



Progress Statement 2019

The Future of Federal Financial Management

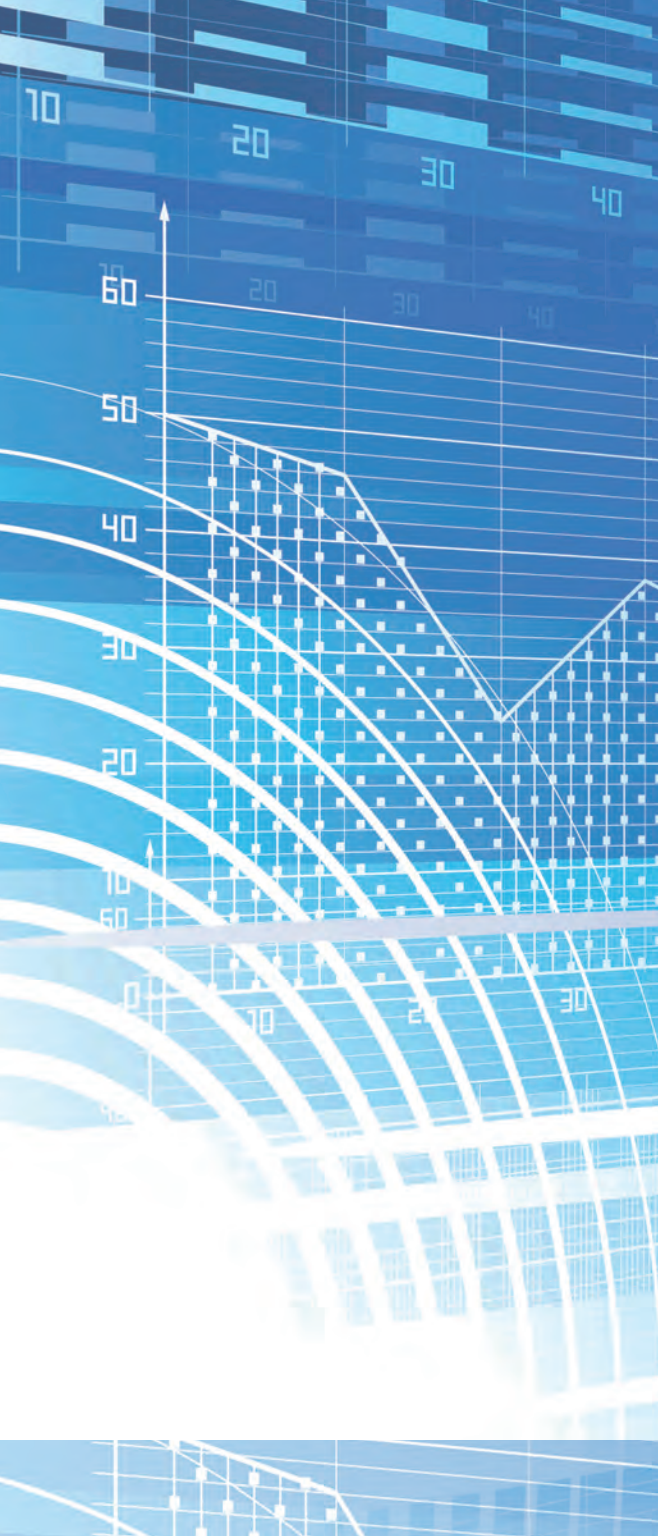


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Moving Forward Together



*Bureau of the Fiscal Service
Commissioner Tim Gribben*

Two years ago, the Treasury Department released *The Future of Federal Financial Management*. It envisions a future where financial management meets citizens' expectations for a government that is more efficient, more transparent, and provides a modern customer experience.

At the Fiscal Service, we have set measurable goals that advance federal financial management toward that vision. We hold ourselves accountable. This Progress Statement is the second annual report on how the Fiscal Service and the agencies we support are moving toward the goals that we have set.

I am pleased to report that we have already achieved two of our original goals. Using citizen feedback, we created an online tool that taxpayers can use to discover how their tax dollars are spent. *Your Guide to America's Finances* provides a plain language explanation of federal revenue and expenses. In addition, forty agencies are no longer burdened with unnecessary closing package audits because we are making smarter use of data that is already available to the Fiscal Service. In this report you will learn about these achievements and progress toward the other goals as well. Also included is an update on improvements to the borrowing activities that finance the federal government.

Our progress is motivated by a renewed emphasis on the customers we serve. Our customers include not only the agencies who use our financing, disbursing, collections, accounting, and administrative services, but also the citizens who have financial transactions with federal agencies through Fiscal Service processes.

As the new Commissioner, I am meeting with agency chief financial officers to learn how the Fiscal Service can better support the needs of their agencies and the citizens they serve. I will use the feedback from those meetings to shape the goals that will be our focus for the future.

In all cases, progress described in this document is the result of partnerships between federal agencies and the Fiscal Service. I value those partnerships and look forward to continuing our work together.

A handwritten signature in black ink that reads "Tim".



Americans expect that:

1. the government is an efficient steward of its financial resources;
2. the financial information provided by the government is accurate; and
3. their financial interactions with the government are modern, seamless, and secure.

Treasury's Bureau of the Fiscal Service can help federal agencies meet citizens' expectations.

The CFOs of federal agencies are in a unique position to build trust in the efficiency of government. They have an enterprise-wide view and can quantify what an agency's programs achieve and how much they cost to operate. They are particularly well-suited to educate the public on the costs and outcomes of federal programs.

However, CFOs spend a disproportionate amount of time on processing financial transactions and the associated reporting burden. Looking to the future, the Fiscal Service can relieve the CFOs of these repetitive tasks so they can focus on harnessing their agencies' financial and performance data to improve program performance.

The Fiscal Service is improving the performance of the disbursing, collections, financing, reporting, and administrative services it provides to agencies. We have set measurable goals to assess progress. We present our progress toward the vision of federal financial management as an efficient steward of taxpayer dollars, the source of authoritative financial information, and a provider of excellent customer service.

To learn more, visit fmvision.fiscal.treasury.gov.

How We'll Get There: Financial Management Goals



Optimize Federal Disbursing

Create a seamless end-to-end process that is all-electronic from the initiating transaction through settlement: more efficient, faster, and secure.

17 CFO Act agencies using IPP with \$45B of invoices processed by 2021.

Reduce the number of paper checks printed by Treasury to 49M by 2021.

95% of federal payments are Treasury-disbursed by 2021.



Transform Federal Collections

Provide citizens a variety of modern electronic options for paying federal taxes, charges, and fees. Minimize lockboxes and paper processing. Offer a central collection service that maximizes accounts receivable.

Two of the four lockbox networks will be streamlined by 2021.

One million receivables from 80 agency programs processed through Centralized Receivables Service by 2021.

Increase the annual adoption rate of eCommerce collection methods by four percentage points by 2021.



Strengthen Financial Reporting

Provide citizens interactive on-line sites to learn about the government's financial activities. Modernize and streamline the federal reporting and audit model.

Provide the public with centralized access to Treasury financial data through modern user experience by 2021.

Reduce buy/sell intragovernmental differences by 90% by 2022.

Eliminate 40 closing package audits by 2019.



Expand Services Available to Agencies

Provide financial transaction processing as a shared service to agencies at optimal efficiency. Establish a marketplace of standards-based commercial and federal financial management solutions available to all federal agencies.

Generate in excess of \$600M of cost avoidance through the use of shared financial management systems by 2023.

20 states or agencies use Do Not Pay's analytical services or new portal functionality by 2021.

Establish a Quality Service Management Office for the federal financial management marketplace by 2020.



Modernize Federal Financing

Meet the evolving financing needs of the U.S. government at the least cost over time by offering Treasury securities to investors through modern, secure, and reliable technology.

100% of auction results released accurately to the public.

Improve retail investors' ability to manage their portfolio of Treasury securities.

Modernize the accounting systems used to calculate the public debt by 2021.



Switching to Treasury disbursing helps DoD focus on its mission.

“Treasury disbursing provides cost-saving benefit to the taxpayer and enables agencies to focus on their missions.”

Six years ago, the Department of Defense initiated a major undertaking. As part of its effort to modernize its financial management systems, DoD began switching over to Treasury disbursing.

“We’re migrating systems across all components of the Department of Defense,” said Deera, Treasury Disbursing Strategy Lead for DoD. Under her leadership in the past 18 months to expedite a Treasury disbursing solution, DoD is succeeding.

DoD exceeded its fiscal year 2019 projection by 12%, with \$66 billion disbursed by Treasury. By the end of 2022, the amount of Treasury-disbursed payments is projected to be approximately \$483 billion.

