports within 2 business days after the close of the month, prepares interim financial statements within 21 calendar days after the close of the quarter with comparative data <i>and annual financial statements within 45 day of the end of the fiscal year.</i></p>

CRITERIA	DESCRIPTION	METRIC
<p>3) Integrated financial and performance management systems supporting day-to-day operations</p>	<p>Integrate performance, budget and cost accounting processes for management purposes.</p>	<p style="text-align: center;"><i>Levels 1-3 (Red)</i></p> <p><b>Bureau processes manage costs for budget control.</b>                      Level 1 = Bureau reports costs/obligations for basic administrative control of funds.                      Level 2 = Bureau performs at Level 1 and in addition annually reports costs at the responsibility segment level.                      Level 3 = Bureau performs at Level 2 and in addition annually relates costs to the 5 (or current # of) Departmental mission goals.</p> <p style="text-align: center;"><i>Levels 4-6 (Yellow)</i></p> <p><b>Bureau tracking of financial activity supports providing cost information necessary for reporting at the GPRA Activity Level.</b>                      Level 4 = Bureau performs at Level 2 and quarterly reports costs at the responsibility segment level on a quarterly basis.                      Level 5 = Bureau performs at Level 3 and relates costs to the 5 (or current # of) Departmental mission goals on a quarterly basis.                      Level 6 = Bureau performs Level 5 on a quarterly basis and makes available to Budget Offices and program managers financial information to support the development of annual budgets.</p> <p style="text-align: center;"><i>Levels 7-9 (Green)</i></p> <p><b>Bureau tracking of financial activity supports providing cost information at a level or levels to relate costs to meaningful activity levels of the bureau linked to performance.</b>                      Level 7 = Bureau reports costs using Activity Based Costing methods at least one level below the responsibility segment level and relates costs to the 5 Departmental mission goals on a quarterly basis with some limited management access to data for analysis.                      Level 8 = Bureau has a complete ABC system in place fully linked with performance measurement with limited management access to data for analysis.                      Level 9 = Bureau has a complete ABC system in place fully linked with performance measurement with management access to data for analysis on at least a biweekly basis matching the payroll cycle.</p> <p style="text-align: center;"><b>Level 10 (Best Practice)</b></p> <p><b>Bureau financial reporting process are linked to performance management process at senior levels within the bureau.</b>                      Bureau reports costs using Activity Based Costing to the appropriate sub-responsibility segment level necessary to link with performance measurement; relates costs to 5 Departmental mission goals; and links data with budget allocations in a reporting system allowing virtually “real-time” management access and analytics.</p>

CRITERIA	DESCRIPTION	METRIC
<p>4) Unqualified (Clean) and timely audit opinion on annual financial statements; and no material internal control weaknesses or non-compliance with laws and regulations reported by the auditors.</p>	<p>Obtain an unqualified opinion on Bureau financial statements; an unqualified report on internal control systems; and an unqualified report on compliance with laws and regulations by independent auditors in accordance with OMB time schedules.</p>	<p style="text-align: center;"><i>Levels 1-3 (Red)</i></p> <p><b>Bureau financial statements are fairly presented.</b>  Level 1 = Bureau receives an “adverse” opinion on its financial statements.  Level 2 = Bureau receives a “disclaimer” of opinion on its financial statements.  Level 3 = Bureau receives a “qualified” opinion on its financial statements.</p> <p style="text-align: center;"><i>Levels 4-6 (Yellow)</i></p> <p><b>Bureau financial statements are fairly presented and the external auditors do not report any exception in their report on compliance with law and regulations and report on internal controls.</b>  Level 4 = Bureau receives an “unqualified” opinion on its financial statements, but has 1 or more non-compliance or reportable condition that has resulted in a material weakness for the Department and does not have an approved corrective action plan by the Department.  Level 5 = Bureau receives an “unqualified” opinion on its financial statements, but has 1 or more non-compliance or reportable conditions that have resulted in a material weakness for the Department and interim corrective actions are being completed by established due dates.  Level 6 = Bureau receives an “unqualified” opinion on its financial statements and has completed all corrective actions for non-compliance or reportable conditions that have resulted in a material weakness for the Department.</p> <p style="text-align: center;"><i>Levels 7-9 (Green)</i></p> <p><b>Bureau financial statements are fairly presented and the bureau has no reported non compliance issues with law and regulations or reportable condition that raise to a material weaknesses</b>  Level 7 = Bureau meets Level 6, but has 1 or more reportable conditions that are considered a material weakness at the bureau Level but not reported as a material weakness at the Department-level.  Level 8 = Bureau meets Level 7 and has no reportable conditions that are considered a material weakness at the bureau level.  Level 9 = Bureau meets Level 8 and has no reportable condition that are reported at the bureau level for in the most recent bureau Report on Internal Controls.</p> <p style="text-align: center;"><i>Level 10 (Best Practice)</i></p> <p><b>Bureau financial statements are fairly presented and the bureau has no reported non-compliance issues with law and regulations and no reportable conditions.</b>  Level 10 - Bureau meets Level 9 and has no reportable conditions or non-compliance issues with laws and regulations for 2 years or more.</p>

