

UNCLASSIFIED

FINANCIAL MANAGEMENT IMPROVEMENT PROJECT (FMIP)

DEPUTY DIRECTOR OF ADMINISTRATION BRIEFING

August 24, 1987

AGENDA

I. Introductions

Allen R. Elkins,  
Director of Finance

STAT II. FMIP - Its Purpose  
and Background

[Redacted]  
Assistant Director  
of Finance for Plans  
and Policy

STAT III. FMIP - An Assessment of  
o Phase I Improvements  
o Phase II Opportunities

[Redacted]  
Price Waterhouse  
FMIP Project Manager

STAT IV. FMIP - The Management  
Process

[Redacted]

V. Discussion

DMA REGISTRY

1-6

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# **FINANCIAL MANAGEMENT IMPROVEMENT PROJECT (FMIP)**

# **FMIP OBJECTIVE**

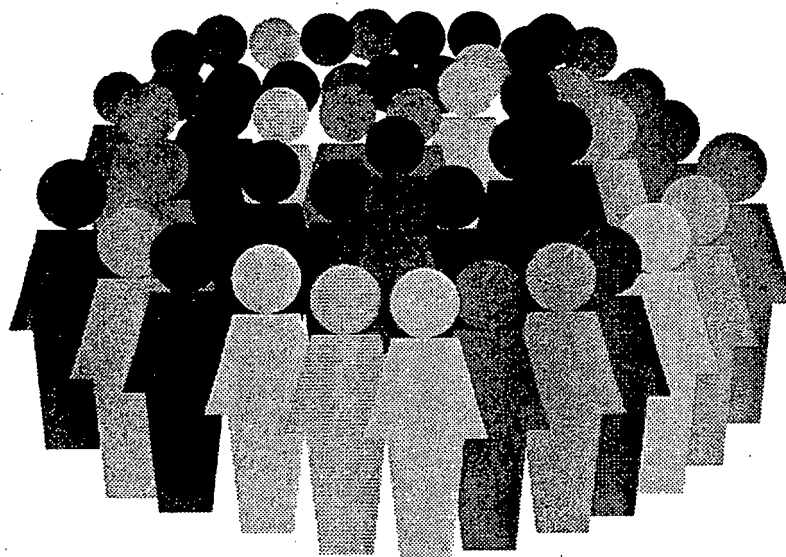
**IMPROVE THE EFFICIENCY AND QUALITY OF  
OVERALL AGENCY FINANCIAL OPERATIONS**

# BRIEFING OBJECTIVES

- PHASE I IMPROVEMENTS
- PHASE II OPPORTUNITIES

# AGENCY CHALLENGES

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## Resource Intensive Operations

# PHASE I IMPROVEMENTS

## MAXIMIZE EFFICIENCY OF PERSONNEL

| <u>IMPROVEMENTS</u>         | <u>BENEFITS</u>        | <u>HRS SAVED</u> |
|-----------------------------|------------------------|------------------|
| Statistical Sampling        | Reduce Audit Hours 40% | 17,000           |
|                             | Reduce Backlogs 50%    |                  |
| PRIM Implementation         | Reduce Manual Effort   | 1,000            |
|                             | Improve Timeliness     |                  |
| Redundant Payment Approvals | Streamline Approvals   | 1,350            |
|                             |                        | -----            |
|                             | <b>TOTAL:</b>          | <b>19,350</b>    |
|                             |                        | =====            |

## PHASE II OPPORTUNITIES

### MAXIMIZE EFFICIENCY OF PERSONNEL

| <u>PROPOSED IMPROVEMENT</u>               | <u>COST</u> | <u>BENEFITS</u>        |
|---|-------------|------------------------|
| Apply Statistical<br>Sampling Agency-wide |             | Reduce Workload 25-50% |
|   |             | Reduce Backlogs 50%    |
| o Class A Stations                        | \$ 100,000  |                        |
| o DA B&Fs                                 | 100,000     | Improve Quality of     |
| o DS&T B&Fs                               | 70,000      | Financial Operations   |
| o DI B&Fs                                 | 40,000      |                        |
| o Budget Preparation                      | 180,000     |                        |