Accurate and complete financial accounts give agency leadership the information needed for effective management, planning, and execution. By using Treasury’s systems, DoD is making an important step toward accurate fund balances and more precise information for its financial statements.

More importantly, it allows DoD to focus more resources on its mission to provide combat-credible military forces to deter war and protect the security of our nation.



Eliminate 40 closing package audits by 2019.

In 2019, the Fiscal Service eliminated the annual closing package reporting requirements for 40 agencies.

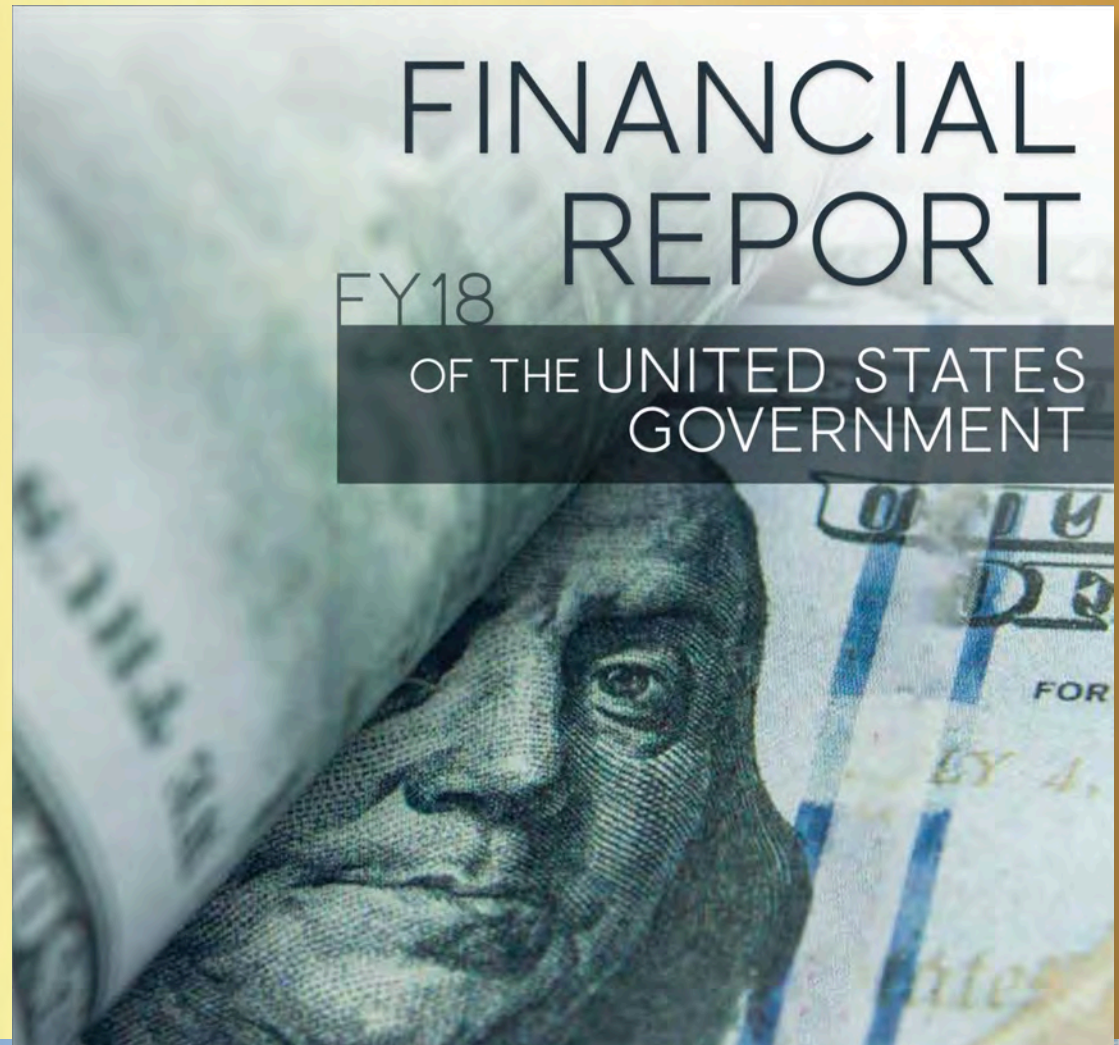
Using data that agencies already report through the Governmentwide Treasury Account Symbol Adjusted Trial Balance System (GTAS), the Fiscal Service conducted reconciliations that eliminated the need for 40 agencies to separately audit the closing packages of their annual financial reports.

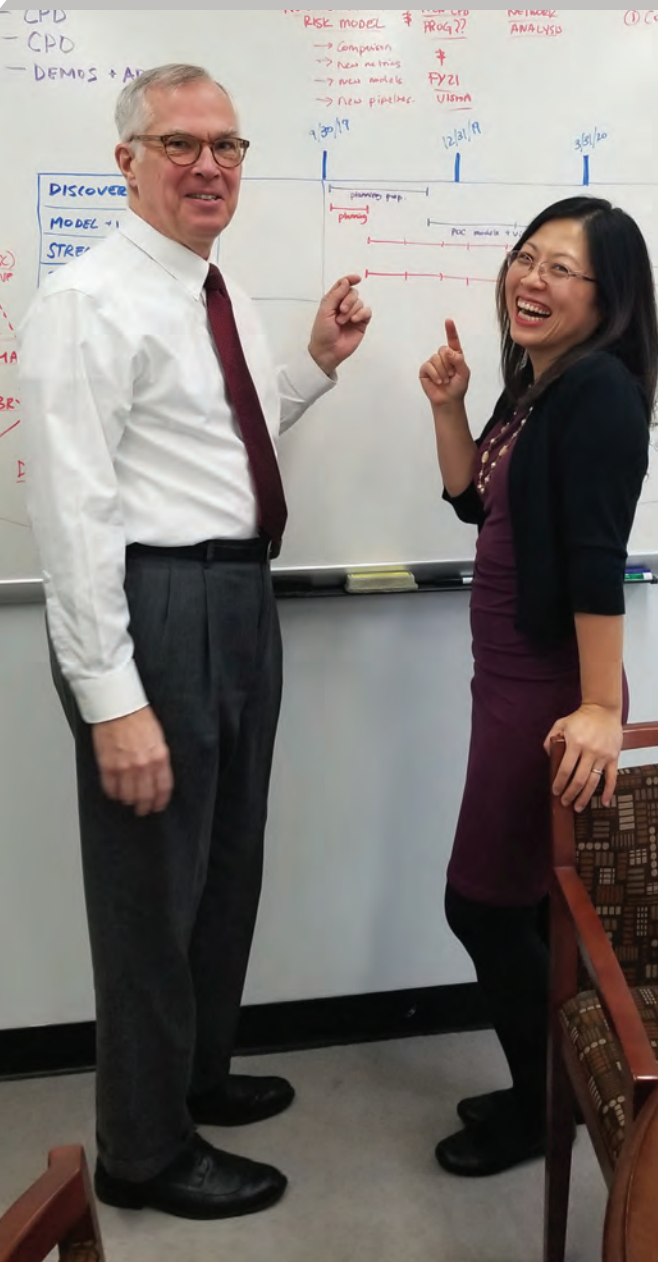
This is an important milestone toward reducing the financial reporting burden for agencies with strong audit and internal control performance. The Fiscal Service continues to work with the Government Accountability Office and the Office of Management and Budget to make annual reporting more efficient, while not sacrificing important accounting controls.

“While making policy decisions, it is essential that we have transparency with respect to our federal government’s finances.”

- Secretary of the Treasury Steven T. Mnuchin

Goal Achieved.





Data as a decision maker. Visualization shows the big picture.

Data is transforming HUD's enterprise risk management.

Data is critical to efficiency, decision-making, and risk management. In partnership with the Fiscal Service, the Department of Housing and Urban Development is transforming its enterprise risk management with data.

HUD is developing an enhanced Streamlined Risk Analysis. Through one interface, users can quickly search and analyze thousands of single audit reports of grantees. They can produce easy-to-understand visual reports that help HUD make objective, fact-based decisions to allocate resources.

“The Streamlined Risk Analysis is already at work, helping HUD determine its investigative priorities in the coming years,” said Larry, HUD’s Chief Risk Officer.

And that’s just the beginning. “We would like to marry up transactional data with other data sets, such as procurement and staffing data,” said Pei, senior advisor to HUD’s CFO.

“The Streamlined Risk Analysis is government owned, and it’s portable. Our long-term vision is to share this tool with others. Other analysts could use the same data and infrastructure to apply our knowledge to analyze their programs, and vice versa,” said Larry.



Expand USAspending to include a Guide to Federal Government Finances by 2019.

Goal Achieved.

