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Report to the Chairman, Legislation and National Security Subcommittee, Committee on Government Operations, House of Representatives

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FINANCIAL MANAGEMENT

State's Systems Planning Needs to Focus on Correcting Long-standing Problems

GAO

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Accounting and Information
Management Division

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The Honorable John Conyers, Jr.
Chairman, Legislation and
National Security Subcommittee
Committee on Government Operations
House of Representatives

Dear Mr. Chairman:

This report responds to your February 3, 1994, request that we provide information on the Department of State's financial management improvement efforts. State has acknowledged it has serious financial management weaknesses. It initiated two previous efforts, one in 1982 and another in 1988, to address these weaknesses, but was unsuccessful in eliminating them. Now State has begun a new initiative—the Integrated Financial Management System (IFMS)—which is part of State's broader goals of improving its business processes and the information systems that support these processes. This report assesses whether State is effectively planning for and managing IFMS.

Results in Brief

State's improvement initiatives, and IFMS in particular, are at a high risk of failure because State's management and planning for these initiatives have been inadequate. State did not have any documentation that described the anticipated financial management structure, how various subsidiary systems will integrate with this structure, or how IFMS is related to State's other long-term improvement efforts. State also did not have a definitive description of its existing financial management system structure or of systems development projects that are continuing. Without in-depth knowledge of the current financial accounting and management environment and a fully articulated target structure, it will be very difficult for State to improve its processes or correct weaknesses. One of the contributing factors has been that State lacked an agencywide information resources management (IRM) leadership structure, essential to achieving what it plans will be a departmentwide system.

Despite these problems, State issued a Request for Proposals (RFP) for all design, development, deployment, and maintenance work related to IFMS, as well as any necessary maintenance of existing financial management systems. In addition, the RFP does not offer an accurate picture of the scope of work required and, accordingly, is not a solid base for soliciting bids. Aside from the need to maintain existing systems or complete work on high-risk areas where all system requirements have been identified, we believe that entering into contractual arrangements for the full scope of work in the RFP would be premature, further increasing the risk of developing a system that does not correct existing weaknesses or meet managers' future information needs.

Background

The Department of State is responsible for formulating policy across a range of international issues, conducting foreign relations, and coordinating the major overseas programs and activities of the government. Various bureaus and offices within the Department help support these worldwide program and administrative responsibilities.[1] By delegating these responsibilities to the bureaus and offices, State has given each a great deal of operational autonomy. For example, each office or bureau has its own automated data processing (ADP) staff, as well as budgetary authority, to independently undertake system initiatives.

The Department receives over $5 billion in appropriations annually, which it accounts for and controls through a network of domestic and foreign financial systems and subsystems. In recent years, State has forthrightly acknowledged that it has serious financial management weaknesses, including weaknesses in its management and accountability of real and personal property, worldwide disbursing and cashiering, and payroll transactions. State recognized that these weaknesses were keeping its (1) managers from receiving needed cost, performance measurement, and other financial information, and (2) financial systems from conforming to governmentwide requirements.

State has reported these weaknesses, as well as high-risk areas, for each of the past 3 years in its reports to the President and the Congress under the provisions of the Federal Managers' Financial Integrity Act (FMFIA). (See appendix I for a complete list of State's reported weaknesses and high-risk areas). We also reported on these weaknesses in November 1992 as part of our assessment of State's conformance to requirements of the Chief Financial Officers (CFO) Act of 1990.[2]

[1]The bureaus within State include the Executive Secretariat, the Bureau of Finance and Management Policy, Bureau of Intelligence and Research, Bureau of Consular Affairs, Bureau of Personnel, Bureau of Diplomatic Security/Office of Information Security Technology, and regional and policy bureaus such as the Bureau of African Affairs, Bureau of East Asian and Pacific Affairs, and Bureau of European and Canadian Affairs.

[2]*Financial Management: Serious Deficiencies in State's Financial Systems Require Sustained Attention* (GAO/AFMD-93-9, November 13, 1992).

