



# The Washington Connection

Association of Government Accountants, Washington, DC Chapter

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## Financial Reporting and Audit Issues Faced by The Department of Homeland Security

### March 5, 2003 Luncheon Meeting



Sheila Conley

Sheila Conley is the Chief of the Office of Management and Budget's (OMB) Financial Standards, Reporting, and Management Integrity Branch. In

this capacity, she is responsible for overseeing the implementation the Chief Financial Officers Act of 1990 and Government Management Reform Act of 1994, which require financial statement audits of large Federal agencies and the U.S. Government as a whole. She is also responsible for overseeing Federal grant

*continued on page 3*

## Luncheon Logistics

### Monthly Luncheon Meeting and Mini-Conference

Thursday March 5, 2003

#### Grand Hyatt Hotel

1000 H Street, NW (At Metro Center – 11th Street Exit)

11:30 – 12:00	Social
12:00 – 1:10	Luncheon Meeting (1CPE)
1:30 – 3:30	Mini-conference (2CPE)

\*A Comprehensive Review of the New Yellow Book  
Speaker: Marcia Buchanan of the US General Accounting Office

#### Luncheon Only Costs:

Members	\$22
Non Members	\$35

#### Lunch with Mini-conference:

Members	\$35
Non Members	\$50

*For reservations, please call the AGA Washington DC Chapter voice mail line at 703.758.4080 and select option 1. If you prefer, you can register by email to [mkubaki@hq.nasa.gov](mailto:mkubaki@hq.nasa.gov) or you can register at our homepage: [www.agadc.org](http://www.agadc.org). Please forward your name, agency/company, and telephone number.*

# President's Message – Big Questions – Do You Have Answers?

By Wendy Comes

Today I attended a forum on Building Strategy Focused Organizations with the Balanced Scorecard. The speaker was Dr. Robert S. Kaplan of Harvard Business School. Dr. Kaplan's presentation was exceptional. I came away with many ideas – ideas for both AGA-DC and my own organization.

I wanted to share one small but important part of the presentation. Dr. Kaplan focused on two big questions "employees" ask:

1. Why is my organization important to society?
2. Do I make a difference for my organization?

Having been committed to AGA activities for a number of years, I'd like to answer the two big questions from the perspective of a volunteer.



Wendy Comes, President

AGA is important to society because it "advances government accountability." Those serving the public as government financial professionals believe we help maintain public confidence in government, support good governance through relevant and reliable information and advice to decision makers, and help deliver quality service to the public. AGA helps us improve our profession and our indi-

vidual professional competence by sharing knowledge, supporting the development of standards, offering certification of expertise, and enforcing standards.

I hope that my volunteer service to AGA contributes to the integrity of its mission. By sharing my views through review of accountability reports (the CEAR program), I hope report preparers get to see the reports through the eyes of an objective user, are encouraged to improve them, and are rewarded by the recognition of their peers. By serving on the Professional Certification Board, I hope the CGFM exam remains useful to employers seeking qualified staff and to professionals striving for life-long learning and evidence of their personal commitment to the field of government financial management. By serving the local chapter, I hope that I help others discover what AGA offers and – through active participation – build their professional skills and resources.

I hope you will think about the big questions with respect to AGA as well as your employer! Each government agency has important missions and finance professionals support those missions. From time to time, we should each pause to reflect on how we are using the most important non-renewable resource granted to us – TIME. We should consider not just the immediate use of time but how what we do supports our organization's integrity and our own professional integrity over time.

## CPE Opportunities

03/03/03 - 03/06/03

### Managing the Merger: A Leadership Program for Government Executives

Description: The largest government restructuring in over a half century will occur in 2003. The protection of American lives and way of life depend upon the successful integration of a myriad of existing government agencies, all with their own cultures and operating procedures. In addition, there is considerable anxiety among employees given the new management flexibilities built into the homeland defense act. To help senior managers create a smooth and seamless transition, Brookings is offering a special three and a half day program focused on the challenges facing the new department.

**Location:** Washington, DC

**Contact:** The Brookings Institution  
- Angelo Bouselli

**Phone:** 202.797.6002

03/05/03 - 03/07/03

### Mastering the Art of Public Leadership Event

Description: Building on over forty years of providing successful executive education to public sector managers, the Brookings Institution is pleased to announce a new ten-month leadership development program. This new program will build a cadre of master executives who will have the knowledge, wisdom and skill to transform public policy into compelling results for the American people.