In 2019, the Fiscal Service released *Your Guide to America's Finances*. The engaging, interactive guide, available at USAspending.gov, presents a comprehensive overview of the revenue and expenses of the federal government.

The guide was created in response to feedback from the public, who said they want the government's financial information to be accessible and presented in plain language with visualizations. The guide helps Americans understand the core financial concepts of revenue, spending, deficit, and debt, and the part these concepts play in the overall financial picture of the United States. They can see the source of funds, where the money is expended, and trends over time, as well as comparisons with other countries.

Citizens now have a useful, easily accessible source of federal financial data. Since it was launched in April, a steadily growing number of people have used the guide, with thousands visiting the site each month.

View of *Your Guide to America's Finances*.



Number of Pageviews

June
2,240

July
3,902

August
3,573

September
3,382

October
5,385



Opportunity

Over 100 million Americans receive payments from the federal government. Whether tax refunds, monthly benefits, grants, or payments to federal contractors — disbursing is the single financial activity that touches the largest number of Americans. It provides an opportunity to enhance government efficiency and improve the service provided to citizens.

Current State

The government has saved billions of dollars by replacing paper checks with more efficient electronic transactions. Today, over 95% of all Treasury payments are electronic. The total cost of disbursing and processing an electronic payment is less than one-tenth that of a paper check.

Challenge

Much work remains to make the disbursing process entirely electronic from initiation to settlement. Treasury still disburses over 54 million paper checks each year. Some federal agencies continue to disburse their own payments, often from expensive, inefficient operations. For millions of federal payments, the initiating transaction — often a commercial invoice — is still in paper form.

Vision and Benefit

In the future, we will replace all aspects of paper processing in the disbursement stream with a seamless end-to-end electronic process that is more efficient, faster, and secure.



17 CFO Act agencies using IPP with \$45B of invoices processed by 2021.



The Invoice Processing Platform is a secure, web-based service that automates government invoicing from purchase order through payment notification, at no charge to federal agencies and their suppliers.

The federal government processes over 12 million paper invoices each year. Experience reveals that processing an electronic invoice is at least 50 percent cheaper than a paper invoice.

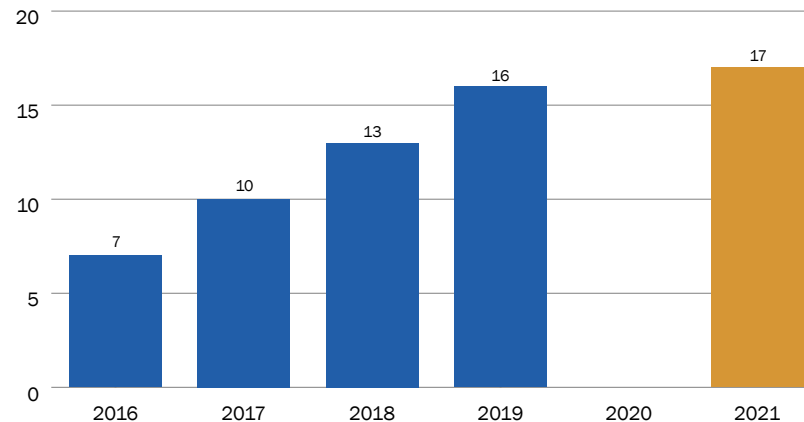
In addition to government savings, the commercial supplier also benefits. For suppliers, electronic invoicing means faster payments, more accurate data, better cash management, improved customer relations, and a paperless office.

In 2019, IPP processed nearly 525,000 invoices totaling \$47 billion.

Improve service and save money by automating a manual process.

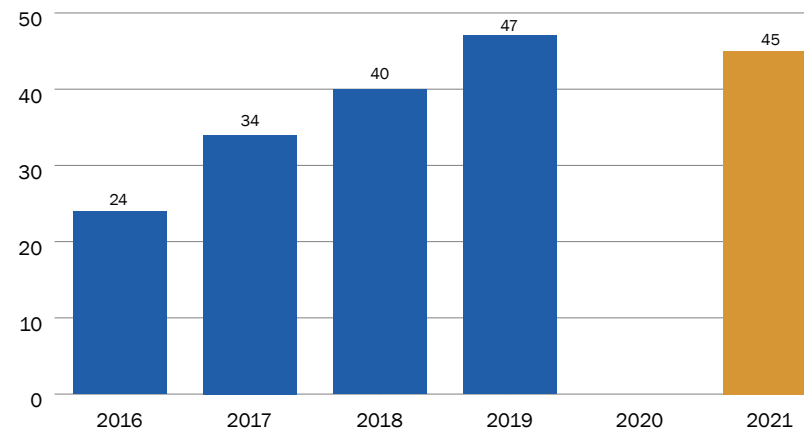
CFO Act Agencies Using IPP

Number of agencies



Value of Invoices Processed by IPP

\$ in billions



“NASA processes over 40,000 invoices per year at headquarters and the eleven NASA centers. With IPP, NASA has automated their invoicing and approval processes, reducing workload and the amount of contracted labor required. Costs and Prompt Pay delinquency have been reduced.”

– NASA Agency eInvoicing Project Lead



Reduce the number of paper checks printed by Treasury to 49M by 2021.

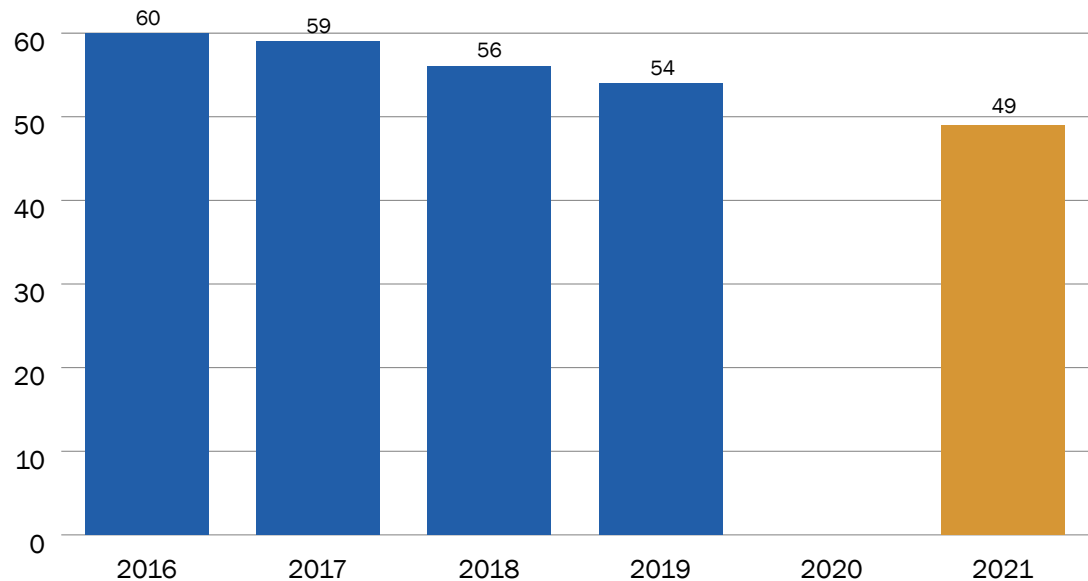
The Fiscal Service has replaced paper checks through innovative solutions that meet customer needs:

- international electronic payments in 142 currencies to recipients in 240 countries;
- stored value cards for military personnel in training facilities, bases, and naval ships; and
- prepaid debit cards for Americans without bank accounts.

Over half of Treasury-issued paper checks are tax refunds. The **Internal Revenue Service** is analyzing the needs of taxpayers who request paper check refunds and exploring ways to encourage electronic payments, which are faster, more secure, and cost-effective.

Replace paper checks with electronic payments that are cheaper, faster, and more secure.

Number of Paper Checks
Numbers in millions



Direct Express® is a paperless, secure, reliable way to provide federal benefits. It allows payments to be automatically deposited to a prepaid debit card.



95% of federal payments are Treasury-disbursed by 2021.

Disbursing is one of Treasury’s core businesses. Its operations are fully resilient, standardized, and integrated into the government’s overall payment, accounting, and collections lifecycle.