# PHASE I IMPROVEMENTS AUTOMATE OPERATIONS

| <u>IMPROVEMENTS</u>           | <u>BENEFITS</u>   | <u>HRS SAVED</u> |
|-------------------------------|---|------------------|
| Audit Statement<br>Automation | Reduce Manual<br>Preparation Time                             | 480              |
| Cash Reconciliation<br>System | Reduce Reconciliation<br>Workload<br>Reduce 6-9 Month Backlog | 600              |
| FBIS Billing Automation       | Automate GAS Entries<br>Reduce GAS Entries 50%                | 1,000            |
|                               |   | -----            |
|                               | <b>TOTAL:</b>   | <b>2,080</b>     |
|                               |   | =====            |

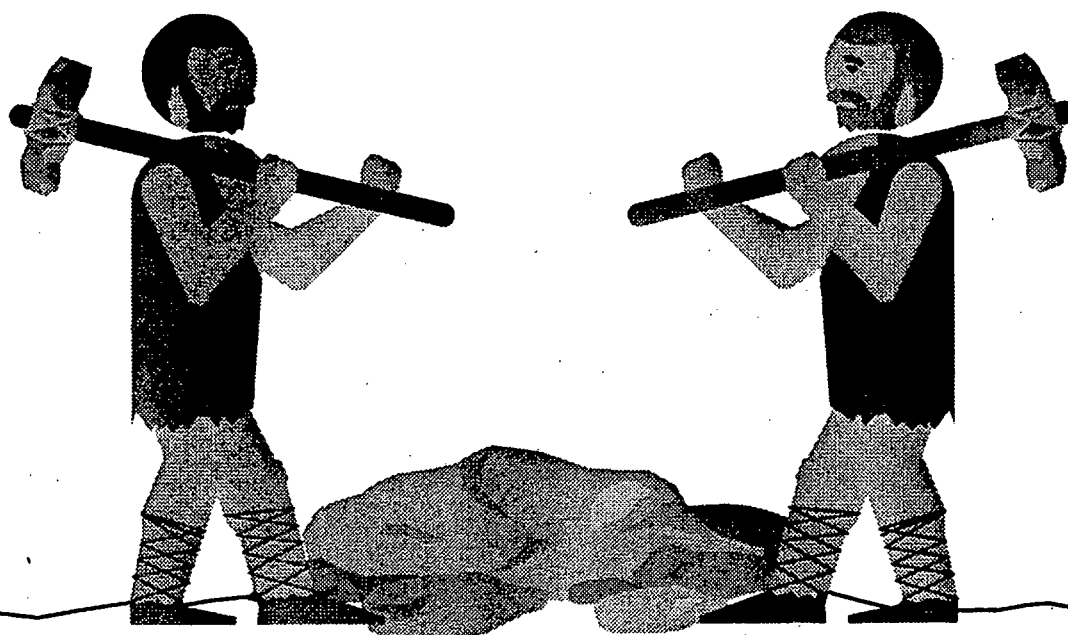


## PHASE II OPPORTUNITIES AUTOMATE OPERATIONS

| <u>PROPOSED IMPROVEMENTS</u>             | <u>COST</u> | <u>BENEFITS</u>                                |
|--|-------------|--|
| Commercial Bank<br>Reconciliations       | \$30,000    | Reduces Manual Effort                          |
| CIARDS Investment<br>Analysis            | 80,000      | Improves Accuracy and<br>Quality of Operations |
| Cash Disbursing                          | 30,000      |  |
| STAT <input type="checkbox"/> Processing | 40,000      | Improves Interfaces                            |
| FBIS Personnel Data                      | 50,000      |  |
| Advance Requests                         | 30,000      |  |
| ADL Reimbursables                        | 15,000      |  |

