



**Office of Inspector General**  
**Report of Review**

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**ASSESSMENT OF FINANCIAL  
MANAGEMENT IN THE  
ENVIRONMENTAL PROTECTION AGENCY**

**VOLUME I OF II**

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# **ASSESSMENT OF FINANCIAL MANAGEMENT IN THE ENVIRONMENTAL PROTECTION AGENCY**

## **EXECUTIVE SUMMARY**

### **PURPOSE**

On September 27, 1993, the United States Senate Committee on Environment and Public Works, Subcommittee on Superfund, Recycling, and Solid Waste Management requested that the Office of Inspector General (OIG) conduct a comprehensive review of EPA's financial management program. The Subcommittee also sent a letter to the Environmental Protection Agency (EPA) Administrator requesting the Agency's cooperation and participation in this review. This report summarizes the results of our assessment of financial management in the EPA. This review was a model effort in that it was performed as a cooperative endeavor between the Office of Inspector General and EPA's Financial Management Division (FMD).

This review was performed to provide a current assessment of the Agency's financial management program to:

- identify the most important financial management issues that challenge EPA,
- determine the root causes for the financial management issues, and
- recommend initiatives to address these issues and causes to improve financial management within the Agency.

The team conducted the review in three interrelated parts. First, the OIG auditors conducted a literature search of OIG, General Accounting Office (GAO) and other reports. They reviewed the findings and recommendations in the reports to determine the Agency's position on the reported issues. The review team then developed a list of financial management issues that currently challenge the Agency.

Second, focus groups were held to obtain Agency views on root causes and solutions to financial management issues that challenge EPA. As a starting point, the review team provided the focus groups with the list of financial management issues they

developed. Then focus groups discussed issues, both on and off this list, that they considered important. They selected the issues that they viewed as the most important, and addressed root causes and solutions.

Third, OIG auditors developed a standard set of questions based on financial management issues identified during the literature search and focus group discussions. They used these questions to interview key financial managers in the Agency to obtain their views on root causes and solutions to financial management issues.

The review team used the results of these three interrelated efforts to develop this report to provide a current assessment of financial management in EPA. In addition, copies of the draft report were provided to personnel in the Office of Administration and Resources Management (OARM), and the Office of Solid Waste and Emergency Response (OSWER). Review comments received were considered in finalizing the report.

## **BACKGROUND**

EPA management has recognized the need for improvements in financial management and is currently taking steps to strengthen its overall financial management program and to make it more responsive to Agency personnel. The Agency has conducted an EPA National Performance Review for financial management and has produced a Financial Management Status Report and Five-Year Plan. Both of these documents propose actions that should help the future direction of EPA's financial management program. In addition, in fiscal 1993 the Office of Administration and Resource Management reorganized to help improve the management and accountability of the Agency's complex contracts, grants, and financial management activities. This review builds on the efforts that the Agency is taking, and should help the Agency better focus and direct financial management.

## **RESULTS-IN-BRIEF**

Our review identified the following issues that significantly challenge financial management in EPA at the present time. The issues are: (1) different perceptions and awareness of financial management, (2) financial aspects of Superfund cost recovery, (3) finance and reporting systems, (4) financial and accounting policies and procedures, (5) program financial management, and (6) financial management training and qualifications.

## **PRINCIPAL ISSUES**

### ***Different Perceptions and Awareness of Financial Management***

The perceived importance of financial management varies throughout the Agency. Our review disclosed that many employees did not consider financial management to be as important as program management. Others believed financial management and other program management to be mutually supporting, equivalent status functions. As long as financial management is not consistently viewed as a priority equal to program management, it will not get the attention it needs. This perception is further impacted by the amount of responsibilities assigned to the Chief Financial Officer (CFO). The CFO responsibilities were designated to the Assistant Administrator for Administration and Resources Management who already had numerous other duties. As a result, it may be very difficult for the CFO to establish a strong relationship with Agency managers and staff needed to ensure effective Agencywide financial management practices.

### ***Financial Aspects of Superfund Cost Recovery***

EPA has not always effectively presented its case to Congress and the public regarding the Superfund clean-up program and the progress being made. The Agency needs to better convey that Superfund clean-up is a lengthy, involved process and the cost recovery process for these sites is equally complicated and lengthy. EPA needs to convey how it is doing against realistic targets, i.e., what should be occurring. Officials in the focus groups and interviews believe that cost recovery is not given a high enough priority. Because cost recovery is a process that occurs after cleanup, some Agency personnel view the clean up as the "real" work, with cost recovery as secondary. Some wanted to see better site specific charging for Superfund sites and accounting for Superfund receivables.

### ***Finance and Reporting Systems***

During our focus groups and interviews, we found that users were concerned with limited systems capabilities, and lack of integration of finance and reporting systems. This includes problems with the use of the Integrated Financial Management System (IFMS) and the Agency's Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS). IFMS is the Agency's official accounting system while CERCLIS is used to manage the Agency's Superfund Program.



Duplicate data input between systems that are generally not reconciled has led to problems that could be overcome with more effective use of the two systems.

Concerns were also expressed with the subsequent use of alternate PC based systems that users developed locally to meet Agency needs. To compensate for the deficiencies with the Agency's systems and to accomplish their missions, many EPA offices have developed their own alternate systems. This has resulted in a proliferation of generally unreconcilable user data systems that make managing EPA programs extremely challenging.

### ***Financial and Accounting Policies and Procedures***

EPA personnel expressed concern that the financial policies and procedures are difficult to locate, incomplete, and confusing for many users. They reported that policies are not consolidated in an easy to use fashion, are out of date in many instances, and are bureaucratically written without the benefit of user friendly interpretations. They further believe that Agency policies and procedures are not consistently administered. While Headquarters FMD issues the official financial management policy, the decentralized structure of the Agency results in many different interpretations of policies which tend to confuse staff. Because many policies had not been updated, we found that many regions developed their own way of doing business causing a lack of standardization among the regions. Finally, the users found many of the policies and procedures difficult to understand. As a result, EPA personnel did not believe that the Agency's policies and procedures were effective.

### ***Program Financial Management***

Agency personnel identified several concerns that hinder the achievement of good financial management in EPA program offices. First, they believe there is an overall lack of understanding of the importance of financial management by program managers. Many program managers do not believe that they are involved in financial management.

Second, management does not have the data and reporting tools needed to effectively manage their programs. For example, to track spending against operating plans or budgets, program managers need reports that break down commitments and obligations to the branch or office level.

Third, Agency personnel do not believe that there is a strong link between budgeting and planning in the Agency. They reported that the budget is not directly tied to the planning

function, and that budgeting and planning do not work coherently together. When the Agency's budget is reduced during a given year, there frequently is no correlating change to the plan, making many goals difficult to achieve.

Fourth, they believe that the Agency has many different fund object class codes to charge programmatic or administrative expenditures, and not enough instructions to use the codes consistently. Consequently, users often do not know the proper code to use.

### ***Financial Management Training and Qualifications***

The Agency is making progress in assuring that its financial management staff is well trained and qualified. However, some impediments have affected this goal. For example, the Agency does not offer courses on all specific EPA financial management areas. Yet, this very specific training is needed for Agency employees to effectively accomplish their financial responsibilities. This lack of specific training has resulted in inexperienced and untrained personnel performing financial management functions, particularly in program offices.

In addition, when courses are developed for specific government financial management training, they are not taught in all regional offices. Limited travel and training funds often prohibit regional offices from sending their employees to Headquarters for the needed financial management training. In addition, many Agency personnel believe a core curriculum of courses would help standardize financial management duties and functions within EPA, and would facilitate better communication among financial managers and staff.

### **RECOMMENDATIONS**

The Office of Inspector General has developed recommendations addressing each of the above principal issues. The recommendations were formulated from our ideas, suggestions received from the focus groups and interviews, and past recommendations reported in OIG or GAO audits. The detailed recommendations are provided in Chapter Three (page 37) of this report.

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# CHAPTER 1

## INTRODUCTION

This report summarizes the results of our assessment of financial management in the Environmental Protection Agency (EPA). All exhibits referred to in this report are included in a separate report (Volume II) which is available upon request. This review was a pioneering, model effort in that it was a joint, cooperative endeavor between the Office of Inspector General (OIG) and EPA's Financial Management Division (FMD). This was a valuable experience to both the EPA and OIG because we canvassed the Agency, working together with FMD as a team, to highlight the issues and develop the solutions. The OIG and FMD team members are identified in Exhibit A (page A-1). We believe this review places a spotlight on the importance of financial management to EPA, and on the many issues challenging financial management. Lastly, the results of this review will benefit EPA financial management far into the future by highlighting the issues raised by representative EPA managers and staff.

## PURPOSE AND SCOPE OF REVIEW

The purpose of this review was to provide an overview of EPA financial management. Specifically, we wanted to (1) identify the most important financial management issues that challenge EPA; (2) determine the root causes for the financial management issues; and (3) recommend initiatives to address these issues and causes to improve financial management within EPA. The review was requested by the United States Senate Committee on Environment and Public Works, Subcommittee on Superfund, Recycling, and Solid Waste Management. Copies of the request letters to the EPA Administrator and Inspector General are presented in Exhibit B (page B-1). To be responsive to the Senate request with the limited timeframe we were given, we did not perform this review as an audit that necessarily meets generally accepted auditing standards. We believe that the review as conducted presents a realistic, current assessment of financial management in EPA.

