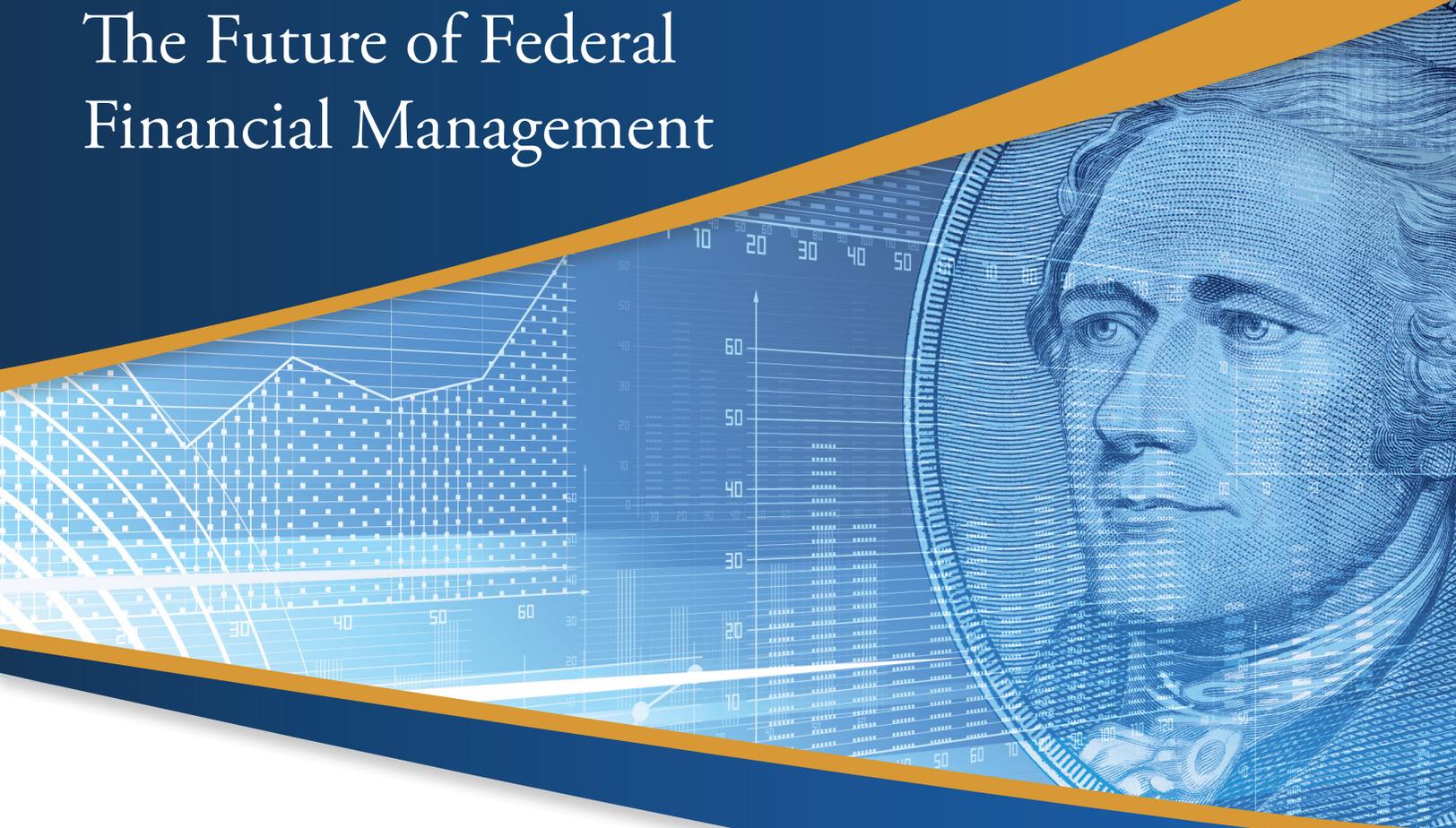




# The Future of Federal Financial Management



## What is Treasury's Vision for Federal Financial Management?

The first session of the United States Congress established the Department of the Treasury in 1789 to “prepare plans for the improvement and management of the revenue ... and to decide on the forms of keeping and stating accounts and making returns.” From the early days of the republic, Congress entrusted Treasury to control and safeguard public monies. Since then, Treasury led the development of the financial management practices of a rapidly expanding federal government. This document continues Treasury's tradition of forward-looking financial management to serve the federal government. It envisions what Treasury's role in federal financial management will be ten years from now.

Every day, millions of Americans have financial interactions with the federal government.

### American citizens expect that:



The government is an efficient steward of its financial resources.



Financial information provided by the government is accurate.



Financial interactions with the government are modern, seamless, and secure.

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## A New Role for Agency CFOs

In the future, we must enable agency CFOs to refocus their attention from financial transaction processing to program performance measurement and reporting.

More than three-quarters of agency CFOs have direct responsibility for financial reporting, accounting operations, and financial systems, according to a recent survey.<sup>1</sup>

Across federal agencies, an estimated 40,000 employees and contractors process financial transactions in dozens of automated systems.<sup>2</sup> This comes from the added responsibility of maintaining agency automated systems with all the complexities of software licensing and version upgrades.