# AGENCY CHALLENGES

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**Out-of-Date and Undocumented Procedures**

# PHASE I IMPROVEMENTS

## MODERNIZE AND DOCUMENT PROCEDURES

| <u>IMPROVEMENTS</u>                    | <u>BENEFITS</u>          | <u>SAVINGS</u>  |
|--|--------------------------|---|
| STAT<br>New Invoice Process<br>Flow    | Reduce Payment Time 33%  | <div style="border: 1px solid black; width: 100%; height: 100%;"></div> |
|  | Reduce Interest Cost     |   |
|  | Increase Discounts Taken |   |
|  | Reduce Backlogs 20%      |   |
| Invoice Examiner Job<br>Specialization | Improves Morale          | <div style="border: 1px solid black; width: 100%; height: 100%;"></div> |
|  | Improves Efficiency      |   |
|  | Simplifies Training      |   |
| STAT                                   | <b>TOTAL:</b>            | <div style="border: 1px solid black; width: 100%; height: 100%;"></div> |

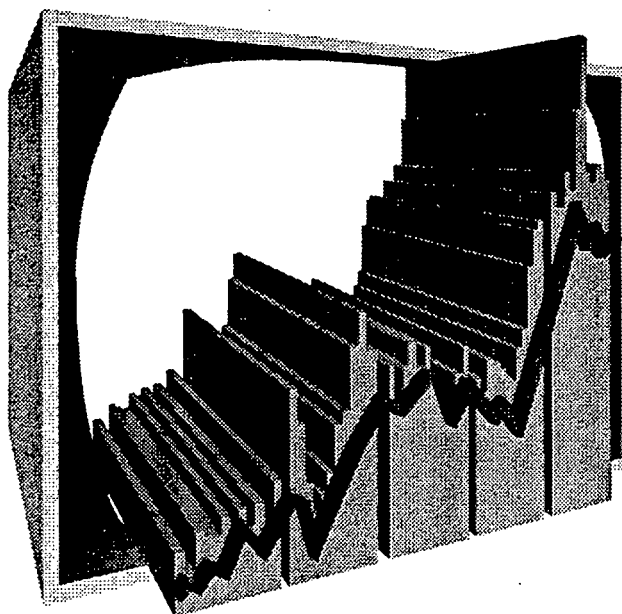
## PHASE II OPPORTUNITIES

### MODERNIZE AND DOCUMENT PROCEDURES

| <u>PROPOSED IMPROVEMENT</u> | <u>COST</u> | <u>BENEFITS</u>        |
|-----------------------------|-------------|------------------------|
| Redesign Procedures         |             |                        |
| o Disbursing Centers        | \$ 30,000   | Modernized Procedures  |
| STAT 0 <input type="text"/> | 30,000      | Workload Reductions of |
| o Monetary Division         | 40,000      | 25-33%                 |
| o Finance Clearance         |             | Streamlined Procedures |
| Processing                  | 30,000      | Improved Interfaces    |
| STAT 0 <input type="text"/> | 30,000      | Decreased Error Rates  |
| Redesign and Revise         |             |                        |
| OF Handbooks                | 150,000     |                        |

# AGENCY CHALLENGES

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**Increasing Volumes  
of Financial Transactions**

# PHASE I IMPROVEMENTS

## ELIMINATE UNNECESSARY TRANSACTIONS

| <u>IMPROVEMENTS</u>                                  | <u>BENEFITS</u>  | <u>HRS SAVED</u> |
|--|--|------------------|
| Unnecessary Transfers<br>of Accountability<br>in DDO | Eliminates 8040 GAS<br>Transactions and<br><input type="text"/> TAs Annually | 2,850            |
| Immaterial Suspensions<br>of Vendor Invoices         | Reduces Suspension<br>Processing Hours 40%                                   | 3,450            |
|  |  | -----            |
|  | TOTAL:   | 6,300            |
|  |  | =====            |