We examined the financial management condition of EPA through three distinct phases in our work. First, in order to obtain the broadest picture of EPA financial management practices, we conducted a literature search and analysis of

current and past OIG and General Accounting Office (GAO) reports citing EPA financial management issues as findings, as well as other reports on government-wide financial management. The search included reports issued from 1986 through 1993.

During our research, we reviewed the OIG semi-annual reports and our OIG automated report data base. We then reviewed reports obtained from Office of Audit files. To ensure the widest possible coverage of financial management issues, other agencies thought to have certain sound financial management practices were contacted for information. For example, we reviewed the Department of Energy's Chief Financial Officer (CFO) Financial Management Development Program (FMDP) Manual which addressed financial management staff curriculum courses and Individual Development Plans (IDPs).

The identification phase of our work also included an analysis of EPA's Management Audit Tracking System (MATS) by cross checking open findings in MATS to the Agency's Financial Management Status Report and Five-Year Plan. MATS is the Agency's system to track OIG audit report recommendations and their implementation. Further, we reviewed EPA's National Performance Review report on financial management.

As a distinct second phase of our effort, we followed a Total Quality Management (TQM) approach by convening focus group meetings with EPA users of financial management. We asked them for their views on the most challenging financial management issues, causes for the issues, and recommended solutions to address the issues and causes. To obtain EPA user comments, we held five separate focus group meetings. These focus groups were held in Region 2 at New York, Region 8 at Denver, and the EPA Finance and Accounting Center at Cincinnati. The two others were held at Headquarters. One included EPA Senior Budget Officers and the other focused entirely on Superfund-related financial management issues. The organizational components represented in the focus groups are identified in Exhibit C (page C-1).

For the third phase of our work, we conducted key interviews with agency Headquarters and regional officials to obtain their views of the financial management issues, causes and recommended solutions. These interviews included senior level EPA employees working in financial management areas that included the Financial Management Officers (FMO), Regional Comptrollers, Assistant Regional Administrators (ARA), and Superfund Program Managers in Boston, Philadelphia, Chicago, and San Francisco. We also interviewed other senior officials such as, the EPA Comptroller in Headquarters to get their perspectives. The locations and offices of those interviewed is presented in Exhibit D (page D-1).



We used the results of these three interrelated efforts to develop this report to provide a current assessment of financial management in EPA. In addition, copies of the draft report were provided to personnel in the Office of Administration and Resources Management (OARM), and the Office of Solid Waste and Emergency Response (OSWER). Review comments received were considered in finalizing the report.

## METHODOLOGY

This report represents an assessment of financial management in EPA. To obtain the overview of significant current and past financial management issues, we reviewed approximately 140 OIG audit reports that included financial management issues. The OIG reports are presented in Exhibit E (page E-1). We wanted to determine if major past concerns were still an issue and if recommendations made by the OIG had been acted on. In addition, we reviewed GAO reports and other Federal Government reports on financial management issues that might present challenges or offer solutions to EPA. The GAO and other reports are listed in Exhibit F (page F-1).

We analyzed EPA's Financial Management Status Report and Five-Year Plan to ascertain if FMD addressed the open issues from our current and prior reports. We compared the Plan with open OIG report recommendations to determine if EPA had taken or planned corrective actions for the open areas. We reviewed the Management Audit Tracking System to determine if the issues in historical reports had been addressed by EPA. The results of our analysis of OIG reports in MATS is presented in Exhibit G (page G-1). Also, we reviewed the Plan to ascertain if further recommendations were needed to improve the Plan.

In order to achieve a balanced perspective of financial management issues as they affect Agencywide users, we decided on a focus group approach. The financial management issues developed from the reports in our literature search were the basis for developing and presenting the basic financial management issues to the focus groups. The results of our literature search are presented in Exhibit H (page H-1) and Exhibit I (page I-1). OIG staff developed a set of issues from the literature search, and then solicited FMD comments on the validity and completeness of the issues on the list. A listing of the financial management issues is presented in Exhibit J (page J-1).

The focus groups consisted of six to twelve individuals. While the individuals came from a variety of program areas, we tried to ensure that only one individual came from any given program area or regional branch. While the individual could be

any grade level, they had to be involved with, or have knowledge of financial management matters.

We asked the focus groups to select the major financial management issues confronting the Agency, from their viewpoint. The members used the jointly developed OIG/FMD issue list as a starting point and then added or deleted to the list of issues as they desired. After identifying their most significant issues, the groups discussed why the issues were concerns, and what caused the issues to be concerns. Then the groups recommended solutions that would improve EPA overall.

The focus groups utilized TQM trained facilitators who conducted the focus groups to promote an open, impartial atmosphere. Representatives from the OIG and FMD attended the focus groups but acted only as neutral monitors. The monitors did not actively participate in the group discussions, unless specifically invited or encouraged to participate on given issues. Procedures for the focus group meetings are presented in Exhibit K (page K-1). We believe the information obtained from the focus groups is representative of Agency user viewpoints. An overall summary of focus group results is presented in Exhibit L (page L-1).

We also conducted interviews with key EPA Headquarters and regional personnel on financial management issues. In order to obtain consistent financial management information from all the interviews, we designed a standard set of questions to use for all the interviews. The questions were designed to inquire about the office's financial management accomplishments, current initiatives, staff qualifications, organizational structure, agency accounting systems and discussions on each of the major financial management issues that the individual considered important. The questions used for the interviews are presented in Exhibit M (page M-1), and an overall summary of the interviews is presented in Exhibit N (page N-1).

## **BACKGROUND**

EPA is organized into Headquarters and Regional Offices under the direction of the Administrator overall. The Headquarters offices are headed by Assistant Administrators, and the Regional offices are headed by Regional Administrators. The Headquarters and Regional Offices all report directly to the Deputy Administrator. In addition, there are numerous EPA laboratories and field offices located throughout the United States and its territories.

The Agency's financial management activities fall directly under the responsibility of the CFO. The CFO is the Assistant

Administrator for the Office of Administration and Resource Management (OARM). The Office of the Comptroller is one of the major offices reporting to the CFO. The Comptroller's Office has direct authority over three divisions; budget, resource management, and financial management. The Budget Division carries out program analysis and planning; budget formulation, preparation, and execution; and distribution of funding allotments and allocations. The Resource Management Division administers the CFO's responsibilities for resource systems.

The Financial Management Division is the Agency's central finance office. The division develops and maintains accounting systems, fiscal controls, and systems for payroll and disbursements, and develops and implements EPA's financial management policies and procedures. In the regions, the Assistant Regional Administrators (ARA) have been delegated authority from the CFO for responsibility of financial management within their organizations. This responsibility is added to the ARAs responsibilities of personnel management, regional program planning, budget implementation, and grants administration. EPA and OARM organization charts are presented in Exhibit O (page O-1).

## **FINANCIAL MANAGEMENT ACCOMPLISHMENTS AND INITIATIVES**

EPA management has recognized the need for improvements in financial management and is currently taking steps to strengthen its overall financial management program and to make it more responsive to all Agency personnel. The Agency has conducted an Agencywide National Performance Review for financial management, and has produced a Financial Management Status Report and Five-Year Plan. Both of these documents propose actions that should help the future direction of EPA's financial management program.

In fiscal year 1993, the Office of Administration and Resource Management reorganized to improve the management and accountability of the Agency's complex contracts, grants, and financial management activities. In addition to the reorganization, the Agency has demonstrated improvement through several financial management accomplishments and initiatives.

We believe the above are good initial steps to move towards sound financial management at EPA. We in the OIG are optimistic that the Agency is moving in the right direction. However, at present most progress is in the form of plans rather than concrete accomplishments. For this reason, the OIG continues to be concerned about the Agency's ability to implement the plans timely and effectively.

### ***EPA's Senior Resource Officials and Resource Management Committee***

The Agency has designated Senior Resource Officials (SRO) and a Resource Management Committee. According to Agency plans, the SROs are to be the Agency's primary points of accountability charged with strengthening Agencywide fiscal resource management practices. The Resource Management Committee replaced the Standing Committee on Contracts Management and will assure effective implementation of Standing Committee recommendations.

The Resource Management Committee's mission is to provide an Agencywide forum for SROs to strengthen resource management by: 1) developing strategies for reforming the Agency's fiscal resource management practices; 2) overseeing, assessing, and advocating accountable resource management; and 3) making decisions necessary to implement the Standing Committee on Contracts Management recommendations.

The Resource Management Committee is chaired by the CFO and vice-chaired by the Deputy CFO. The Deputy Assistant Administrators and Assistant Regional Administrators are typically designated as the SROs after approval from the CFO. The SRO is accountable for that office's ethical, effective resource management, including acquisition, assistance and programmatic financial management. Extramural resources within this scope include contracts, procurement, grants, loans, state revolving funds, and cooperative and interagency agreements.

While we believe the SRO concept and the Resource Management Committee can substantially strengthen financial management at EPA, we note that both efforts are in their early stages. Ensuring that designated officials have the appropriate backgrounds, training, staffing, and authority, etc. will be critical to the success or failure of these initiatives.

The Agency has systems to track corrective action on OIG recommendations and internal control weaknesses. The Agency utilizes the Management Audit Tracking System (MATS) for audit follow-up. The system records OIG report findings and recommendations along with the Agency's response to the reports and corrective actions. MATS provides the status of OIG reports as needed and assists in the audit resolution process. While the OIG recognizes that the system is in place and functioning, various reports over time have shown that further improvements to MATS can be made. Recognizing the difficulties in establishing MATS and improving it over time, the challenge today is to ensure that corrective actions have actually occurred when reported.

