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REPORT ON
RESULTS AND
FUTURE PLANS
FOR IMPROVING
FINANCIAL
MANAGEMENT

JFMIP

April 2002



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Comptroller General of the
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JFMIP Principals



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Comptroller General of the
United States, and Chair,
JFMIP Principals



Paul H. O'Neill
Secretary of the Treasury



Mitchell E. Daniels
Director US Office of
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Kay Coles James
Director U.S. Office of
Personnel Management



JFMIP Steering Committee



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Chair, Steering Committee
Managing Director
US General Accounting Office



Donald V. Hammond
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Management



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A Message from the JFMIP Chair



I am pleased to report on a highly successful year for the JFMIP—a year highlighted by an unprecedented level of involvement by the JFMIP Principals, who have demonstrated a personal commitment to providing the leadership to address pressing governmentwide financial management issues and to help transform the way the federal government does business.

In August 2001, the JFMIP Principals began a series of quarterly meetings that marked the first time all four of the Principals had gathered together in over 10 years. To date, these sessions resulted in substantive deliberations and agreements focused on key issues such as:

- Defining success measures for financial management performance that go far beyond an unqualified audit opinion on financial statements and include measures such as financial management systems that routinely provide timely, reliable, and useful financial information and no material internal control weaknesses;
- Restructuring the Federal Accounting Standards Advisory Board's (FASAB) composition to enhance the independence of the Board and increase public involvement in setting standards for federal financial accounting and reporting;
- Significantly accelerating financial statement reporting so that the government's financial statements are timely and to discourage costly efforts designed to obtain opinions on financial statements without addressing underlying systems challenges;
- Establishing audit committees for the major federal agencies;
- Addressing the impediments to an audit opinion on the U.S. government's consolidated financial statements; and
- Reporting and auditing social insurance financial information that is consistent between the reports issued by the Social Security and Medicare trustees and the U.S. government's consolidated financial statements.
- Using full cost data in the budget decision-making process to enhance the planning process and the evaluation of the cost of operations, and to enhance consistency and transparency relating to presentation of this information and greater accountability for results.

The JFMIP Principals have established an excellent working relationship, a basis for action, and a new sense of urgency through which significant and meaningful progress can be achieved. Future meetings will enable the Principals to reach agreements and monitor progress on strategies critical to the full and successful implementation of federal financial management reform and to provide greater transparency and accountability in managing federal programs and financial resources.

David M. Walker
Comptroller General of the United States

A Message from the JFMIP Steering Committee Chair

The federal government continues to face tremendous challenges to implement financial management reform legislation enacted by the Congress in the 1990's. Successfully addressing these challenges is central to meeting the President's Management Agenda, which includes improved financial management performance as one of five governmentwide initiatives. At the heart of that initiative is having the capacity to routinely provide timely, accurate, and useful information on the financial results of operations to the Congress, program managers, other decisionmakers, and the American public.

JFMIP continues to stimulate further progress toward that goal through efforts such as those spearheaded by the JFMIP Principals during the past year. The JFMIP Chair's message appearing earlier in this report highlights the Principals' personal involvement to reinvigorate financial management improvement across government. Also, JFMIP continues to be a leader in:

- coordinating the development and refinement of financial systems requirements, as exemplified in 2001 by updating the core financial systems requirements and publishing benefit system requirements document;
- working to strengthen financial management human capital practices, as shown last year by publishing core competencies for project managers implementing financial systems;
- testing and certifying software products for compliance with requirements, which now takes on the added dimension of ensuring previously certified software products adequately meet new requirements;
- undertaking other financial management improvement projects, including recent studies of ways to improve payroll delivery services and to address intragovernmental transaction problems.

The JFMIP Steering Committee and the outstanding JFMIP staff, who have worked tirelessly to promote excellence in financial management, look forward to sustaining a long record of accomplishments and building on a proud tradition of being at the forefront in helping to strengthen federal financial management systems, operations, and human capital.

Jeffrey C. Steinhoff
Chair, JFMIP Steering Committee





Our Mission

The mission of the Joint Financial Management Improvement Program (JFMIP) is to improve financial management practices in the government through the joint and cooperative efforts of the U.S. Department of the Treasury (Treasury), the General Accounting Office (GAO), the Office of Management and Budget (OMB), the Office of Personnel Management (OPM), and all federal agencies. Since the passage of the Chief Financial Officers (CFO) Act in 1990, OMB, GAO, and Treasury have worked collaboratively with the CFO Council, which represents the interests of the federal agencies. JFMIP will work on initiatives to improve financial management as outlined in the President's Management Agenda for fiscal year 2002.

JFMIP's Mission

To improve financial management practices in the federal government through the cooperative efforts of OMB, GAO, Treasury, OPM, and the federal agencies.

Financial management systems that support federal accounting needs are one of the key pillars for achieving the improvement in financial management envisioned by the CFO Act. Enactment of the FFMIA created the structure needed to crystallize this vision – the implementation of Federal accounting standards, compliance with uniform functional requirements for financial systems, and compliance with data requirements for transaction recording. JFMIP is working with our partners to bring about the changes needed to ensure that federal agencies have the tools for building financial systems that can deliver the complete, consistent, reliable, and timely financial information that is crucial to decision-making processes.

As an agent of change, the JFMIP coordinates the development of and publishes functional requirements for financial management systems. In addition, JFMIP is solely responsible for the independent testing and certification of commercial off-the-shelf core financial system software. Finally, the JFMIP acts as a catalyst and clearinghouse for sharing and disseminating information about good financial management techniques and practices.