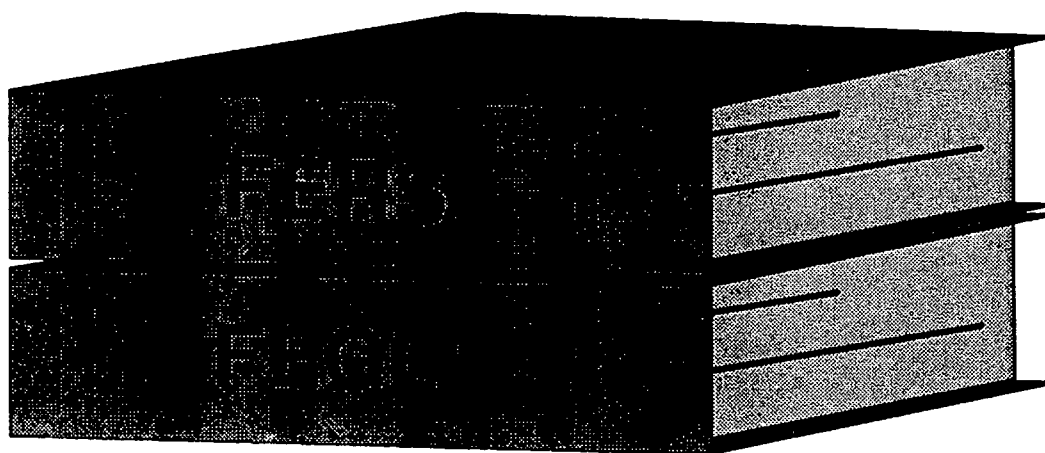
## PHASE II OPPORTUNITIES

### ELIMINATE UNNECESSARY TRANSACTIONS

| <u>PROPOSED IMPROVEMENT</u>                                      | <u>COST</u> | <u>BENEFITS</u>                                     |
|--|-------------|---|
| Unnecessary Transfers<br>of Accountability<br>in Non-DDO Offices | \$40,000    | Reduce Processing<br>Workload<br><br>Reduce Backlog |
| Budget Execution   | 50,000      |   |
| o Level of Detail  |             | Reduce Reconciliation                               |
| o Funds Transfer   |             | Workload  |

# **AGENCY CHALLENGES**

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## **Assumption of New Responsibilities**



# PHASE I IMPROVEMENTS IMPLEMENT NEW OPERATIONS

## IMPROVEMENTS

Automated OPM  
Reimbursements  
Using OPAC

## BENEFITS

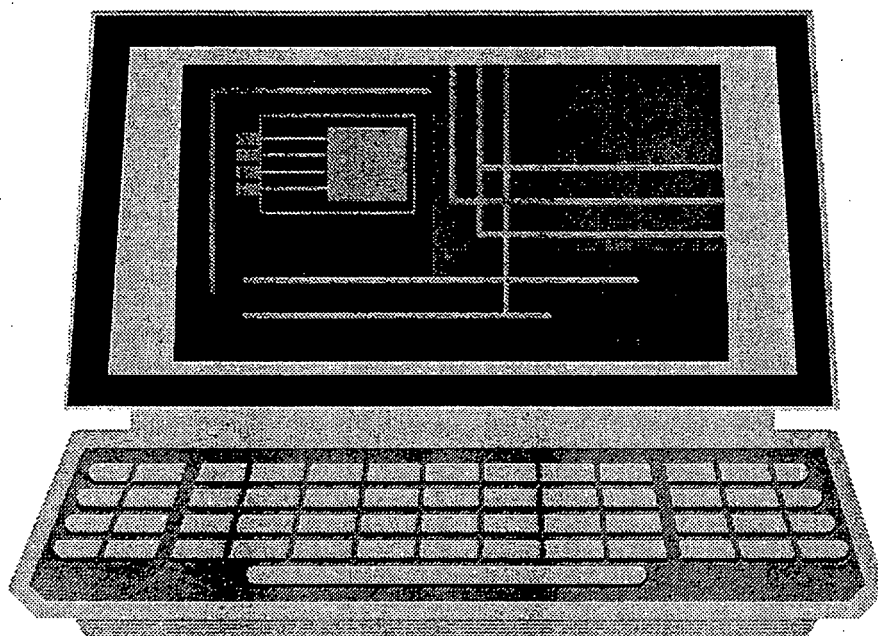
Reduces Reimbursement  
Time by 2-3 Months  
Reduces Error Correction  
Time by 2-3 Months  
Simplifies Cash Flow  
Control