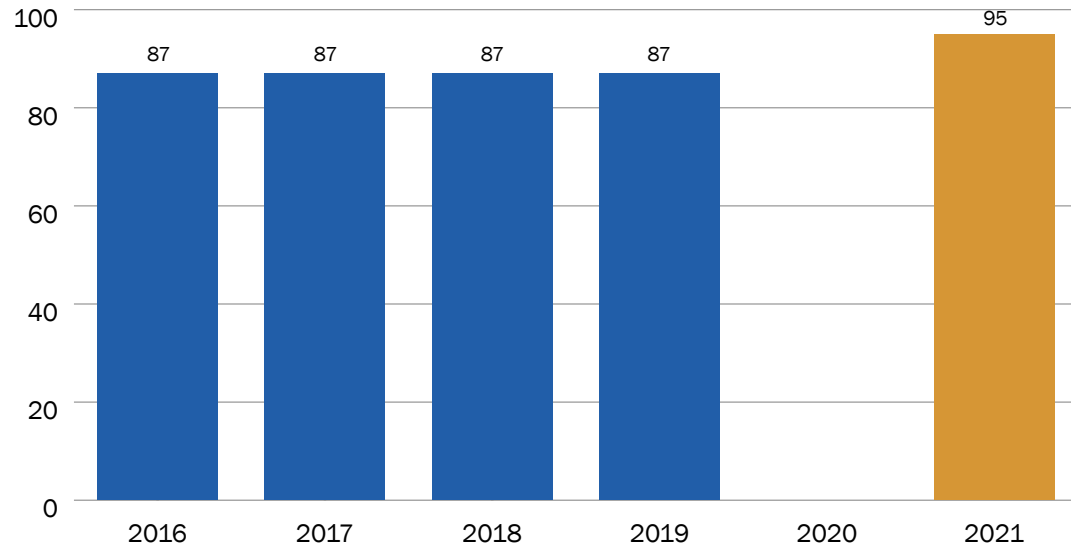
Treasury disburses federal payments on behalf of more than 250 federal organizations. However, 13 percent of the government’s payments are still made by non-Treasury disbursing offices.

Treasury disbursing eliminates duplicative systems and equipment. Economies of scale enable lower unit costs.

Treasury disbursing is always in step with innovations that are changing how money moves. For urgent payment needs, the Fiscal Service offers Same Day ACH which makes funds available within hours of the payment request. We are also pilot testing a Digital Pay service that disburses funds to the payee’s debit card or digital wallet with a text message notice.

Eliminate redundancies and allow agencies to focus on their missions.

Treasury-Disbursed Federal Payments Percentage



“Treasury disbursing is part of the **Department of Defense’s** defense reform objective. It’s a win-win for everyone. It provides cost-saving benefit to the taxpayers and enables agencies to focus on their missions.”

– Department of Defense Deputy CFO



Ensuring proper payments. It's all about integrity — from start to finish.

“I like knowing that what we do makes a difference in making sure taxpayer dollars are going to proper recipients.”

As the Program Manager for the Payment Integrity Center of Excellence (PICOE), Kevin leverages Fiscal Service’s expertise in disbursing and preventing improper payments to ensure federal payment integrity.

Fiscal Service disburses 87% of federal government payments and operates the Do Not Pay Business Center. PICOE helps agencies ensure that their payments are going to the correct recipients by creating custom solutions that reduce improper payments and fraud.

PICOE works with agencies to identify anomalies in payment patterns that may indicate fraud and improper payment. To identify possible identity theft, the center has pilot-tested methods for comparing payment data used by different agencies when paying the same person.

In 2019, PICOE assisted the Internal Revenue Service by identifying payment data anomalies that could indicate tax refund identity theft. A similar approach is now being pilot-tested with the Federal Emergency Management Agency to assess the risk of improper and fraudulent payments following major natural disasters.

According to Kevin, “PICOE is exploring methods of sharing information earlier in the payment process to mitigate the risk of improper payments. The proactive data-sharing model avoids the ‘pay and chase’ model that is less effective and more costly in recovering improper payments.”

To ensure the privacy of citizens, PICOE adheres to the safeguards required by various laws that protect personal and confidential data, including the Computer Matching and Privacy Protection Act. Data sharing and matching is performed only when the activities are clearly defined in written agreements with participating agencies and authorized by law.



Opportunity

Smart phones and instant access to information have transformed banking processes. Today, most Americans prefer to use on-line and mobile channels instead of in-person or paper-based methods when conducting financial transactions.

Current State

The Fiscal Service provides citizens and businesses a variety of electronic methods for paying federal fees and charges. With our services, agencies allow citizens to complete forms and pay fees on-line. Increasingly, citizens and businesses have the option to pay with convenient mobile payment exchanges like PayPal® and Amazon Pay®.

Challenge

In FY2019, the Fiscal Service collected almost \$4 trillion in revenue through nearly 500 million transactions with citizens and businesses as they pay federal taxes, fees, and miscellaneous charges. Almost 83 percent of these transactions are fully electronic from end-to-end. However, the Fiscal Service still processes 98 million paper transactions through inefficient and expensive lockboxes.

Vision and Benefit

When citizens pay a governmental fee or obligation, the transaction should be modern, seamless, and secure — that is, no different than their experience with a commercial service.



Two of the four lockbox networks will be streamlined by 2021.

Modernize payment and remittance services for citizens and reduce government expense.



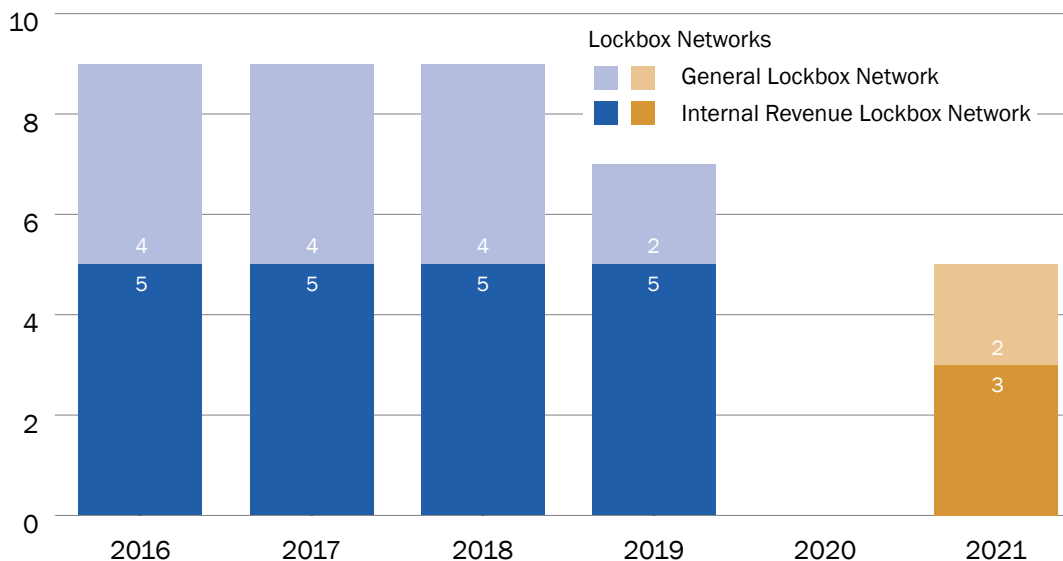
Treasury Lockboxes are a safe and effective way to accelerate the processing of payments to the Treasury General Account. Although the use of lockboxes improves the accuracy of check processing, the work is highly manual — opening, extracting, sorting, and keying data.

The Fiscal Service is reducing the number of lockboxes used for processing manual collections by streamlining and consolidating service facilities, transitioning paper processes to electronic solutions, and improving efficiency through the use of new technologies, such as robotic process automation and intelligent character recognition.

By employing new technologies and working with agencies to redesign program processes, we hope to reduce the cost and improve the performance of federal revenue collection.

Streamlining Lockbox Networks

Number of lockbox sites



“Streamlining lockbox services means more focused oversight. That allows us to spend more energy on converting paper to electronic processing. In 2019, we consolidated four lockbox locations into two, while strengthening the resiliency of this important service.”

- Director, Revenue & Remittance Management Division, Bureau of the Fiscal Service



Transform Federal Collections Goal

One million receivables from 80 agency programs processed through Centralized Receivables Service by 2021.

Increase collections on accounts receivable for agencies and programs.



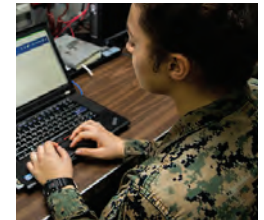
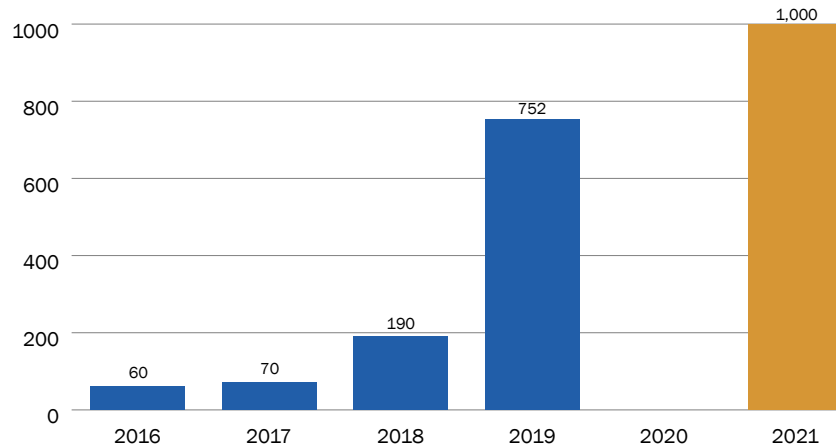
The **Centralized Receivables Service** assists agencies and programs in managing accounts receivable by focusing on pre-delinquent debt and debt in the early stages of delinquency before it is referred to the Fiscal Service.