CRITERIA	DESCRIPTION	METRIC
<p>5) Administrative Control of Funds</p>	<p>Maintain administrative control of funds to prevent Anti-deficiency Act violations.</p>	<p style="text-align: center;"><i>Level 1-3 (Red)</i></p> <p><b>Chronic issues in Administrative Control of Funds or Anti-deficiency Act Violation(s)</b>                      Level 1 - Bureau had Anti-deficiency Act Violation(s).                      Level 2 - Bureau had potential Anti-deficiency Act Violation(s) after initial fiscal year close that had to be cured.                      Level 3 – Bureau had Administrative Control of Funds issues that caused a potential Anti-Deficiency Act Violation that had to be resolved during the year.</p> <p style="text-align: center;"><i>Level 4-6 (Yellow)</i></p> <p><b>Bureau has processes that result in inconsistent Administrative Control of Funds in the bureau.</b>                      Level 4 - Bureau has a system for Administrative Control of Funds but procedures are applied inconsistently which could cause OMB to place special requirements on the bureau to monitor the use of funds.                      Level 5 - Bureau has a system for Administrative Control of Funds but procedures are applied inconsistently, which could cause an issue with Administrative Control of Funds.                      Level 6 - Bureau has an effective Administrative Control of Funds within the bureau budget office and finance offices but does not use systems controls consistently to assist in controlling fund usage.</p> <p style="text-align: center;"><i>Level 6-9 (Green)</i></p> <p><b>Bureau has an effective Administrative Control of Funds process that permits effective monitoring of budget information to support budget and finance requirements.</b>                      Level 7 - Bureau has an effective Administrative Control of Funds based on access to information in the bureau’s financial systems and same data are used to report budget execution FACTS II information to the Department of the Treasury through a manual data submission process.                      Level 8 - Bureau has an effective Administrative Control of Funds relying on access to information in the bureau’s financial systems and budget execution FACTSII data is sent electronically to the Department of the Treasury through a bulk file upload.                      Level 9 - Bureau has an effective Administrative Control of Funds at Level 8 and analysis of budget execution projections are provided to senior management on a monthly basis.</p> <p style="text-align: center;"><i>Level 10 (Best Practice)</i></p> <p><b>Bureau has an outstanding Administrative Control of Funds processed in place monitored continually.</b>                      Level 10 - Bureau has an effective Administrative Control of Funds that supports management needs at all times and can be demonstrated to support all management levels, OMB and Congressional information needs for expenditure and budgetary resource information through direct access to data in the finance systems.</p> <p><i>Note: A bureau would be rated at the lowest level that a metric applied.</i></p>

CRITERIA	DESCRIPTION	METRIC
6) Bureau head able to provide unqualified assurance statement as to systems of management, accounting, and administrative controls.	Maintain adequate internal control processes to reasonably assure compliance with laws and regulations.	<p style="text-align: center;"><b>Levels 1-3 (Red)</b></p> <p><b>Bureau management control program needs improvement to ensure material weaknesses and non-compliance with laws and regulations issues are corrected in a timely manner.</b></p> <p>Level 1 = Bureau management control review program is functioning, but <u>all</u> material weaknesses and non-compliance issues are identified by <u>external</u> sources. Corrective action progress is inconsistent and most actions are not completed by planned target dates.</p> <p>Level 2 = Bureau management control review program is functioning, and <u>some</u> material weaknesses and non-compliance issues are identified <u>internally</u>. Corrective action progress is inconsistent and most actions are not completed by planned target dates.</p> <p>Level 3 = Bureau management control review program is functioning, and the <u>majority</u> of material weaknesses and non-compliance issues are identified <u>internally</u>. Corrective action progress is inconsistent and most actions are not completed by planned target dates.</p> <p style="text-align: center;"><b>Levels 4-6 (Yellow)</b></p> <p><b>Bureau management control program is effective; consistent progress in correcting FMFIA material weaknesses and material non-conformances has been achieved; but mission critical FMFIA material weaknesses or multiple material weaknesses are pending.</b></p> <p>Level 4 = Bureau has an effective management control program and has FMFIA material weaknesses or material non-conformance with at least one designated as "mission critical" under the Department's Management Control Program.</p> <p>Level 5 = Bureau has an effective management control program and has FMFIA material weaknesses or material non-conformances but <i>none of which are designated as "mission critical"</i>.</p> <p>Level 6 = Bureau has an effective management control and any uncorrected FMFIA material weakness or non-conformance reported under the Department's Management Control Program requires regulatory or legislative changes to resolve.</p> <p style="text-align: center;"><b>Levels 7-9 (Green)</b></p> <p><b>Bureau management control program is effective and good progress in correcting material weaknesses and non-compliance with laws and regulations issues has been achieved.</b></p> <p>Level 7 = Bureau has two FMFIA material weaknesses or non-conformance(s) reported under the Department's Management Control Program require regulatory or legislative changes to resolve.</p> <p>Level 8 = Bureau has one FMFIA material weakness or non-conformance reported under the Department's Management Control Program require regulatory or legislative changes to resolve</p> <p>Level 9 = Bureau has no FMFIA material weaknesses or non-conformance under the Department's Management Control Program for the current reporting period.</p> <p style="text-align: center;"><b>Level 10 (Best Practice)</b></p> <p><b>Bureau management control program is effective and FMFIA material weaknesses and non-conformance issues are corrected prior to the end of the fiscal year in which they are identified.</b></p> <p>Level 10 - Bureau has had no FMFIA material weaknesses or non-compliance issues under the Department's Management Control Program, for 2 or more consecutive years.</p>