**Location:** Washington, DC

**Contact:** Angela R. Bouselli

**Phone:** 202.797.6002

It is time for people to realize that things like the law and accounting and reporting standards represent the floor of acceptable behavior and not the ceiling! Values like integrity, morality, compassion and stewardship represent higher callings that more people should strive to achieve. In the end, we all need to be more responsible for our actions and inactions.

– David M. Walker, Comptroller General of the United States

## Member Services

### Tour of National Cathedral

Member Services is sponsoring a tour of the National Cathedral on Sunday March 9th. We will meet at the west end entrance (Wisconsin Ave & Woodley Rd) by 1:45 PM for a 2:00 PM tour. The official interior tour will last about 45 minutes which should allow ample time for visiting the Cathedral shops and gardens. There should be ample free parking on the streets (North, South and Pilgrim) adjacent to the Cathedral. While there is no charge for the tour a \$3 donation is suggested. If you are interested in this activity, please let us know as soon as possible. Send your electronic response or direct any questions to [karl.boettcher@fms.treas.gov](mailto:karl.boettcher@fms.treas.gov) (202.874.6131).

## Financial Reporting and Audit Issues

*continued from page 1*

management policies and OMB's staff support and liaison activities for organizations such as the:

Chief Financial Officers Council, President's Council on Integrity and Efficiency, Executive Council on Integrity and Efficiency, Federal Accounting Standards Advisory Board, Accounting and Audit Policy Committee, and National Intergovernmental Audit Forum.

During a period of unusual turnover at OMB in 1999 and 2000, Sheila simultaneously served as OMB's Acting Controller, Acting Deputy Controller, and Financial Standards, Reporting, and Management Integrity Branch Chief.

Since joining OMB in 1992 and prior to becoming Branch Chief in 1999, she was primarily responsible for developing government-wide policies relating to audits of both Federal agencies and non-Federal entities -- States, local governments, and non-profit organizations -- that administer Federal awards under OMB Circular A-133 and the Single Audit Act Amendments of 1996.

Before joining OMB, Sheila was a senior manager with KPMG Peat Marwick. During her ten years with KPMG, she provided audit and financial management consulting services to clients in a wide range of industries. From 1987 to 1992, she devoted the majority of her professional time to auditing Federal agencies and State and local governments.

Sheila is a Certified Public Accountant in the District of Columbia and Certified Government Financial Manager. She is a member of the Greater Washington Society of Certified Public Accountants, American Institute of Certified Public Accountants, and Association of Government Accountants (AGA). She served on the AGA Education and Research Foundation Board and Big Sisters of the Washington Metropolitan Area Board of Directors.

Sheila obtained a bachelor of business administration degree (summa cum laude) in 1981 from James Madison University in Harrisonburg, Virginia. She is married and has three very energetic sons.

## Luncheon Meetings

The following is the schedule for the remainder of this year's luncheon meetings and mini-conferences:

**March 5, 2003 – Luncheon Meeting and Mini Conference**

**April 10, 2003 – Awards Dinner (Not Part of Luncheon Series)**

**May 6, 2003 - Luncheon Meeting and Mini Conference**

## Join the Ranks of Distinguished Agencies Receiving CEAR

The deadline is approaching to submit fiscal year 2003 Performance and Accountability Reports for an in-depth evaluation under the Certificate of Excellence in Accountability Reporting (CEAR) Program. A review panel evaluates each Performance and Accountability Report and submits detailed recommendations for improvement. Exceptional reports are then recognized with the Certificate of Excellence in Accountability Reporting. Submit your Performance and Accountability Report, supporting documentation and \$5,000 filing fee by March 1, 2003.

Visit [www.agacgfm.org/cear/index.htm](http://www.agacgfm.org/cear/index.htm) for more details, or contact Lisa Thatcher at [lthatcher@agacgfm.org](mailto:lthatcher@agacgfm.org).

## TOPICS Newsletter is Going Electronic

Starting in April, AGA's Government Financial Management TOPICS newsletter will become an electronic publication. To ensure that you will continue to be notified when each new issue becomes available, please register your e-mail address at [www.agacgfm.org/membership/form\\_address.htm](http://www.agacgfm.org/membership/form_address.htm).

