



# Progress Statement 2018

The Future of Federal Financial Management



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# Working Together



*Bureau of the Fiscal Service  
Commissioner Kim McCoy*

A senior citizen receives her Social Security payment automatically in her bank account. A tourist pays for admission to a national park from his smart phone. A small business owner clicks “send” to submit an invoice. A concerned citizen analyzes federal spending in his community. A federal manager uses financial information to improve the performance of her agency’s programs.

These are a few examples of how our work in federal financial management touches the lives of everyday Americans. Each is built on a foundation of trust—trust that the government is a reliable partner in all financial transactions and an efficient steward of tax dollars.

Since the founding of the republic, trust has been the cornerstone of our government’s financial operations. “The full faith and credit of the United States” are the watch words that have inspired federal financial management for over 220 years.

Looking to the future, trust remains at the foundation of our plans. In a letter to agency Chief Financial Officers earlier this year, we launched ten initiatives to further strengthen the trust of the American public in government finances. Each of the ten initiatives is designed to improve the efficiency of financial operations, strengthen the accuracy of data, and enhance the customer experience.

Our recent annual customer satisfaction survey found that the majority of federal financial management executives are aware of the ten initiatives—and many have begun implementing them. Most important, the executives described the challenges they face in implementing the initiatives. We are incorporating their feedback in our plans for the coming year.

This Progress Statement presents data from across the federal landscape on how agencies and the Fiscal Service are advancing the ten initiatives of the CFO letter. The progress described in this document is the work of the entire federal financial management community.

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



*American citizens 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 agency CFOs meet these expectations.

The Fiscal Service offers the common disbursing, collection, reporting, and administrative processes to agencies so that they can focus on their missions. This creates opportunities for CFOs to harness financial data to improve program performance as strategic partners in shaping their agencies' futures.

The common processes support the Administration's agenda to "improve the ability of agencies to deliver mission outcomes, provide excellent service, and effectively steward taxpayer dollars." Specifically, they enable agencies to achieve the following cross-agency priority goals:

- leverage data as a strategic asset,
- improve the customer experience,
- share administrative services,
- shift from low-value to high-value work, and
- improve the accuracy of federal payments.

Earlier this year, the Fiscal Service launched ten initiatives to strengthen and expand the common processes. We set ambitious goals to accelerate progress. The following pages describe how each of the ten initiatives support the vision of federal financial management as an efficient steward of taxpayer dollars and the source of authoritative information and excellent customer service.

To learn more, visit [fmvision.fiscal.treasury.gov](https://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.*

*40 million paper checks printed by Treasury in 2020.*

*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 2020.*

*One million receivables from 80 agencies processed through CRS by 2021.*



## Strengthen Financial Reporting

Provide citizens interactive on-line sites to learn about the government's financial activities. Create a single financial statement with a clean audit opinion.

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

*Pilot a trial balance audit using governmentwide GTAS data by 2020.*

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



## Expand Services Available to Agencies

Provide financial transaction processing as a shared service to agencies at optimal efficiency. Treasury's Administrative Resource Center will set the benchmark as government's most efficient financial processing operation.

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

*10 states or agencies use DNP's analytical services or new portal functionality by 2020.*

# Accountability



We call it optimizing disbursing.  
Lois calls it peace of mind.

*“I don’t worry anymore if and when my benefits arrive. It’s dependable and I can live my life without focusing on it.”*

Lois, from Lancaster, Pennsylvania, is a retired military spouse and federal employee. When her soldier husband of 35 years died, Lois started receiving Edward’s military benefits electronically.

As with her federal retirement and Social Security benefits, Edward’s military benefits arrived on time each month to care for her. Though initially she was concerned that the lack of a physical check meant “out of sight, out of mind,” Lois learned that electronic benefits are far more dependable, accurate, and convenient than she initially thought.

That trust today carries on for her grandson. When he was born, Lois immediately signed up for electronic contributions to his college savings plan. She finds comfort knowing that her contributions arrive reliably and securely each month, leaving a lasting legacy she proudly acknowledges.

# Optimize Federal Disbursing: Enhancing Efficiency and Security



## *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 both 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 50 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

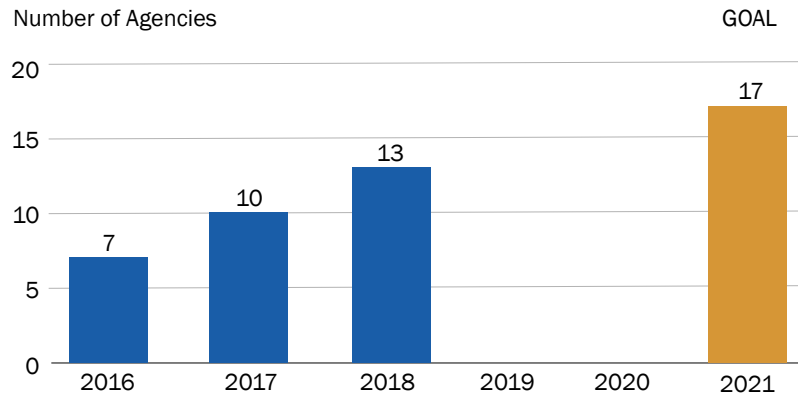
automates government invoicing from purchase order through payment notification, at no charge to federal agencies and their suppliers.

