

Improving the Cost, Quality, and Performance of Financial Systems

The President's vision for improving financial performance is that Federal managers have accurate and timely financial information to manage costs. One measure of how agencies are progressing toward achieving the vision is the Improving Financial Performance initiative under the President's Management Agenda (PMA). As the initiative owner for Improving Financial Performance, one of my responsibilities is assisting agencies in meeting the Improving Financial Performance standards of success, particularly in areas where the Federal government as a whole has room for improvement. For example, while 19 of the 24 Chief Financial Officer (CFO) Act agencies receive a clean opinion on the audited financial statements, currently 8 of the 24 agencies have systems that comply with the Federal Financial Management Improvement Act of 1996 (FFMIA).

To assist agencies in their efforts to implement FFMIA compliant financial systems, the Federal Government has undertaken the Financial Management Line of Business (FMLoB) initiative. The FMLoB should assist agencies in meeting this standard as well as achieve other benefits like delivering cost-savings to the taxpayers. Specifically, the FMLoB vision is to improve the cost, quality, and performance in government's financial management systems by leveraging shared service solutions and implementing government-wide reforms that improve efficiency of financial operations.

There are multiple layers to the FMLoB effort that will collectively make possible these improved results. First, we are looking to standardize financial processes across the Federal Government. Standardizing should reduce the costs and risks of implementing financial systems by only having to design systems according to a single set of business processes rather than multiple unique processes. Second, we are creating opportunities for agencies to move financial systems to shared-service providers where a single provider supports multiple customers. The arrangement allows the Federal Government to leverage economies of skills and scale where financial system experts run these systems and Federal agencies focus on their programmatic missions. Third, we are increasing the transparency of the available solutions by establishing performance measures to evaluate the results of these efforts.

There are several projects underway that support the FMLoB. These projects include standardizing business process, standardizing accounting codes, developing performance measures, and developing guidance for agencies to migrate to shared service providers. None of these tasks can be performed without the commitment, support, and input of the Federal financial management community in both the public and private sectors. The FMLoB is our opportunity to improve the way we select, implement, and operate the government's financial systems. I also believe that the FMLoB will be instrumental in increasing the number of agencies that have systems that comply with FFMIA. In turn, agencies should have more accurate and timely financial information to manage cost. I look forward to sharing the results of this effort in the coming months.

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