

SECTION 52 -- INFORMATION ON FINANCIAL MANAGEMENT

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52.1 General.

You are required to provide two reports on financial management:

- Financial management budget justification materials; and
- Report on resources for financial management activities.

The reporting requirements for each submission are described in the sections below.

52.2 Financial management budget justification.

Your budget justifications should provide results-oriented information on financial management operations and improvement initiatives in the context of the agency's mission and programs. This discussion should include plans for financial management throughout your agency and should represent an integrated discussion of financial management planning and associated resources. (Selected information on financial management resources for agencies covered by the Chief Financial Officers (CFOs) Act of 1990 is required by sections 52.3 and 53.) The content should be consistent with the Government-wide strategies and initiatives discussed in the most recent Federal Financial Management Status Report and 5-Year Plan issued jointly by OMB and the CFO Council. Consistent with the CFO Council's proposal to streamline reporting, agencies may wish to discuss with their OMB representatives how to integrate financial management planning and performance information into their budget justifications.

The Federal Financial Management Improvement Act of 1996 (FFMIA) mandates that agencies implement and maintain financial management systems that comply substantially with Federal financial management systems requirements, applicable Federal accounting standards, and the Standard General Ledger at the transaction level. When the agency head determines that an agency's financial systems do not comply, FFMIA requires the agency to submit to OMB a remediation plan to bring the agency's financial management systems into substantial compliance. OMB will include information on remediation plans in the annual report to the Congress regarding the status of and plans for financial management systems required by the CFOs Act.

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(a) *Coverage.*

All CFO agencies must submit the materials prescribed by section 52.2(b) with their initial budget submissions. Non-CFO agencies should include a brief summary of their financial management plan in their initial budget submission to ensure adequate control of their resources.

For the 24 agencies covered by the CFOs Act, the materials required by this section will fulfill the Act's requirement that each agency CFO prepare a plan to implement the Government-wide financial management 5-year plan. The agency may determine the format in which this information is presented, unless otherwise specified by OMB.

(b) *Materials required.*

Provide the following information related to financial management as an integral part of your budget justification materials:

(1) *Vision statement.* Describe concisely the CFO's (or equivalent) vision for financial management, using the CFO Council Financial Management Vision Statement as a basis.

(2) *Goals and strategies.* Briefly discuss how you will achieve the goals and strategies for implementing Government-wide financial management improvements that are associated with the Financial Management Vision Statement and achieving substantial compliance with the FFMIA. This discussion should focus on those goals and strategies that you determine to be priorities, and should include examples of ongoing and proposed initiatives. You should include sufficient, not detailed, information on the status of financial management activities and accomplishments to provide a context for your plans and resources request. Detailed status should be included in agency accountability reports and/or performance plans.

(3) *Audited financial statements.* CFO Act agencies should briefly discuss any impediments to the submission of unqualified and timely annual audited financial statements and steps to be taken to overcome the impediments.

(4) *Financial systems structure.* Present an overview of your current financial management systems structure and plans for moving to your targeted systems structure. The scope of the financial systems discussion should cover, at a minimum:

- Core financial management systems, as described in the JFMIP Core Financial Management Systems Requirements Document; and
- Financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control.

The financial systems discussion should include the following information:

- A brief description of baseline financial and mixed systems, including a narrative assessment of major problems with current systems (e.g., audit findings indicating substantial non-compliance with the FFMIA). Agencies also should prepare an updated financial systems inventory of the

systems described above. (Instructions for updating the financial systems inventory data will be distributed to Deputy CFOs through a separate memorandum.)

- A brief description of the target structure for financial and mixed systems, including a discussion of the agency's financial management systems strategy.
- A synopsis of critical projects that you are currently undertaking or planning to accomplish the target structure described above, including remediation plans if you are not in substantial compliance with FFMIA. Initiatives comprising your FFMIA remediation plan must be identified and include resources, remedies, and interim target dates that bring the systems into substantial compliance within three years of the date of determination that the system is not in substantial compliance.