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.

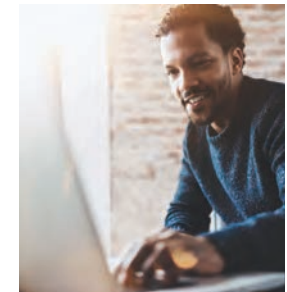
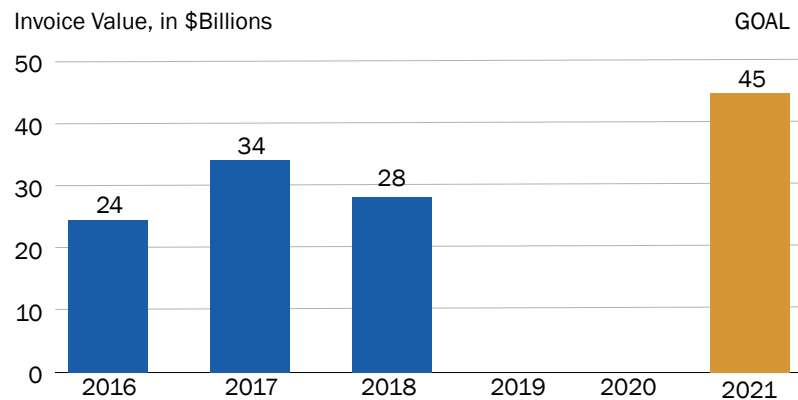
In addition to government savings, the commercial supplier also benefits. For suppliers, electronic invoicing means faster payments, more accurate data, better cash management, improved customer relations, and a paperless office.

Improve service and save money by automating a manual process.

### CFO Act Agencies Using IPP



### Value of Invoices Processed by IPP



“IPP is a very stress-free and user-friendly business solution to get paid faster by federal agencies. The interface is clean and easy to follow—you don’t have to be a technical expert to use it, which is terrific.”

– Richard  
Executive of a small  
business that supports  
several federal  
agencies





**40 million paper checks printed by Treasury in 2020.**

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

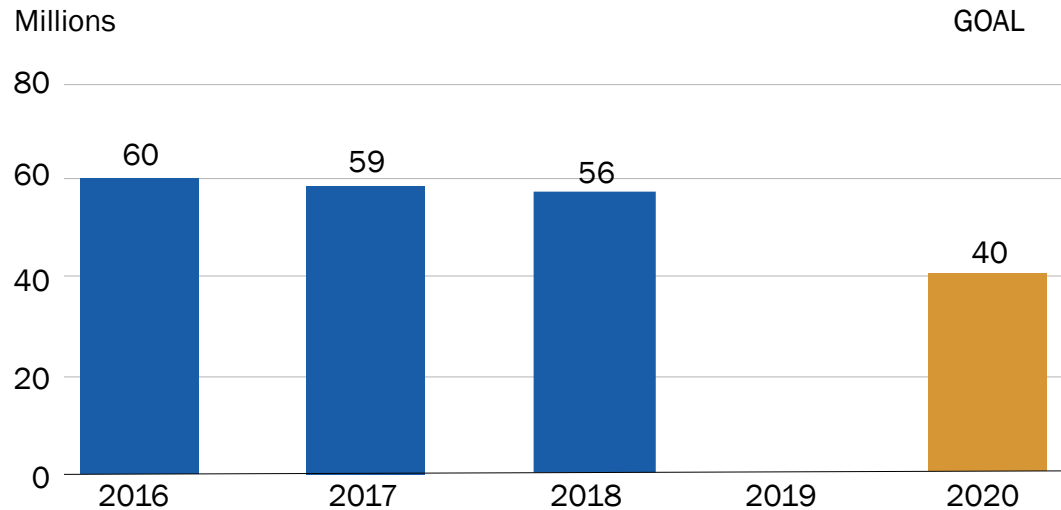
The Fiscal Service has replaced paper checks through innovative solutions that meet customer needs:

- 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.

We are rolling out a new program for disbursing funds to the recipients' debit card or "digital wallet" with an email or text message to their mobile phone.

More than 4.5 million **Direct Express**® cardholders receive their Social Security, Veterans, and other benefit payments electronically.

Number of Paper Checks



With electronic payments, recipients get the funds they rely on—despite blizzards, hurricanes, and tornadoes.



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

Eliminate redundancies and allow agencies to focus on their missions.

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.