EPA uses the Internal Control Corrective Action Tracking System (CATS) to monitor corrective action on material weaknesses

identified in the Federal Managers' Financial Integrity Act (FMFIA) process. CATS records and tracks recommendations and projected action dates and provides a system to monitor whether management implements the changes as scheduled. While the Agency currently does not have an automated tracking system to monitor the implementation of GAO report recommendations, OARM is slated to develop a system to clearly identify GAO issues requiring program attention, milestones, and completion dates.

### ***Financial Management Status Report and Five-Year Plan***

The Chief Financial Officers Act of 1990 required that the Director of the Office of Management and Budget (OMB) annually submit to Congress a Federal Agency financial management status report and a government-wide five-year financial management plan. To achieve this requirement, OMB instructed agency CFOs to prepare a status report and five-year plan.

EPA complied with OMB instructions and completed its Financial Management Status Report and Five-Year Plan initially in 1992. In August 1993, the Agency issued its second Plan after resolving to make a more concerted effort to make the Plan more meaningful and comprehensive for EPA financial management.

The Agency considered the Plan as an opportunity to (1) articulate a bold, long-range vision for financial management, and (2) begin developing a strategy that will serve as a roadmap for achieving that vision. The Plan focuses on the opportunity to integrate key pieces of Congressional legislation so that EPA is able to provide complete financial, budget, and program management information to decision makers in support of policy in the environmental arena.

OMB provided the Agency with the key areas to address in its Plan. The key areas were broken down into sections each beginning with a statement of long-term objectives, continuing with the status of progress made in the present year, and concluding with an outline of plans for further improvements over the next five years. The Agency also included milestones and expected completion dates for the planned improvements. The sections addressed in the Agency's Plan are: 1) CFO's Conceptual Framework; 2) Financial Management Organization; 3) Accountability Standards; 4) Financial Management Personnel; 5) Financial Systems; 6) Management Integrity; 7) Asset Management; 8) Audited Financial Reporting; and 9) Administration of Government Assistance Programs.

Recognizing that this Financial Management Status Report and Five-Year Plan is the second ever produced, it is a substantial

improvement over the first, and is a fairly comprehensive document.

### ***Agency NPR Review of Financial Management***

In addition to completing the Financial Management Status Report and Five-Year Plan, EPA established a Financial Management Team to identify barriers to effective financial management. The team adopted the statement below as their vision for the future of EPA financial management.

"The Agency has a sound, flexible, user friendly, and readily accessible financial management process which ensures that EPA directs resources in ways that maximize achievement of the Agency's mission."

The team followed a focus group approach to determine the most important target areas and initiatives for corrective action. The team selected three targets, and drafted a report listing each action. The three targets reported were; 1) increase flexibility with accountability, 2) increase the importance of financial management and, 3) improve financial management information systems. The NPR recommended initiatives for correction.

## **OIG VIEW OF FINANCIAL MANAGEMENT**

The OIG recognizes that financial management in the Agency has improved over the past few years. With the implementation of the CFO Act and goals listed in the Financial Management Status Report and Five-Year Plan, steps have been taken to strengthen financial management, as well as, increase management's commitment to improving accountability throughout EPA. Yet, significant areas of concern still exist concerning financial management issues within the Agency, and throughout the federal government. For example, GAO stated in their December 1992 Financial Management Issues report that:

Widespread financial management weaknesses are crippling the ability of our leaders to effectively run the federal government. Reducing the federal deficit requires monumentally difficult decisions. If our government is to make these decisions in an informed manner, it must have better financial information. ...public confidence in the federal government as a financial steward has been severely undermined.



In addition, we found that current and past OIG, GAO, and FMFIA reports indicate that certain issues continue to effect EPA in the financial management arena.

Our review and analyses of past reports identified financial management issues that have historically challenged the Agency. These issues include: accounts receivable and collections; internal controls and record keeping; EPA's financial statements; financial systems; obligations and disbursements; property and equipment; and low Superfund cost recovery. Although reported on several times over a period of more than a decade, many of these issues still challenge the Agency. For example, recently completed audits of the Agency's financial statements showed that: improvements were needed in financial and budgetary accounting and reporting; recording accounts receivable; property and equipment records need to be integrated with the general ledger; and accounts payable and collections.

The Agency acknowledges the significant areas still in need of improvement, has corrective action plans in place addressing key issues, and is serious about efforts to proceed. We, in the OIG, are optimistic but would be remiss in not raising concerns over whether the corrective action plans will be completed within the timeframes given. We have had promises of corrective actions in the past which many times have not materialized, and we note that the seriousness of approach, priorities, resources, key personnel, etc. can change over time.

To further illustrate this point, we analyzed the Financial Management Status Report and Five-Year Plan to determine the status of 22 corrective action milestones with expected completions dates prior to December 1993. Agency personnel advised us that 14 of these milestones were completed as scheduled. However they also advised that corrective actions for one milestone was completed four months late, and that corrective actions for seven milestones will be delayed from three to nine months. Three of the delayed milestones are for significant actions that affect the Agency's finance and reporting systems. Our analysis of these corrective action milestones is presented in Exhibit P (page P-1).

We recognize the Agency is making good initial steps at improving financial management. We do want to emphasize that continuing issues exist that must be addressed. The challenge to the Agency is to now follow through on its good start.

We want to acknowledge and commend the Agency's efforts in preparing the Financial Management Status Report and Five-Year Plan and their other financial management improvement initiatives underway. Further, we believe this joint OIG/EPA financial management review on the current state of EPA's financial management program is a very appropriate and timely effort. Our

purpose was not to criticize EPA financial management but to propose additional measures the Agency could take to further improve and refine this area. This report should help to highlight the issues and recommend solutions to the Agency.

## **CHAPTER 2**

### **FINANCIAL MANAGEMENT ISSUES**

The purpose of this chapter is to identify the primary financial management issues that currently pose a challenge to the Agency. It discusses the root causes and possible solutions to the issues. The chapter also describes the Agency's efforts to continuously improve and strengthen financial management.

Through our three phase approach previously described, our review identified the following issues and causes that currently present a significant challenge for financial management in EPA.

- Different perceptions and awareness of financial management,
- Financial aspects of Superfund cost recovery,
- Finance and reporting systems,
- Financial and accounting policies and procedures,
- Program financial management, and
- Financial management training and qualifications.

These issues were recognized as the primary financial management challenges by Agency personnel. The issues grew, in part, out of various OIG or GAO reports and Agency self-analysis exercises.

## **DIFFERENT PERCEPTIONS AND AWARENESS OF FINANCIAL MANAGEMENT**

The perceived importance of financial management as a function varies within the Agency. Many employees believe that financial management is a function subservient to the Agency's other programs. Some believe financial management and other Agency programs are meant to be equivalent, mutually supporting functions. The differing viewpoints and perceptions that other programs are more important than financial management, have made it difficult for financial management to function effectively.

### ***Awareness and Importance of Financial Management***

As indicated by GAO, the current state of financial management in government is dismal and needs much improvement to manage the federal government's resources effectively. Although EPA has been moving in the right direction in recent years, the current state of financial management at EPA also leaves room for improvement. One of the most pressing crises facing the federal government today is the overall importance of federal agency financial management. Financial management can no longer be thought of as an isolated accounting and payment function in this day of large budgets and government deficits.

The 1991 Joint Financial Management Improvement Program (JFMIP) financial handbook states the following about financial management:

Financial management is concerned primarily with the fiscal affairs of an organization and the translation of actions, both past and proposed, into meaningful and relevant information for use in the management process. Financial management covers a broad spectrum of activities including planning, programming, budgeting, accounting, cash and credit management, reporting, and audit review. It also directly supports management controls, total quality management, training, personnel management, grant management, procurement and property management.

EPA managers are responsible for efficiently using agency resources to accomplish the agency's missions. They must ensure that financial management is recognized as an important area having a broad perspective. EPA managers must obtain, manage, and account for Agency fiscal resources in order to achieve EPA's overall environmental mission.

Yet, in our review, we found that EPA managers and staff had widely different perceptions about the importance of financial management as it currently exists in the Agency. As a senior Agency official stated -- this whole area of financial management is taken for granted when it is doing good, but when financial management fails, then it gets attention.

A big question among focus group participants was whether financial management was as important as the work performed in the program offices. Many viewed it as subservient to program management, while others viewed it as being on an equal footing with program management, working with and mutually supporting each other. As a result of these widely varying views, financial management is not as effective as it should be within EPA.

Many program office employees indicated that they are not aware of many financial management policies and procedures because the importance of these issues is not stressed. Much of the financial management information that is presented to the program offices comes as second hand knowledge and many of these employees are not provided training in financial management concepts.

We also found that many employees were not aware of EPA's Financial Management Status Report and Five-Year Plan. Some did not see the impact from the CFO Act and did not understand its importance and requirements for Agency financial management. For example, at our focus groups, we had to explain in some cases what the CFO Act and EPA Financial Management Status Report and Five-Year Plan were all about. In one instance, FMD had provided copies of the Financial Management Status Report and Five-Year Plan to the region, but management there did not further distribute copies of the Plan to appropriate regional personnel.

An additional concern is that many Agency finance office employees believe that program office employees give the appearance that they have little interest in financial management and that financial management is not a program concern. For example, in a focus group we found that the participants had not been trained in appropriation law, although they all need the training for financial management functions that they perform.

To improve financial management, the Agency must ensure that financial management is recognized in its broader perspective -- as an interconnected set of management operations, services and tools through which EPA obtains, manages, and accounts for its fiscal resources in order to achieve its environmental mission.