Realizing the seriousness of its weaknesses, State attempted two major system improvement initiatives—the Overseas Financial Management System (OFMS) and the Central Financial Management System (CFMS). State began work on OFMS in 1982, and as of November 1992 had installed the system at its 23 oversees financial management centers and 2 of its 3 regional administrative management centers. CFMS, which operates using commercial off-the-shelf software, was installed at State's 30 domestic bureaus in October 1991. In 1992, State reported that the system had limitations and was not reliable, and began work to tailor CFMS to better meet State's needs.

While State has continued to modify both systems in an effort to overcome problems, it has not been able to solve its financial management weaknesses. One of the primary reasons for this is that State did not complete the design or implement all functionalities of these systems. Specifically, the system designs called for an integrated domestic/overseas accounting system with general ledger summary financial control of all resources. While State implemented the administrative accountability and control of funds functions, it did not implement the departmentwide general ledger. Without this general ledger, State has not been able to control financial transactions or prepare auditable financial statements.

In recent testimony on implementation of the Chief Financial Officers Act, State's Deputy CFO and the Inspector General stated that financial management system weaknesses precluded state from preparing auditable financial statements on the majority of its appropriated funds.[3] Thus far, State's Inspector General has either audited or contracted for audits of financial statements of several funds and activities, and except for one commission comprising less that 1 percent of State's total budget, has issued disclaimers of opinion.

In 1992, State, recognizing that OFMS and CFMS were limited, started work on its current financial management improvement initiative. IFMS is intended to be a single integrated accounting system that links State's worldwide operations and provides managers at all levels with reliable financial information to plan and conduct operations. To link all of State's worldwide financial operations, IFMS will need to receive inputs from all of the subsidiary systems within State's different bureaus and offices. State estimates that when completed, IFMS will cost about $50 million. To date, State has spent about $5.3 million on IFMS.

[3]United States Senate Committee on Governmental Affairs Hearings on the Chief Financial Officers Act, July 28, 1994.

IFMS and another major system project—the Bureau of Personnel Business Process Reengineering Initiative—are also part of a broader, long-term, State-wide effort to redesign current information systems and move them from State's current hardware and software resources, which are proprietary, to an open system environment. Because these efforts will impact IFMS, State will need to define how these various improvement efforts will affect or interoperate with each other. State estimated that it will cost about $530 million from fiscal years 1994 through 1998 to (1) replace its proprietary computer hardware and software with an open system architecture and (2) transition from its existing systems to this open architecture.

Scope and Methodology

To assess whether State is effectively planning for and managing the IFMS effort, we first reviewed State's past three reports prepared pursuant to FMFIA, as well as audit reports prepared by GAO and State's Inspector General, to identify the material financial management weaknesses that State needs to address and solve. We also reviewed system plans submitted to the Office of Management and Budget (OMB) pursuant to the CFO Act to identify State's current financial management structure.

In addition, we reviewed the information strategy plans supporting documentation prepared by State's Office of Financial Management and Bureau of Personnel to determine State's

- target IFMS financial management structure, including all subsidiary systems that will support IFMS;
- plans and timetables for building the target financial management structure, including (1) existing subsidiary systems to be incorporated into the target structure, (2) existing systems that after modification will be incorporated into the target structure, and (3) subsidiary systems that need to be designed, developed, and implemented; and
- plans to (1) implement Treasury's standard general ledger, (2) produce auditable financial statements, and (3) solve State's current material internal control and financial management weaknesses through the target IFMS financial management structure.

Finally, we reviewed the minutes from State's steering committees to determine (1) the extent of top management oversight and leadership over the life cycle of these projects and (2) whether State acted to ensure that identified material internal control and financial management weaknesses are corrected.

To carry out our review objectives, we based our work on GAO's draft review methodology entitled, GAO Information Resources Management Audit and Review Methodology—A Guide for Reviewing Information Management and Technology Issues in the Federal Government.