CRS uses state-of-the-art collection practices. It is integrated with the existing operations at the Fiscal Service for efficient program management and oversight. CRS uses existing electronic collection and reporting services, including Pay.gov and the Collections Information Repository.

CRS ensures compliance with Federal Claims Collection Standards and Treasury guidance. It facilitates the seamless transfer of eligible delinquent debt for cross-servicing by the Fiscal Service as required by the Debt Collection Improvement Act.

Receivables through CRS

Numbers in thousands

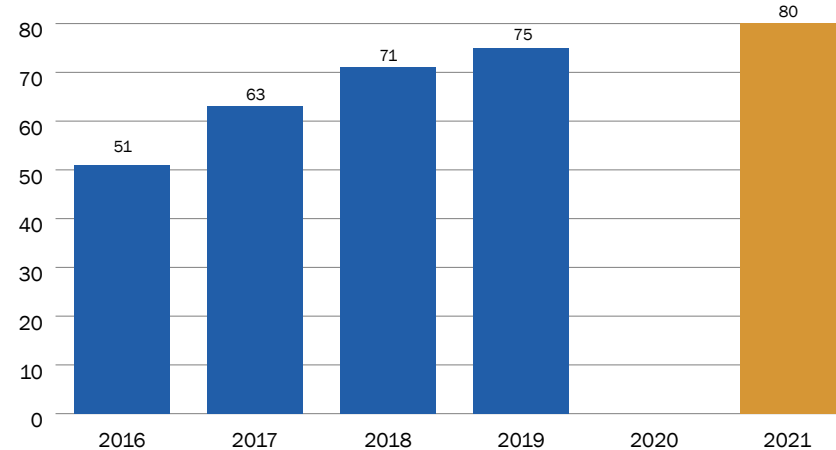


“I do not feel overwhelmed anymore because with CRS I have a fleet of servicers supporting me.”

- U.S. Marine Corps Program Director

Agencies and Programs Using CRS

Number of agency programs





Transform Federal Collections Goal

Increase the annual adoption rate of eCommerce collection methods by four percentage points by 2021.

The Fiscal Service provides federal agencies the same electronic commerce solutions used by modern banks. For agencies that collect fees and charges from their citizen customers, the Fiscal Service provides online bill payment, electronic wallets, and mobile applications.

More Americans conduct their financial transactions from their smart phones and expect the same when they interact with the government. Not surprisingly, a growing number of federal programs want to provide the citizen with an eCommerce option for paying charges and fees.

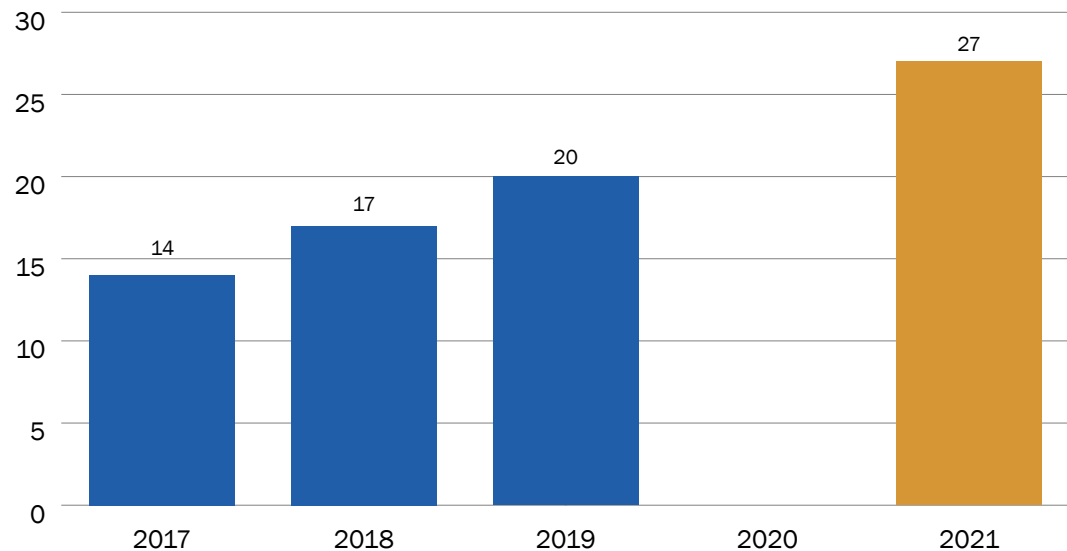
The Fiscal Service is building the capacity to keep pace with agencies' accelerating demand for eCommerce solutions. Since 2017, the annual rate of adoption has been increasing at a steady three percentage points each year. By 2021, the Fiscal Service will keep pace with an annual growth rate that accelerates at four percentage points each year.

eCommerce solutions collect government revenue at one-tenth the cost of a lockbox.

Modern, seamless, and secure ways for paying federal charges and fees.

Annual Growth Rate of eCommerce Solutions Used by Federal Agencies

Percentage



The **National Park Service** uses Pay.gov, an eCommerce solution, to collect fees and provide permits at more than 400 parks, preserves, and historic sites.

Strengthen Financial Reporting: Understanding Federal Spending



Opportunity

Americans believe that government should play a major role in vital public functions such as keeping the country safe, responding to natural disasters, ensuring food and drug quality, and managing immigration. The Fiscal Service has an opportunity to provide citizens with a better understanding of how their tax dollars are spent.

Current State

For decades, individual federal agencies and the government as a whole have published audited financial statements. Although these are important accounting documents — they don't answer the citizens' general questions about their government's finances.

Challenge

Citizens want to understand where their tax dollars go and how the government spends their money. And they want this data confirmed by a clean audit opinion. However, the scope, scale, and complexity of federal financial operations have prevented a clean audit opinion for the government overall.

Vision and Benefit

The citizen should be able to learn about government finances through interactive on-line sites that can trace a federal expenditure in their locality from contract award to its representation on the nation's balance sheet. At the summary level, the government's finances should be presented in a single financial statement with a clean audit opinion.



Strengthen Financial Reporting Goal

Provide the public with centralized access to Treasury financial data through modern user experience by 2021.

The Fiscal Service is consolidating multiple websites that provide federal financial data into one seamless user experience. Financial data that currently resides in fixed reports will be available in machine readable formats. The new service will provide information to help citizens and researchers understand the data of federal financial management.

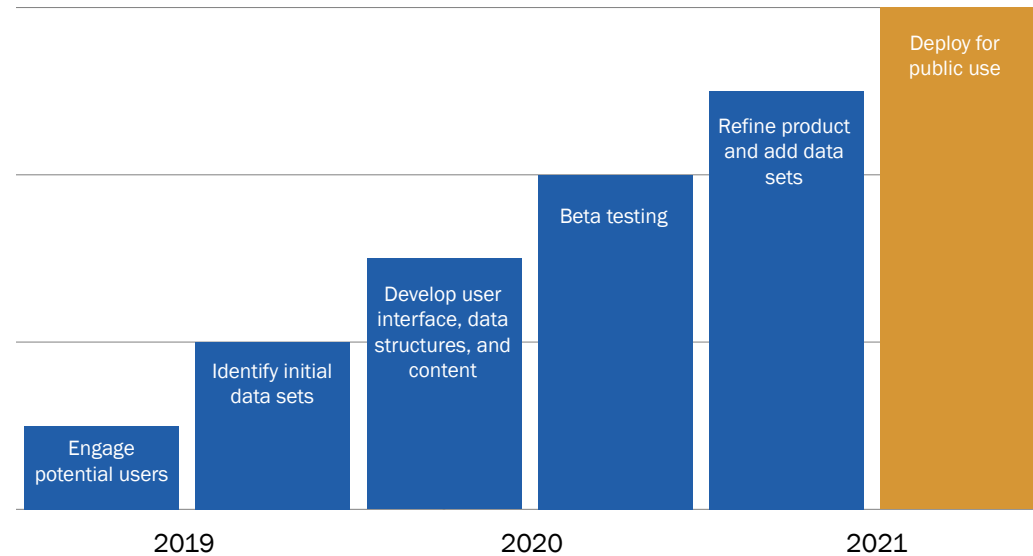
Today's most popular financial reports – such as the Daily and Monthly Treasury Statements – will be more accessible by users. Data will be available in files that enable researchers to explore changes in federal finance over longer periods of time and with finer granularity. Descriptive and explanatory data will be standardized so that the source and context of the numerical data is understood.