Yet many CFOs believe they could also serve their agencies in a more strategic role. Almost one-half of the CFOs thought “program performance management” and almost one-third thought “program evaluation” would make effective use of their enterprise perspective.<sup>2</sup>

Since the passage of the Chief Financial Officers Act, the federal landscape has changed and information technology has evolved, creating new options for financial transaction processing. Today, many CFOs are redefining their role beyond that of maintaining agency financial systems.

1. “Annual CFO Survey: Navigating Disruption,” Association of Government Accountants, January 2018.

2. “Financial Management Strategy Study,” McKinsey & Company for U.S. Treasury, June 2017.

## A Future of Data-Driven Improvement in Program Performance



The Government Performance and Results Modernization Act of 2010 sharpened agency focus on program performance data. And the recent implementation of the Digital Accountability and Transparency Act of 2014 has expanded the availability and usefulness of agency expenditure data. In response, many CFOs are driving their organizations to higher levels of sophistication where they have integrated program and financial data. In a future of constrained budgets, CFOs can continue to assist their agencies in optimizing — and reporting on — their agencies’ performance by reducing the resources and time they need to dedicate to transaction processing, financial reporting, and compliance.

# Treasury Enables Agencies to Focus on their Missions

Historically, Treasury has transformed federal financial operations.

The Bureau of the Fiscal Service centralized the government's disbursing, revenue collection, financial reporting, and financing. Automation made it possible for one organization to process millions of highly standardized and repetitive financial transactions. This has resulted in tremendous benefits for the agencies, payers and payees, and taxpayers.

Looking to the future, Treasury has identified a set of twelve initiatives to maximize the efficiency of the common processes of disbursing, collections, reporting and shared administrative operations.

## 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 Invoice Processing Platform with \$45B of invoices processed by 2021.

Reduce the number of paper checks printed by Treasury to 50M 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 four lockbox networks will be streamlined by 2021.

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

Increase the adoption of modern eCommerce methods to collect federal charges and fees by 4% 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.

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

Eliminate 40 closing package audits by 2019.

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



### 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 over \$600M in cumulative cost avoidance through shared financial management systems by 2023.

10 states or agencies use Do Not Pay's analytical services or new portal functionality by 2020.

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



# How are we achieving the vision?

## We're in this together.

**CFOs** refocus on harnessing agencies' financial and performance data to improve program performance and work with Treasury to standardize, consolidate, and automate processes.

**Federal financial management community** is engaged with Treasury in leading change and collaboration government-wide to improve financial management and provide quality common services.

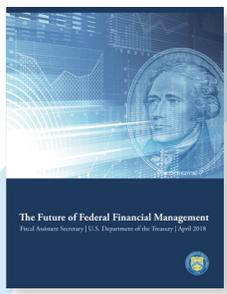
**Citizens** see that the federal government is an efficient steward of its financial resources; federal financial information is accurate; and interactions are modern, seamless, and secure.

**Agency leadership** is assured that Treasury's initiatives are aligned with the Administration's management agenda.

**Federal employees and contractors** learn how transformation happens step-by-step, understand the public good that is created, and are motivated to create their own positive impact.

SPRING

## We envision the future.



**The Future of Federal Financial Management** envisions a new role for CFOs and presents a cohesive set of interconnected initiatives that will transform federal financial management over the next decade. The Future of Federal Financial Management is refined or reissued each year.

WINTER

## We show progress.



At the end of the calendar year, we produce a **Progress Statement** that describes the state of the Vision. It reports on the status of the goals and initiatives and highlights change in action from across the federal financial management community.

SUMMER

## We set goals.

The **CFO Letter** is an annual message sent by the **Fiscal Service Commissioner** to agency CFOs. It sets the direction and goals of federal financial management for the following year. The letter includes specific, measurable, long term goals relating to disbursing, collections, reporting, and expanding shared services.

### Transform Collections

**Two of the four lockbox networks will be streamlined by 2020.**

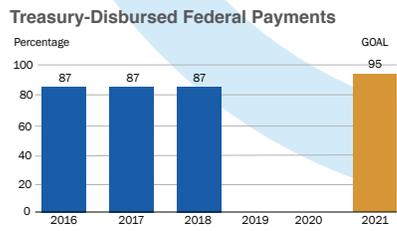
The lockbox network processed \$87M in paper-based transactions in 2017.

**1M receivables from 80 agencies processed through CRS by 2021.**

In FY2018, agencies send 118M invoices for collection annually.

FALL

## We assess progress.



**Fiscal Service** reviews FM Vision initiatives, enterprise tactical activities, and customer service measures to evaluate progress toward established goals. To achieve the goals, we measure customer satisfaction, learn from the results, and refine strategies.

## How we inform and engage our community.

Provide Future of Federal Financial Management updates and material at [fmvision.fiscal.treasury.gov](http://fmvision.fiscal.treasury.gov).

Produce **Transformation Stories** that highlight real-world examples of federal financial management transformation online.

Host meetings with **CFOs** to sustain peer-to-peer relationships and ensure Fiscal Service awareness of their needs and concerns.

Take part in **major federal financial management conferences, customer forums**, and training events.

Brief stakeholders, including the **CFO Council** and **Financial Management Standards Committee**.