Information provided above will fulfill both the requirement in OMB Circular No. A-127 that agencies prepare an annual plan for financial systems and the FFMIA requirement for a remediation plan. This information should be consistent with the information resource management plans required by OMB Circular No. A-130 that you submit to OMB.

52.3 Report on resources for financial management activities.

Section 205 of the Chief Financial Officers Act of 1990 assigns responsibility to the agency Chief Financial Officer (CFO) for the preparation and revision of the agency's financial management plan and development of the agency's financial management budget. Building on this statutory requirement, OMB issued guidance (OMB memorandum M-96-24) that requires agency CFOs to approve agency plans, budget formulation, and legislation affecting financial management resources at both the agency and agency-component levels.

You are required to provide information on funding levels for financial management activities. The information is needed for the oversight and review of agency resources devoted to these activities and to assist OMB in preparing the Government-wide five-year financial management plan required by the CFOs Act. This information, which represents inputs to the financial management function, will be reviewed in connection with other information submitted by agencies describing their performance in the financial management function (see section 52.2) and will be discussed with agencies.

For these purposes, you must provide information on resources for financial management activities in the format of exhibit 52. Enter the data directly into the MAX system using the special MAX application designed to collect this information or e-mail a spreadsheet version of exhibit 52. If you elect to e-mail the information, follow the processes described in section 52.3(a). This data collection is separate from, and in advance of, data entered for other MAX schedules supporting the Budget Appendix (e.g., MAX schedules P, O, etc.).

(a) Coverage.

Each agency covered by the CFOs Act is required to report budget authority and full-time equivalent (FTE) employment data for CY and BY for each of the following categories of financial management activities:

- C Asset management;
- C Accounting and reporting;
- C Audits of financial statements; and

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C Financial management systems.

In addition, in-house and contract data are required on audits of financial statements. Resources for both the CFO organization and other agency components involved in financial management activities should be included, without separate identification.

Submit your report on financial management activities (exhibit 52) electronically via the MAX system or e-mail no later than October 15th. You are required to update the data, as necessary, to reflect final budget decisions after those decisions are made. Revised submissions are due no later than January 29th. The report should be reviewed by your agency CFO before submission to OMB. If you choose to e-mail this information rather than use the MAX application, use the spreadsheet provided at www.cio.gov. This spreadsheet is formatted to meet all the reporting requirements of the MAX application exhibit 52. Send the completed spreadsheet to exhibit52@omb.eop.gov. The subject line must have the three digit OMB agency code (see appendix C) and the full agency name. In addition, verify that your data meets the following error and consistency checks:

- Amounts reported for financial management systems on line 4002 must be consistent with totals for the financial management mission area (on line 01-3003) in exhibit 53.
- If any adjustments are reported on lines 6001-6002, a list describing them should be prepared in hard copy and be available to OMB upon request.
- Report agency-component level audits only on lines 8102, 8201, and 8202.
- Do not include preparation costs on lines 8102-9402.
- Lines 9401 and 9402 should equal the corresponding entries reported for lines 3001 and 3002.

(b) *Materials required.*

Budget authority in millions of dollars and FTE employment data will be reported for the entries described below. Resource estimates for financial management systems should be consistent with information technology data submitted in exhibit 53. Resource information not based on other requirements of this Circular or on other easily-identifiable information should represent the agency's best estimate of salaries, contracts, or other major expenses to be reported. Allocation of overhead expenses is not required.

REPORT ON RESOURCES FOR FINANCIAL MANAGEMENT ACTIVITIES

Entry	Description
	The first three digits of the line number will identify the financial management activities to be reported; the fourth digit distinguishes FTE (line xxx1) from budget authority (line xxx2) data.
100x Asset management	Include resources for administrative expenses for credit programs consistent with the levels reported for credit program accounts under