### ***Impact of CFO Position on EPA Financial Management***

The CFO needs to ensure that Agency financial management objectives are accomplished. EPA has designated and assigned the Chief Financial Officer duties to the Assistant Administrator for Administration and Resources Management. The CFO position, a presidential appointee, reports directly to the Administrator. EPA's CFO is responsible for managing the Agency's financial management activities including budget formulation and execution, management of contracts and grants administration, and Agencywide management controls and audit follow-up. The Deputy Assistant Administrator for Finance and Acquisition, who serves as the Deputy CFO, is dedicated to managing resource management functions and advising the CFO.

The CFO responsibilities are further delegated throughout the Agency. The Assistant Regional Administrators are designated regional CFOs. In the Headquarters program offices, the Senior Budget Officers (SBOs) are designated the primary financial managers. Although the CFO responsibilities are delegated to Agency officials, the CFO does not have explicit line authority over the financial management personnel in the Regions and Program Offices.

In the GAO Transition Series on financial management issues (December 1992 GAO/OCG-93-4TR), the Comptroller General stated that:

We are concerned, however, that a number of the agencies' CFO appointments are not following the example set in selecting the Controller in OMB. For nine major agencies, whose combined budgets this past year exceeded \$700 billion, the CFO designation was added to the position of the assistant secretary for management or administration -- positions that have very broad responsibilities. This is basically the way financial management responsibilities were structured before passage of the CFO Act, and that approach did not work. Its continued use, in cases in which the CFO has a large number of responsibilities beyond areas such as budgeting and financial management, could dilute the CFO's role and thereby not foster the needed urgency and undivided attention.

Organizationally, because EPA designated and assigned the Chief Financial Officer duties to the Assistant Administrator for Administration and Resources Management, we believe this is a concern at EPA as well. In our review we found that the EPA CFO also has many other responsibilities in addition to financial management. For example, the current CFO is also responsible for



acquisition management; human resources management; and information resources management. In addition, the CFO is responsible for the Agency's grants and debarment program, and other administrative areas that include safety, health and facilities management. See Exhibit O (page O-1) for all the offices and functions under EPA's current CFO.

The purpose of the CFO position was to raise the visibility of financial management, recognize the importance of financial management functions with the successful operation of the Agency, and provide strong oversight to the Agency's fiscal responsibilities. Yet, during our focus group meetings, participants mentioned that they believe there is a lack of overall impact of the CFO on EPA financial management. This indicates that the presence of this type of CFO (a CFO responsible for Administration and other duties rather than just financial management) is not having as much impact as desired on day to day operations.

We also recognize the concerns raised by GAO and Agency personnel, and have our own reservations about this organizational structure. With the many responsibilities placed on the CFO, it may be very difficult for the CFO to establish a strong relationship with Agency managers and staff needed to ensure effective Agencywide financial management practices. However, we further recognize that the present organizational structure has only been in place a short time and that additional time is necessary to determine the effectiveness of this structure. Therefore, we are not proposing further organizational changes at this time.

### ***EPA Actions***

EPA's Office of Administration and Resources Management was reorganized in FY 1993 to improve financial management. This organizational change was designed to raise management attention to financial management, recognize the importance of financial integrity, and provide strong oversight of the Agency's fiscal responsibilities. These were steps in the right direction, but as evidenced by the feedback at our focus groups more needs to be done.

Also, the Agency is planning to implement performance measures to establish standards and goals to measure how well the Agency's various Headquarters and regional offices are performing key financial management function. Regions and Headquarters program financial operations are not under the direct supervision of the CFO; however, the CFO has the authority to measure how well financial management activities are being conducted in these offices. In addition, FMD plans to coordinate the development of

financial management performance measures with the Agency's efforts to implement the Government Performance and Results Act.

Finally, the OIG and the Agency jointly believe that this review itself will emphasize the importance of financial management within EPA. Increased awareness, knowledge and importance of financial management will greatly benefit the Agency overall and will ensure that EPA resources are used wisely to protect the environment.

## **FINANCIAL ASPECTS OF SUPERFUND COST RECOVERY**

Superfund is a large part of the Agency's work. The issue of recovering costs spent for this area is critical to the successful accomplishment of EPA's mission. Recovering costs from those responsible for hazardous waste sites is thus an extremely important function and helps ensure that Superfund sites can be cleaned up in a cost effective and timely manner.

During our review, we held a focus group in EPA Headquarters to discuss Superfund-related financial management issues. In addition, in our other focus groups, Superfund issues were discussed as well as in our interviews conducted with EPA officials. Cost recovery issues were an important topic and were discussed as needing additional attention and changes to improve the Agency's Superfund mission.

The following were major issues discussed that reflect Superfund financial management related areas:

- better communication and presentation needed for Superfund data,
- higher priority needed for cost recovery,
- better site specific charging needed,
- improvement of Superfund accounts receivable, and
- better communication with DOJ.

### ***Better Communication & Presentation of Superfund Data is Needed***

Superfund focus group members stated that many Superfund site clean-ups are long, complex, 8 to 10 year projects. Thus, because of the duration for the projects, they said that cost recovery can be a long, time consuming process. Focus groups also raised concerns that EPA has not always successfully explained to the Congress and the public the length and complexity that limit recovery. Because of this, EPA has been perceived as not aggressively pursuing cost recovery and as proceeding very slowly in the recovery process. Further, the focus group said that EPA has not effectively explained that 100% cost recovery may be unrealistic because of no potential responsible parties (PRPs) or limited numbers of financially weak PRPs at sites, and other reasons that limit cost recovery prospects.

Focus group participants gave various causes for this communication problem. They believe that it is a major exercise to provide data to Congress or anyone else who requests information. For example, the Agency has an Integrated Financial Management System (IFMS) to meet its financial and reporting requirements. For the Agency's Superfund program activities, it established the Comprehensive Environmental Response, Compensation and Liability Information System (CERCLIS).

They said that management information systems are not providing the information management needs and data in the CERCLIS can not always be reconciled or integrated with the data in the IFMS. Headquarters is concerned about the information for sites contained in the Agency's systems. Instead of relying on the site data contained in the Agency's systems, Headquarters often requires the regions to manually recollect the data and report it to Headquarters. This process uses up many resources that would be available to do other functions. It is disconcerting that the Agency does not rely on and trust the data contained in its own information systems.

The Agency also does not have information readily available to explain what is a feasible target or amount for cost recovery. Further, the Agency does not routinely perform analyses required to better present EPA's case to the Congress and the public on how EPA is progressing on meeting the Superfund targets it had established.

An example of the need for more effective communication is illustrated by the OIG Capping report on "Whether EPA Has Maximized the Use Of PRPs to Effect Superfund Site Cleanups, EISJE2-02-0063-3100152, March 31, 1993." EPA did not have sufficient information to allow for timely and effective management oversight. Management did not always have complete and accurate information available to effectively monitor Superfund site status. Further, the report found that an absence of pertinent data, hindered management's ability to make informed decisions.

#### ***Priority of Cost Recovery vs Other Program Areas***

Cost recovery is not always given the support or resources needed. Perceptions of some EPA officials in focus groups and in our interviews is that cost recovery is not always viewed by upper management as critical to cleaning up the environment as are other areas of the Superfund program. Thus other program areas are better supported than cost recovery.

Cost recovery is often viewed as a process that occurs after the fact and is seen as secondary to the "real" mission of

EPA -- that of cleaning up hazardous waste sites. Site completions are viewed as being more important than how many dollars are recovered. Further, EPA may settle for lower dollar settlements which can give the PRPs the wrong message about EPA's ability or motivation to aggressively pursue site cost recovery.

The following OIG and GAO reports illustrate the need for the Agency to place a higher priority on cost recovery:

- "Superfund: A More Vigorous and Better Managed Enforcement Program Is Needed, GAO/RCED-90-22, December, 1989." Report states "because cost recovery has been considered a low priority within EPA and received limited staff resources, it has faltered." GAO also stated that timely and effective enforcement is needed to obtain cleanups from responsible parties, and that cost recovery efforts are inadequate.
- "Followup Review of EPA's Cost Recovery Actions Against PRPs, EISJGO-11-0022-0400036, September 24, 1990." Indicates that the Agency needs to be more aggressive toward cost recovery and give it more priority and resources in the regions.
- OIG Capping report on "Whether EPA Has Maximized the Use Of PRPs to Effect Superfund Site Cleanups, EISJE2-02-0063-3100152, March 31, 1993" reports a lack of aggressiveness in EPA's Superfund enforcement program. Cost recoveries were not vigorously pursued or maximized.

In addition, Superfund Cost Recovery was included as one of the four areas the IG recommended that the Agency report as a material weakness in 1993. Finally, EPA's own FMFIA "1993 Integrity Act Report to the President and Congress" also includes Superfund cost recovery as one of EPA's material weaknesses.

#### ***Better Site Specific Charging Needed for Costs***

A recent OIG report and feedback from Agency employees identified the need for better site specific charges. When work is performed on Superfund sites, if the site does not have a site identifier number, costs associated with working on the site may be charged to what is called a "ZZ" account. The "ZZ" account is a general account that does not allocate the costs to the specific site where the costs can later be recovered. So in effect, these costs are not being recovered by EPA and are being paid for by the government when potential responsible parties (PRPs) could be held responsible for reimbursing the government. Reimbursement of costs was one intention of the original Superfund legislation passed by the Congress. The OIG Report "Superfund "ZZ" Accounts, EISFF2-11-0051-3100266, dated July 2,

1993" stated that various site costs, charged to "ZZ" accounts, were not later identified for cost recovery from PRPs.