Our Organizational Structure

Leadership and program guidance for the JFMIP is provided through the joint efforts of four Principals:

- Comptroller General of the United States
- Secretary of the Treasury
- Director, Office of Management and Budget
- Director, Office of Personnel Management.

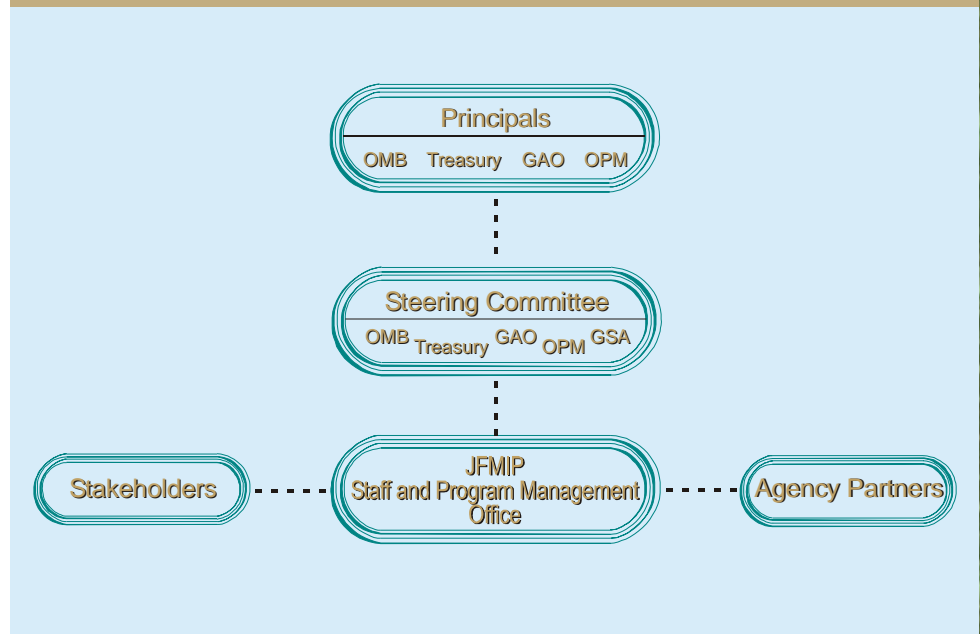
The general direction of the JFMIP is determined by the JFMIP Steering Committee, which meets monthly to oversee projects and activities. This committee includes a representative designated by each Principal, the Executive Director of the JFMIP, and a representative of a program agency. The General Services Administration continued to serve as the program agency representative.

Directly reporting to the Executive Director is a small professional staff who carries out the operational activities of the JFMIP. The JFMIP staff works on testing and qualifying commercial software products, developing functional requirements for financial systems, disseminating information on financial management practices, and working on human resource issues.

The JFMIP has provided developmental opportunities for federal employees with an interest in improving the federal government's financial management systems and practices. These developmental assignments may be as short as 30 days or longer than a year. During the past year, JFMIP hosted two CFO Fellows, a developmental assignment participant from the Federal Deposit Insurance Corporation, three Presidential Potential Program participants, and 10 participants from the Executive Leadership Program.

The success of JFMIP sponsored activities depends greatly upon our partnerships with the federal financial management community. In fact, the project teams that draft the JFMIP requirements documents are typically led by representatives of major stakeholders. The quality and success of the products reflect the talent and dedication of these agency representatives.

Figure 1 - JFMIP Organization Chart





Our Past: A Brief History of JFMIP

In 1948, the General Accounting Office, the Department of the Treasury, and the Bureau of the Budget¹ began a cooperative effort with the federal agencies to increase the effectiveness and efficiency of federal financial systems and to coordinate the interrelated financial activities and responsibilities of the central agencies. On January 6, 1949, the three central agency heads signed a formal agreement that set forth the policies, objectives, and work areas for this cooperative effort that was commonly referred to as the Joint Program. The principles and objectives of the Joint Program were embodied in statute with the passage of the Budget and Accounting Procedures Act of 1950.

Known originally as the Joint Program for Improving Accounting in the federal government, early efforts were concentrated on achieving improvements in accounting operations. In the late 1940's, significant complexity and the generation of masses of "red tape" characterized agency financial management systems. Directions to the federal agencies from the central oversight bodies frequently resulted in conflicting requirements or duplication of agency efforts. When the need for better financial management systems that generated timely and useful information became obvious, the Joint Program played a pivotal role in resolving these basic problems and bringing about a realignment of oversight responsibilities.

In December 1959, the Program was redesignated as the Joint Financial Management Improvement Program. Recognizing the importance of human resources and their role in the financial systems equation, the Civil Service Commission² was invited to join the JFMIP principals in 1966. The addition of the government's top personnel officer brought leadership and focus to personnel matters involving recruitment, training, and classification standards related to financial management.

Throughout the years, JFMIP has been involved in many studies involving a wide range of topics. These included: procurement, payment, and audit of common carrier accounts for freight and transportation services; claims settlement activities;

letters of credit for financing purposes; cash management; internal controls over payment activities; use of electronic transfer of information for interagency billings and collections; single audit guidelines for financial reviews of federal grantees, contractors, state and local governments; and streamlining of government travel regulations.

In January 1988, JFMIP published the first in its series of federal financial management system requirements documents – the *Core Financial System Requirements*. Subsequent to this document, other subsidiary system requirements were issued.