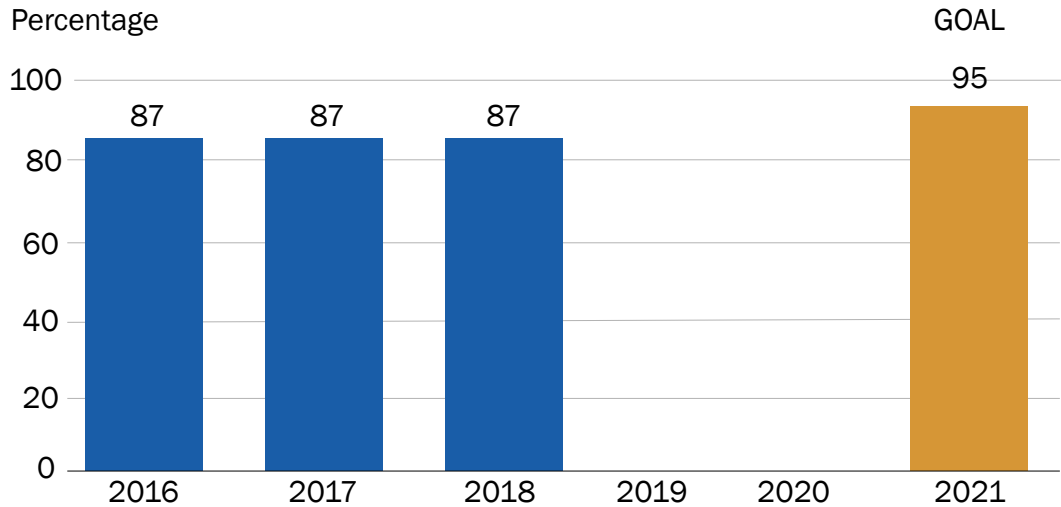
Treasury disburses federal payments on behalf of more than 250 federal organizations. However, 13 percent of the government’s payments are still processed by non-Treasury disbursing offices.

Treasury disbursing eliminates duplicative systems and equipment. Economies of scale enable lower unit costs and discounts for postage, paper, and check stock.

The Department of Defense is moving its disbursing functions to Treasury as part of a multi-year effort to achieve efficiencies.

### Treasury-Disbursed Federal Payments

Percentage



“On February 7, 2017, a level 3 tornado with 150 mph winds struck the New Orleans area. The Fiscal Service’s disbursing operation provided prompt and professional service. They allowed us to meet our goal of accurate and timely payroll processing on behalf of our customers.”

– Associate Director of the National Finance Center, USDA



They used to call us paper pushers.  
Now we're at the leading edge of automation.

*“Learning a new process and developing automation has some growing pains, but our employees are learning new skills and are engaged.”*

Mike is Deputy Chief Financial Officer for the National Science Foundation. His team members are learning new skills that make federal financial management more efficient, freeing them to focus on the NSF's mission.

The team implemented the Fiscal Service's Invoice Processing Platform, turning the time-consuming chore of paying invoices into a fast and easy task. They also implemented the Centralized Receivables Service, which improved their collection processes relating to travel, vendors, and grants, freeing accountants from clerical work.

Some NSF employees are being trained to use robotic process automation. Using robotics can put an end to repetitive manual tasks. Said one of Mike's staff, “This is exciting. I'm training and working toward becoming a certified robotic process automation developer. It's empowering.”

# Transform Federal Collections: Easier Ways to Pay



## *Opportunity*

Smart phones and instant access to information have transformed basic 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 AmazonPay®.

## *Challenge*

In FY2018, the Fiscal Service collected over \$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, we still process 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 2020.**

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



Treasury Lockboxes are post office boxes established to receive payments and remittances from citizens for services and products. Treasury supports four networks of lockboxes:

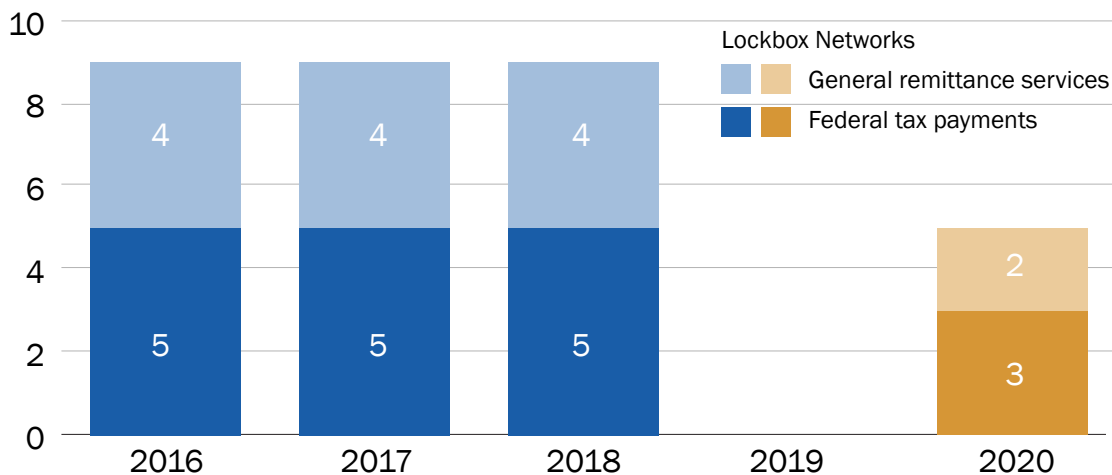
- federal tax payments,
- passports processing,
- citizenship forms, and
- general remittance services.