Also, focus group participants and interviewees pointed out that the IFMS and CERCLIS are not compatible and do not share the same data bases. The employees explained that because the two systems are not compatible, it is an enormous effort to gather all applicable costs for each individual site. Further they are concerned about the overall accuracy of charging costs to specific sites because site costs in the two systems often are different. This adds to the overall effort to accurately gather all site specific charges.

For example, the EPA Deputy Administrator's, "Report on Superfund Administrative Improvements, dated June 23, 1993," states that the IFMS and CERCLIS systems record different information on Superfund sites. There has not been a reconciliation between the two systems, and as a result, it is very difficult to combine data from the two systems to obtain a full report for cost recovery.

#### ***Accounting for Superfund Receivables Needs Improvement***

Focus group participants and others interviewed told us that the IFMS does not provide aging reports, compute compound interest, calculate indirect cost rates, or set up installment payments. As a result, additional manual work must be done to accurately track Superfund accounts receivable.

An OIG report dated December 29, 1992, "A Decade of Auditing Superfund Obligations and Disbursements: Fiscal years 1981 Through 1990, P1SFF1-11-0027-3100058" highlighted problems with Superfund Accounts Receivable. The report states that improvements are needed in recording and managing Superfund accounts receivable and collections.

Some regional offices have resorted to setting up independent spreadsheets or data bases in order to facilitate accounts receivable billing and tracking. These additional efforts to manage account receivable functions can be time consuming and resource intensive. Consequently, many offices put accounts receivable tasks off until the last minute.

During our focus groups and interviews, most regions admitted that due to the lack of resources, accounts receivable is not a high priority and is usually not done timely. Also, regional employees told us that accounts receivable is a low priority because after it was decentralized throughout the regions, no additional resources were provided to assist in the increased workload.



A new accounts receivable module was implemented in the IFMS to alleviate some of the problems that exist. However, the focus groups and interview members complained that the new module is not very functional for Superfund receivables and needs improvement.

### ***Better Cooperation Needed From the Department of Justice***

The Agency has a memorandum of understanding (MOU) with the Department of Justice for collecting costs from PRPs in Superfund cost recovery cases. However, focus group members and other Agency employees interviewed told us that DOJ is not timely in providing the Agency with records to establish accounts receivable and to initiate collections. As a result, the Agency has not always been able to establish and bill accounts receivable in a timely manner. An OIG Report on "Superfund Cost Recovery Accounts Receivable Establishment and Collection, E1SJF9-05-0274-0100207, dated March 28, 1990" states that cooperation is needed from DOJ to help improve and speed up the process for cost recovery and Superfund accounts receivable.

In addition, we learned that DOJ recently began charging the Agency three percent of Superfund accounts receivable that they collect for the Agency. Focus group participants and Agency officials believe that the cost of assisting EPA in recovering costs is already covered in the interagency agreement (IAG) with DOJ. An FMD official advised that EPA funds DOJ \$32 million per year under this IAG. Thus the additional three percent charge appears to be a double billing, and will reduce the amount of Superfund cost recovery. The Agency has been working with DOJ to resolve this issue.

### ***EPA Actions***

The Agency's Financial Management Status Report and Five-Year Plan states that because many Superfund issues have been evolving, various new issues for Superfund financial management have not been explicitly addressed and other areas need more detailed explanations. The Plan further states, "In order to meet its goal of sound financial management, the Agency plans to identify and address these emerging issues in a timely fashion by issuing the appropriate policy and guidance." According to the Plan, the Agency will issue this additional Superfund guidance by December 1994.

The Plan also indicates that the Agency is placing increased emphasis on cost recovery by reviewing the methodology used to change the indirect cost rate to a full cost recovery rate.

According to the Plan, the Agency will issue guidance on this issue soon.

Lastly, the Plan addressed the Superfund Cost Recovery Image Processing System (SCRIPS) and the Superfund Cost Organization and Recovery Enhancement System (SCORE\$) which are used in cost recovery. The Plan states, "The current process of SCRIPS and SCORE\$ is presently cumbersome, but is working well. The ultimate goal is the integration of SCRIPS and SCORE\$ into one cost recovery system." The planned completion for this initiative is October 1995.

We believe these actions will help improve EPA's Superfund financial management and specifically, the aspects of cost recovery. EPA should carefully monitor these initiatives to ensure that they are completed as planned.

## **FINANCE AND REPORTING SYSTEMS**

EPA tracks and controls approximately \$7 billion annually to support its mission. To account for this large sum of money, EPA requires effective finance and reporting systems to monitor outlays and ensure that its resources are effectively managed. In 1989, the Agency implemented its Integrated Financial Management System. Other administrative and programmatic systems also include financial data but are not all interfaced with IFMS.

Part of EPA's financial management responsibilities include managing and monitoring Superfund site cleanup efforts and cost recovery. To manage Superfund program activities, the Agency uses the Comprehensive Environmental Response, Compensation and Liability Information System in conjunction with the IFMS and other systems. CERCLIS, which is a programmatic system, is the Agency's principal management information system for the Superfund program.

During our focus groups and interviews, Agency personnel told us their concerns. Agency personnel can not always rely on the IFMS to effectively meet all their financial management requirements. There is a lack of integration and incompatibility of finance and reporting systems. Many concerns centered on the use of duplicate or alternate PC based systems that were developed locally to meet regional financial management needs not provided by the Agency's finance and reporting systems. Previous and current OIG reviews have also identified these concerns.

The Agency has taken some steps to strengthen its finance and reporting systems. For example, since introducing IFMS, the Agency has implemented a single general ledger, replacing separate general ledgers kept at 14 finance offices throughout EPA. In addition the Agency has formed a team to manage the implementation of software to update IFMS, and has implemented various technical changes to improve its finance and reporting systems.

### ***Incompatibility of EPA Systems***

The Agency's finance and reporting systems do not always provide the information needed by Agency managers to make sound financial and program management decisions. The CFO Act requires EPA and other agencies to: eliminate old or inefficient financial management systems; provide timely and useful financial information to decision-makers; and integrate financial and other systems. Although EPA implemented the IFMS, it still operates the predecessor accounting system, the FMS, for access to historical data, ad hoc reports, and some payroll information. A

properly functioning IFMS should provide these capabilities, but the FMS has been primarily kept alive to support Superfund cost recovery actions involving pre 1989 costs. The Agency is taking steps to upgrade its finance and reporting systems by eliminating the FMS as well as several other systems. An ongoing OIG audit will report on the Agency's efforts to upgrade and simplify the finance systems.

Incompatibility of the Agency's finance and reporting systems has led to a proliferation of many systems, duplicate data and data entry, inability to reconcile data, increased costs, and data integrity problems. In addition, there is a concern with integrating IFMS with CERCLIS. Different data bases and data definitions are used in both IFMS and CERCLIS and both systems contain different dollar costs for Superfund sites. Because CERCLIS was intended to be a management tool, rather than the official Agency accounting system, the definition of planned, obligated and expended amounts are not necessarily consistent with normal accounting practices. Throughout the Agency, it needs to be recognized that the IFMS is the Agency's official accounting system.

The IFMS/CERCLIS issue was pointed out in the June 23, 1993, Deputy Administrator's Superfund Administrative Improvements Report. The Report stated the following concerns with the lack of compatibility between EPA's IFMS and CERCLIS.

The information systems used by the Financial Management Division and by Superfund record different information on Superfund sites. The Superfund information system does not receive current Agency obligation and disbursement information from the FMD financial system. Because of this, the cost data maintained by FMD and the obligations and planning data maintained by Superfund are sometimes difficult to match. There has not been a system-wide reconciliation between the two systems, and as a result, it is very difficult to combine data from the two systems to obtain a full report for cost recovery activities.

Focus group participants and interviewees agreed with the above information and pointed out that the Agency has not fully integrated its financial and reporting systems. They believe that there are too many incompatible systems, and that the IFMS/CERCLIS incompatibility is an example of this problem. Specifically, EPA has not yet eliminated the use of FMS and other systems, fully interfaced IFMS with other systems such as CERCLIS, nor met all the IFMS finance and reporting needs of EPA users. They see a need for a joint effort by FMD and the Office and Solid Waste and Emergency Response (OSWER) to solve these problems.

Further, they believe that there is a lack of: data standardization and reluctance to eliminate the older systems; little accountability of top management including no one official responsible for following through on IFMS implementation; and little user involvement in the implementation of IFMS. Also, they believe that IFMS was not set up to satisfy user needs for Superfund functions. For example, IFMS does not calculate interest charges for overdue Superfund accounts receivable.

The following GAO and OIG reports further illustrate these problems with the Agency's computer systems and integration efforts:

- GAO Report on "EPA's Actions to Improve Longstanding Information Management Weaknesses, T-IMTEC-93-4, March 29, 1993."
- OIG Report on "Follow-Up of CERCLIS Reporting And Post-Implementation, EISFG1-15-5001-2400027, dated March 27, 1992."
- OIG Report on "Integrated Financial Management System: Managing Implementation Of The New Accounting System, E1AMF0-11-0029-1100153, dated March 29, 1991."

Agency personnel believe that the incompatibility of the Agency's systems makes it extremely difficult to manage the Agency's financial activities and complex programs such as Superfund. We also believe this is a serious problem.

#### *Use of Locally Developed Systems*

One common theme found throughout the focus group and interview comments was that user needs are not sufficiently met by the Agency's finance and reporting system. To compensate for system deficiencies, users have developed their own separate systems. IFMS functions critical to EPA's mission have not been implemented such as the project cost accounting module and the account code structure which would support Superfund cost recovery. Because IFMS and CERCLIS did not always do what regional users needed or wanted, users in regional offices developed alternate systems. For example, Agency users said these systems were developed and are used on individual PCs to allow regional users to accomplish their missions and to make up for the deficiencies in IFMS and CERCLIS.