In addition to improved financial management systems, the importance of the human resources was also recognized as an essential cornerstone of the management of the federal government. The establishment of core competencies for individuals who work in federal financial management was identified as a prerequisite to enhancing the development of human resources. Since 1990, JFMIP, with the collaboration of agency teams, issued core competency documents covering accountants, budget analysts, financial managers, financial system analysts, management analysts and financial



The 1948 signing ceremony which informally established the Joint Program. Pictured left to right are John Snyder, Secretary of the Treasury; Lindsay Warren, Comptroller General of the United States; and James Webb, Director of the Bureau of the Budget.

specialists, and information technology personnel implementing financial management systems.

As part of our communication and outreach strategy, JFMIP disseminates information on financial management policies and practices, and encourages agencies to share their “best practices”. JFMIP has adopted the Internet as a major information-sharing platform. JFMIP has sponsored an annual financial management conference for almost 3 decades. JFMIP also issues quarterly newsletters that highlight the latest financial management issues, policies and practices.

¹ Currently the Office of Management and Budget

² Currently the Office of Personnel Management

Our Present: Accomplishments in 2001

The President's Management Agenda identifies five governmentwide areas to improve federal management and deliver results important to the American people. The five governmentwide areas are strategic management of human capital, competitive sourcing, improved financial performance, expanded e-government, and budget and performance integration. JFMIP is working collaboratively with federal agencies to enable the achievement of goals in these areas.

GOAL: Develop or update system requirements documents for financial systems.

JFMIP issued the benefit system requirements document for the first time.

It updated the Core Financial System Requirements, and developed an exposure draft on acquisition/financial systems interface requirements.

Financial Systems

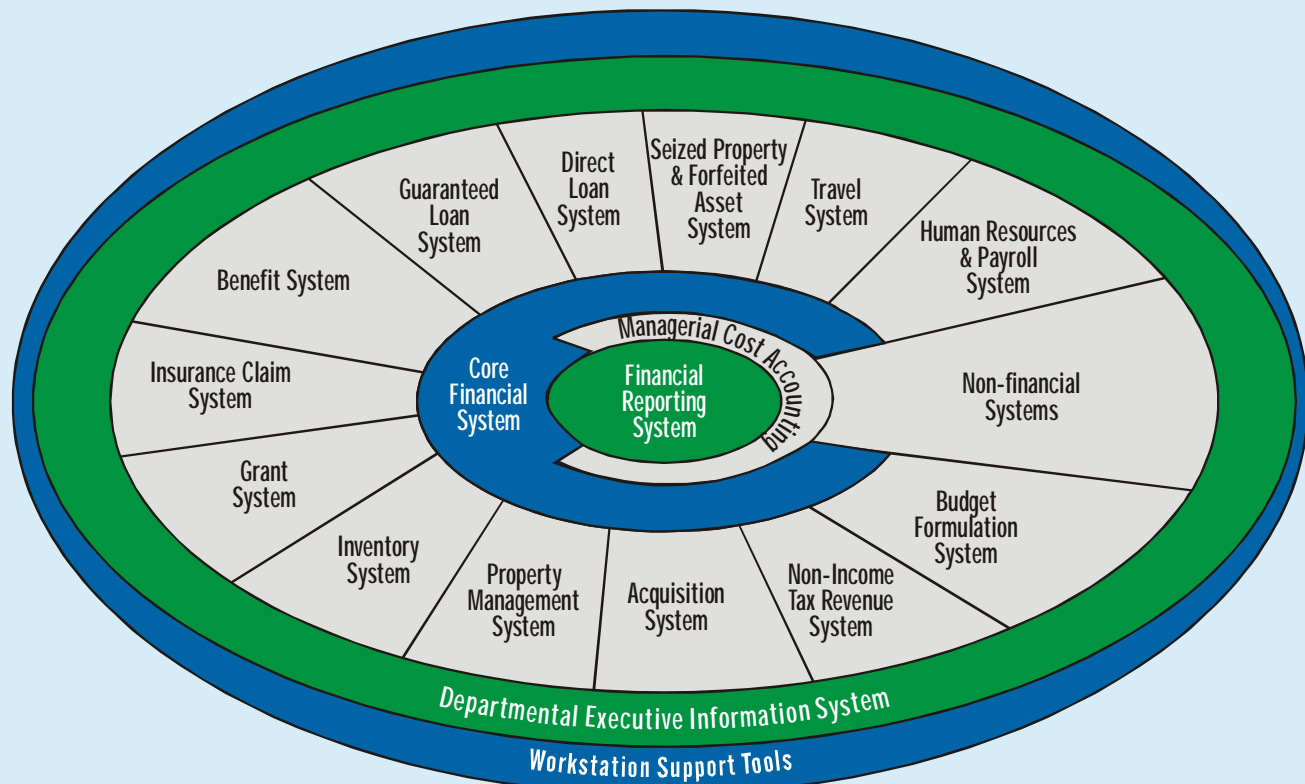
Financial systems improvement has been a priority within the financial management community for several years. The President's management goal to improve financial performance requires quality financial systems, data, and processes. Agencies must have financial systems that routinely produce information that is timely, useful, and reliable to improve accountability and program management. These systems must be capable of supporting effective decision-making and ensuring accountability. In concert with our stakeholders and the CFO Council's Systems/e-government Committee, JFMIP focused its 2001 activities in these major areas:

- functional requirements for financial systems
- software qualification testing
- intragovernmental transactions and eliminations study
- federal payroll processing study
- information sharing and outreach.

Functional Requirements

Defining governmentwide systems requirements necessary to support statutes, Executive Branch policies and regulations, and federal accounting standards is critical for achieving the desired improvement in financial systems and financial information. Such requirements provide a basis for agencies and vendors to develop, evaluate, and implement systems that support federal agency financial management. Therefore, these requirements have significant governmentwide impact on federal financial management. Moreover, the implementation of the requirements that are relevant to an agency is one of the conditions that must be met before substantial compliance with the Federal Financial Management Improvement Act can be achieved. The issuance of these common requirements helps ensure that commercially available software meets these standards, that system development time and cost are reduced, and that the market for federal financial system software is organized.


