



Highlights of [GAO-09-328](#), a report to the Chairman, Subcommittee on Federal Financial Management, Government Information, Federal Services, and International Security, Committee on Homeland Security and Governmental Affairs, U.S. Senate

Why GAO Did This Study

In March 2004, the Office of Management and Budget (OMB) launched the financial management line of business (FMLOB) initiative, in part, to reduce the cost and improve the quality and performance of federal financial management systems by leveraging shared service solutions and implementing other reforms. In March 2006, GAO reported that OMB’s approach did not fully integrate certain fundamental system implementation-related concepts and recommended OMB take specific actions.

This report discusses (1) OMB’s progress in addressing GAO’s prior FMLOB recommendations and implementation challenges and (2) the effectiveness of OMB’s monitoring of financial management system modernization projects and their costs. GAO’s methodology included reviewing OMB’s FMLOB-related guidance and reports and interviewing OMB and Financial Systems Integration Office (FSIO) staff.

What GAO Recommends

GAO recommends that the Director of OMB take action to facilitate complete and accurate reporting of agency spending on financial management system modernization projects. GAO reaffirms its prior recommendations and emphasizes the need to address those that have not yet been completed. OMB generally agreed with GAO’s recommendation, described actions being taken, but expressed concern with part of the recommendation.

[View GAO-09-328 or key components.](#) For more information, contact Kay Daly at (202) 512-9095 or Naba Barkakati at (202) 512-2700.

FINANCIAL MANAGEMENT SYSTEMS

OMB’s Financial Management Line of Business Initiative Continues but Future Success Remains Uncertain

What GAO Found

OMB has made progress toward implementing the FMLOB initiative. In March 2006, GAO recommended that OMB place a high priority on fully integrating four key concepts into its approach. As shown in the table, OMB has completed actions to fully address 5 of GAO’s 18 recommendations. Although OMB has made progress toward completing the remaining 13 recommendations, extensive work remains before the goals of the FMLOB initiative are achieved. For example, OMB has yet to finalize a financial management system concept of operations, the first and foremost critical building block on which the remaining three concepts will be built. In addition, development of a migration timeline reflecting agencies’ commitment for migrating to shared service providers has not yet been completed. Further, agencies are not required to consider migrating until the next major release of their core financial system and much work remains before the software used by shared service providers will incorporate the standard business processes currently under development. Accordingly, FSIO officials stated it could take 15 years or more before software that incorporates these standard business processes is in use governmentwide. We recognize that the FMLOB initiative represents a long-term effort; however, expediting efforts to address our prior recommendations could help achieve more effective and timely benefits. Until OMB fully integrates the four key concepts into its approach, the extent to which FMLOB goals will be achieved is uncertain.

Progress toward Addressing GAO’s Recommendations			
Key concepts	Number of GAO recommendations	Status of recommendations	
		Completed	Not completed
Concept of operations	4	0	4
Standard business processes	5	2	3
Migration strategy	5	2	3
Disciplined processes	4	1	3
Total	18	5	13

Sources: GAO analysis, OMB and FSIO data.

The Chief Financial Officers Act of 1990 and other information technology (IT) reform legislation contain requirements related to OMB’s oversight of agency financial management systems modernization and other IT projects. Achieving FMLOB goals requires effective OMB oversight of agency modernization projects, but OMB has yet to fully address GAO’s previously reported oversight-related recommendations such as taking actions to define and ensure that agencies effectively implement disciplined processes and develop a more structured review of agency efforts. In addition, OMB does not obtain and report complete and accurate data concerning agencies’ spending on financial management system modernization projects. The lack of sufficient information and processes to effectively monitor agency modernization efforts and their costs limits OMB’s ability to evaluate and help reduce the risks associated with financial management system implementations as well as achieve FMLOB goals.