

Chief Financial Officer Functional Leadership Plan

The Functional Leadership Plan of the Office of the Chief Financial Officer (CFO) for the National Aeronautics and Space Administration (NASA) addresses the Agency's financial and resources management (budget) functions. The plan is provided pursuant to NASA Strategic Management Handbook requirements and related guidance. The plan includes a brief background section, as well as, sections on the CFO vision, goals, objectives, metrics, initiatives, mandates, schedule and resources. While presented as discrete areas, the sections and component goals, objectives, initiatives and resources are highly interrelated and synergistic.

Background

The Functional Leadership Plan is basically a synopsis of NASA's broader and more detailed Chief Financial Officer's Annual Report and Five-Year Plan. The more detailed report/plan supplements the Functional Leadership Plan. The CFO's Annual Report and Five-Year Plan, which is required by legislation (the CFO Act) and Office of Management and Budget (OMB) guidance, was reviewed within NASA prior to submission to OMB. In that regard, the key elements of the CFO Functional Leadership Plan have been reviewed within NASA. **(The CFO's Annual Report and Five-Year Plan is available at http://ifmp.nasa.gov/codeb/docs/1999_5yrplan.pdf)**

The CFO's functional leadership activities are being pursued to strengthen financial and resources management support of Agency administrative activities and program missions. The CFO initiatives not only support Agency administrative activities and program missions, but also respond to specific legislative requirements. The following recent laws highlight the keen public and congressional interest in the financial and resources management areas.

Chief Financial Officers (CFO's) Act of 1990
Government Performance and Results Act of 1993
Federal Financial Management Act of 1994
Federal Financial Management Improvement Act of 1996

The noted laws specify key Federal requirements related to the financial and resources management functions. These mandates focus on areas such as service/operations, staffing, standards and related improvement initiatives, as well as, on the financial statement reporting and financial system areas. The interrelationships between the laws and NASA's activities are discussed in a subsequent section of this plan.

Vision

The NASA vision for Agency financial and resources management activities focuses on support of Agency missions. The vision includes a team of financial and resources management professionals working in partnership with program and administrative officials to provide timely, accurate, and reliable financial, resources, and performance information. The vision will be achieved through efficient, integrated, financial and resources management systems to effectively plan, guide, control, manage, report on, and support the safe accomplishment of

Agency missions. This vision supports the broader Agency vision of NASA as an investment in America's future.

NASA financial and resources management activities directly support the Agency Manage Strategically process by providing timely, reliable financial and resources information related to critical management decisionmaking and resource allocations. The CFO vision is also consistent with the related Federal financial management vision of the U.S. Government Chief Financial Officers Council. This vision focuses on shaping an environment in which officials use high-quality financial and performance information to make and implement effective policy, management, stewardship and program decisions.

Goals

The NASA CFO community's goals are to:

- (1) Improve financial, resources and performance management service/operational support of Agency missions;
- (2) Maintain a professional financial and resources management staff with the requisite expertise to ensure sustained Agency support;
- (3) Implement/support management improvements, such as new full cost management, budget and accounting practices, to support mission, fiscal and administrative efficiencies;
- (4) Provide financial and performance information, including financial statements and performance reports, to sustain and demonstrate financial accountability for taxpayer resources; and
- (5) Implement Federal and Agency regulations and initiatives, including supporting financial and resources management systems, and maintain legal and regulatory financial compliance.

Objectives

The NASA CFO community's objectives follow.

- (1) The CFO community will provide timely, efficient and effective service/support to internal and external customers.

Such service/support includes thorough, defensible, accurate financial plans (budgets), including expert support to Agency management's decisionmaking processes; appropriate clearly-delineated performance plans; and timely payment practices and financial reporting/information.

- (2) The CFO community will maintain CFO staff knowledge, skills and abilities commensurate with current and anticipated requirements.

Such staff capabilities are expected to be achieved through training and development and to result in a diverse, professional workforce. Related activities include Center participation that encourages strong, cross-Center training and development activities.