Agency Systems Architecture - Status January 2002



JFMIP system requirements documents are produced through a rigorous analysis process of federal requirements and represent governmentwide consensus of must-have functionality. They serve as a basis for gap analysis and help justify agency system improvements or replacements. These documents also help organize the private sector market by communicating mandatory functionality that commercial software must address, as well as identifying value-added features desired by federal agencies.

The JFMIP Framework for Federal Financial Systems, issued in 1995, identified 15 components of a financial management system. The components included the core financial system (inclusive of a financial reporting system), managerial cost accounting system, and 13 subsidiary financial systems. Since 1998, JFMIP began an intensive effort to update existing documents and to issue new system requirements documents for the remaining subsidiary financial systems. There has been efficient and steady progress in updating and developing system requirements documents. In 1999, JFMIP published updated system requirements for core financial systems, human resources and payroll, travel, and direct loans. In 2000, JFMIP updated system requirements for seized property and forfeited assets, and guaranteed loans. In addition, grant financial system requirements (June 2000) and property management system requirements (October 2000) were published for the first time.

During 2001, JFMIP continued to make significant progress on the update and issuance of new systems requirement documents. In September 2001, JFMIP published Federal Benefit System Requirements for the first time. Many organizations with



federal benefit programs participated, including the Departments of Defense, Labor, State, and the Treasury, the Office of Personnel Management, the Railroad Retirement Board, and the Social Security Administration. Project leadership was provided by the Department of Veterans Affairs. The published document addresses system requirements for various federal benefit programs including retirement, disability and other income protection programs. In FY 2001, these benefit programs disbursed over one-half trillion dollars to individuals. Examples of related major programs include: Old Age, Survivors and Disability Insurance, both civil service retirement plans, military retirement, veterans' benefits and Thrift Savings Plan distributions.

JFMIP worked collaboratively with the Procurement Executive Council to document requirements that interface acquisition and financial systems. The project leader was a procurement senior executive from the Department of Agriculture. A group of senior acquisition and financial officials from many agencies contributed significantly in the development of these requirements. In December 2001, the JFMIP issued an exposure draft of the Acquisition/Financial Systems Interface Requirements for public review. It is expected that the final document will be issued in late spring 2002.

JFMIP started work on the development of non-income tax revenue system requirements document for the first time. The project sponsor is from the U.S. Customs Service, and the project team has representatives from 23 agencies. Preliminary work concentrated on the analysis of agency-specific revenue system requirements. The project team is expecting to develop an exposure draft by the end of Spring 2002.

In November 2001, JFMIP issued the updated Core Financial System Requirements, previously issued in February 1999. The update reflected the results of a comprehensive review including meetings with agencies that recently have implemented commercial off-the-shelf (COTS) software for core financial management systems, the COTS software vendors, and reviews of the work papers from prior years' tests to determine areas for improvement. Central agencies' policies and requirements and agency request for proposals were analyzed to determine any new government-wide requirements. The updated requirements clarified the existing document particularly for Treasury payment requirements, upward/downward adjustments for prior year recoveries, and expanded the trading partner code to support intragovernmental transactions. New requirements were added to capture full cost and revenue to unique cost objects, and daily internal reports requirements were expanded and enhanced. In general, the revisions will ensure that core software has functionality to support financial aspects of performance reporting required by several of the President's Management Agenda initiatives. The final document is the basis of the redevelopment of JFMIP's core software qualification test.

In 2001, JFMIP began issuing white papers on various aspects of system implementation. The first white paper developed was Parallel Operation of Software, Is It A Desirable Software System Transition Technique? This document is intended to assist agencies in developing appropriate risk mitigation strategies when transitioning to new financial systems, especially to COTS software for which existing business processes must be reengineered. This white paper updates selected information regarding transitioning to a new system that is currently found in the JFMIP Framework for Federal Financial Management Systems, issued in January 1995. The first white paper was posted on the Knowledgebase at www.jfmip.gov and issued in October 2001. JFMIP will continue to develop other papers on system implementation issues.

Software Qualification Testing

JFMIP tests core financial system software and issues a 3-year certificate of compliance to versions of software packages that pass 100 percent of test steps. Over half of the existing certificates will expire at the end of fiscal year 2002. JFMIP began the redevelopment of our core software qualification test during fiscal year 2001. The staff met with agencies and vendors to solicit comments on the test that was administered previously. JFMIP also commissioned a review of the Qualification Test to determine what improvements could be made.

Based on this formal review, JFMIP began two significant changes to the test process. First, the Access database, which stores the qualification test materials, was improved. The capabilities of the database was expanded to include more comprehensive test material, such as the updated Federal Agencies Centralized Trial Balance System (FACTS) II and FACTS I data. After these changes were incorporated, the database was designated as a new system, the JFMIP Computer Aided Test Tool (JCATT). JCATT will significantly improve the quality of the Qualification Test materials, including the electronic transmission of the test data to COTS vendors and other interested parties, such as federal agencies. Second, JFMIP adopted recommendations to improve the test. The test will be significantly expanded with more transactions to cover Core Financial System Requirements more fully. JFMIP will develop automated test reconciliation tools to allow more detailed checking of test results in a shorter time period. JFMIP worked with Treasury Financial Management Service's Austin Regional Disbursing Center to agree to develop a test facility whereby payment files generated by the COTS during the test will be processed by Treasury to ensure accurate processing. JFMIP plans to complete the redevelopment of the Qualification Test during fiscal year 2002, with the first certification tests executed during the fourth quarter.