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. Employing new technologies, such as robotic process automation, and working with agencies to change program processes, may result in decreased costs.

### Streamlining Lockbox Networks

Number of Lockbox Sites

GOAL



In FY 2018, Treasury Lockboxes processed nearly 98 million transactions valued at over \$490 billion.



**One million receivables from 80 agencies processed through CRS by 2021.**

Increase collections on accounts receivable for agencies and programs.



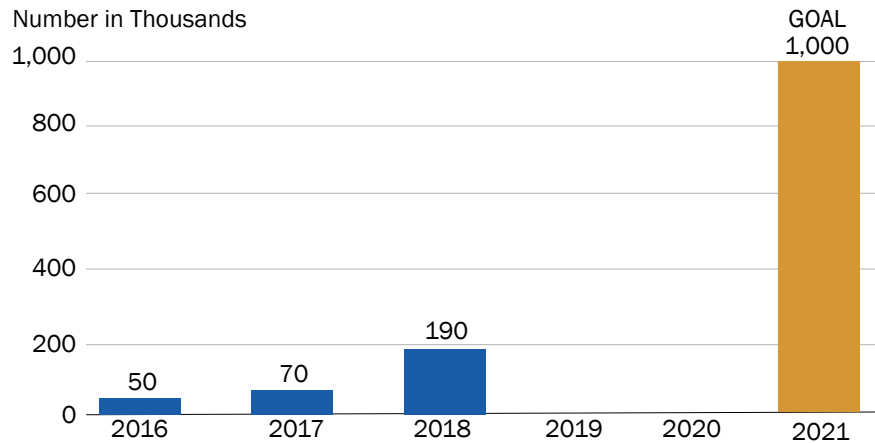
The Centralized Receivables Service assists

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 is provided by a financial agent using 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 our 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.

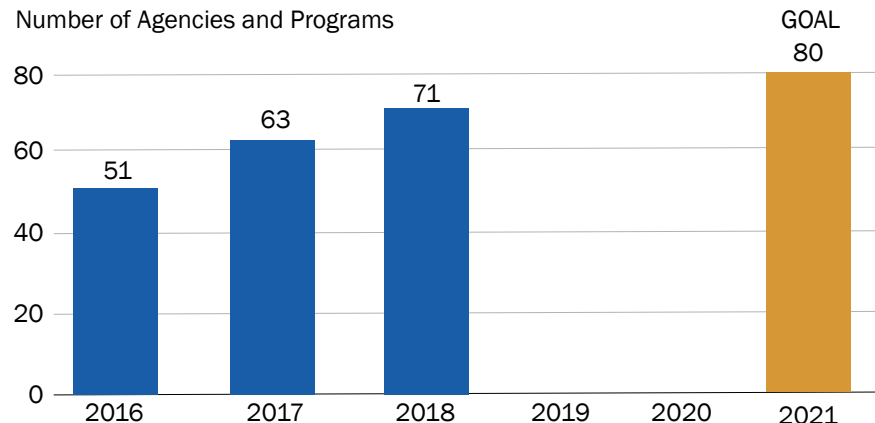
### Receivables through CRS



“Navy Medicine has no plans to revert to the old set of processes. Compliance is up, collections are up, and costs are down.”

- Bureau of Navy Medicine

### Agencies and Programs Using CRS



# Collaboration



We work at the Fiscal Service.  
We meet challenges together.

*“Each day is an adventure and I like knowing what we do matters.”*

Jaime is a 19-year employee at the Fiscal Service. As a supervisory accountant, she’s embraced a new role in the last few years.

“I work with many agencies to get them on board with G-Invoicing and other initiatives of the Fiscal Service. We have been dealing with the issue of transactions not matching between agencies for quite some time now and have been working on ways to solve it with G-Invoicing, which will provide a web-based solution to resolve these reporting differences,” Jaime said.

Jaime noted, “It requires extensive collaboration with other financial managers in the government. We are moving away from manual processes and focusing on more effective ways of doing business. It isn’t without some challenges, but knowing that we are solving real issues makes it worth it. Nothing that is ever worth it is easy. For so long, we have been operating in our own sections within our selective agencies. It is amazing what we can accomplish when we work together.”

# Strengthen Financial Reporting: Understanding Federal Spending



## *Opportunity*

Americans generally 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. At the same time, many also believe that government is often wasteful and inefficient. 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.