- (3) The CFO community will provide/consolidate financial and performance information to support optimal alignment of human, physical, and financial resources and related financial accountability.

Such support will be provided through thorough financial analysis and timely consultation with management, as well as, through continuous and effective communication of the Agency's budgets/plans with internal and external parties. Standardized efficient and effective financial and resources management business processes and practices also will be achieved through continuous improvement, including new full cost management, budget and accounting practices.

- (4) The CFO community will provide timely and effective analysis, information and reconciliation of financial information to support financial and performance reporting.

Such information and reporting will integrate effective financial controls and related accountability. NASA continues to pursue full accountability and reporting excellence by consistently obtaining unqualified audit opinions on Agency financial statements.

- (5) The CFO community will support timely and effective compliance with legal and regulatory financial requirements, as well as, timely and effective implementation of Federal and Agency standards, guidance, and leadership/policy initiatives, including related financial and resources management system initiatives.

Such support includes timely funds control, appropriate financial and resources management, and timely updating, streamlining, and optimizing financial and resources management systems/operations in support of missions. Such support also includes a wide-variety of evaluations, internal analyses, reconciliations, reports and other information including quality assurance, General Accounting Office (GAO), Office of Inspector General, and Independent Public Accountant audits and reviews.

Metrics

The CFO community's metrics focus on selected key measures that highlight the pursuit and achievement of the CFO community's goals and objectives.

- (1) Resource Use -- The effective use of available resources provided to the Agency through appropriations demonstrates Agency stewardship and accountability for taxpayer resources. The noted measure highlights, how well, NASA plans and uses such resources. The Agency target is to use (cost) at least 70 percent of available resources during the fiscal year in which the resources are provided. While numerous internal and external variables influence the noted metric, such information can indicate the overall quality of Agency plans and the effectiveness of the Agency's use of taxpayer resources. In that regard, the CFO community also continues to focus on the maximum and timely distribution of resources to agency operating organizations.
- (2) Grant Fund Use -- The effective management and use of grant funding demonstrates Agency accountability for taxpayer resources. Agency grants, which often involve

the academic community, follow a process that differs from other Agency resource use. As a consequence, NASA established specific metrics related to grant activities. The Agency's target is to obligate 100 percent of Agency funds directly associated with the grant activities over the course of the fiscal year and to manage grant funding so that an uncosted carryover of funding on grants is not more than six months. The uncosted carryover represents the amount of grant funding that has been obligated, but not yet used (costed) expressed in months.

- (3) Payment -- The timely payment of bills consistent with the Prompt Payment Act demonstrates Agency accountability for taxpayer resources. The noted measure also highlights, how well, NASA manages taxpayer resources and the Agency's business relationships with industry, academia and others. The Agency's target is to pay at least 95 percent of vendor bills on time. NASA's recent performance at 98 percent is consistently above the average Federal agency performance which is often below the 95 percent target.

Initiatives

The CFO community's initiatives are highly interrelated and synergistic. The initiatives are expected to collectively establish and enhance the financial and resources management environment that is expected to optimally support NASA administrative and program mission activities in the coming decades. The initiatives include key ongoing thrusts, as well as, project oriented activities with defined phases, milestones and completion targets. The initiatives focused in the following areas: service/operations; staff development; financial management improvement, such as full cost practices; financial reporting and financial systems.

(1) Service/Operations

The service/operations initiative focuses on maintaining and improving ongoing service to internal and external Agency customers. The initiative involves periodic monitoring of key metrics to ensure that the CFO community effectively supports Agency administrative, mission, and program activities. Such monitoring includes resource use metrics, grant fund use metrics and payment metrics, as well as, Agency quality assurance reviews of Center financial management operations. Agency financial and resources management services are critical to full accountability and stewardship of Federal resources. This includes the timely and accurate dissemination of financial information, as well as, the timely distribution of resources authority for program management to make early decisions on key Agency programs. In addition, there must be constant monitoring of Agency compliance with Federal and Agency financial and resources management policies and practices.