We are involving potential users in the design of this new service. They have identified the sets of financial data they would like to see in the new site. Their input is shaping the initial product that will be beta tested in 2020.

One stop access to detailed financial data.

Project Schedule for Public Access to Treasury Financial Data

In stages



“We are building this site in an agile fashion – with versions delivered quickly so we can capture user feedback and suggestions for improvement.”

- Fiscal Service Deputy Assistant Commissioner for Data Transparency



Reconciling differences means finding common ground.

“Through G-Invoicing, agencies will save time and money through efficient processes and data exchange – it’s a challenge, but it’s rewarding.”

Chris is the go-to guy for federal agency managers as they prepare to use G-Invoicing.

G-Invoicing is a common platform for brokering buy/sell activities between agencies. It will improve the quality and reliability of intragovernmental buy/sell data — and can address a long-standing material weakness in the *Financial Report of the U.S. Government*.

Chris, a director at the Fiscal Service, is implementing the G-Invoicing initiative. He works with agencies as they organize their teams, review data and processes, and design approaches to participate in a long-term sustainable solution to improve the quality of intragovernmental transactions.

“We take a collaborative approach,” Chris said. “We work with agencies to determine the best way to prepare and set up their business systems. Recently, a large agency suggested that we include a seller-initiated order. We surveyed other agencies and they agreed that it’s a good idea, so we’re developing the concept.”

Noted one agency partner, “Trying to find consensus in a widely diverse environment, like the U.S. Government, is no easy accomplishment. Chris and the Fiscal Service team manage to find consensus. This highly collaborative approach has made working on the G-Invoicing initiative productive and enjoyable.”



Strengthen Financial Reporting Goal

Reduce buy/sell intragovernmental differences by 90% by 2022.



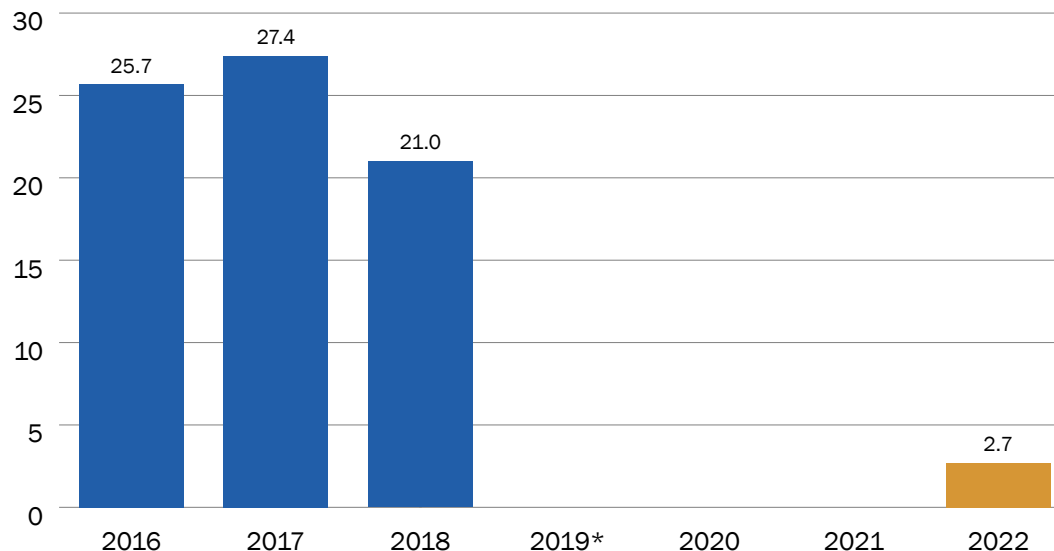
G-Invoicing is a paperless, web-based application that manages intragovernmental buy/sell transactions. Robust enhancements developed collaboratively with agencies allow users to exchange data and streamline accounting for all agency partners.

Other focus areas for eliminating intragovernmental differences include updating U.S. Standard General Ledger guidance on unique transactions, improving processes related to disputes, and agency corrective action plans.

All agencies are mandated to use G-Invoicing. Fiscal Service has continued to work collaboratively with agencies to help shape and develop the application to allow agencies to prepare for a successful implementation.

Contribute to a clean audit opinion by reducing intragovernmental differences.

Reduction in Intragovernmental Buy/Sell Differences
\$ in billions



*Data unavailable at time of printing.



G-Invoicing will allow the government to process more than \$750 billion of intragovernmental buy/sell transactions efficiently and accurately.

Expand Services Available to Agencies: Allowing Agencies to Focus on Their Missions



Opportunity

The opportunity presented by shared services is about more than simply saving money — it's about optimizing how the government does business. Streamlining administrative functions allows agencies to focus on mission activities, redeploy scarce resources from low-value to high-value tasks, improve customer satisfaction, and reduce risk.

Current State

Most agencies are burdened with financial transaction processing. They have direct responsibility for financial reporting, accounting operations, and systems. In many cases, these operations are localized in individual federal agencies that seldom achieve economies of scale.

Challenge

Currently, there are limited shared service options available to federal agencies. In addition, the cost of transferring an agency's in-house operations to an external provider is only recouped after many years of operation.

Vision and Benefit

The Fiscal Service will provide agencies with financial management processes performed at optimal efficiency. Through economies of scale, standardization, and state-of-the-art automation, these processes will set the benchmark as the government's most efficient financial processing operation.



Expand Services Goal

Generate in excess of \$600M of cost avoidance through the use of shared financial management systems by 2023.



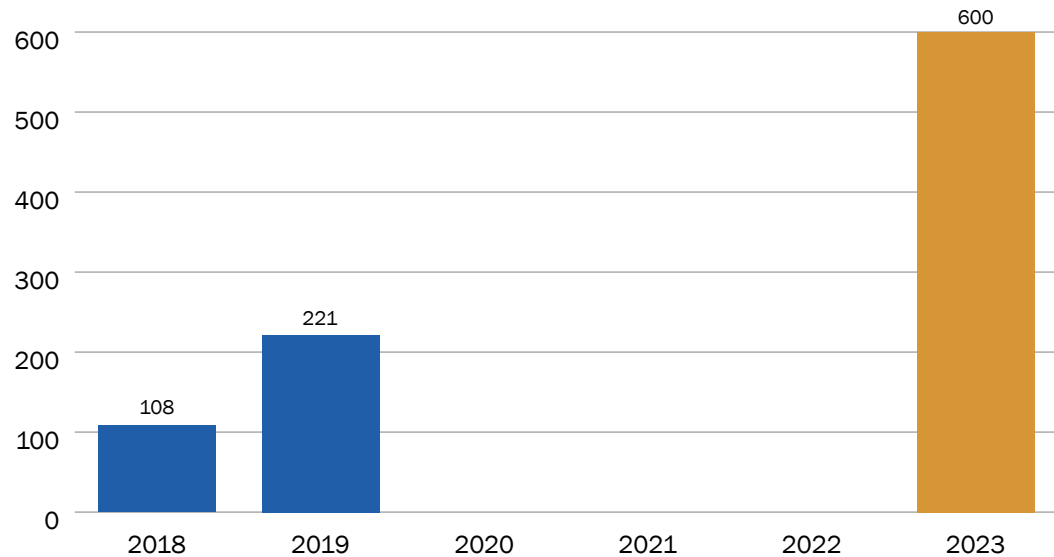
The Fiscal Service's **Administrative Resource Center** provides customer-focused, cost-effective shared services in financial management, procurement, human resources, and travel to more than 80 federal agencies and 22,000 federal employees.

By using shared services, agencies do not have to purchase and maintain costly, individualized financial management systems. Agencies can avoid expensive system upgrades because these are handled by ARC and the cost is shared across a large base of customers.

To estimate the savings, we calculated how much all agency customers would pay for system licenses and upgrades if each had to pay for them individually. Because the agencies are sharing a single instance of a core accounting system at ARC, the annual cost of system licenses and upgrades is incurred only once. That results in a total savings of about \$110 million each year.

Reduce the cost of financial management by sharing IT investment over multiple agencies.

Cumulative Cost Avoidance
\$ in millions



ARC provides financial management, travel, and procurement services for more than 80 federal agencies, including the **Consumer Product Safety Commission**.



Expand Services Goal

20 states or agencies use Do Not Pay's analytical services or new portal functionality by 2021.