GOAL: Conduct testing to ensure that federal financial management requirements and vendor software offerings are aligned.

During 2001, one COTS financial software package received a certificate of compliance. JFMIP is updating the test to incorporate the revised Core financial systems requirements.

Qualified Vendor Software Packages - January 24, 2002

- American Management Systems, Momentum, Version 3.7
- American Management Systems, FFS, Version 5.6
- Digital Systems Group, IFMIS, Version 5.1.6
- SAVANTAGE Financial Services, Federal Financial Assistant, Version 3.01
- SAVANTAGE Financial Services, Core Financial System, Version 2
- Oracle, U.S. Federal Financials, Release 11i
- Orion Microsystems, GLOWS, Version 5
- PeopleSoft, Financials for Education and Government, Version 7.5, SP2
- SAP, R/3 with Industry Solution Public Sector (ISPS) mySAP.com with ISPSmySAP Financials with ISPS, Version 4.6

Intragovernmental Transactions Elimination Study

In 2001, the JFMIP Steering Committee tasked JFMIP staff with undertaking a study of issues associated with the recording, reporting and elimination of intragovernmental transactions and balances. Major issues to be addressed included business practices and procedures, financial systems and associated technical issues, and cultural challenges. The impetus for the study was driven by the fact that, after several years of effort, it is still not possible to properly eliminate intragovernmental transactions and balances in the U.S. Government's Consolidated Financial Statements. An inability to eliminate these amounts affects, among other issues, the government's ability to determine its cost of operations. Inaccurate cost information impairs the government's ability to control and reduce costs, assess performance, evaluate programs, and set fees to recover costs where required. Additionally, many agencies are still having difficulty eliminating intragovernmental transactions and balances within their own agencies.

GOAL: Develop recommendations to improve financial process related to intragovernmental transactions.

Based on JFMIP staff findings, OMB plans to improve technical tools and procedural guidance for agencies as well as develop functional and data architecture to support the intragovernmental business process.

The JFMIP staff prepared a preliminary research paper, contracted for further study of selected issues, and, with support from the Private Sector Council (PSC), hosted a forum to discuss practices used by large private sector entities for eliminating inter-entity transactions and preparing consolidated financial statements. Topics of discussion included closing processes, data structure, and technical tools used to identify, accumulate, and eliminate inter-entity transactions.

JFMIP staff considered the results of the forum and the contractor study and presented their findings to the Steering Committee on October 10, 2001. The major JFMIP staff findings included:

- (1) the quality of the financial data throughout the federal government is poor;
- (2) agencies cannot identify their business partners and thus cannot reconcile any differences that may exist;
- (3) common standards for data, business practices, and consistent recording of events are missing; and
- (4) technology must be used to address these issues and overcome limitations in installed financial systems and human capital.

Data quality and standardization issues directly impact the elimination of intragovernmental transactions and balances and it will take several years to resolve these issues. Associated recommendations were prioritized by the JFMIP Steering Committee based upon an impact assessment. Top priority was assigned to the following:

- development of standard identification codes for federal agencies that will function as vendor/customer codes to permit ready identification of business partners;

- revisions to the U.S. Government's chart of accounts, including the establishment of self-balancing accounts for intragovernmental transactions, to improve consistency in classification;
- testing of a proof of concept for the electronic exchange of acquisition and payment information between federal business partners to improve efficiency by automating a manual procedure; and
- determination of a standard data structure and business rules to promote increased data quality for all aspects of the business transaction.

OMB has the lead for implementing these top priority recommendations, and action is already underway as part of the Integrated Acquisition Environment, one of the 24 initiatives under the President's Management Agenda for e-government.

Federal Payroll Processing Study

On September 25, 2001, then OMB Deputy Director, Sean O'Keefe, signed a decision memorandum that requested JFMIP staff to lead a study to identify actions necessary to improve federal payroll processing. The objective was to examine federal civilian payroll service delivery from a governmentwide perspective and develop options and recommendations for future investment in payroll systems and services.

The JFMIP Payroll Study officially commenced October 10 with the forming of the "Payroll Working Group", which included stakeholder departments and agencies and representatives from OMB (Office of Federal Financial Management, Office of Federal Procurement Policy, Office of Information and Regulatory Affairs, and Resource Management Offices, Personnel Branch).

On November 9, the study concluded with a report submitted to OMB entitled "JFMIP Staff Interagency Study for OMB to Improve Federal Payroll Processing." The report stated that simplifying and unifying various elements of the Human Resources (HR)/Payroll process and consolidation and integration of HR and payroll systems across government could provide several hundred million dollars of savings governmentwide and significantly reduce future information technology (IT) investments. Recommendations included that the following strategy should be pursued:

- (1) establish central governance over the HR/Payroll function;
- (2) standardize HR/Payroll policy and processes to the extent practicable;
- (3) develop integrated governmentwide enterprise architecture for HR/Payroll systems; and,
- (4) consolidate HR/Payroll service delivery.

OMB took action on the JFMIP study through a December 21 memorandum that integrated existing HR/Payroll initiatives; designated OPM as the "managing partner" for HR/Payroll initiatives under the Internal Efficiency and Effectiveness (IEE) steering group of the "e-Government" effort; and established processes to develop an integrated HR/Payroll solution architecture and to develop the business case to support funding capital investment and migration decisions.