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



**G-Invoicing** is a paperless, web-based application

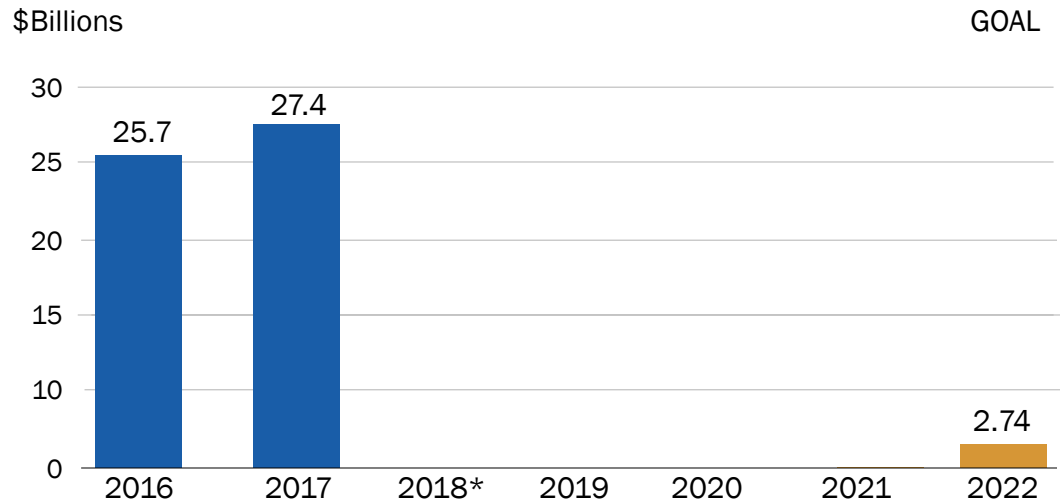
created to manage intragovernmental buy/sell transactions. Robust enhancements will allow users to exchange data and set up trading agreements to provide better accounting and reporting for all agency partners.

Other focus areas to eliminate 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 required to use G-Invoicing for intragovernmental transactions by June 30, 2021.

Contribute to a clean audit opinion by reducing intragovernmental differences.

**Reduction in Intragovernmental Buy/Sell Differences**



\*Data unavailable at time of printing.



NSF's financial management team uses robotic process automation to manage its intragovernmental transactions.



**Pilot a trial balance audit using governmentwide GTAS data by 2020.**



Governmentwide Treasury Account Symbol Adjusted Trial Balance System is used by agencies to report budget execution and proprietary financial information to Treasury.

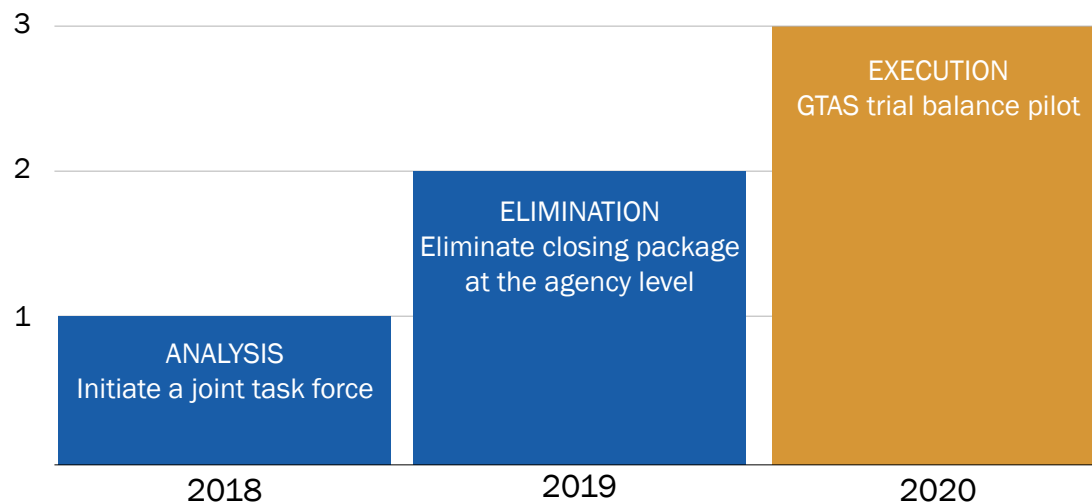
Each year, audit data from over 150 federal entities and audit closing packages from 40 of the largest entities is compiled to create the Financial Report of the United States. The Fiscal Service is exploring a new approach to make the process more efficient by balancing risk and effort.

We plan to eliminate agency closing package reporting and pilot a trial balance audit using GTAS data with a small number of agencies. The goal of this pilot is to determine whether Agency Financial Reports can be eliminated. This will significantly reduce the reporting and audit burden governmentwide and enable increased audit focus on high risk agencies and programs.

Compile the Nation’s financial report more efficiently while maintaining accounting controls.

Agency Pilot Test

Phases



“Time, energy, and dollars spent complying with outdated, redundant, and unnecessary requirements can be better spent on accomplishing mission outcomes.”

– The President’s Management Agenda



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

Increase public understanding and trust in government finances.



