



EXECUTIVE OFFICE OF THE PRESIDENT  
OFFICE OF MANAGEMENT AND BUDGET  
WASHINGTON, D.C. 20503

THE CONTROLLER

**MEMORANDUM FOR CHIEF FINANCIAL OFFICERS**

March 30, 2010

**FROM:** Danny Werfel, Controller

**SUBJECT:** The Office of Financial Innovation and Transformation

In an effort to transform financial management, the Office of Management and Budget (OMB) Office of Federal Financial Management and the Department of the Treasury (Treasury) Fiscal Service are partnering to set a new course in financial management. The Office of Financial Innovation and Transformation (FIT) - a new office within Fiscal Service - in coordination with the CFO Council, will identify and facilitate the acquisition or development of initial operating capabilities for automated solutions for transaction capture and processing as well as financial report production that would greatly reduce duplicate work at individual agencies. Interested agencies will be able to volunteer to pilot these initial capabilities. Successful pilots would then be phased in across the Federal government, as requested by Department and agencies.

In recent years, the Federal government has been slow to develop and adopt leading edge technologies that improve the cost, quality, and performance of financial management operations and systems. Chief Financial Officers (CFO) have also assumed new responsibilities for emerging priorities such as strengthening internal controls over financial reporting and reporting financial information beyond traditional financial statements. However, technology adoption has not been able to keep pace with these added financial management responsibilities due to the drag of obsolete technologies, and difficult implementation and execution of new technology investments. The Federal government will be unable to meet the increasing demand for meaningful financial and performance information as well as achieve significant productivity and performance gains if it continues to adopt and implement information technology as it has done since enactment of the CFO Act in 1990.

New automated solutions will be web-based; allow agencies to share common data, require little to no (duplicate) data entry; have complete financial information; and, as appropriate, provide the public access to financial information. FIT will also work to accelerate the use of electronic payments, or credit cards where appropriate, that are remitted to government agencies and also have the accompanying documents sent electronically. In addition, FIT will support Treasury Financial Management Service in its goal of making all government payments electronically.

In launching this new way of doing business, it is essential that we achieve early success. To that end, the FIT organization will open on April 5, 2010 and its first priorities will be to develop initial operating capabilities for the following:

- A shared solution for the electronic capture of vendor invoice data;
- A financial information repository of Treasury data that will initially capture invoice and payment information for contract goods and services and later expand to other Treasury financial information, as appropriate; and
- A design for shared solution to develop, capture, and report all interagency buy-sell activity.

More details on these efforts will be forthcoming and the results will be available by the fall of 2010. Additionally, FIT will also assist in ensuring consistency with a long-term financial management systems strategy for the Federal government.

This is a new and exciting time for the financial management community. Transforming government-wide financial management is not only the right thing to do, but something that the Federal government must do to meet the growing demand for more reliable and timely financial information delivered more efficiently. The new office at Treasury is one of many initiatives that OMB has underway to meet that goal. I look forward to working with each of you as we develop the new path for financial systems in the Federal government.