## PHASE II OPPORTUNITIES IMPLEMENT NEW OPERATIONS

| <u>PROPOSED IMPROVEMENT</u>                  | <u>COST</u> | <u>BENEFITS</u>                          |
|--|-------------|--|
| Financial Support for<br>Personnel Functions | \$40,000    | Improved Personnel/<br>Finance Interface |
| o Health Insurance                           |             | Utilization of Existing                  |
| o Life Insurance                             |             | Finance Expertise                        |
| o Workers' Comp                              |             |  |
|  |             | Design of New Operations                 |

# AGENCY CHALLENGES

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## Investment in New Financial Systems

# PHASE I IMPROVEMENTS

## INTEGRATE SYSTEMS WITH OPERATIONS

|      | <u>IMPROVEMENTS</u>    | <u>BENEFITS</u>                         | <u>HRS SAVED</u> |
|------|------------------------|---|------------------|
| STAT | STARS TA Reductions    | Eliminated <input type="text"/> TAs and | 5,925            |
| STAT |                        | <input type="text"/> GAS Entries        |                  |
|      | United Airlines Ticket | Reduced Data Entry                      | 1,250            |
|      | Accounting Package     | Allows Link to GAS/BARS                 |                  |
|      |                        | Eliminated Manual                       |                  |
|      |                        | Processing/ Computing                   |                  |
|      | Cash Reconciliation/   | Eliminated Manual                       | 750              |
|      | VMCP Systems           | Control Totals                          |                  |
|      |                        |   | -----            |
|      |                        | <b>TOTAL:</b>                           | <b>7,925</b>     |
|      |                        |   | =====            |