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Entry	Description
	credit reform (i.e., amounts requested as a separate appropriation for administrative expenses in credit program accounts); resources devoted to debt collection for non-credit receivables; resources devoted to cash management; and resources devoted to property and inventory management and control.
200x Accounting and reporting	Include resources for processing, recording, and reporting of revenues, receipts, appropriations, apportionments, allotments, obligations, outlays, expenditures, assets, liabilities, and other financial transactions; reconciliation of asset and liability accounts, such as accounts or loans receivable, with subsidiary records and with external data, such as Treasury cash records; funds control; and preparation of financial statements.
300x Audits of financial statements	Include resources for performing audits of financial statements, with separate identification for contract and in-house costs, as detailed in exhibit 52. Do not include resources for preparation of financial statements.
400x Financial management systems	Include resources for financial management systems, which consist of financial systems and financial portions of mixed systems necessary to support financial management. (See definitions of financial management systems in section 53.2.) Data reported should be consistent with information reported for the financial management mission area (on line 01-3xx3) in exhibit 53.
500x Subtotal	Include the sum of corresponding amounts reported on lines 100x through 400x.
600x Adjustments (-)	Include adjustments to eliminate doublecounting (a minus entry). For example, costs for a loan system reported under the "asset management" category may also be reported under the "financial management systems" category. A list of the adjustments should be prepared, reviewed by the agency CFO, and provided as hard copy to OMB when requested.
700x Total, net	Equals the total of corresponding amounts on lines 500x and 600x.
8102 Audits of financial statements, contract costs	Include resources for contracts to perform audits of agency-component financial statements. <i>Report budget authority only.</i>
820x Audits of financial statements, in-house costs	Include resources to perform audits of agency-component financial statements in-house.
9102 Organization-wide financial statements, contract costs	Include resources for contracts to perform organization-wide audits of financial statements. <i>Report budget authority only.</i>
920x Organization-wide financial statements, in-house costs	Include resources for performing organization-wide audits of financial statements in-house.

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	Entry	Description
940x	Total, all reporting entities	For total FTE (line 9401), report the sum of lines 8201 and 9201. This total must be equal to line 3001. For total budget authority (line 9402), report the sum of lines 8102, 8202, 9102, and 9202. This total must equal line 3002.
9998	Agency contact	Include the name of the individual responsible for answering questions about the information provided.
9999	Telephone number	Include telephone number of agency contact.

Report on Resources for Financial Management Activities

DEPARTMENT OF GOVERNMENT			CY—current year
(in millions of dollars)			BY—budget year
Report on Resources for Financial Management Activities			
Asset Management			
1001	No. of FTE.....	40	40
1002	Budget Authority.....	2,480	2,600
Accounting and Reporting			
2001	No. of FTE.....	250	250
2002	Budget Authority.....	15,500	16,120
Audits of Financial Statements			
3001	No. of FTE.....	35	35
3002	Budget Authority.....	2,250	2,290
Financial Management Systems			
4001	No. of FTE.....	728	731
4002	Budget Authority.....	87,016	96,456
Subtotal			
5001	No. of FTE.....	1,053	1,056
5002	Budget Authority.....	107,246	117,466
Adjustments			
6001	No. of FTE.....	-20	-30
6002	Budget Authority.....	-1,000	-1,800
Total, net			
7001	No. of FTE.....	1,033	1,026
7002	Budget Authority.....	106,246	115,666
Audits of Financial Statements			
Contract			
8102	Budget Authority	—	—
In-house costs			
8201	No. of FTE	20	20
8202	Budget Authority	1,000	1,040
Org-wide Financial Statements			
Contract			
9102	Budget Authority.....	500	500
In-house costs			
9201	No. of FTE.....	15	15
9202	Budget Authority.....	750	750
Total, all reporting entities			
9401	No. of FTE.....	35	35
9402	Budget Authority.....	2,250	2,290
9998	Agency Contact	R. W. Rogers	
9999	Telephone Number.....	(202) 696-4712	

Amounts reported for financial management systems on line 4002 must be consistent with totals for the financial management mission area (on line 01-3003) in exhibit 53.

If any adjustments are reported on lines 6001-6002, a list describing them should be prepared in hard copy.

Report agency-component level audits only.

Do not include preparation costs on lines 8102-9402.

Total, all reporting entities, should equal the corresponding entries for audits of financial statements reported on lines 3001-3002.