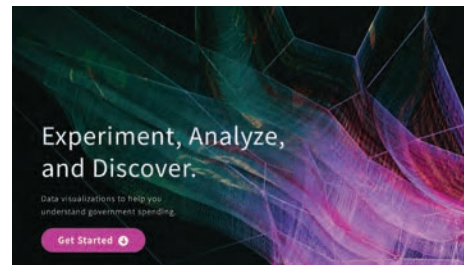
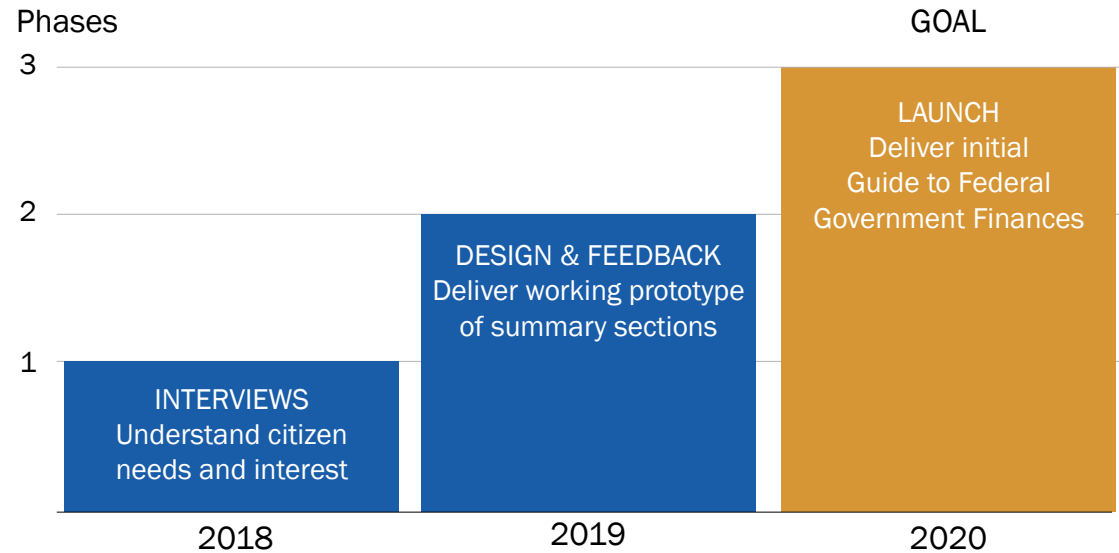
Building on data presentation techniques from [USAspending.gov](https://www.usaspending.gov), the web-based Guide to Federal Government Finances will present complex U.S. financial data in a simple, educational, and accessible way. It's designed for those unfamiliar with accounting terminology.

The guide will contain engaging visuals, plain language, and clear navigation to tell a coherent story. It will present information as a concise summary while providing users with the opportunity to easily access additional content if they wish to dive deeper.

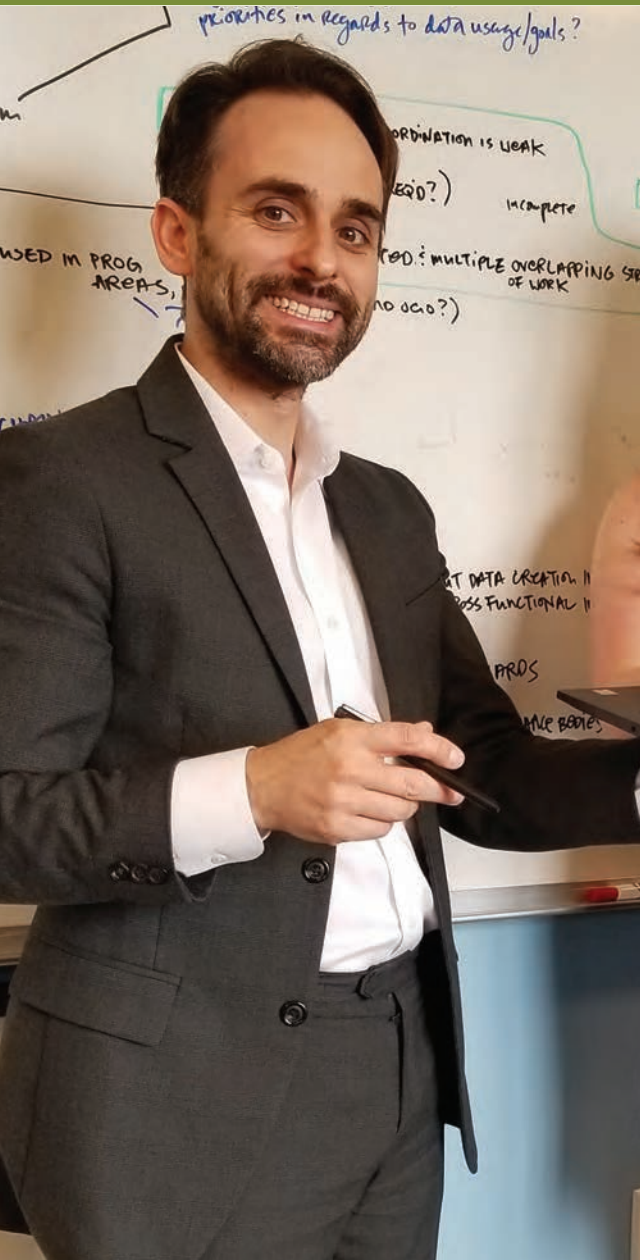
It will have three separate sections:

- Revenue – money brought in by the government
- Spending – money spent by the government
- Deficit and Debt – the net result of revenue and spending activities

### Development of Guide to Federal Government Finances



[USAspending.gov](https://www.usaspending.gov) and the [Data Lab](https://www.data.gov) helps citizens explore government spending through innovative visualizations of federal data. This year, more than 600,000 users have visited [USAspending.gov](https://www.usaspending.gov).