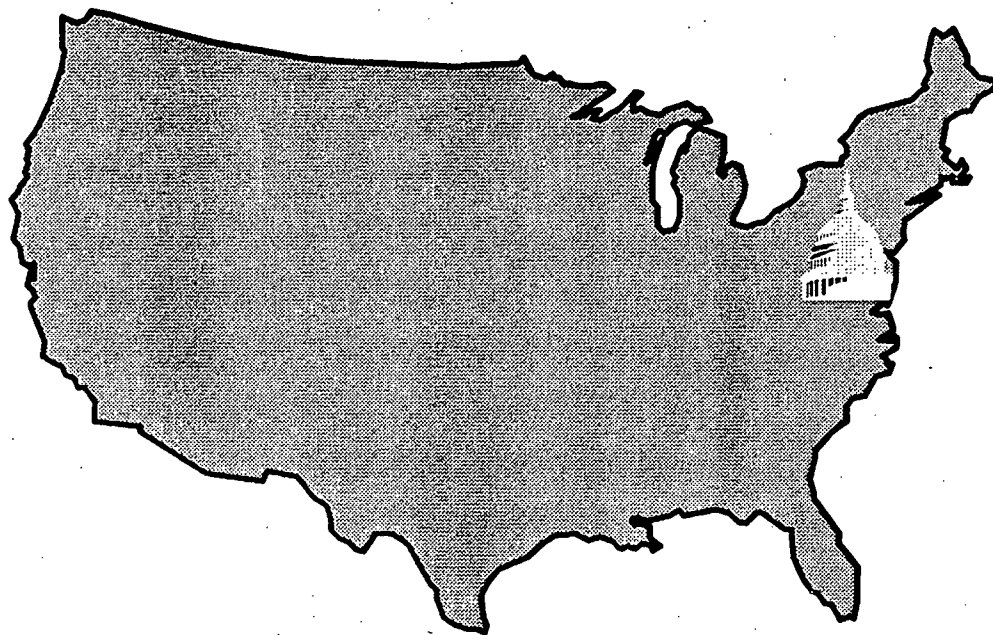
## PHASE II OPPORTUNITIES

### INTEGRATE SYSTEMS WITH OPERATIONS

| <u>PROPOSED IMPROVEMENT</u>                               | <u>COST</u> | <u>BENEFITS</u>  |
|---|-------------|--|
| United Airlines Ticket<br>Accounting Package<br>with BARS | \$ 150,000  | Optimizes Investment<br>in Systems<br>Increases User<br>Acceptance |
| Decentralized Disbursing<br>Centers with BARS             | 45,000      | Improves Operational<br>Efficiency                                 |

# AGENCY CHALLENGES

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## Government-Wide Improvement Initiatives

# PHASE I IMPROVEMENTS

## IMPLEMENT GOV'T-WIDE IMPROVEMENTS

### IMPROVEMENTS

Online Receipt of  
Treasury Reports

Prompt Payment Act  
Compliance

### BENEFITS

Reduces Receipt Time  
from 3 Months to  
2 Weeks

Reduce Interest Expense  
Increase Discounts Taken  
Improve Cash Management

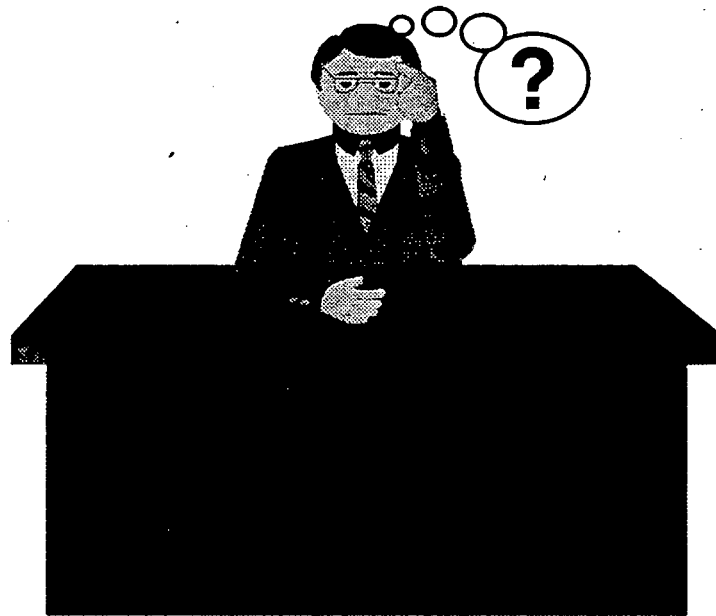
## PHASE II OPPORTUNITIES IMPLEMENT GOV'T-WIDE IMPROVEMENTS

| <u>PROPOSED IMPROVEMENTS</u>      | <u>COST</u> | <u>BENEFITS</u>       |
|-----------------------------------|-------------|-----------------------|
| Automated Travel                  | \$250,000   | Reduction in Workload |
| Accounting                        |             |                       |
| Budgetary Improvement Initiatives | 50,000      | Regulatory Compliance |
| Treasury Reporting Improvements   | 80,000      | Enhanced Security     |
| o Appropriations Flow             |             | Modernized Procedures |
| o Expenditure Flow                |             |                       |



# AGENCY CHALLENGES

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**Personnel Inexperience**

# PHASE I IMPROVEMENTS DEVELOP TRAINING PROGRAMS

| <u>IMPROVEMENTS</u>      | <u>BENEFITS</u>  | <u>HRS SAVED</u> |
|--------------------------|--|------------------|
| DDO B&F Procedure Manual | Eliminate One-on-one<br>Training<br>Improve Procedures<br>Provide Reference Manual | 3,600            |
| Modular A&CD Training    | Training Is:<br>Streamlined<br>Job-focused<br>Available When Needed                | 1,500            |
|                          |  | -----            |
|                          | <b>TOTAL:</b>  | <b>5,100</b>     |
|                          |  | =====            |