We conducted our review from October 1993 to June 1994, in accordance with generally accepted government auditing standards. Our work was completed at State's headquarters office and at various State offices in the metropolitan Washington, D.C., area.

As requested, we did not obtain agency comments on a draft of this report. However, at the end of fieldwork, we discussed the report's findings and conclusions with the Under Secretary for Management and the Deputy CFO. Generally these officials agreed with the matters discussed in this report. Their views have been incorporated where appropriate.

State's Planning and Management of IFMS Is Inadequate

When State began initial planning for IFMS, it recognized that in order to resolve its serious financial management weaknesses, it would need a worldwide system that integrated information from its various bureaus and offices. However, State's planning and management of IFMS have been inadequate, increasing the risk that IFMS will not resolve long-standing financial management and internal control problems.

State Has Not Established Target Structure for IFMS or Defined How It Will Integrate With Other Systems

In our November 1992 report,[4] we stated that for IFMS to succeed, State needed to clearly define the system's hardware, software, and communication structure. We also noted that, ultimately, financial information in both financial and program systems would need to be compatible and linked together, to ensure that reported information was complete and reliable.

In the report, we stated that State should develop a plan that discusses how (1) links will be established between its accounting and budget information, (2) programmatic and financial systems will be integrated, and (3) FMFIA reported weaknesses will be addressed. We also reported that the plan should include a written description that identifies the anticipated financial management structure, individual systems and subsystems that will support the structure, financial information that will be produced, and the proposed flow of information among the systems.

[4](GAO/AFMD-93-9, November 13, 1992).

State, however, has not developed a strategic plan that establishes a target structure for IFMS or that defines how IFMS will integrate with

- the different offices' and bureaus' subsidiary systems from which it will exchange information and
- other State-wide improvement efforts that will be coordinating with IFMS.

State currently has five major system plans. None of these plans address agencywide needs and issues, tie ongoing system development efforts together, or address all of State's FMFIA reported financial management weaknesses. For example, although the 5-year financial management plan, prepared to meet CFO requirements, contained system milestones for implementing IFMS, it did not describe State's financial management processes or identify which subsidiary systems will be included in IFMS. Moreover, the information strategy plan for IFMS did not identify the subsidiary systems that will be needed or discuss how the FMFIA financial management weaknesses will be addressed. Instead, the plan acknowledged State's problems, established a work plan to further study these problems, and initiated seven pilot projects aimed at demonstrating the viability of reengineering techniques and the use of computer-assisted software engineering tools.

During initial planning for IFMS, State said that the system would function as a general ledger summary system (that is, it would record summary financial information from the various subsidiary systems that are used in the bureaus and offices). These subsidiary systems, which perform both financial and programmatic functions, would, in turn, be responsible for recording day-to-day transactions. Consequently, one of the key issues facing State, and an integral facet if State is to eliminate its financial management weaknesses, is deciding how these subsidiary systems will be integrated with IFMS.

The IFMS project director agreed that to fully address State's financial management weaknesses, all of State's detailed subsidiary systems will need to be redesigned and integrated with IFMS. However, State was unable to provide us with any documentation that discussed how and when the subsidiary systems will be redesigned and linked to IFMS. State officials told us that the only documentation on these topics had been generated by three steering committees. We reviewed all the documentation from these steering committees and found that most of the committee discussions focused on resolving system specific concerns, such as contracting issues, system development approaches, and State's migration from proprietary hardware and software to an open system architecture. Little mention was given to integrating the various systems or resolving State's long-standing financial management problems.

Until State identifies the subsidiary systems that will be integrated with IFMS and defines how this integration will occur, IFMS will not correct State's identified financial management weaknesses. For instance, as shown in table 1, IFMS, as currently planned, will only fully address one financial management weakness and will partially address eight others. To fully address all of the financial management weaknesses, State is planning for other subsidiary systems to be integrated with IFMS; however, none of these subsidiary systems have been defined.