## We call it data visualization. For citizens, it's eye opening.

*“USAspending.gov and the Data Lab help our users—students, researchers, data analysts, public servants, policy makers, and journalists—unlock the value of federal financial data.”*

In September 2017, the Fiscal Service launched the Data Lab, which provides greater insights and transparency into the nearly \$4 trillion the government spends annually. The Data Lab demonstrates how open data can be used to solve problems, visualize data, and spur innovation both inside and outside of government.

Federal agencies are also seeing the value—they are not just the data providers, they are also the data consumers. For example, the data in many federal agencies is siloed—but USAspending and the Data Lab Websites connect procurement, financial assistance, financial, and program data to enable federal agencies to view their agency's spending in a cohesive manner. In addition, agencies can get a big picture view to understand how their programs fit into the broader federal spending landscape.

“Data is no longer a byproduct of operations,” said Justin, Product Manager for Research and Analytics. “It’s an important asset for all citizens. We want to make sure that people can use it to solve problems and tell the story of government spending.”

The Data Lab Website is part of the broader Treasury effort to lead the governmentwide implementation of the Digital Accountability and Transparency Act (DATA Act). To learn more, visit [datalab.usaspending.gov](https://datalab.usaspending.gov).

# 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. Consolidating or moving administrative functions could allow agencies to focus on mission activities, redeploy scarce resources from low-value to high-value activities, improve customer satisfaction, and reduce risk.

## *Current State*

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

## *Challenge*

Currently, there is a lack of shared services options to promote price competition among providers. In addition, the cost of transferring an agency's in-house operations to an external provider is not recouped until after many years of operation.

## *Vision and Benefit*

The Fiscal Service will offer financial transaction processing as a shared service performed at optimal efficiency. Through economies of scale, standardization, and state-of-the-art automation, Treasury's Administrative Resource Center 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.**

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



Treasury's  
**Administrative  
Resource Center**  
provides customer-

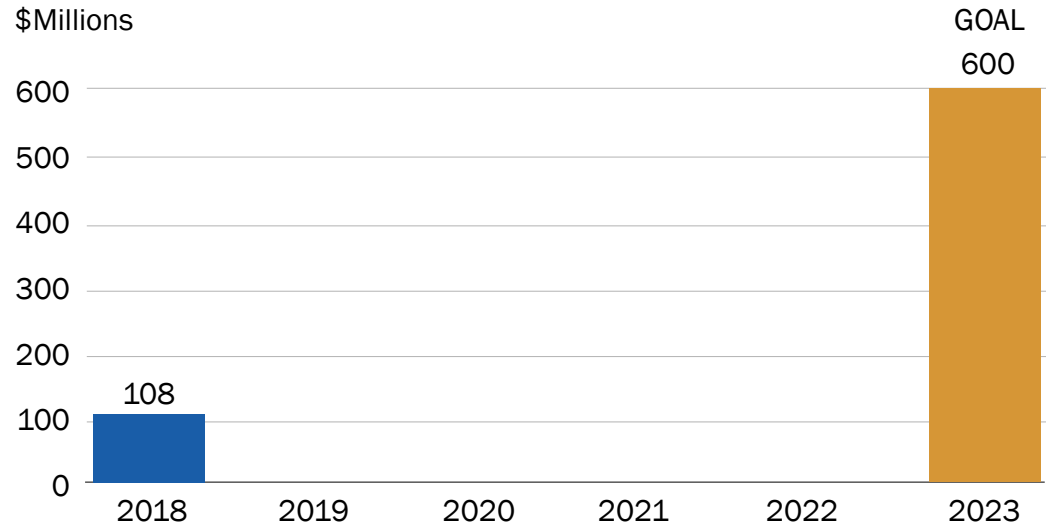
focused, cost-effective shared services in financial management, procurement, human resources, and travel to more than 70 federal agencies and 22,000 federal employees.

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 their cost is shared across a large base of customers.

The economics of shared services was illustrated by ARC's recent upgrade to the latest version of its core accounting system. An upgrade that would have cost \$13 million for a single agency was \$350 thousand for each of ARC's agency customers.

ARC continues to use new technologies such as robotic process automation to boost productivity and improve service.

### Cumulative Cost Avoidance



ARC provides financial management services to agencies like the Farm Credit Administration, which is the Nation's largest agricultural lender.