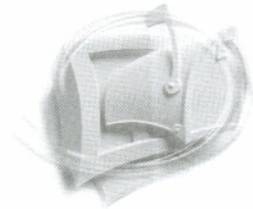
No Internet access at home or at work? Please call 800.AGA.7211.

You agree that integrity is the "element of character fundamental to professional recognition...the quality from which the public trust derives" and the "benchmark" against which all other decisions must be tested.

— William F. Ezzell, AICPA Chairman

## E-mail Mailing List

Would you like to receive e-mail reminders of our monthly meetings and conferences? If so, please go to [www.agadc.org](http://www.agadc.org) to sign up for our mailing list in the Member Services section of the website.



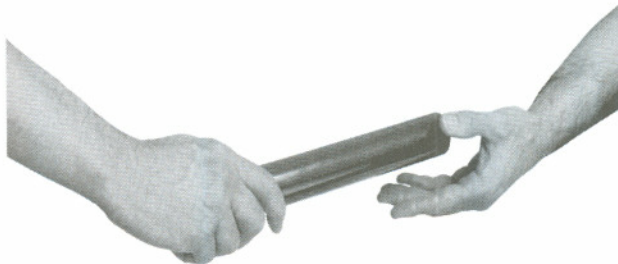
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## Scholarship Program for AGA Members

Rutgers University has created a scholarship program for AGA members interested in earning the CGFM certification and/or an advanced degree in government financial management, which is now completely available online. The criteria for this program is posted on the homepage of AGA Website at [www.agacgfm.org](http://www.agacgfm.org)

All applications are due by March 31, 2003 to:

Professor Robert H. Werner, CGFM  
Rutgers Business School  
MACCY Program and Governmental Accounting  
Levin Building, 94 Rockefeller Road  
Piccataway, NJ 07102-1897

Necessity may well be called the mother of invention—but calamity is the test of integrity.

– Samuel Richardson

The integrity of the game is everything.

– Peter Ueberroth,  
Baseball Commissioner

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## Job Announcements

Job Type	Series	Agency	Announcement	Application Close Date	Contact
Auditor	HS-0511-05/10	US House of Rep's	IG-03-01	03/31/2003	202-606-0894
Auditor	GS-0511-05/07	Dept. of Ed	WA156557-LR	05/31/2003	202-606-1277
Staff Accountant	GS-0510-13/14	Washington HQ Services	WHS-02-5703-PM	03/24/2003	703-617-0652
Excise Tax Auditor	PD-0511-01/	Bureau of ATF	DPO-02-039	03/20/2003	202-927-7964

If your organization would like to list job announcements in the newsletter, please send announcement information to [diane.wright@ams.com](mailto:diane.wright@ams.com).

To starve to death is a small thing, but to lose one's integrity is a great one.  
*– Chinese proverb*



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## Washington DC Chapter AGA

### Highlights from Executive Council Meeting – January 7, 2002

The sixth meeting of the chapter year commenced at 12:00 noon on Tuesday, January 7, 2003 in the GAO Building, 441 G Street NW, Washington, DC. There were nine attendees.

The following topics were discussed at the meeting:

- Chapter President Wendy Comes opened the meeting with an announcement that the proposed increase to membership dues was passed by National. Wendy also reminded everyone that the REAP

Program continues through May 2003 and everyone should do their part to bring new members into the chapter.

- Gail Vallieres was appointed as Treasurer, to fill the remaining term of Meghan Schindler, who resigned from the Treasurer's position. Jim Swartz was appointed as Assistant Treasurer, replacing Gail Vallieres.
- Education Director John Cherbini reported that the plans for the May 2003 conference are progressing nicely.

- Member Services Director Karl Boettcher spoke about the upcoming events, including the Chinese New Year, the ski trip, and the National Cathedral tour.

The next Executive Council Meeting is scheduled for Tuesday, March 4, 2003.

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# Inside the Black Box—Reporting Allowance for Loss on Accounts Receivable

By Simcha Kuritzky, CGFM, CPA

## Eliminating Receivables

In order to eliminate the effects of transactions between federal agencies for the government wide financial statements, Treasury's Financial Management Service (FMS) requires that trial balances submitted to them include information on the trading partner for receivables, payables, reimbursables, expenditures, revenues, and expenses. Included in these accounts are all receivable accounts (those that begin with 13) except 1399 Allowance for Subsidy. It also includes some of the budgetary receivable accounts, such as 4251 Reimbursements and Other Income Earned - Receivable.