Information Sharing and Outreach

Communication among the federal financial community, private sector partners, the media, and other stakeholder organizations is of critical importance to JFMIP's success. As a representative of the federal financial community, JFMIP employs significant efforts on outreach, including: active involvement in various committees and councils impacting federal financial management; disseminating information about

JFMIP programs and other topics of broad interest through various newsletters, publications and trade journals; participation and leadership in financial conferences, seminars, and work groups; and through providing new JFMIP products, news and information through www.jfmip.gov.

GOAL: Leverage information sharing through electronic repository for financial management software and related information.

JFMIP maintains an electronic Knowledgebase that contains information on systems requirements, core financial system testing process and financial system planning, acquisition, implementation and maintenance.

JFMIP relies upon www.jfmip.gov as a strategic vehicle to deliver new products and information about its programs to stakeholders. As part of JFMIP.gov, the JFMIP Knowledgebase, provides the primary venue for supporting and communicating the JFMIP Core Financial System Qualification Test Process. The Knowledgebase continues to be an effective vehicle to communicate information regarding current Core Financial Systems Requirements and the Financial Systems Software Qualification Test Process. The Financial Systems Road Map is a resource library to directly support agency project managers, staff and vendors. It continues to expand as part of the JFMIP

Knowledgebase. The Road Map was co-sponsored by the Financial Systems Committee of the U.S. Chief Financial Officers Council in response to agency needs for better information to help successfully implement financial systems. JFMIP remains committed to effectively communicating relevant financial systems information and heightening the dialogue among various stakeholders.

Human Resources

In February 2001, the General Accounting Office added human capital management to the governmentwide “high risk list” of federal activities. The President’s Management Agenda included strategic management of human capital as one of its five cross cutting goals. The JFMIP has long recognized human resources as important assets of the federal government. The successful implementation of agency missions can only be accomplished with the support of a high quality work force. JFMIP has been working closely with the Human Resources Committee of the Chief Financial Council to assist in this important objective of maintaining a high quality work force. We will continue to sponsor a variety of education and outreach activities and support human capital investment.

Education and Outreach

For the past 30 years, JFMIP has been sponsoring an annual financial management conference that feature leading experts on current topics and challenges facing financial managers in the public sector. There is a diversity of topics, including human capital investment, financial system implementation, government auditing, computer security, and information technology issues. The 30th Annual Financial Management Conference was held on March 13, 2001, with a conference theme of “New Horizons for Financial Management.” Speakers from both the private sector and public sectors discussed challenges facing financial managers and auditors. Panel session topics were on financial systems, electronic government, information integration, auditing and human resources. Keynote speakers were Comptroller General David Walker and two leading experts from the private sector—Whitfield Diffie, Sun Microsystems on IT security; and Gopal Kapur, Center for Project Management on management’s deadly sins in system project implementation.

One of the highlights of the JFMIP annual conference is the presentation of the Donald L. Scantlebury Memorial Awards. These awards were created to recognize distinguished leaders who have made significant contributions to improving financial management in the public sector. The financial management leadership awards were designated as the Scantlebury Memorial Awards in 1982, in honor of the former Chief Accountant of the U.S. General Accounting Office, who left a legacy of improved financial management practices in the federal government, and was a member of the JFMIP Steering Committee. Lawrence F. Alwin, State Auditor of Texas, and Kenneth M. Bresnahan, formerly Chief Financial Officer, Department of Labor, were the recipients of the Scantlebury Awards in 2001.

GOAL: Recognize and promote excellence in financial management.

On March 13, 2001, JFMIP hosted its annual financial management conference. During the conference, Scantlebury Awards for excellence in financial management were presented to Lawrence F. Alwin, State Auditor of Texas; and Kenneth M. Bresnahan, former Chief Financial Officer, Department of Labor.

JFMIP has sponsored numerous educational events, including conferences, forums, workshops and meetings to promote better financial management policies and practices. JFMIP has worked cooperatively with interagency councils and professional organizations to ensure that financial management work force receives high quality and timely training. JFMIP will continue to partner with the financial management community to present educational and informational events that promote excellence in financial management.

Another important element of JFMIP's outreach strategy is its quarterly newsletter, that is posted on our website and published and issued in printed format. Regular features in the JFMIP News are the Executive Director's Joint Perspective article, a profile of a senior financial management official, updates from the Federal Accounting Standards Advisory Board, and the CFO Council.

Core Competency Documents

JFMIP has worked with the Human Resources Committee of the CFO Council since 1995 on the development of core competencies

for financial management personnel. The knowledge, skills and abilities that are identified as core competencies have been issued for accountants, budget analysts, and financial system analysts. Core competencies in financial management have been developed for program managers, information technology personnel implementing financial systems, and management analysts and financial specialists.

GOAL: Partner with federal programs to provide developmental opportunities for current or future federal employees.

During the past year, JFMIP hosted two CFO Fellows, eight participants from the Executive Leadership Program, two participants from the Executive Potential Program, and an individual on developmental assignment from FDIC.

Each participant was given responsibilities that were consistent with individual developmental objectives.

JFMIP, working with CFO Council's Human Resources Committee and the Financial Systems Committee, completed the development of core competencies in financial management for project managers implementing financial systems. The project team developed an exposure draft, Building the Work Force Capacity to Successfully Implement Financial Systems. This document recommended ways to improve the recruitment, retention and training of personnel working on financial system implementation.