(2) Staff Development

The staff development initiative focuses on ensuring that Agency financial management and resources management staff, including such staff in program organizations, obtain and maintain the requisite expertise to meet current and future Federal and Agency requirements. The initiative involves establishing a learning and development environment that supports appropriate staff development. The approach includes active Center participation. NASA is developing a strong, cost-effective, cross-Center training and

development program. The recent introduction of NASA's Financial and Resources Management Career Development Guide and the Individual Development Plan Advisor provide employees and supervisors with key tools to support required staff development. This ongoing initiative is currently focused on full implementation of such guidance and related training and development of financial and resources management staff.

(3) Financial Management Improvement (Full Cost Practices)

The financial management improvement/full-cost practice initiative focuses on implementing new improved full cost accounting, budgeting, and management practices in NASA. The initiative involves developing key full-cost concepts and testing and implementing these concepts. The basic concepts involve assigning all costs, (including direct salary and benefit costs and other service and General and Administrative (G&A) costs), to Agency projects, and budgeting, managing and accounting/reporting on the full costs of Agency projects, thereby enhancing mission and administrative efficiencies. The CFO Community developed and tested the fundamental concepts in the 1990's. Key practices are being introduced through phased and interim activities over the coming years.

(4) Audited Financial Statement Reporting

The audited financial statement reporting initiative focuses on the Agency's continuing quest for financial management reporting excellence. The financial statements reflect the overall financial position and activities of NASA in accordance with formats and guidance prescribed by the Office of Management and Budget, the Federal Accounting Standards Advisory Board, the General Accounting Office, and the U.S. Department of the Treasury. NASA continues to demonstrate outstanding reporting as evidenced by its receipt of consecutive unqualified audit opinions on annual financial statements during the past several years. NASA must continue to adhere to emerging Federal accounting standards and to strengthen agency reporting practices and processes.

(5) Integrated Financial Management Program (IFMP) System

The integrated financial management program (IFMP) system initiative focuses on improving NASA's financial and resources management support of the Agency's mission. The IFMP system will standardize financial and resources management business processes and systems as defined by the Federal Joint Financial Management Improvement Program, ensure compliance with the Federal requirements, and provide current, useful and timely financial information for internal and external customers. OMB directed agencies to focus on using a commercial-off-the-shelf (COTS) system approach. The IFMP system includes human resources, core finance, procurement management, budget formulation, travel management, applicant tracking, position description management, logistics, facilities, environmental, aircraft, time and attendance, and payroll.

Mandates

Several recent laws specify mandates in key financial and resources management areas. These mandates/areas can be directly related to NASA's ongoing financial and resources management initiatives. **(See the following table.)**

Mandate/Initiative Table

Mandate/Act	Area	Initiative
Gov. Performance & Results Act	Performance Reporting	Service/Operations
CFO Act	Personnel	Staff Development
Federal Financial Mgt. Improvement Act	Accounting Standards	Full Cost Practices
Federal Financial Management Act	Financial Reporting	Financial Statements
CFO Act	System	IFMP System

The following information on NASA's initiatives and related legal mandates highlights the interrelationship between NASA's initiatives and several key sections of recent Federal laws.

Initiative: Service/Operations & System

Mandate: "An Agency Chief Financial Officer shall...develop, maintain, and integrate agency accounting and financial management system, including internal controls, which ...provides for:

- (i) complete, reliable, consistent, and timely information which is prepared on a uniform basis and which is responsive to the financial information needs of agency management;
- (ii) the development and reporting of cost information;
- (iii) the integration of accounting and budgeting information; and
- (iv) the systematic measurement of performance..."

"An Agency Chief Financial Officer shall...monitor the financial execution of the budget of the agency in relation to actual expenditures, and prepare and submit to the head of the agency timely performance reports..." (CFO's Act).