Table 1: Reconciliation of IFMS Project With FMFIA Reported High-risk Areas and Material Internal Control and Accounting System Weaknesses Related to Financial Management

FMFIA Material Internal Control and Accounting System Areas of Material Weaknesses	IFMS Will Fully Address	IFMS Will Partially Address	IFMS Will Not Address	Additional System Project Not Yet Defined
Foreign currency management		X		X
Foreign affairs administrative support system		X		X
Payroll internal control weaknesses		X		X
Real and personal property accountability and control weaknesses		X		X
Major acquisition weaknesses			X	X
Employee travel and item transportation weaknesses			X	X
Sales proceeds accountability problems		X		X
Disbursing and cashiering weaknesses		X		X
Financial and accounting system weaknesses	X			
Collection of receivables		X		X
Working capital fund problems		X		X

The importance of defining and integrating IFMS with subsidiary systems can be illustrated with two examples from State's Office of Foreign Buildings Operations (FBO). FBO operates a system—the Real Estate Management System (REMS)—to help it manage State's various overseas real estate properties. This system will have to provide summary information to IFMS when fully implemented. However, FBO does not currently record all financial transactions for foreign buildings in REMS because State has not defined which transactions should be considered as routine maintenance, and thus accounted for as an expense, and which should be capitalized—added to State's investment in buildings and depreciated. State will need to make these types of decisions, prior to implementing IFMS.

State will also need to determine what functions IFMS needs to provide to help FBO account for its property transactions. FBO currently does not rely on CFMS to account for, control, and manage its appropriated funds and related financial transactions because CFMS cannot summarize and report these transactions by (1) project (individual building), (2) function (architectural study), or (3) object class (salaries). To compensate, FBO has developed and uses its own accounting system to produce financial reports according to these three categories. For IFMS to be successful, State will need to determine what functions IFMS must provide to meet FBO's needs.

An additional problem facing State as it redesigns and integrates its various subsidiary systems is that the responsibility for these tasks will rest with the different bureaus and offices that developed and operate the systems. However, as discussed later in this report, State does not have anyone with agencywide authority and responsibility for overseeing these bureaus' and offices' development efforts. Consequently, State cannot ensure that the systems will be redesigned and integrated into IFMS. Unless State establishes an organizational focal point with the responsibility and authority to ensure that all system projects are coordinated, there is little assurance that State will be able to change its long-standing, ad hoc, office-to-office, bureau-to-bureau, approach to systems development, thus rendering IFMS incapable of serving State-wide goals.

This problem could at least be partially overcome if the various bureaus and offices were involved in the planning for IFMS. However, representatives from some of the bureaus and offices told us that the IFMS project team had only limited discussions with them regarding how IFMS would interface with their financial management systems and that these discussions occurred after the IFMS information strategy had already been issued. The representatives noted that they had initial meetings with the IFMS project team in August 1993 and additional meetings in February and March 1994. However, IFMS project planning occurred between October 1992 and May 1993, and the IFMS information strategy plan was issued in May 1993—3 months before the initial meetings with these representatives.

State Does Not Know Its Existing System Structure

Another problem facing State as it plans for IFMS is that no one within the Department has fully identified and reconciled the different financial management systems that are being used at State, what problems these systems may have, and what systems development projects are ongoing. Without this information, State cannot define the body of work that will be required for IFMS.

Various State headquarters offices have conducted inventories of financial systems as part of preparing financial management and systems planning and reporting documents. Because the purpose of these inventories was similar—defining State's current financial management systems as a starting point for planning system processes—the number of financial systems should be fairly consistent. However, as shown in table 2, the reported number of financial systems varied widely, ranging from 10 to 76 systems, depending on when the inventory was done and who performed it.