Developmental Assignments at JFMIP during 2001

CFO Council Fellow

David Cauthon	Office of Personnel Management
Carla Kohler	Defense Finance and Accounting Service

Executive Leadership Program

Leon Coates	Department of State
Charlenea Ellis	Defense Threat Reduction Agency
Marla Goodwin	Farm Credit Administration
Anita Hankerson	Department of Justice
LaShan Haynes	Environmental Protection Agency
Veronica Jett	Department of Defense
Nilda Lauterbach	Department of State
Ruth Laughner	National Institutes of Health
Kookie Mitchell	National Park Service
Shirl Taylor-Wilson	Department of Health and Human Services

Executive Potential Program

Mary Hartman	Office of Personnel Management
Vincent Pizzigno	Immigration and Naturalization Service
Wayne Miller	Department of Energy

Other

Dottie Willey	Federal Deposit Insurance Corporation
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Developmental Assignments

The developmental opportunities provided by JFMIP play an important role in expanding the competencies of current and future financial professionals. In 2001, the JFMIP hosted two CFO Fellows, who worked on the updating and developing functional system requirements and an individual on developmental assignment from the Federal Deposit Insurance Corporation, who worked on updating core financial system requirements and testing process. The JFMIP continues to support both the Executive Leadership Program for Mid-Level Employees and the Executive Potential Program. These developmental assignments gave each participant a broad perspective of federal financial management and valuable experience in an area specific to individual developmental objectives.



Our Future: 2002 and Beyond

The 2002 JFMIP agenda will be driven by the active engagement of the JFMIP Principals and the governmentwide needs stemming from the challenge of the President's Management Agenda. The key areas will be systems and human capital.

Tremendous progress has been made since 1998, and our efforts to develop and update system requirements documents will continue. We expect to issue documents for Acquisition/Financial Systems Interface Requirements, and Non-Income Tax Revenue System Requirements in the upcoming year. We also plan to initiate projects for updating the Inventory System Requirements. We will be working with the information technology (IT) community to update the Framework for Federal Financial Systems document. In the future, we will develop budget formulation and insurance claims system requirements, when key stakeholders are available to lead these projects. This will complete the development of all system requirements in the agency system architecture.

In 2002, JFMIP resources will be heavily concentrated on the testing and qualification process. We will be busy working on the redevelopment of the software qualification test. Four of the current certificates of compliance will expire on September 30, 2002. Our goals are to revise the qualification test by June 30, 2002 and to begin the requalification testing process in July 2002.

JFMIP will continue to maintain the Knowledgebase as a cornerstone of our information sharing activities. This electronic repository is an important tool for JFMIP to communicate system requirements, details on test materials and results, and agency plans to purchase new systems. JFMIP will continue to develop white papers on key issues for financial system implementation.

A major 2002 effort will be strategic human capital for federal financial management. This will include a comprehensive study of current federal financial management work force demographics and future requirements, given planned changes in systems and processes. The study will evaluate options and tools necessary to meet future human capital requirements. We will continue to support key elements of our education and outreach strategy with our annual conference and other communication vehicles in the coming years. We will recognize excellence in financial management improvement in the public sector through our awards process, and we will host participants from various developmental programs, such as CFO Fellows, Executive Leadership Program, Executive Potential Program, and other interns. Through these efforts, we will contribute to the development of high quality human resources within the federal government. We will continue to partner with committees of the CFO Council to improve financial management.

Our Financial Highlights

There is no direct appropriation to fund the activities of the JFMIP staff offices. The General Services Administration provided administrative support services during the past fiscal year. While we do not maintain our own financial management system, we do carefully monitor the flow of resources that are entrusted to us. The figures displayed in this report are based upon budgetary flows, which are not audited. Since these resources are part of the Working Capital Fund of the GSA, they are included in the audited financial report of GSA.

Sources of Funds

Resources for the activities of the Program Management Office are funded by contributions from the 24 major agencies and departments that are frequently referred to as the CFO Act agencies. JFMIP received contributions of \$2,395K for fiscal year 2001 activities incurred. Funding for other JFMIP activities are provided through a memorandum of agreement among the four principals and the designated program agency. The agreement for fiscal year 2001 provided \$571K in funding.

JFMIP also uses resources from two additional sources. The first encompasses a variety of developmental opportunities that are provided, and the associated resource flows are included in the graphical displays. These unfunded resources totaled \$223K in fiscal year 2001. The time and effort expended by agency representatives that participate in our various projects represent additional unfunded resources for JFMIP activities. The resource inflows and outflows associated with these efforts are not reflected in our financial data.

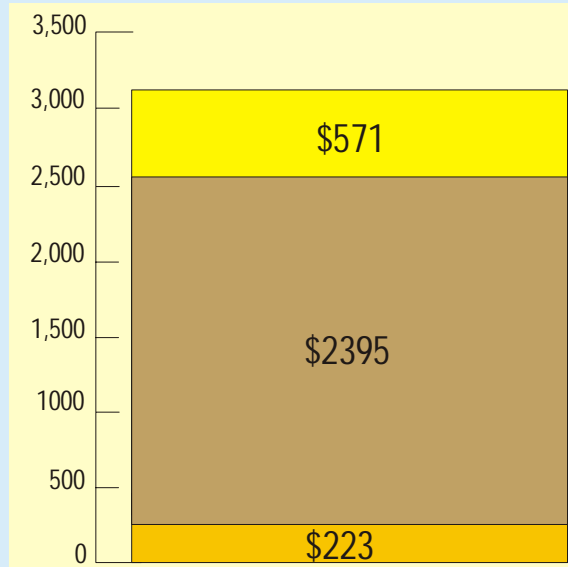
Uses of Funds

Total costs incurred for all JFMIP activities in the past year were about \$3.1 million. The major categories of spending for mission activities are consistent with our goals. The assignment of costs to these activities is based upon management's assessment of input from project managers and the use of a reasonable allocation methodology.