# PHASE II OPPORTUNITIES DEVELOP TRAINING PROGRAMS

| <u>PROPOSED IMPROVEMENT</u>                                     | <u>COST</u> | <u>BENEFITS</u>   |
|---|-------------|---|
| Develop Task-oriented<br>Training Programs                      |             | Decreased Reconciliation<br><br>Increased Understanding |
| o Budget Execution  | \$ 60,000   |   |
| o Disbursement Centers  | 25,000      | Decreased Error Rate                                    |
| o Monetary Division   | 50,000      |   |
| STAT 0 <input style="width: 200px; height: 40px;" type="text"/> | 50,000      | Enhanced Control  |
| 0 <input style="width: 200px; height: 40px;" type="text"/>      | 50,000      | Over Agency Funds                                       |

# A MEASURE OF PHASE I EFFECTIVENESS

|   | <u>ANNUAL SAVINGS</u> | <u>COSTS</u> |
|---|-----------------------|--------------|
| STAT TOTAL PROCESSING HOURS<br>DOLLAR EQUIVALENT<br>PLUS INTEREST/ DISCOUNTS<br>SAVED |                       |              |
| STAT TOTAL SAVINGS  |                       |              |

# **THE FMIP MANAGEMENT PROCESS**

## **CONTROLLING THE INVESTMENT RISK**

### **FMIP Funding Is:**

- o Incremental**
- o Contingent on Past Project Results**

### **Individual Projects Are:**

- o Results Oriented**
- o Continually Re-evaluated**
- o Staffed by Specialists**
- o Cooperative Undertakings**

# A MEASURE OF PHASE II FUNDING NEEDS

## AGENCY CHALLENGE

## INVESTMENT

Resource Intensive Oper.

o Statistical Sampling

o Automation

Out-of-Date Procedures

Transaction Volumes

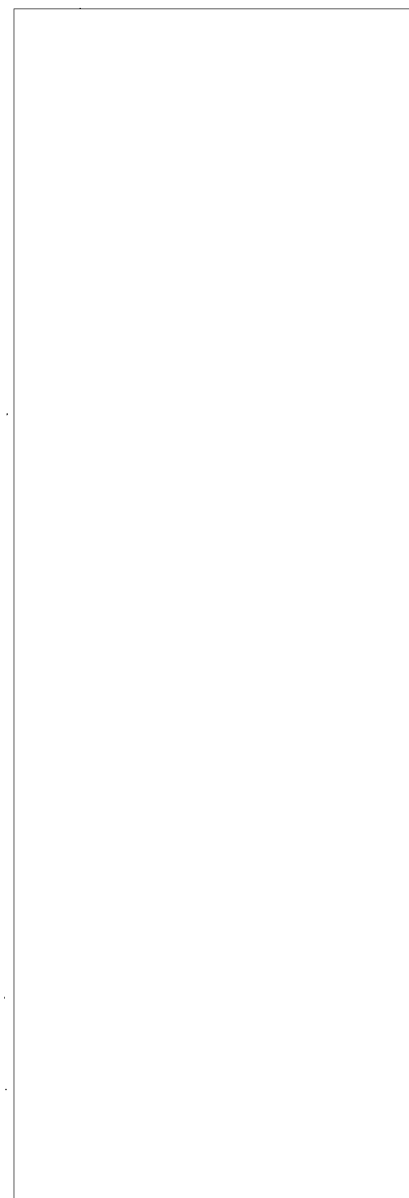
New Responsibilities

New Financial Systems

Gov't-wide Improvements

Personnel Inexperience

TOTAL:



STAT