Table 2: State's Inventories of Financial Management Systems

Planning and Reporting Document	Date	Number of Financial Systems Identified
Revised OMB Circular A-127 report	2/94	36
Open systems migration implementation plan	11/93	10
OMB Circular A-127 report	9/93	59
IFMS information strategy plan	5/93	52
IFMS preliminary transition plan	2/93	76

Even though the number of systems identified should be fairly consistent, they are not, because each office had a separate definition of what functions constitute a financial management system. For example, 3 of the 36 financial management systems on State's revised OMB Circular A-127 report, which was prepared by the Office of the Chief Financial Officer, were shown as accounting for, controlling, and reporting on personal property. However, State officials responsible for personal property management told us that State has nine manual or automated personal property systems.

The IFMS project director agreed that State does not have an accurate representation of how many financial management systems the Department is currently using. At our request, the IFMS project team conducted an inventory of financial management systems and reported in

April 1994 that State was using 33 systems. The team also acknowledged that there could be other systems within the bureaus and offices that could help meet IFMS requirements. In essence, State has not thoroughly analyzed its existing systems that process financial data throughout the Department.

State also has a host of systems development projects that the bureaus and offices, as well as various improvement groups, are continuing to pursue. However, no one within State has identified all of these projects in order to define the body of work underway. Such a definition is necessary to guard against duplication of effort, establish how current and future projects will tie together, and determine what other projects still need to be undertaken.

We asked senior State Information Management Office and CFO officials to identify and reconcile the number of system development projects in process. They told us that to complete such a reconciliation they would have to mount an ad hoc effort to ask each of State's domestic and overseas bureaus and offices to provide a list of their systems development projects. In our view, such an effort would be an important element in determining how and whether all identified systems and internal control weaknesses were being addressed.

No One Has Agencywide Authority and Responsibility to Oversee Current Systems and Development Projects

One of the primary reasons State does not know how many financial systems or development projects it has is that no one has agencywide authority or responsibility for overseeing all systems or development projects. In our December 1992 transition series report on information management and technology issues,[5] we pointed out that a strong IRM organization is an indispensable partner in helping agency leaders work through a top-down analysis of business processes and determine where strategic information technology investments need to be made. We also noted that too often poor IRM organization leads to the failure of top management and IRM staff to work together in developing an effective strategic technology plan. This plan, which maps out how the agency will get from where it is to where it wants to be, is the linchpin that aligns an organization's business needs with its information resources. We noted that without this partnership between the IRM organization and top management, what an agency frequently presents as a strategic technology plan is merely a listing of ongoing acquisitions.

[5]GAO/OCG-93-5TR, December 1992.

The importance of this partnership is recognized in the Paperwork Reduction Act, which requires federal departments and agencies to designate a senior official for information resources management. This official is to report to the agency head and, in essence, is charged with ensuring that the agency carries out its information activities in an efficient, effective, economical manner.

In our report, we pointed out that few agencies have organized themselves in such a way to help ensure success. Too often, the senior-level IRM official is a titular figure, without experience in information management and burdened with major responsibilities in other areas. This individual also does not have adequate organizational visibility and authority to ensure that program offices are best using technology, both in meeting their own needs and the agency's corporate information needs. We cautioned that without strong corporate IRM leadership and planning, program staff may develop systems that meet their own requirements, but that conflict with the broader information needs of the organization.

This is essentially the situation we see at State. State's Assistant Secretary, Bureau of Administration, is the designated senior IRM official for State. In addition to this responsibility, the Assistant Secretary is also responsible for a range of other activities, including all administrative functions of the Department and managing the operations of FBO. Reporting to the Assistant Secretary is the Deputy Assistant Secretary for Information Management, who heads State's Office of Information Management and carries out the day-to-day management and oversight of IRM activities at State. However, the Assistant Secretary, through the Office of Information Management, only has cognizance over State-wide automated systems, called corporate systems. As we noted earlier, this Office does not have cognizance over systems that are developed and implemented by the various bureaus and offices.