Agency performance plans shall "...briefly describe the operational processes, skills and technology, and the human, capital, information, or other resources required to meet the performance goal.

No later than March 31, 2000, and no later than March 31 of each year thereafter, the head of each agency shall...report on program performance for the previous fiscal year..." (Government Performance and Results Act).

Initiative: Staff Development

Mandate: "An Agency Chief Financial Officer shall...direct manage, and provide policy guidance and oversight of agency financial management personnel, activities, and operations, including...the recruitment, selection, and training of personnel to carry out agency financial management functions..." (CFO's Act).

Initiative: Financial Management Improvement (Full Cost Practices)

Mandate: "The purposes of this Act are to...require Federal financial management systems to support full disclosure of Federal financial data, including the full costs of Federal programs and activities, to the citizens, the Congress, the President, and agency management, so that programs and activities can be considered based on their full costs and merits..." (Federal Financial Management Improvement Act).

Initiative: Audited Financial Statement Reporting

Mandate: "Not later than March 1, 1997, and each year thereafter, the head of each executive agency ...shall prepare and submit to the Director of the Office of Management and Budget an audited financial statement for the preceding fiscal year, covering all accounts and associated activities of each office, bureau, and activity of the agency." (Federal Financial Management Act)

Schedule

NASA's financial and resources management initiatives represent key near-term and long-term activities of the Agency. These initiatives are designed to maintain and enhance financial and resources management support of Agency mission and administrative activities in the coming years. These initiatives also involve key activities during the following target fiscal years.

Schedule	
<u>Initiative</u>	<u>Target Years</u>
(1) Service/Operations	2000-04*
(2) Staff Development	2000-04
(3) Financial Management Improvement (Full Cost Practices)	2000-03*
(4) Audited Financial Statement Reporting	2000-04*
(5) Integrated Financial Management Program (IFMP) System	2000-04*

* Initiative includes periodic/annual milestones and/or metrics

Resources

The CFO community requires staff, training, system and contractor resources to support NASA. The current staff level requires limited, short-term supplementation to support growing workload requirements until NASA implements an efficient financial and resources management system. The CFO community also requires continuing training and development to establish and maintain staff expertise commensurate with current and emerging technical requirements.

The CFO community requires staff resources, including training and key contractor resources, and systems, including contract support, to effectively and efficiently support agency

administrative activities and program missions. The current (1999 Fiscal Year-end) workforce of approximately 1,000 full-time equivalent (FTE) civil servants, supplemented by key contractor support, is expected to meet the long-term staffing requirement for the CFO community. (The current staffing represents a 25 percent decrease since 1993, which is consistent with National Performance Review and NASA targets.) The current workforce, however, requires a limited (5 to 10 percent), short-term (3 to 5 years) civil service and contractor FTE increase.

The additional staff resources are required to implement a required new system and to meet existing requirements until the new system is implemented. The system is expected to support key process and practice improvements. Such anticipated improvements served as a basis for the recent significant downsizing experienced by the CFO community. The CFO community also requires continuing training resources to maintain and enhance the workforce commensurate with existing and anticipated/emerging functional and technical requirements. The noted recent Federal legislation and related regulations and standards highlight such growing requirements. In addition, the CFO community requires a new, efficient financial management system. The resources for the required new system have been budgeted in the IFMP system budget.

NASA's financial and resources management staff is a dedicated group of professionals. These professionals provide timely, effective and efficient support of Agency missions and activities. The CFO community strives to meet Agency and CFO goals and objectives through day-to-day activities and through related initiatives. The CFO community is also committed to health and safety as a priority, including a safe and healthy work environment. The timely achievement of Agency and CFO goals and objectives is expected to efficiently, and effectively provide the timely, reliable financial, resources, and performance information required to plan, control, manage, achieve, and report on NASA missions and activities consistent with legal and regulatory requirements. The CFO community plans to continue to pursue financial and resources management excellence to meet the changing requirements and challenges of the 21st century.