## Expand Services Goal

**10 states or agencies use DNP's analytical services or new portal functionality by 2020.**

Reduce improper payment of federal funds while safeguarding privacy.



**Do Not Pay** is a suite of web services to detect and

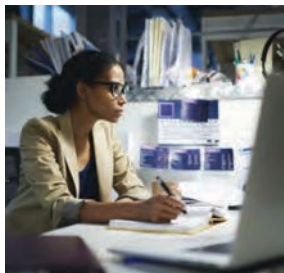
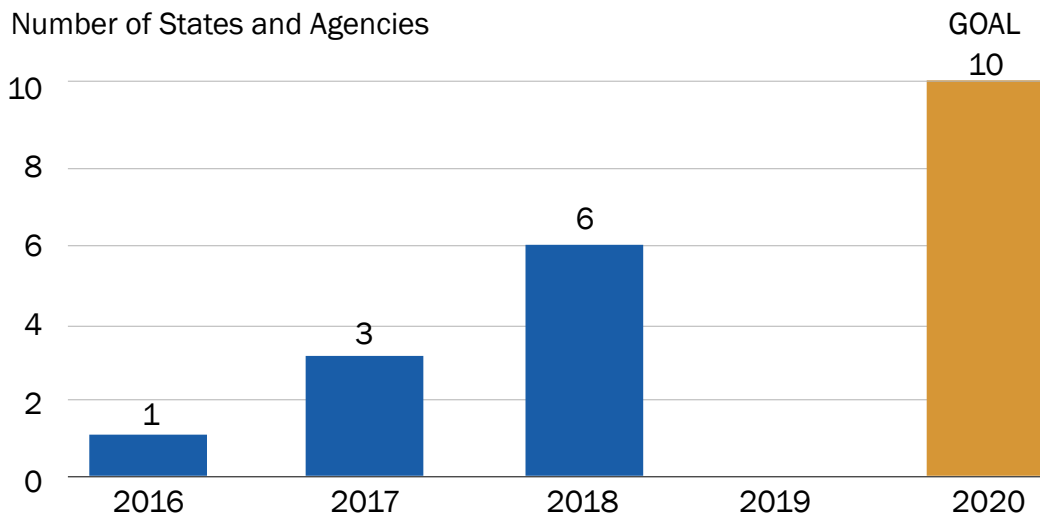
prevent improper federal payment to vendors, grantees, loan recipients, and beneficiaries. The robust web portal, analytics tool, and direct support are free to federal agencies and available to state offices that administer federally-funded programs.

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 and risk scoring to identify potential targets of abuse. 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.

### States and Agencies Using DNP Analytical Services or Portal

Number of States and Agencies



“Establish stronger partnerships with the states that will prevent and reduce incorrect payments in programs that states administer using Federal funds.”

– President’s Management Agenda



We call it strengthening financial reporting.  
Tim calls it measuring impact.

*“With the DATA Act, we can now identify the geographic location of grants and combine that data with employment and census data to evaluate the true impact of our agency’s programs.”*

Tim is the CFO of the Small Business Administration and a 20-year financial management professional. He is bringing together financial, performance, and award data to understand the true impact of small business development programs. He is redefining the role of the CFO.

“It all began with the DATA Act. The DATA Act required us to report on the geographic location where SBA loans and grants are awarded. This enabled us to link the expense of SBA programs with a broad range of economic and administrative data to create a more complete picture of how SBA programs are affecting a locality’s employment rate and economic health.”

There is a new emphasis on program evaluation at the SBA. By combining cost analysis and performance management, the agency is evaluating whether its programs are achieving their intended results. The SBA now has an active community of practice where managers explore the use of evidence and evaluation to make more informed decisions about policy, strategy, and resource management.

This has changed the role of the agency’s CFO and finance staff. Today, Tim is looking for ways to perform the routine transaction processing of a finance office most efficiently. “By shifting from low-value to high-value work, more of my staff can perform the analyses that will maximize the SBA’s effectiveness in enabling the health and vitality of small business.”





## *Moving Forward*

The ten initiatives will accelerate the progress that many agency CFOs have already made, enabling the CFOs to harness financial and program data to strengthen their agencies' performance by relieving them of routine financial transactions and administrative operations.

The initiatives enable a broader role for CFOs that is based more on the use of financial data for program performance and transparency, and less on financial transaction processing. They enable CFOs to serve as a more complete steward of an agency's financial resources.

In the future, CFOs will play a key role in increasing the transparency of federal financial and performance data, and thereby, building trust in federal financial management. Whether analyzing agency expenditures with an eye toward productivity—or reporting on agency performance to the public—this is the broader role that many CFOs are currently working toward.



## *Follow us.*

**WEBSITE** [fmvision.fiscal.treasury.gov](http://fmvision.fiscal.treasury.gov)

**EMAIL** [FMVision@fiscal.treasury.gov](mailto:FMVision@fiscal.treasury.gov)

**LINKEDIN** Bureau of the Fiscal Service