In addition to the Assistant Secretary and the Office of Information Management, State has three major steering committees and a working level group that include CFO, IRM, and program representatives:

- the Modernization Steering Committee, chaired by the Deputy Assistant Secretary for Information Management, responsible for overseeing State-wide corporate system projects;
- the IFMS Steering Committee, headed by the Deputy Chief Financial Officer, responsible for overseeing the IFMS project;

- the Personnel Information Strategy Planning Committee, headed by the Deputy Assistant Secretary for Personnel, responsible for overseeing the Bureau of Personnel's business reengineering efforts; and
- the Joint Bureau Group, headed by the Director, Office of Development, responsible for resolving technical system design and development problems with regards to system initiatives for State's corporate systems.

These committees and the working group serve a useful purpose in helping State oversee individual projects; however, they are not a substitute for having someone with agencywide responsibility and authority for all systems and development projects. None of the groups have State-wide budgetary and organizational authority for all system initiatives at individual bureaus and offices. Instead, the bureaus and offices are continuing to pursue and develop systems projects on their own. As a result, State cannot ensure that its improvement efforts will (1) correct known agencywide weaknesses, (2) identify and meet managers' future information needs, and (3) realize the best return possible on State's investment in information systems.

We recently studied several leading public and private organizations to determine how they used information management to improve mission performance.[6] One of the key tenets of their success was creating a management structure that had enterprisewide responsibility and authority for overseeing major system development projects. This structure included top executives, line managers, and information management specialists to ensure that information systems projects effectively supported the organization's business goals and fully met managers' information needs. For example, these organizations

- established an organizationwide information management steering committee chaired by the chief executive and led by senior line management,
- identified an executive-level sponsor for each major information systems project, and
- recruited or promoted a qualified professional to serve as a Chief Information Officer (CIO) with the responsibility and authority to manage and control system improvements organizationwide.

In this regard, in our January 1994 testimony, we called for the establishment of a chief information officer at each agency to (1) work

[6]Executive Guide: Improving Mission Performance Through Strategic Information Management and Technology—Learning From Leading Organizations (GAO/AIMD-94-115, May 1994).

with agency senior management to define strategic information management priorities and (2) support program officials and the CFO in defining information needs and developing strategies, systems, and capabilities to meet those needs.[7]

Full Scope of State's RFP Is Premature

Despite the system development planning and management problems we identified, in December 1993, State issued an RFP to determine detailed system requirements for IFMS; design, develop, test, and implement a system to meet these requirements; and maintain and enhance IFMS as additional requirements are identified. The RFP also called for maintaining the current systems until IFMS was fully deployed. State expects to select a vendor in September 1994. However, State is not ready to award a comprehensive contract to build IFMS because (1) it has not yet defined IFMS' functionality or structure nor how it will integrate with other systems and improvement efforts and (2) the statement of work does not accurately identify which systems will have to be maintained or enhanced under the contract.

The inventory of financial management systems required to be maintained or enhanced under the RFP is inconsistent with the most recent inventory of financial management systems, as well as any other inventory of systems. The RFP lists 31 systems and 41 subsystems, while the IFMS project team's April 1994 inventory showed 33 systems but no subsystems. Further, only 11 of the systems in the RFP are included in the April 1994 inventory. Without an accurate description of its current system structure, State has little, if any, assurance regarding the scope of the work involved. Consequently, State may contract for work that is unnecessary or duplicative and that further wastes State's system resources.

A senior State official said that the RFP covers not only work for the design and implementation of IFMS, but also work to keep State's current accounting systems operating while IFMS is being built. This official agreed that work on IFMS should not be contracted for until all of IFMS' requirements are defined and State has an organizational structure in place to manage the project. The official stated, however, that State should be allowed to enter into contractual arrangements under the RFP to keep current systems operating and to start work on projects that address high-risk areas where all requirements have been clearly defined.

[7]Statement of Charles A. Bowsher, Comptroller General of the United States, before the Committee on Governmental Affairs, U.S. Senate, entitled Improving Government: Actions Needed to Sustain and Enhance Management Reforms, GAO/T-OCG-94-1.

We agree that State may need some means to contract for maintenance and to proceed with projects that address high-risk areas, provided that requirements for these projects have been completely defined. However, entering into a contractual arrangement for the full scope of work in the existing RFP is premature.

