

JFMIP

Financial Management Systems Overview for Agency Leaders

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The Joint Financial Management Improvement Program (JFMIP) is a cooperative undertaking of the U.S. Department of the Treasury, the United States General Accounting Office, the Office of Management and Budget, and the Office of Personnel Management working with each other and with the operating agencies to improve financial management on a governmentwide basis and in individual agencies. JFMIP was officially established by the Budget and Accounting Procedures Act of 1950. The JFMIP Principals are the heads of the four central agencies. Each Principal selects a representative to the Steering Committee which gives general direction to the Program; a program agency representative is also on the committee. The JFMIP Executive Director develops and directs activities and projects.

Federal Financial Management Improvement

Recognition of a mutual need to improve the management of our government motivated the Chief Financial Officers Council to develop the following vision:

Enabling government to work better and cost less requires program and financial managers working in partnership using modern management techniques and integrated financial management systems to ensure the integrity of information, make decisions, and measure performance to achieve desirable outcomes and real cost-effectiveness.

The integration of systems means fitting systems together, both within an agency and across government, to enable consistent and accurate information flows to information users. This need for effective integrated financial management systems is well known and urgent.

The high risk lists developed separately by the General Accounting Office and the Office of Management and Budget, as well as reports and 5-year plans issued, respectively, by inspectors general and agency heads, all identify the need for improved financial systems.

This *Overview* calls your attention to a reference document recently developed for personnel who are responsible for developing, overseeing, and reporting on financial management systems in the federal government. The *Framework for Federal Financial Management Systems*, issued in January 1995 by the Joint Financial Management Improvement Program, takes the mystery out of financial system design. It describes the financial systems needed for the entire government as well as individual agencies. It serves the diverse groups responsible for providing reliable, timely, relevant, and understandable information to a myriad of users, including taxpayers, program managers, fiscal administrators, and the Congress. It fosters an understanding of and elicits commitment to upgrading financial management systems in a timely manner.

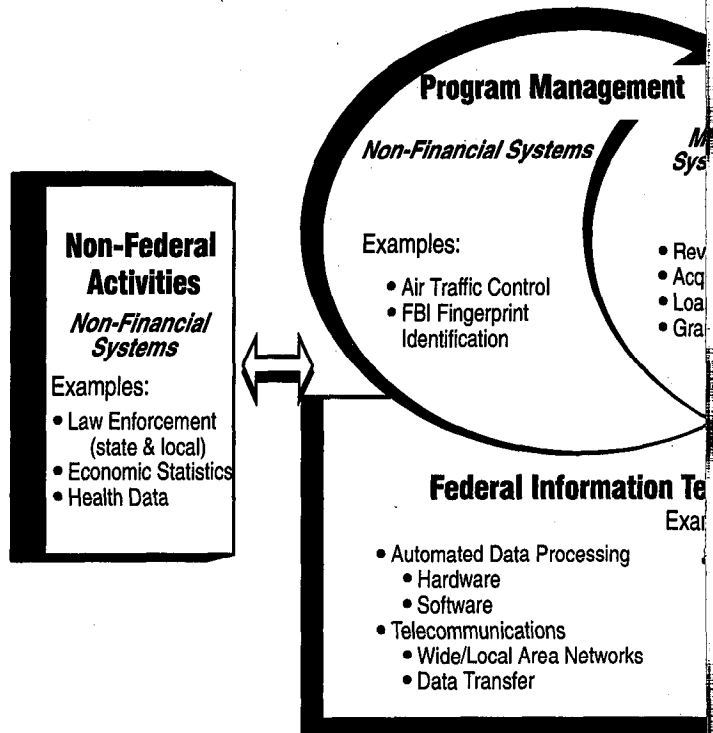
Critical Factors in Moving to Integrated Systems

Seven major factors are critical to the success of moving to integrated financial management systems:

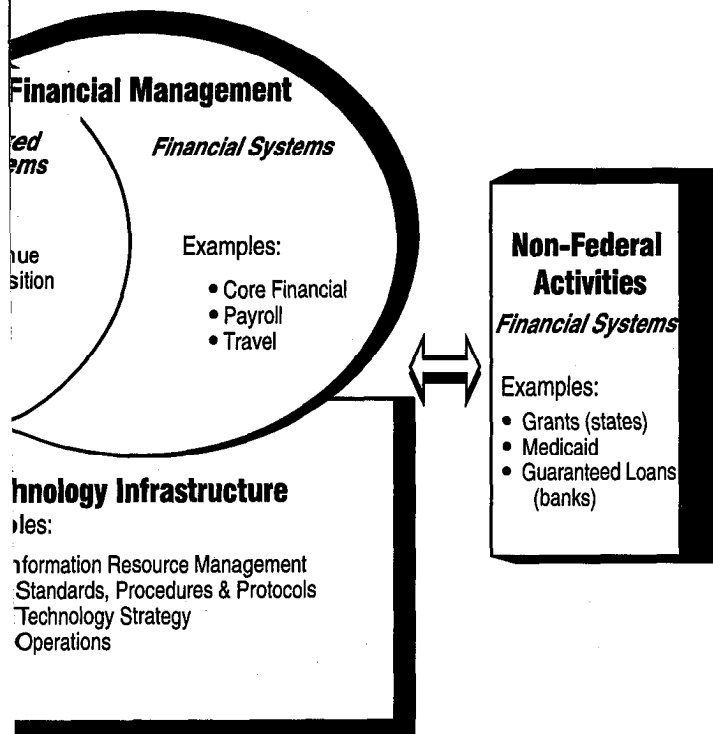
1. Adopt an integrated framework to utilize information systems to improve mission performance.
2. Link program execution processes to program objectives.
3. Manage financial management information through effective data stewardship.
4. Build an information architecture for effective program execution.
5. Build a systems architecture for effective program execution.
6. Maintain internal control to ensure integrity.
7. Implement the integrated framework for design, operation, and maintenance of systems.