These individual alternate systems have become key systems used to manage many EPA programs. While it is unreasonable to expect the Agency's finance and reporting systems to meet every

need of each EPA organization, the frequency of concerns over this issue suggests that the Agency needs to do much better.

The Agency's NPR report on financial management also pointed out problems with the use of these systems. It stated that development of these systems has created a proliferation of information systems within the Agency including planning, budget, finance, property, and program accomplishments. In addition, these systems are not linked in a way to easily permit Agency managers to make sound, consistent program and financial management decisions. Also, data input is often duplicated, and information in the multiple systems cannot be reconciled. As a result, many Agency employees use these numerous and separate regional systems to actually manage many EPA programs rather than relying on the official Agency systems like IFMS and CERCLIS.

The financial management environment is very complex and unwieldy because so many systems are being used and maintained. We believe that controls over the use of these locally developed systems are needed to ensure that data is accurate, consistent, and essential. Use of these systems should be coordinated to permit sharing of those that could be used Agencywide. The Superfund area presents a unique opportunity for the Agency to coordinate the finance and reporting systems with the individual systems in the regions to simplify Superfund operations by better meeting user needs, and more effectively ensuring data reliability and consistency.

#### ***EPA Actions***

In July 1993, EPA issued a comprehensive plan to complete IFMS implementation. Over the next five years, EPA plans to:

- eliminate reliance on the FMS and other systems;
- expand the capacity of the financial information system by implementing a new account code structure and installing project cost accounting;
- electronically bridge IFMS with other financial and administrative systems;
- conduct a reassessment of IFMS including examining requirements and cost benefits; and
- complete the revisions of the system development life cycle policies, standards, and procedures.

## **FINANCIAL AND ACCOUNTING POLICIES AND PROCEDURES**

Our review found that (1) a large number of policies and procedures exist that need to be consolidated, (2) policies need to be revised, and (3) policies need to be made more user friendly. Agency employees should be familiar with and knowledgeable of financial management policies and procedures because they are responsible for managing EPA's financial resources. In addition to being familiar with the financial policies and procedures, Agency finance employees will soon be subject to mandatory financial management performance measures. The performance measures and standards will provide the CFO and Agency managers with a basis for assessing the strengths and weaknesses of EPA's financial management.

The Fiscal Policies and Procedures Branch within FMD is responsible for developing and implementing financial management policies and procedures, with the assistance of the Superfund Accounting Branch for Superfund policies and procedures. The Agency's financial management policies and procedures can be found in the Resources Management Directives System (RMDS) which is part of the Agency's overall directives system.

FMD issues new or revised guidance through Comptroller Policy Announcements or Comptroller Transmittal Notices. These documents are later incorporated into the RMDS. In order to improve the availability of the RMDS guidance, some issued chapters in the RMDS and issued and revised policies and procedures since 1987 have been made available on an electronic bulletin board. Policies and procedures were electronically scanned and entered into this menu-driven bulletin board which is referred to as SAGE. This system is broken down into areas which include 1) Resources Manual Directives, 2) Comptroller Policy Announcements, and 3) Comptroller Transmittals.

### ***Large Number of Policies and Procedures***

In the focus groups and interviews conducted, the issue of policies and procedures was considered important in each location. One widely discussed problem pertained to the large number of existing policies and procedures. Despite the existence of RMDS guidance and the SAGE system, many concerns were heard that the policies and procedures available are difficult to locate and are confusing for many users. Users believe that the policies are not stored in a consolidated fashion and there is no central reference point where a search for material can be performed. Therefore, in many instances it

is unknown whether a policy exists on a certain issue. Users find themselves relying on the advice of others, unsure if the advice is accurate.

Although the SAGE system is in fact available, knowledge of the system is not fully dispersed throughout the Agency. Also SAGE is limited in its capabilities because it only provides a key word search for policy references by chapter rather than for the entire policy system. SAGE also requires the users to know in advance the year of issuance of a policy announcement or transmittal number of the policy they want to research. This means that an individual has to know which chapter and year to search rather than being led to the several chapters that discuss the given subject areas. In addition, access to SAGE is dependent upon the availability of a Local Area Network (LAN). Currently, all EPA users do not have access to LANs, and thus can not use the SAGE system.

Focus group members and interviewees believe that Agency policies and procedures are issued from many different EPA offices and then are left up to individual offices to implement them consistently within EPA. While Headquarters FMD issues the official financial management policy, the decentralized structure of the Agency results in many different interpretations of policies which tend to confuse staff. Further, it is often difficult to determine which of the many memorandums received constitute enforceable approaches. For example, we were advised that offices put out draft instructions which remain drafts for lengthy periods of time, which raises questions as to whether draft instructions should be followed. It was also reported that there are many policies in existence on areas of little interest to the EPA staff, while other areas of great interest to the staff were not adequately addressed.

Focus groups reported that Headquarters spends an excessive amount of time creating policies in areas that they believe are irrelevant. Also, users stated that too much of the Agency's policy is driven by legislation instead of what may be truly necessary to run the Agency. An example of this is contained in the EPA Financial Management Status Report and Five-Year Plan. In the Plan, the Agency acknowledges that "Although most of the Agency's Superfund financial policies were developed after the 1987 reauthorization, the Superfund program has continued to evolve significantly. As a result of this evolution, many new issues have not been explicitly addressed and other areas need more detailed explanations."

Finally, focus groups and interviews pointed out that no policy exists for supplying documentation for work accomplished at Superfund sites to the different regions when it is needed for cost recovery purposes. For example, when a region has a Superfund cost recovery case involving work and costs at sites in



other regions, the region must obtain copies of cost supporting documents from many sources which is a very time consuming process.

### ***Policies Need Revision***

Focus groups and key interviews pointed out that many procedures were outdated and could no longer be used for the processes they covered. In addition, a user guide for the IFMS was never compiled. Therefore many of the policies and procedures requiring use of a financial system were never revised or updated to reflect the new financial system. They believe that this has led to a lack of standardization for many of the policies.

The Agency's financial management policies and procedures are contained in the Resource Management and Directives System (RMDS). The RMDS constitutes the "2500" series within the EPA Directives System. The responsibility of the RMDS rests with the Fiscal Policies and Procedures Branch within the Office of the Comptroller. This Branch is responsible for updating the RMDS and answering questions regarding additional material, changes, or clarifications needed for the RMDS.

Although FMD has implemented the SAGE system, most of the policies and procedures were scanned directly from the outdated RMDS manuals. We found many examples of outdated policies and procedures included in the SAGE system, as well as policies that remained unissued. For example, the chapter pertaining to accounting processes, Chapter 2530, listed eight separate sections in the menu, yet none of these eight have been issued. As another example, several policies and procedures in FMD SAGE still refer to the predecessor accounting system the Financial Management System. For instance, Chapter 2580, Financial Management Systems, issued in June 1987, refers to many financial systems that are no longer used.

We were told that other policies requiring attention include Automated Teller Machine (ATM) use, travel authorization, timecards, and object class codes. Most locations agreed that these areas were in need of change. For example, they stated that travel and timecards are time intensive and object class codes are confusing.

Updates to the RMDS frequently arise due to central agencies, such as Office of Management and Budget, Treasury, and General Accounting Office, making mandatory changes or providing new guidance on policy and procedures. In addition, updates may be necessary due to new procedures determined by the Agency to be beneficial or new systems implemented which require explanation.

Additionally, because many policies are not revised or updated, we found that many regions have developed their own standard way of doing business. This lack of standardization causes many of the regions to perform the same function differently. Each region uniquely interprets the available policies, adds to them, and applies them differently. This causes inconsistencies between regions and makes it difficult for Headquarters to provide direction to an individual region if questions arise. It also confuses and limits communication among the regions and reduces the effectiveness of policies and procedures within the Agency.

### ***Policies Need to be User Friendly***

The users found many of the policies and procedures difficult to understand because by their nature they are complex, not easy to follow, and bureaucratic in nature. They also stressed the lack of specific examples or cases to follow that would cover and address the most frequently used policies and provide easy answers to users questions on policy issues. Further, the policies are not user friendly and are not tied together by an index. In addition, because many of the policies are so old, users were unclear on whether the policies were still current. Policies and procedures were difficult to locate because they were contained in too many manuals and were not consolidated. Finally, the policies and procedures were not automated for easy access and a key word search system was not available to provide users a ready reference for specific policy questions. As a result, Agency policies and procedures were not always effective.

Although FMD implemented the SAGE system to simplify the search for financial policies, the system is not user-friendly. Similar policies existed in both the policy announcements and the transmittals. For example, Policy Announcement 92-10 concerns the implementation of the ATM policy for Diners Club. However, information pertaining to the implementation of the American Express Card was covered in Transmittal Number 94-01. Similar policies being covered in both policy announcements and transmittals creates confusion on where to search for a policy.

In addition, as previously discussed, both the policy announcement and the transmittal sections of the FMD SAGE were set up in the menu by year. Therefore, if users did not know the year the policy was updated, they would need to search each year to locate the policy. This may thwart the users' search for a policy if it was unknown that a policy was ever issued in certain areas. Further, when searching for a policy it is difficult to determine if a policy had replaced another policy.