## Allowance for Loss

When an agency recognizes revenue or a reduction to expenses associated with a receivable, the matching principle requires that the agency also recognize a potential expense (contra-revenue for nonexchange revenues) for any loss due to the debtor's lack of creditworthiness. The account that offsets the receivable, to reduce it to its anticipated value, is 1319 Allowance for Loss on Accounts Receivable. The Standard General Ledger (SGL) transactions associated with this account are:

<b>Allow for bad debts:</b>	dr. 6720 Bad Debt Expense
<b>D204</b>	cr. 1319 Allowance for Loss on Accounts Receivable
<b>Write off bad debts:</b>	dr. 1319 Allowance for Loss on Accounts Receivable
<b>D206</b>	cr. 1310 Accounts Receivable

## Trading Partners

Treasury's FACTS I interface requires that Trading Partner be reported for both 1310 Accounts Receivable and 1319 Allowance for Loss on Accounts Receivable. This works okay if the agency records the allowance on each receivable separately. It is my experience, however, that agencies estimate the allowance as a percent of the open balance, with no vendor (or just a miscellaneous public vendor) on the entry. When this is the case, the estimate (entry D204) will never have a Trading Partner, while the write-off (entry D206) could have a Trading Partner, resulting in a debit (unnatural) balance for the Trading Partner in account 1319.

Agencies that do not record vendors on the allowance estimate should set their FACTS interface so Trading Partners are ignored in account 1319, and balances are always reported as if they were with the public (the same holds true for the other allowance accounts 1329, 1349, 1359, and 1369). If Trading Partner is entered on the accrual, then the accrual must be increased to match or exceed any write-offs, so the balance by Trading Partner never becomes a debit.



The basic idea behind the eliminations is to reduce accounts such as payables and receivables so these are not inflated by transactions within the reporting entity. Usually, the balances reported in 1310 Accounts Receivable by one agency are offset by the balances reported in 2110 Accounts Payable in the other. However, there isn't an offset account for 1319--an agency isn't going to discount their payable by the likelihood they won't be able to pay! FMS should rethink their requirement that Trading Partner information be reported for the receivable allowance accounts.

*Comments, suggestions, and critiques are welcome. Send them to [Simcha.Kuritzky@ams.com](mailto:Simcha.Kuritzky@ams.com), and not to the AGA.*

Integrity without knowledge is weak and useless, and knowledge without integrity is dangerous and dreadful.

— Samuel Johnson



## CGFM: What a Great Way to Begin the New Year!

By Joan Schwartz

Congratulations and thanks to all of you who have helped to promote and support the CGFM designation! Our statistics reflect your advocacy of the CGFM Program. From providing CGFM ribbons for your members' name tags at monthly meetings, to providing rebates for individuals taking their CGFM exams, to celebrating a member's passing the CGFM examination, you have brought to the attention of your membership the value of the CGFM Program.

During the last nine months of FY 2002-03 the number of applicants for the CGFM Program has increased by 20% and the number of CGFM holders has increased 100% over the numbers for all of FY 2001-2002. And, most importantly, our CGFM renewal rate for 2002 is 95%!

We look forward to your continued support of the CGFM Program - it will continue to grow and prosper only if you continue your advocacy and support. We want to especially

thank the individuals who took the leadership roll along with the AGA chapter leadership in Idaho, Washington, and Missouri. Their persistence and hard work resulted in successfully having state departments and/or legislators formally recognize the CGFM designation. Those of you who are interested in following in your colleagues' footsteps can call them for information and support - Ms Angie Billings in Idaho (208.334.2882 or [abillings@dfm.state.id.us](mailto:abillings@dfm.state.id.us)), Ms Vandee DeVore in Missouri (573.522.5863 or [devorv@mail.ia.state.mo.us](mailto:devorv@mail.ia.state.mo.us)), and Ms Tracy West in Washington (360.357.2634 or [sunset@hctc.com](mailto:sunset@hctc.com)).

At the federal level we began to see the results of the 2002 government legislation permitting government agencies to use appropriated funds to pay for examinations to obtain professional certification credentials. Two departments have issued professional certification policies -- the EPA's IG office and the Defense Finance and Accounting Service (DFAS) of the

Department of Defense (both can be found on the AGA website).