Conclusions

State has recognized that it has serious internal control and financial management problems, and it has set out on the path to change. However, State has not yet positioned itself to make any substantive changes. Without an overall management structure and agencywide information strategy plan to guide the development of IFMS, State runs a high risk of perpetuating its long-standing financial management problems, detracting from its ability to meet CFO Act goals of producing auditable financial statements and implementing the standard general ledger, and depriving its managers of the information they need to support effective decision-making.

Recommendations

We recommend that the Secretary of State

- develop a comprehensive agencywide information strategy plan that describes a target structure for IFMS, establishes what systems will be included in IFMS, defines how these systems will be integrated within the target structure, and describes how IFMS relates to State's other improvement efforts;
- establish an agencywide IRM management leadership structure to oversee all agency system improvement initiatives and to provide short and long-term support, direction, and oversight; and
- defer entering into contractual arrangements for the full scope of work under the RFP for the IFMS initiative until State (1) articulates how IFMS will solve long-standing internal control and financial management systems weaknesses and (2) establishes detailed requirements for individual system development projects to address high-risk areas.

As agreed with your staff, unless you publicly announce the contents of this report earlier, we plan no further distribution until 30 days from its issue date. At that time, we will send copies of this report to the Secretary of State; the Director, Office of Management and Budget; and other interested congressional committees. Copies will also be made available to others upon request.

Please contact me at (202) 512-6194 if you or your staff have any questions. Other major contributors are listed in appendix II.

Sincerely yours,

David O. Nellemann
Director, Information Resources Management/
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Contents

Letter		1
Appendix I High-risk Areas and Material Internal Control Weaknesses Reported in State's December 30, 1993, FMFIA Report		18
Appendix II Major Contributors to This Report		19
Related GAO Products		20
Tables	Table 1: Reconciliation of IFMS Project With FMFIA Reported High-risk Areas and Material Internal Control and Accounting System Weaknesses Related to Financial Management	7
	Table 2: State's Inventories of Financial Management Systems	9

Abbreviations

ADP	automated data processing
CFO	Chief Financial Officer
CFMS	Central Financial Management System
CIO	Chief Information Officer
FBO	Foreign Buildings Operations
FMFIA	Federal Managers' Financial Integrity Act
IFMS	Integrated Financial Management System
IRM	information resources management
OFMS	Overseas Financial Management System
OMB	Office of Management and Budget
REMS	Real Estate Management System
RFP	Request for Proposals

High-risk Areas and Material Internal Control Weaknesses Reported in State's December 30, 1993, FMFIA Report

Four High-risk Areas

- Immigrant and nonimmigrant visa fraud
- Financial and accounting systems
- Worldwide disbursing and cashiering
- Information management: modernization, contingency planning, and mainframe security

Nineteen Material Internal Control Weaknesses

- Immigrant and nonimmigrant visa processing
- Worldwide disbursing and cashiering
- Information management—contingency planning
- Information management—modernization
- Information management—mainframe security
- Rehabilitation and maintenance of real property, overseas
- Inadequate administrative staffing, overseas
- The passport process
- Foreign currency management
- Foreign affairs administrative support system
- Personal property management
- Accounting for proceeds of sales
- Commercial payment process
- Accounting for travel advances
- Management of major acquisitions
- Unreconciled payroll accounts
- Accounting for the working capital fund
- Accounting for receivables
- End-use compliance checks

Major Contributors to This Report

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Related GAO Products

State Department: Widespread Management Weaknesses at Overseas Embassies (GAO/T-NSIAD-93-17, July 13, 1993).

Financial Management: Serious Deficiencies in State's Financial Systems Require Sustained Attention (GAO/AFMD-93-9, November 13, 1992).

State Department: Efforts Underway to Enhance Management of Overseas Real Property (GAO/NSIAD-91-277, September 5, 1991).

Financial Management: Problems in Accounting for DOD Disbursements (GAO/AFMD-91-9, November 9, 1990).

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