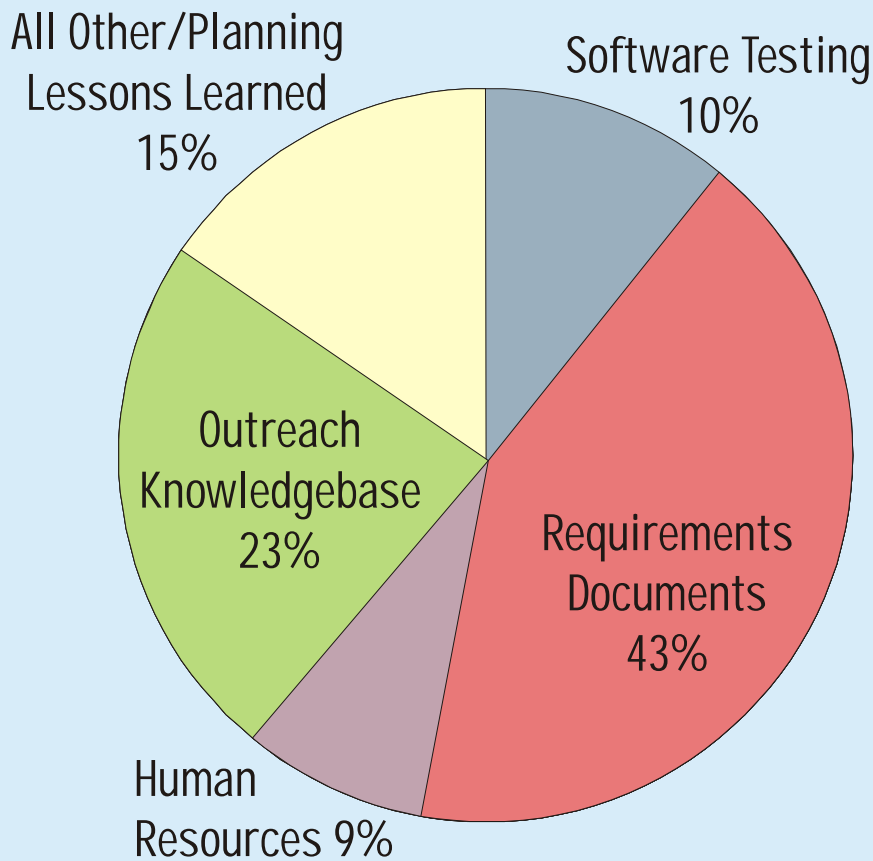
General administrative costs have been distributed to the primary mission activities, and the costs associated with the efforts from developmental details are based upon comparable contractor rates.

The cost for developing and issuing requirements documents was \$1,376K. These costs include the salaries and expenses for contractors and personnel assigned to JFMIP as well as the costs for publishing and distributing the documents. Most of the work was done for updating the core financial system requirements. The development and publication of requirements documents represented 43% of our total costs.

Sources of Funds - \$3.1 Million



Uses of Funds \$3.1 M



Software testing costs comprise approximately 10% of total costs or \$301K. This figure includes the costs incurred for the administration of the individual software qualification and incremental tests.

The cost for outreach and information sharing activities represents \$742K or 23% of our total costs. The activities included in this category are the maintenance of the JFMIP website and Knowledgebase, the issuance of the JFMIP newsletters and annual report, and the hosting of our annual conference.

Approximately 9% of the funds, or \$279K were directed towards projects related to human resources, including the issuance of core competency documents and the study on project management personnel implementing financial systems. The costs of other miscellaneous activities, such as planning, CFO Council projects and lessons learned represented \$ 491K, or 15% of the total costs.

Appendix A

JFMIP Accomplishments in 2001



Update and Issue System Requirements Documents

- Update Core financial system requirements
- Issue benefit system requirements
- Develop Acquisition/Financial Systems Interface Requirements Exposure Draft

Conduct Qualification Testing Process for Core Financial Software

- Evaluate test results for a software package

Disseminate Information

- Post test matrix on website
- Update qualified software list and supplemental information
- Post agency procurement plans and other market information
- Expand Knowledgebase

Review Intragovernmental Transactions Eliminations

- Complete an analysis of issues
- Recommend an integrated set of actions to improve process

Develop Recommendations to Improve Federal Payroll Processing

Sponsor Annual JFMIP Conference

Host Staff in Developmental Assignments

Issue Core Competency Document for Project Managers

Conduct study on HR issues for project managers and personnel implementing financial systems



Appendix B - JFMIP Future Plans

Update and Issue System Requirements Documents

- Acquisition and Financial Systems Interface
- Non-Income Tax Revenue
- Inventory
- Framework for Federal Financial Systems

Conduct Qualification Testing Process for Core Financial

- Revise test with updated requirements
- Revise test policy
- Conduct test

Disseminate Information on Testing

- Post test matrix on website
- Update qualified software list and supplemental information
- Post agency procurement plans and other market information

Knowledge Management

- Maintain jfmip.gov
- Maintain Financial System Roadmap
- Develop white papers on financial system implementation issues

Sponsor Annual JFMIP Conference

Host Developmental Assignments for Staff

Undertake study on the future of financial management work force and recommend ways for improvement

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JFMIP documents may be accessed electronically on the JFMIP Website

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The JFMIP uses the General Accounting Office's Document Distribution Center to fulfill publication requests which are made after mail list distribution. The first copy of each publication requested is free. Additional copies are \$2 each. Orders for 100 or more copies to be mailed to a single address are discounted 25%. Orders should be sent to the following address accompanied by a check or money order made out to the Superintendent of Documents, when necessary.

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