Each of us can make a difference - Do you have a colleague in the human resources department of your division who can give you updates about revisions to job classifications, or how to go about obtaining recognition for a certification? Do you have colleagues who are considering a job promotion or a change in jobs and want to know what will place them above the rest of the applicants? Do you use your CGFM designation on your business cards and after your name on business letters? All of these small acts add up to gaining greater recognition for the CGFM!

*Joan Schwartz, Deputy Executive Director, Professional Certification AGA-Advancing Government Accountability  
2208 Mount Vernon Ave  
Alexandria, VA 22301-1314*

*703.684.6931.ex 311 Fax: 703.548.9367  
[jschwartz@agacgfm.org](mailto:jschwartz@agacgfm.org) [www.agacgfm.org](http://www.agacgfm.org)*

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## Community Service Countdown

By Cis Kuennen

As our Chapter President Wendy Comes recently reminded us, the end of our program year is in sight. Our members' response to this year's community service projects and initiatives has been outstanding. As we head to the finish line I would like to encourage everyone to: 1) participate in the Volunteer Income Tax Assistance (VITA) Program; 2) volunteer at the annual Federal/District of Columbia Volunteer & Community Service Program in April; 3) submit a note at this month's meeting with any "Personal Acts of Service" you have recently

participated in; and 4) drop a few pennies or other spare change in the "Service Cents" jar at the registration table.

AGA Chapters throughout our country are encouraged to have community service programs as a "means to make a social impact on our communities." Through the dedicated efforts and generous spirit of our Chapter members, we are well on our way to another successful year of community service. As we countdown toward our final meetings in March, April, and May, please take a few minutes to get involved.

Next month's Community Service update will feature our list of members' Personal Acts of Service. As a reminder, the list will be our accomplishments; names of the good Samaritans will remain anonymous. I look forward to adding your good works to the list. Community Service point of contact is Cis Kuennen, 703.390.6545 or [cisakuennen@aol.com](mailto:cisakuennen@aol.com).

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Joanie Barr - VP, Strategic Solutions  
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# AGA-DC and GWSCPA 2nd Annual Conference

## Financial Management in Practice: The Realities of Systems and Processes

May 7-8, 2003  
8:00 AM - 4:30 PM  
at the Grand Hyatt Hotel

**Highlights:** The goal of this conference is to provide practical, hands-on education and advice for front-line financial managers, supervisors, and accountants. This 2-day conference will address emerging issues related to financial management and systems. The conference will have two tracks during certain sessions - one track for accounting/auditing topics (e.g., Credit

Card Internal Controls and Best Practices), and a second for financial systems topics (e.g., Making Legacy Systems Work). These two tracks allow attendees the flexibility to

attend some accounting topics and some systems topics.

**Conference Registration:** AGA-DC and GWSCPA

Members: \$300 early registration (\$350 late registration - after April 18th)  
Nonmembers: \$350 early registration (\$400 late registration - after April 18th)

**Continuing Education:** 15 CPE (The GWSCPA Educational Foundation is providing CPE credit for both GWSCPA and AGA-DC members. The Foundation is a registered CPE sponsor with: DC / MD / NJ #845.)

For more information visit [www.agadc.org](http://www.agadc.org) or call 703 758-4080

## Newsletter Comments or Suggestions?

Do you have any comments or suggestions regarding the newsletter? Do you have an article you'd like to see in print? The deadline for submitting articles to appear in the May 2003 issue is March 19, 2003. Please send your comments and contributions to the newsletter editor, Diane Wright at [diane.wright@ams.com](mailto:diane.wright@ams.com).

# Call for Award Nominations

## AGA National Awards

March 7, 2003 is the deadline to submit nominations for AGA's National Awards that will be presented at the 52nd Annual Professional Development Conference in Chicago, IL. These awards primarily recognize individuals for their contributions to the Association. We encourage you to nominate individuals for the variety of national awards that AGA offers. AGA's National Awards Committee proudly sponsors a series of three presentations to recognize individuals for their exemplary work in the field of financial management:

### AGA's Federal Leadership Awards

These awards are presented at the annual Federal Leadership Conference and recognize outstanding financial leaders in the federal government.

- Distinguished Federal Leadership Award
- Elmer Staats Award
- Andy Barr Award

### AGA's National Awards

These awards are presented at the annual Professional Development Conference and Exposition and primarily recognize individuals for their contributions to the Association.