Strategic Information Management and Technology

It is important to recognize that financial management systems do not stand alone. They are necessary to deliver effective processing and management information. Thus, improved financial systems have the synergistic effect of strengthening our government's decision-making capabilities and enhancing mission performance.



This requires financial management systems to support the partnership between program and financial managers, and to assure the integrity of information for decision-making and the measurement of performance.

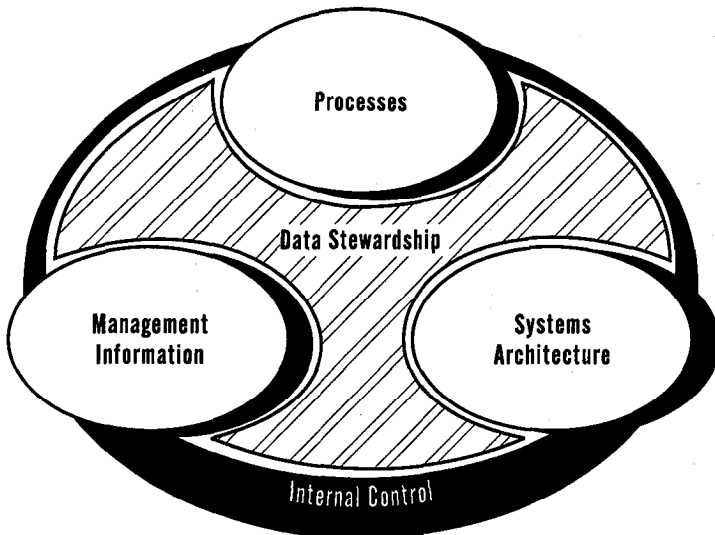


Integrated Model for Federal Information Systems

When planning and developing a system, federal managers must address:

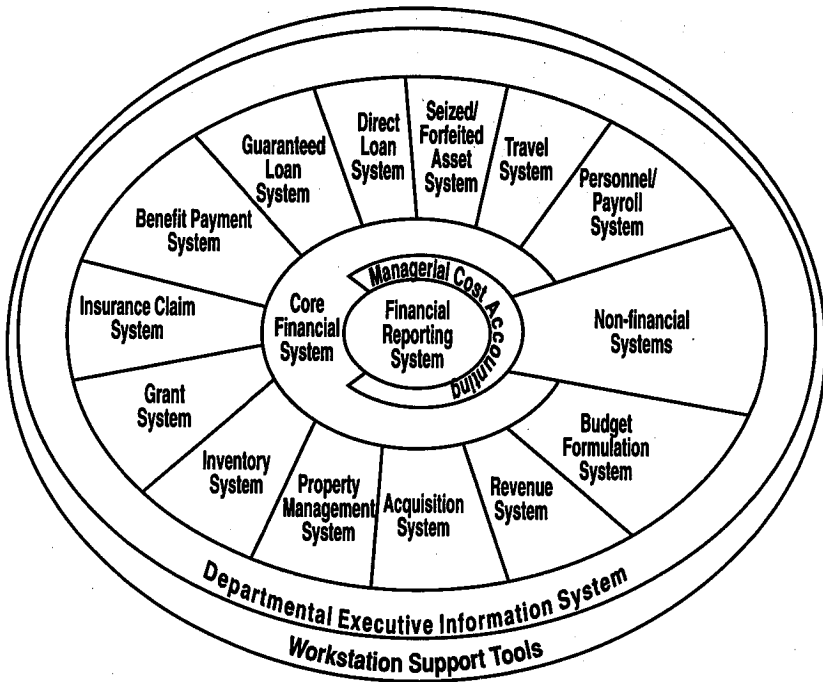
- the scope of the functions to be supported (processes)
- how data quality will be assured (data stewardship)
- the information to be processed (management information)
- how systems fit together to support the functions (system architecture), and
- safeguards needed to ensure the integrity of operations and data (internal control).

All of these pieces must be brought together in a model such as the one shown below.



Agency Systems Architecture

Agency financial management systems track financial events and summarize information to support the mission of an agency, provide for adequate management reporting, and support agency-level policy decisions. Agencies must develop systems architecture such as the one below, consistent with governmentwide standards and requirements.



Strategy for Moving Forward

To address the needed improvements in financial management systems, top management commitment is essential to improve the governmentwide information architecture, improve systems at the agency level, and facilitate shared systems efforts. Throughout the government, top managers must plan projects in each of these areas and carry them out in a coordinated manner to achieve the data integrity needed for proper and effective management.

For accomplishment of this important work, the *Framework* document describes financial management systems strategic improvement goals, implementation initiatives, and performance measures. A glossary is included with the document to facilitate and promote standardization and consistency.

Copies of this *Overview* document, the *Framework for Federal Financial Management Systems*, and publications within the Federal Financial Management System Requirements series may be obtained from:

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