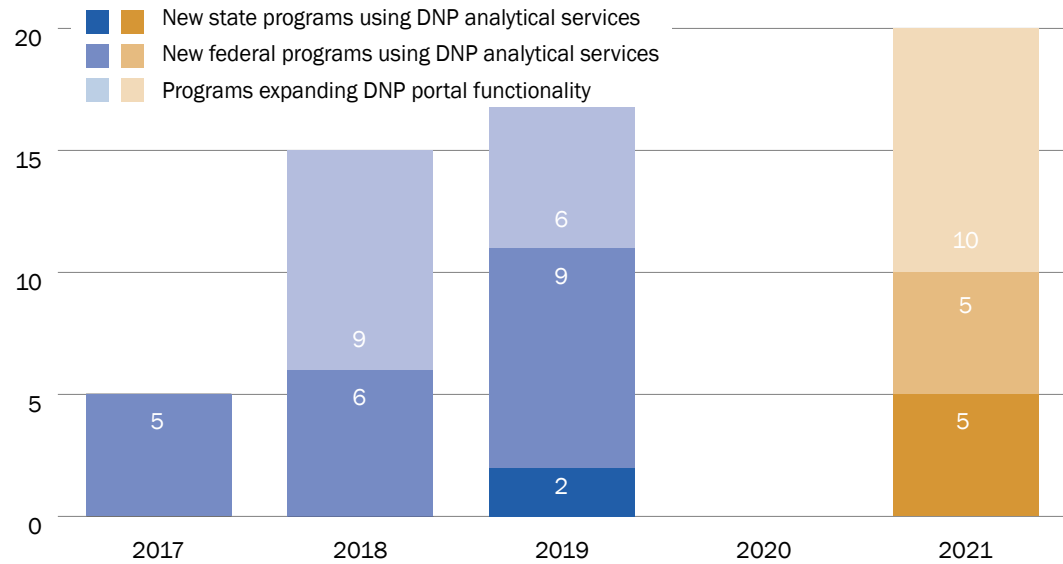
Do Not Pay is a suite of web services to detect and prevent improper federal payments to vendors, grantees, loan recipients, and beneficiaries. The robust web portal, analytics tools, and direct support are available to federal agencies and state offices that administer federally-funded programs.

The DNP portal allows agencies to search multiple databases to determine where a payment may be improper due to death, exclusion from federal health care programs, delinquent federal non-tax debt, and other prohibitions.

DNP also provides advanced payment analytics to identify patterns that may indicate potential fraud or improper payment. The Federal Improper Payments Coordination Act of 2015 extended DNP's authority so that it can work directly with states that administer federally-funded programs.

Reduce improper payment of federal funds while safeguarding privacy.

States and Agencies Using DNP Analytical Services or Portal Numbers



The **Coast Guard** worked with the Do Not Pay's data analytic team to develop data integrity checks for the vendor payment process.



Expand Services Goal

Establish a Quality Service Management Office for the federal financial management marketplace by 2020.

The **Quality Service Management Office**, or **QSMO**, will act as a broker between agencies and commercial and federal solution-providers. QSMO will manage the marketplace by providing access to standards-based solutions.

Initially, the following services will be available in the marketplace:

Core Financial Management Systems
Financial management software applications offered in a FedRAMP authorized cloud environment.

Professional Services
Assistance to agencies with system integration, process re-engineering, change management, and implementation support.

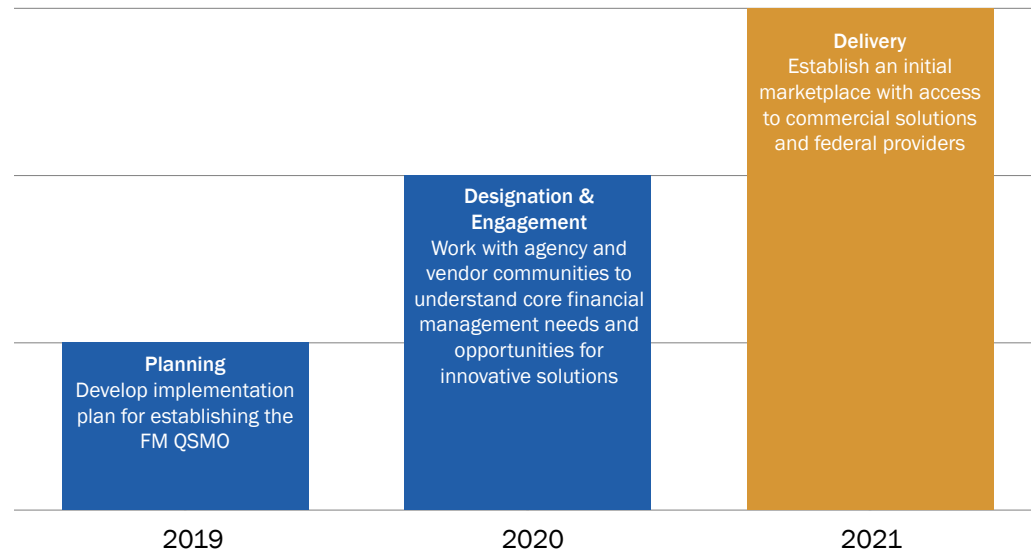
FM Solutions
Transaction processing and other services complementary to core financial management systems.

Treasury Central Services
The common services offered by the Fiscal Service such as disbursing, collections, and accounting.

A marketplace of “best in class” services available to all agencies.

Development of the Quality Service Management Office

In stages



“...[A] new approach for the delivery of mission support services by shifting resources to higher value work and reducing duplication across agencies.”

- Office of Management and Budget
Memorandum 19-16, Centralized Mission Support Capabilities for the Federal Government



We call it modernizing federal financing.
For investors, it's about saving for the future.

"I believe in investing safely. I believe the United States Savings Bond is the avenue to do this."

Rick served in the United States Army for 21 years, a service to the American people that he proudly continues today as a federal employee. After evaluating options for saving for his children's college education, Rick redirected a portion of his paycheck to purchase U.S. Savings Bonds. Fast forward to today, and the proceeds of those matured savings bonds have been critical in supporting Rick's children as they complete their college education.

These stories are common among investors in Treasury securities. Since offering the first savings security in 1935, the Fiscal Service has provided investors an opportunity to purchase safe, reliable Treasury securities directly without going through a broker or bank.

As savings needs and preferences have evolved, the Fiscal Service has transformed the way that investors can purchase Treasury securities directly. Technology allows us to more efficiently meet the needs of the investors, enabling them to conduct many transactions themselves, and improving their ability to save for the future.

Modernize Federal Financing: Meeting the Evolving Needs of Our Investors



Opportunity

Financing the federal government is one of Treasury's central responsibilities. From the 1790s to today, we have met the changing needs of an active government and a growing community of investors. We have an opportunity to build a technical infrastructure that will continue to meet the government's finance needs in the future.

Current State

Treasury sells bills, notes, and bonds to institutional and individual investors through public auctions that occur with a regular and predictable schedule. Treasury securities are backed by the full faith and credit of the United States and are traded in the deepest and most liquid government securities market in the world and serves as the primary means of financing the U.S. government.

Challenge

In recent years, the structure of the U.S. Treasury market has changed in many important ways. As with many other financial markets, advances in technology have facilitated growth in electronic trading for large segments of the Treasury market.

Vision and Benefit

Fiscal Service will meet the financing needs of the government with systems and processes that keep pace with the future demands for scale, speed, and security, while continuing to provide opportunities for investors to purchase Treasury securities as a convenient way to save for the future.



100% of auction results released accurately to the public.

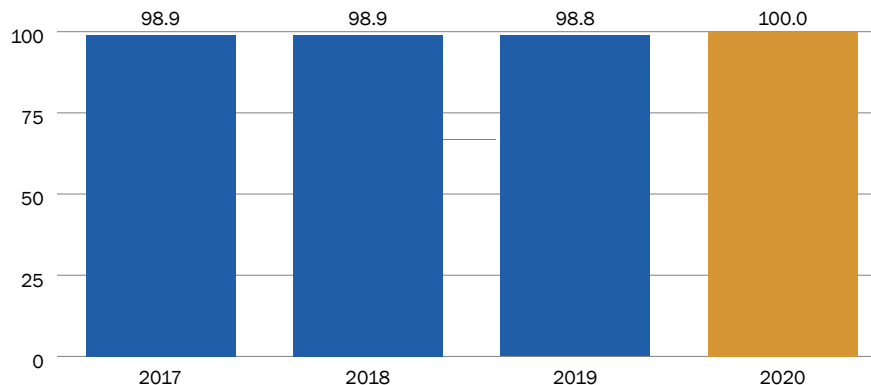
Treasury sells bills, notes, and bonds to institutional and individual investors on a regular and predictable schedule. The U.S. Treasury market is the deepest and most liquid government securities market in the world and serves as the primary means of financing the U.S. government.