- Einhorn-Gary Award
- Robert W. King Memorial Award
- Frank Greathouse Award
- Achievement of the Year Award
- Special Achievement Award
- Education & Training Award
- Chapter Service Award
- Community Service Award
- Research Achievement Award
- Cornelius E. Tierney/Ernst & Young Research Award
- Other National & Local Awards

## AGA's State & Local Government Leadership Awards

These awards are presented at the annual State and Local Leadership Conference and recognize outstanding financial leaders in the state and local levels of government and the private sector.

- Excellence in Government Leadership Award
- William R. Snodgrass Distinguished Leadership Award
- Distinguished Local Government Leadership Award
- Private Sector Financial Excellence Award

To view a listing of the National Awards, go to:

<http://www.agacgfm.org/about/awards.htm>

Questions? Contact Sebrina Bridgers at 703.684.6931, ext. 100, or at [sbridgers@agacgfm.org](mailto:sbridgers@agacgfm.org)



## AICPA Subject Award

The AICPA is now accepting nominations for the subject award. The deadline for nominations is April 1, 2003. The award will be presented at the 20th Annual National Governmental Accounting and Auditing Update Conference in August in Washington, DC. The award is rotated every three years. For 2003, nominations are being accepted for local government employees. Attached are the award's criteria and nomination form.

### The AICPA Outstanding CPA in Government Award

The AICPA Outstanding CPA in Government Award has two major purposes. The first is to recognize the achievements of individual CPAs employed in government. The second is to promote the CPA designation as the premier professional credential for accounting, auditing, and finance professionals in government.

This award gives the AICPA the opportunity to positively recognize the achievements of outstanding CPAs in government. Nominations for the annual award can be submitted by the State Societies, members at large, federal, state, or local government agencies, or other professional associations. The active involvement of the State CPA Societies is vital to the award's success.

To ensure recognition among the three levels of government, the award will be rotated among CPAs working in one of the three levels of government. For the award year 2003, only CPAs working in and contributing to local government will be eligible for the award. The nominee must have made his or her contribution(s) to the level of government in which he or she is being nominated.

The award will be presented at the AICPA's National Governmental Accounting and Auditing Update Conference.

*continued on page 13*

continued from page 12

**Eligibility**

To be eligible for the AICPA Outstanding CPA in Government Award, the nominee must be:

1. A member of the AICPA and/or a State CPA Society employed in federal, state, or local government. Elected and appointed officials are eligible. Government employees who have been retired less than one year prior to the application deadline are also eligible.
2. Distinguished by:
  - Having made a sustained and

significant contribution to the increased efficiency and effectiveness of his/her government organization. (This item is the most significant criteria in evaluating the candidate.)

- Having made a significant contribution to state and national professional organizations.
- Having made a significant contribution to the growth and enhancement of the profession.
- Having made the significant contribution(s) in the level of government for which nominated.

3. Nominated through a formal process by his/her State CPA Society, other professional association, an AICPA and/or State CPA Society member at large, or a federal, state, or local government agency.
4. Currently not serving as the president of his/her State CPA Society, or as a member of the AICPA Board of Directors or AICPA Government Performance and Accountability Committee.

Questions? Contact Pamela Green at 212.596.6034 or at pgreen@aipca.org

## Welcome to Our Chapter's Newest Members

Name	Organization	Sponsor
Robert A. Balin, CPA	Department of Labor	Mr. Uriel Gottesman
John Bargerstock, CPA	Fish & Wildlife Services	Mr. Patrick McHugh
Jonathan Breul	IBM	
Kellice ReNee' Chance, CPA	Department of Health & Human Services	
Peter Dragon	Department of Defense	
Marjorie Ann Gellar	Daston Corporation	
Leah Herd	PricewaterhouseCoopers	
Naomi Hirose-Gormally	KPMG	Ms. Beverly Rzepka
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Michael Kidwell	National Institute of Standards & Technology	
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Pauline McFadden	Delta Solutions	
Kristina Marie Rennekamp	Department of Interior	
John Sawyer, CGFM	General Accounting Office	Ms. Kay L. Daly, CGFM, CPA
Patricia Sheehan	General Services Administration	
John Warner	General Accounting Office	
John Wilson, CGFM	General Services Administration	
Robert Wilson	Veterans Administration	