Some users viewed the ineffectiveness of the policies and procedures as resulting from a lack of involvement when they were written. Therefore, many users believed the policies to be inadequate or not pertaining to the work they performed. The lack of user input also led to inconsistencies in interpreting the policies. Because the regions were not involved in drafting the policies, they were not always sure of what Headquarters expected from them. As a result, some regions interpreted policies as they thought appropriate.

A last concern mentioned by the focus groups was that with the current emphasis on streamlining government, better policies and procedures will be needed to help guide Agency employees in doing their expanded tasks and functions. They believed with streamlining in place, inadequate policies and procedures would hinder Agency operations.

### **EPA Actions**

After reviewing the Financial Management Status Report and Five-Year Plan, we found that a number of these areas were addressed by Agency management. The Agency implemented recommendations of an EPA task force on accounts receivable which included the policies of the Office of the Comptroller to improve communication between Headquarters and Regional employees. The Agency also revised and updated several aspects of its accounting policies and procedures including requirements to document financial transactions and reconcile accounts receivable.

FMD is aware that additional work is needed to improve their financial management policies and procedures. They plan to develop and implement a strategy to consolidate and revise existing accounting policies and procedures and issue them in the Resources Management Directives System (RMDS) according to the Financial Management Status Report and Five-Year Plan.

DOJ recently issued a letter on documentation needs for cost recovery cases which EPA distributed nationally. EPA is also completing a microfilming project related to cost recovery documents.

## PROGRAM FINANCIAL MANAGEMENT

During focus groups and interviews, Agency personnel discussed several issues they believe hinder the achievement of good financial management in the program offices. They cited four primary concerns. First, there is an overall lack of understanding of the importance of financial management by program management personnel. Second, management does not have the data and reporting tools needed to effectively manage their programs. Third, the link between budgeting and planning in the Agency is weak. Fourth, there are too many financial codes and their interpretations are confusing to program staff.

Agency personnel believe there is an overall lack of understanding of the importance of financial management by program management personnel. There is no program of financial management in the program offices, and many program management personnel do not believe that they are involved in financial management. They believe that FMD and regional comptrollers conduct financial management. As a result, program management personnel make decisions without the knowledge that financial management is involved, and they often lack critical knowledge needed for making such decisions. For example, program managers can relate budgetary matters to financial management, but they do not view activities such as signing time cards, travel authorizations or contract work orders as part of financial management. Many do not realize that funds can not be shifted among appropriations.

We reported earlier that program offices often view financial management as less important than program management, and that the Agency is seeking to address this concern by creation of the Senior Resource Official (SRO) concept. We in the OIG believe the Agency deserves credit for the SRO concept. Importantly, the SRO concept is a viable mechanism for addressing many financial management concerns, including making staff in program offices view financial management responsibilities as an important, inherent part of their job. We want to see the concept properly implemented. SRO responsibilities need to be specifically defined; appropriately qualified people need to be named to positions and training provided, as needed; staff needs, if any, need to be defined, etc. While we support the concept, implementation needs to be closely monitored to ensure it properly takes place.

Another area they addressed was the Management and Reporting System (MARS)/IFMS issue. While some users believe that MARS/IFMS is useful, others experienced problems producing usable reports needed to make budget decisions. For example, Agency personnel described a situation in which a report was generated

for specific information. The report contained many columns that included the specific information needed as well as additional information that was not needed. As a result, the report had to be reformulated to sort out the needed data. Reformulating these reports can be a very tedious and time consuming process.

Also, IFMS/MARS only tracks overall Agency funds -- not on a divisional or branch office level. MARS does not break out individual branch and sub-office levels to provide the level of detail needed so that managers can use it to effectively track and manage the funds for their division or office. Further, management cannot use many of the MARS reports to effectively control budgets or track resources. Thus, usable management reports are not always available for Agency decision makers. The lack of usable and creditable management reports can adversely impact critical environmental decisions and reduce the effectiveness of limited Agency resources. Finally, the Agency's financial and reporting system increases the difficulty for program offices to actively participate in financial management functions.

Agency personnel do not believe that there is a good link between budgeting and planning in the Agency. The employees in the focus groups and interviews told us that the Agency does not always follow through on its plans and lacks effective planning. They believe this occurs because the budget is not directly tied to the planning function. Thus, when the budget suddenly changes, it impacts planned activities making some planned goals impossible to achieve. Further, the regions believe that they lack flexibility in their budgets and cannot make their own budgetary decisions.

Finally, the focus groups believe that the Agency has many fund object class codes, and that very little interpretation on how to use these codes is available to employees. These codes are used to classify various types of programmatic and administrative expenditures. Because suitable explanations are not available, users often do not know whether to use programmatic or administrative fund object class codes. Further, they do not always know which accounts to charge expenditures, and do not consistently use the accounts among the offices.

## **FINANCIAL MANAGEMENT TRAINING AND QUALIFICATIONS**

During the focus groups and interviews, issue areas arose regarding staff training and qualifications. Although a sensitive area, the participants disclosed some concerns and suggested solutions to improve financial training to Agency employees.

### ***Financial Management Training***

From our focus groups and interviews, we learned that the Agency does not always offer courses on specific EPA financial management areas. Yet, this very specific training is needed for Agency employees, including those in program offices, to effectively accomplish their financial responsibilities. The lack of this specific training has resulted in inexperienced and untrained personnel performing some financial management duties and functions.

In addition, when courses are developed on specific government financial management training, they are not always taught in regional offices. Regional offices must then send employees to Headquarters for financial management training. However, even though many offices would like to send all of their financial employees to training, funds are not always available in their budgets. Because of this funding limitation, only one employee, usually a manager, is chosen and sent for the training. Since only one person is sent, other regional employees often do not receive the specialized, individualized training required for their job situations.

As stated above, many EPA employees are not receiving the necessary training to perform their financial management duties. In the OIG Report on "Reconciling Cash, E1AMF2-11-0040-3100391, dated September 29, 1993," we reported an instance in which training provided by Headquarters was only attended by two employees from a total of nine regional offices that we reviewed. This situation points out the need for specific training given at field locations.

Because EPA specific financial management training is often unavailable, government-wide training classes are sometimes substituted. However, it may be impossible to utilize and adapt government-wide training to achieve specific Agency financial management goals. In addition, government-wide training is not always available on certain functions, such as grants management and budget forecasting.

Through our focus groups and interviews, we also learned that the lack of having more than one trained person often leaves offices without a back-up person to perform key financial functions. Due to resource constraints, program finance offices usually have only one employee knowledgeable on a particular key financial function, such as cash reconciliation and ensuring that deobligations occur timely. Problems may occur when the "expert" is not at work or leaves the Agency. Many offices find it hard to make time for their employees to learn new financial functions due to an already heavy workload.

During focus groups and interviews, some Agency personnel told us that they believe the Agency does not require its finance employees to be formally trained on all important financial functions. In addition, they believe that newly hired employees do not have to meet specific requirements to obtain jobs with financial management responsibilities. Further, they believe that the Agency lacks a financial management curriculum.

#### ***Financial Management Qualifications***

From our interviews and focus groups, Agency employees said that factors such as experience and on-the-job training are important to financial management positions. They further believe that the regional comptrollers and the financial management officers should all have accounting or finance degrees. Also, they indicated that budget experience was important for financial managers to have in the program and finance offices.

The majority of the employees interviewed believe that financial management staff should have backgrounds in the 510, 511 or 501 position classification series that Office of Personnel Management (OPM) established. The 510/511 series are for accountants/auditors. We agree with the interview results that staff with backgrounds in series 510 and 511 are appropriate for financial management type jobs. Since series 501 is a "General Series," it is easy to enter and use of it should therefore be closely controlled. We believe that the knowledge, skills and abilities required for each position should be closely scrutinized.

Many Agency personnel said that a core curriculum would help standardize financial management duties and functions within EPA, and would facilitate communication among financial managers and staff in the regions. They said the curriculum would provide a foundation for consistent financial management training among Agency managers and staff. Further, it would allow each regional office to identify specific training needs and courses that would

enable regional managers and staff to meet specific regional operations and achieve their financial management goals.

Finally, during the focus groups and interviews, the issue of certification requirements for financial management was discussed. Some Agency employees said it would benefit financial management within EPA, while others did not. We believe the issue of certification requirements for personnel in financial management positions should be explored further. Currently, FMD is looking into the use of a certification program for EPA financial management positions.

### ***EPA Actions***

The Financial Management Status Report and Five-Year Plan addresses the training of financial management personnel. For example, FMD has reviewed performance agreements of financial management personnel, integrated language to strengthen accountability for financial management functions and developed training and awareness programs. FMD also developed a core curriculum for FMD finance personnel. However, this curriculum has not been put in place for Agencywide financial managers and staff. FMD is also exploring the establishment of long-term training and certification strategies for financial management, similar to what the Department of Energy is doing.

EPA is also preparing performance measures to assess how well SROs meet their goals. Finally, qualification efforts are underway as described in the Agency's Financial Management Status Report and Five-Year Plan under the Quality Assurance Program. The CFO is in the process of updating and upgrading the Financial Manager's Quality Assurance Program to strengthen financial management within EPA. As part of this effort, FMD is focusing on the qualifications and skills assessment for financial managers.



## **CHAPTER 3**

### **RECOMMENDATIONS**

This chapter presents recommendations to facilitate the Agency's continuing efforts to improve its financial management program. These recommendations are based on information obtained through focus group discussions, interviews, and other reviews and analyses. The Financial Management Division has already initiated actions to implement some of the recommended actions, and will include others in the next update of the Financial Management Status Report and Five-Year Plan. We have included separate recommendations for each of the major issues discussed in the report.