The accurate and reliable release of auction results is critical to public confidence in Treasury securities and the stability of the U.S. Treasury market. Treasury strives for 100% accuracy (i.e., releasing the results of each auction without a subsequent press release to correct results) and 100% timeliness (i.e., completing auctions on the scheduled close date).

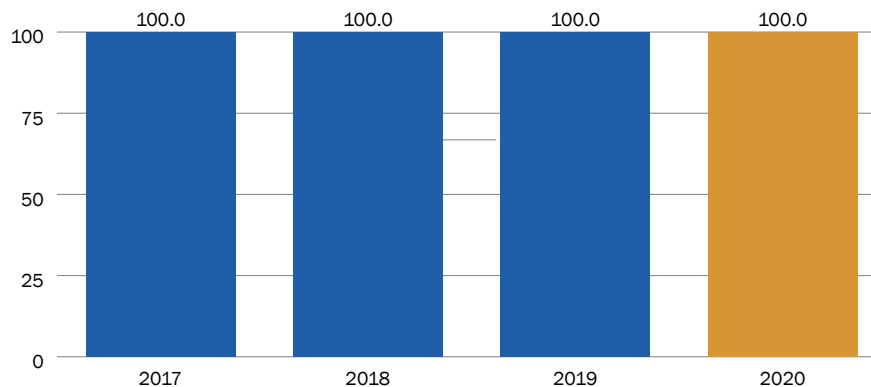
To maintain these high levels of performance, the Fiscal Service is developing a modern auction system to meet the future demand for scale, speed, and security.

Meet the financial needs of the U.S. Government.

Percent of Auction Results Released Accurately



Percent of Auctions Completed by the Scheduled Close Date



Treasury conducted 325 auctions and awarded over \$11.7 trillion in Treasury marketable securities in fiscal year 2019.



Improve retail investors' ability to manage their portfolio of Treasury securities.

The retail program provides simple, safe, and affordable ways for Americans to save for their future by purchasing Treasury securities directly from Treasury.

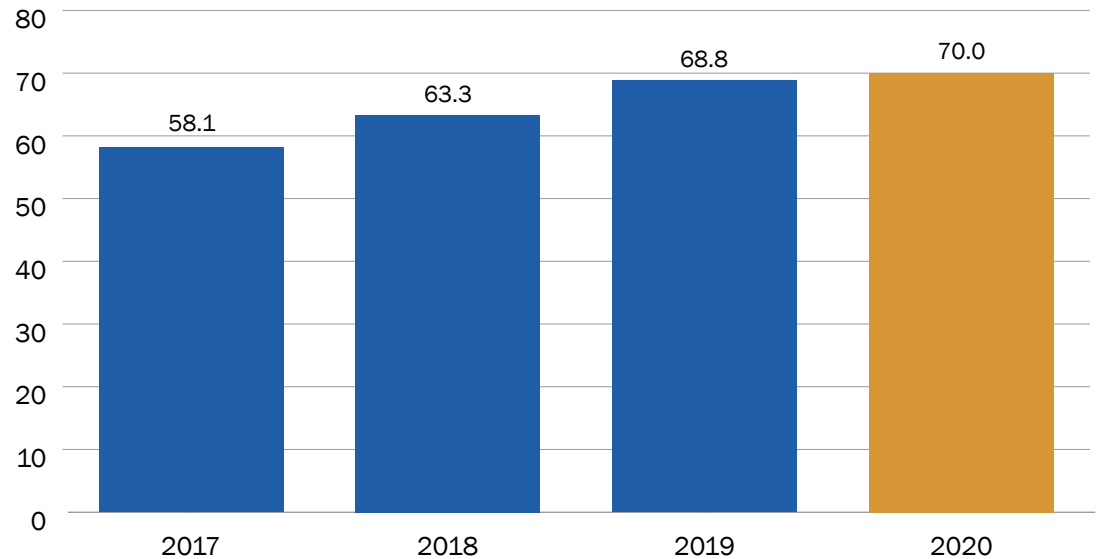
Without going through a broker or bank, investors can create an account to purchase and hold Treasury bills, notes, bonds, floating rate notes, Treasury Inflation-Protected Securities, and savings bonds. There are no fees, and most transactions can be conducted online from a home computer.

To improve efficiency, the Fiscal Service will provide investors with effective self-service options where they can purchase, view, or redeem their securities without assistance.

Service that is available 24 hours a day, 7 days a week.

Self Service Retail Securities Transactions

Percent of total transactions



“Individuals expect government customer services to be efficient and intuitive, just like services from leading private-sector organizations.”

- President’s Management Agenda



Modernize the accounting systems used to calculate the public debt by 2021.

The accurate accounting of the public debt is one of the oldest responsibilities of the Treasury Department. The first Congress authorized Treasury “to prepare plans for the support of the public credit...and the forms for keeping and stating accounts.” Two hundred and thirty years later, that responsibility is now performed by the Fiscal Service, who accounts for the public debt down to the penny, every day.

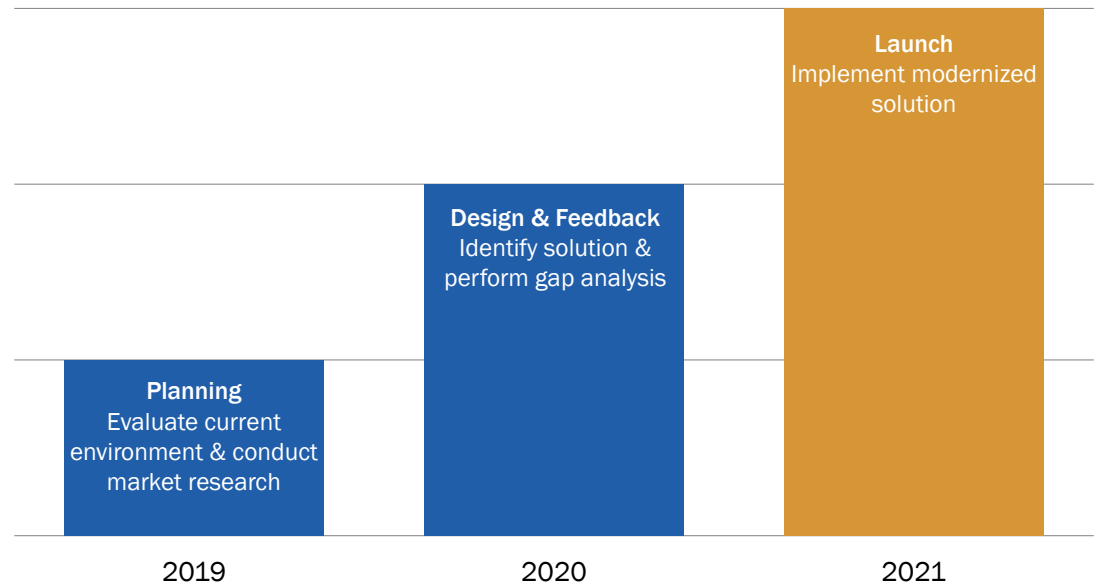
Today, the public debt is financed by a variety of different securities, both marketable and non-marketable, that are held by the public as well as other governmental organizations. Accounting for the debt requires technology that is capable of real-time monitoring of thousands of high-dollar transactions across a wide range of financial systems.

To maintain the to-the-penny accuracy that citizens expect, we are modernizing the public debt accounting system to keep pace with the speed of transactions, the complexity of security types, and the need to protect the integrity of data.

Accounting for the public debt to the penny.

Modernize the Public Debt Accounting System

In phases



TreasuryDirect.gov lets citizens see the exact value of the public debt for any day in history from 1993 to today. It also provides annual data going back to 1869.

A Year of Transformation



The initiatives described in the Progress Statement were selected to be tangible and measurable. Each year, a few more agencies use a Treasury-provided service, or more paper transactions are converted to digital. Incremental progress often masks the transformation that these seemingly small changes enable.

Moving toward all-electronic Treasury disbursing, for example, does more than simply replace expensive paper checks. It prepares agencies for the new real-time payment and settlement service that the Federal Reserve will deploy within the next few years.

Eliminating the closing package audits for forty agencies is more than an efficiency gain, it is the first step in streamlining the financial reporting process. Using data that is available through existing Treasury systems will ultimately revolutionize an end-of-year reporting process that consumes tens of thousands of hours of staff time.

Providing agencies with eCommerce solutions allows citizens to pay federal charges and fees from their smart phones — but it's more than that. It's tangible proof that the federal government is keeping pace with a commercial world that is increasingly mobile.

Progress — both incremental movement on the initiatives, and the transformational change it enables — is the product of the federal financial management community working together so we can continue to meet citizens' expectations.

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