# HHS' Unified Financial Management System

By Simcha Kuritzky, CGFM

At the January DC Chapter luncheon, Gerald Thomas, Department of Health and Human Services (HHS) Program Director for the Unified Financial Management System (UFMS) Program spoke about HHS' efforts in implementing a department-wide financial management system. The UFMS effort supports HHS Secretary Tommy Thompson's "One Department" management approach and the President's Management Agenda improved financial performance initiative. Mr. Thomas joined HHS from the Defense Department in January 2002 to serve as UFMS Program Director. Mr. Thomas had served as the Director, Business Modernization and Systems Integration Directorate in the Office of the Secretary of DoD, with responsibility for leading DoD's strategic financial management modernization program, including the development of department-wide financial management enterprise architecture. Previously, Mr. Thomas worked with the U.S. General Accounting Office for 20 years, becoming Assistant Director, Defense Financial Audits, Accounting and Information Management Division.

## Overview of UFMS Initiative

HHS expenditures comprise about one-fifth of all federal disbursements with the Medicaid and Medicare programs accounting for the vast majority of outlays. HHS currently maintains 5 accounting systems supporting HHS operating components' financial management needs. (The systems are operated by the National Institutes of Health (NIH), the Food and Drug Administration (FDA), the Centers for Disease Control and Prevention (CDC), the Centers for Medicare and Medicaid Services (CMS), and the Program Support Center (PSC)). UFMS is to replace each of these systems. On June 14, 2001, Secretary Thompson directed that these systems be replaced with one "unified" system consisting of two primary components: one system to support the CMS and its Medicaid

and Medicare programs, and another to support all other operating components and their programs/activities. The Secretary's directive in essence launched the UFMS initiative. The Department is also looking at consolidating HHS grants systems. UFMS will be implemented using Oracle Federal Financials core financial modules (General Ledger, Budget Execution, Payables, Purchasing, and Receivables), Oracle Projects, reporting tools to provide consolidated financial reporting, interfaces to existing systems, and selected software enhancements where necessary.

HHS is currently developing the architecture and process designs for UFMS and finishing definition of requirements. Shortly, HHS will begin its "fit-gap analysis" to determine how well the Oracle software will address the defined requirements. The current project timeline for UFMS runs through FY 2007. The PMO structure for UFMS requires about 45 federal staff plus an additional 100 or so in the field to develop and finalize HHS' requirements analysis and approximately 50 contractors for support. As part of the UFMS development process, HHS holds monthly planning and development committee meetings. The project Steering Committee includes a top SES representative from each operating component. HHS holds weekly risk management meetings to proactively address issues impacting the development of UFMS.

## UFMS Design Scope and Approach

Due to the complex and specialized functional requirements for UFMS, available COTS packages will not totally satisfy HHS' proposed requirements. Mr. Thomas stressed that the Federal model for implementing Commercial-Off-The-Shelf-Software (COTS) is not mature. It takes substantial time and resources to configure and modify a system for a major agency, such as HHS, and to re-engineer the related business processes. As a result, HHS' approach is designed to

clearly layout the technical, functional, and management requirements for UFMS by addressing JFMIP, HHS specific, and other federal government requirements before final design and implementation efforts are initiated using COTS packages.

HHS' primary goal for UFMS is to develop and deploy an integrated financial system that produces timely information for all HHS users including performance and financial management needs. This includes the provision for tools and information to empower managers to make business decisions, a user-friendly (near) real-time system, increase in management effectiveness and efficiency, the strengthening of management internal controls, increase compliance with regulatory and legislative requirements, and linking of financial and program performance.

Mr. Thomas stated that HHS' requirements for UFMS start with the JFMIP core requirements (General Ledger, Accounts Payable, Accounts Receivable, Cost Management, and Budget Execution), and continues with the specific functional requirements identified for each component. Part of HHS' development process includes the restructuring of its accounting processes to maximally satisfy all of the stakeholders needs. In addition, HHS' current effort includes the alignment and coordination of UFMS requirements with related feeder system requirements and federal 'eGovernment' initiatives.

## Conclusion

The UFMS initiative is HHS' response to the President's Management Agenda requiring more efficient, effective and responsive government. The scope and strategic goals for UFMS are broad and complex. To address the functional, management, and user requirements of this system, a comprehensive approach to defining the requirements and incorporating these using requirements into a COTS package is necessary.

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