To ensure that the proper importance is attached to financial management Agencywide, the following recommendations under each section are made to the EPA Administrator.

#### **Different Perceptions and Awareness of Financial Management**

1. Identify best practices or bench mark practices for financial management operations Agencywide to help set standards of service and performance, and then implement the practices at each location throughout EPA. We believe that these actions will increase networking of financial managers and staff throughout Headquarters and the regions, and further strengthen financial management in the Agency.
2. Distribute directly to Agency managers, at the GS-13 level and above, a copy of the Financial Management Status Report and Five-Year Plan. We believe that this practice will ensure proper distribution of the Plan and change the financial management culture by increasing the level of awareness of financial management in EPA.
3. Continue with the initiative to develop and implement performance measures for determining how well the Agency managers are achieving financial management goals and functions.

4. Periodically follow up on the progress of efforts to complete corrective action milestones and take necessary actions to eliminate or minimize delays.
5. In the Financial Management Status Report and Five-Year Plan, include a section to report the Agency's success and any lack of success in completing corrective action milestones for the previous year.

## **Financial Aspects of Superfund Cost Recovery**

1. Ensure that clear and consistent EPA cost recovery goals and targets are established and coordinated with all Superfund managers throughout the Agency. By doing this, EPA will better ensure that its position on Superfund cost recovery is properly stated. To better present and strengthen its position on cost recovery to the public and to Congress, EPA must coordinate and obtain site information from the regions and then ensure that this data is kept timely, updated and accurate. We believe EPA would then be in a better position to measure and explain how it is currently doing against the targets it had established for Superfund cost recovery.
2. Assign a higher priority to Superfund financial management, and specifically cost recovery, within the Agency at all levels. Agency top management should ensure that cost recovery and other aspects of Superfund financial management are given the same priority as are the other program areas in both Headquarters and in the regions.
3. Explore different alternatives with Agency Superfund Headquarters and regional staff to establish specific incentives for Agency managers in order to help ensure cost recovery is pursued as an important function in its own right. Further, EPA should work more closely with DOJ to speed up the process for establishing accounts receivable.
4. Continue efforts to resolve the potential double billing issue which arose over the three percent service charge.
5. Establish controls to ensure that EPA costs for work on sites is charged to the specific sites where the work occurred. Better tracking of costs and assigning site identifiers for all Superfund sites should be given a high priority to improve EPA's Superfund financial management program.
6. Set up a work group between FMD and OSWER. The group should include both Headquarters and regional staff. They should

review and improve the overall management of financial data for Superfund sites in charging site costs.

## **Finance and Reporting Systems**

1. Continue to improve the financial management system by eliminating older systems, adding system interfaces, and developing needed system functions by 1995 as is currently planned. We believe that an important key to the success of this recommendation is that senior management takes an active role to devote resources necessary for this effort.
2. Establish a joint effort between FMD and the program offices with client/customer teams to work out the interface problems associated with IFMS and other Agency systems. Ensure standard data elements among the different systems. Including the field users in the overall process will help standardize EPA/IFMS system use and results.
3. Make a commitment to better correlate IFMS and CERCLIS in such a fashion that user needs are satisfied, and redundant efforts are eliminated. User groups from OSWER and FMD should work out any problems (i.e., ensuring that dollar amounts for Superfund sites are correct) to allow better management and oversight of the Superfund program. This would help standardize the data that the Agency uses both in and outside EPA for Superfund operations.

## **Financial and Accounting Policies and Procedures**

1. Review, update and consolidate the large number of EPA financial management policies and procedures electronically by using such a method as FMD's SAGE system. During this effort, FMD should examine the overall process used to issue financial management policies and procedures to ensure that the RMDS directive system reflects and includes all such policies and procedures. During this procedure, FMD should ensure that Agency users are invited to participate in this process.
2. Provide on line, key word searches for policies, procedures, and manuals to use as a reference tool to easily facilitate the search for pertinent guidance used as a reference for all financial management issues to assist all Agency users. To accomplish this effort, senior management needs to ensure that sufficient resources are provided.

3. Simplify EPA financial management policies and procedures so that they are more user friendly to all Agency users. Ensure that policies and procedures that are consistently used by many Agency users such as those for travel, payroll, and timecards are explained in plain English versions. A good example of this is the current EPA travel booklet "On the Go With EPA" which presents travel related information in a clear and concise manner.
4. Educate users on financial policies and procedures. FMD should provide an orientation briefing on EPA financial management policies and procedures to inform EPA employees with financial management responsibilities of the importance of such policies and procedures, how to locate them, and how to apply them.
5. Explore the use of automation for payroll, travel, timecards, etc., to help standardize and streamline current financial management functions Agencywide.

## **Program Financial Management**

1. Provide guidance and consistency of interpretation for different fund object classes. Establish an ongoing interaction between the Budget Division and regional field locations to explain the differences and purposes of different object classes. Provide visits and needed assistance to field sites to ensure consistent use of program and administration object class codes.
2. Provide assistance to the regions and Headquarters offices on how to set up and use MARS reports by demonstrating the specifics of the system and reports to individual office users. FMD personnel should personally meet with users to solve their questions and concerns.
3. Redesign the input and reporting features of MARS so that Agency managers can create and generate better financial management reports.
4. Ensure that EPA's strategic plan is developed before the budget, so that the budget matches the plan. This will allow the strategic plan to serve as the basis for the overall EPA budget, rather than the other way around. If the budget is adjusted, realistic adjustments to the plan need to be made.
5. Continue with the initiative in the Financial Management Status Report and Five-Year Plan to establish performance measures to measure how well the Agency is performing key

financial management functions for Headquarters and regional offices.

6. Establish a model office for implementing the SRO concept Agencywide. In establishing a model office, consideration should be given to clearly describing the capabilities, procedures and controls each program office must have.

## **Financial Management Training and Qualifications**

1. FMD should provide very specific user-oriented financial management training on location at both regional and Headquarters locations. This would allow Agency users to ask questions that are pertinent to their individual work situations.
2. Establish an Agencywide financial management core of training courses that every Agency employee involved in financial management is required to take. Other optional courses at each regional level could vary depending on specific needs and priorities established for the different EPA regions. This would promote consistency among Agency locations in the way financial management data is accounted for and recorded.
3. Strengthen the training curriculum by including the Five-Year Plan, our report, NPR, CFO Act requirements, etc., as required reading. Provide training on emerging financial management issues to EPA as a whole. The financial management environment in the federal government is changing rapidly but many employees, especially those in the regions, do not receive training on the new laws or procedures.
4. Provide cross training among Agency personnel in key financial management operations and positions to establish backup expertise for crucial office financial management functions and duties.
5. Continue to explore the establishment of financial management certification requirements similar to what the Department of Energy is doing. If the requirements are appropriate, implement the certification procedure for financial management managers and staff Agencywide.

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## GLOSSARY OF ACRONYMS

<b>ADCR</b>	Automated Document Control Register
<b>AMS</b>	American Management Systems
<b>A/R</b>	Accounts Receivable
<b>ARA</b>	Assistant Regional Administrators
<b>ATM</b>	Automated Teller Machine
<b>CATS</b>	Corrective Action Tracking System
<b>CERCLA</b>	Comprehensive Environmental Response, Compensation and Liability Act of 1980
<b>CERCLIS</b>	Comprehensive Environmental Response, Compensation and Liability Information System
<b>CFO</b>	Chief Financial Officer
<b>CPE</b>	Continuing Professional Education
<b>DA</b>	Deputy Administrator
<b>DOJ</b>	Department of Justice
<b>EPA</b>	Environmental Protection Agency
<b>FCQAS</b>	Financial Compliance and Quality Assurance Staff
<b>FMD</b>	Financial Management Division
<b>FMDP</b>	Financial Management Development Program
<b>FMSD</b>	Facilities Management Services Division
<b>FMFIA</b>	Federal Managers' Financial Integrity Act
<b>FMO</b>	Financial Management Officer
<b>FOIA</b>	Freedom of Information Act
<b>GAO</b>	General Accounting Office
<b>HAD</b>	Headquarters Audit Division
<b>IAG</b>	Interagency Agreement
<b>IDPs</b>	Individual Development Plans

<b>IFMS</b>	Integrated Financial Management System
<b>IRM</b>	Information Resource Management
<b>JFMIP</b>	Joint Financial Management Improvement Program
<b>LAN</b>	Local Area Network
<b>MARS</b>	Management and Reporting System
<b>MATS</b>	Management Audit Tracking System
<b>OARM</b>	Office of Administration and Resources Management
<b>OGC</b>	Office of General Counsel
<b>OIG</b>	Office of Inspector General
<b>OMB</b>	Office of Management and Budget
<b>ORC</b>	Office of Regional Counsel
<b>OSWER</b>	Office of Solid Waste and Emergency Response
<b>PPAS</b>	Personal Property Accountability System
<b>PRP</b>	Potential Responsible Party
<b>QA</b>	Quality Assurance
<b>QAR</b>	Quality Assurance Review
<b>RA</b>	Regional Administrator
<b>RMDS</b>	Resources Management Directives System
<b>RPIO</b>	Responsible Planning Implementation Officer
<b>SAGE</b>	Electronic bulletin board listing EPA financial management policies and procedures
<b>SBO</b>	Senior Budget Officer
<b>SCORES</b>	Superfund Cost Organization and Recovery Enhancement System
<b>SCRIPS</b>	Superfund Cost Recovery Image Processing System
<b>SRO</b>	Senior Resource Official
<b>TQM</b>	Total Quality Management



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