

## SECTION 52—INFORMATION ON FINANCIAL MANAGEMENT

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## Summary of Changes

Requires agencies to include financial management information in their Performance and Accountability Report (PAR). The PARs should include synopses of financial management strategies and on-site financial management plans, including remediation plans (section 52.3).

**52.1 What are the general reporting requirements?**

Agencies are required to provide three reports on financial and grants management:

- Financial management operations and initiatives, including agency financial management plans (to be submitted in each agency's annual Performance and Accountability Report (PAR)), described in section 52.4(a);
- Agency compliance with new grants management policies and practices, described in section 52.4(b), and
- Report on resources for financial management activities (exhibit 52).

**52.2 What reporting requirements are addressed?**

For the 24 agencies covered by the Chief Financial Officers Act of 1990 (CFO), the materials required in this section address the following requirements:

- CFO Act: Requires each agency CFO to prepare a financial management plan to implement the Government-wide financial management five-year plan.
- The Federal Financial Management Improvement Act of 1996 (FFMIA): Requires each agency head to determine **substantial** compliance with the Act. When the agency head determines that the agency's financial management systems do not comply with FFMIA, the Act requires the agency to submit a remediation plan to bring the agency's financial management systems into substantial compliance with FFMIA and with the agency's budget justifications materials. Guidance in this section outlines the information that must be provided regarding remediation activities.

- OMB Circular A–127, Financial Management Systems: Requires each agency to develop, prepare, and maintain financial management systems plans.

### 52.3 Who must report financial and grant management information?

*CFO Act agencies.* All CFO Act agencies must submit the materials prescribed in section 52.4(a) in their PARs. The CFO Act assigns to the CFO the responsibility for preparing and revising the agency's financial management plans and developing the agency's financial management budget. Additionally, the information is used in reviewing the budget submissions of agencies.

*Non-CFO Act agencies.* Non-CFO Act agencies must include in their budget submission a brief summary of their financial management plans to ensure sound financial management practices. An agency should include this information in its PAR if it publishes one.

### 52.4 What materials are required?

#### (a) *Financial management.*

The following information, synopsized from more specific plans held by the agency, should be described in each agency's annual Performance and Accountability Report. Financial management operations and financial management improvement initiatives and plans, including desired results and performance measures should be highlighted. This description should align with the agency's mission and programs, address the President's Management Agenda, and include, at a minimum:

#### *Goals and strategies*

- Briefly discuss how the agency's financial management strategy will achieve the goals of the President's Management Agenda for improving financial management government-wide. Include information on the status of financial management activities to provide a context for the agency's plans and resources request.

#### *Financial management performance*

- Briefly discuss impediments to improving the agency's financial management performance, especially those identified in your agency's most recent Executive Branch Management Scorecard.
- Describe plans to overcome the impediments, such as efforts to reduce erroneous payments and eliminate material weaknesses identified by previous audits – as well as those material weaknesses and non-conformances identified under the FMFIA process.
- Outline approaches for obtaining clean audit opinions on all financial statements and for ensuring continued favorable opinions. Also describe plans for developing and maintaining relevant and timely financial reporting practices, including financial performance measurement measures and accelerated year-end financial statement reporting.

#### *Financial management systems framework*

- Present an overview of the agency's current and future financial management systems framework, emphasizing plans for achieving a targeted systems infrastructure; describe core financial management systems and financial and mixed systems critical to effective agency-wide financial management, financial reporting, or financial control (see section [53.3](#)).

- Include a synopsis of critical projects currently underway, or planned, to achieve the target framework. Identify FFMIA remediation activities planned and underway and describe the resources, remedies, interim target dates, and officials responsible for bringing systems into substantial compliance with FFMIA.
- Include an inventory and brief description of baseline financial management and mixed systems, including an assessment of major problems. (Inventory information will be submitted separately. Guidance and instructions for the systems inventory update will be available on the Internet; a separate memorandum will be distributed to Deputy CFOs advising them of the location and posting date.)

(b) *Grants management.*

The following information about grants should be provided with each agency's regular budget submission, and should include a description of an agency's compliance with new grants management policies and practices:

- How the agency ensures its grant and cooperative agreement program announcements comply with the new announcement template required by OMB policy issued on June 23, 2003 [68 FR 37370] with an effective date of July 23, 2003. Agency implementing actions, other than regulatory revisions, were to be completed by October 23, 2003; regulatory revisions to be completed by July 23, 2004.
- Agency efforts to implement the OMB policy requirement for grant applicants to provide a Dun and Bradstreet (D&B) Data Universal Numbering System (DUNS) number when applying for any of that agency's grants or cooperative agreements. The policy issued on June 27, 2003 [68 FR 38402] was effective on July 27, 2003, and requires use of a DUNS number beginning on October 1, 2003, on any application for Federal grants or cooperative agreements.
- How the agency is complying with the OMB policy requirement to post synopses of its funding opportunity announcements at Grants.gov, using the government-wide standard data elements for these synopses. This policy requirement issued on October 8, 2003 [68 FR 58146] was effective on November 7, 2003, and requires a synopsis of any Federal funding opportunity to be posted at Grants.gov FIND no later than three business days after release of the full announcement.
- Agency efforts to use the APPLY function of Grants.gov for receiving applications under the agency's discretionary grant or cooperative agreement programs. On January 7, 2004 (M-04-05), OMB requested agency schedules to be established no later than March 1, 2004, that identify which programs will participate in Grants.gov APPLY, and when actual use of Grants.gov APPLY will begin. Please provide this information in your response to Exhibit 52 requirements.

Agencies must also provide the following information relating to its grants management policies and practices:

- Recommendations for new changes in law to improve the effectiveness, performance, coordination, and accountability of grant programs, including program-specific statutes. Be sure to identify any statutory impediments to the agency's compliance with the new OMB policies relating to grants streamlining and Grants.gov (E-Gov).

- The agency costs relating to its grants management function. Include the salaries of agency Grants Management Officials, agency Grants Specialists, agency Grants Policy Officials, and other related costs, excluding grants systems expenditures, which are reported under Exhibit 53.

### 52.5 What is the report on resources for financial management activities (exhibit 52)?

Each CFO Act agency is asked to report total budgetary resources and full-time equivalent (FTE) employment data for CY and BY and obligations for PY for each of the following categories of financial management activities:

- Financial management, to include:
- Financial operations and analysis;
- Budget operations;
- Financial reporting and information;
- Audits of financial statements; and
- Financial management systems.

In-house and contract data are required for resources regarding financial management activities and the audits of financial statements.

Agencies have the option of describing in footnotes the context and reasons for any budget request. Agencies must explain, however, in footnotes to the exhibit any significant line item changes between the current year amount and the budget request. A significant change is defined as any increase that exceeds the percent increase determined by OMB guidance for the agency as a whole.

### 52.6 What are the line descriptions and coding for exhibit 52?

Report obligations (PY) and budgetary resources (CY and BY) in millions of dollars and FTE employment data for the entries described below. Use the fourth digit of the line number to identify data as obligations or budgetary resources (xxx2) or as FTE data (xxx1). Resource information should represent the agency's best estimate of salaries, contracts, or other major expenses to be reported. Allocation of overhead expenses is not required.

## REPORT ON RESOURCES FOR FINANCIAL MANAGEMENT ACTIVITIES

Entry	Description
Line coding	Use the first three digits of the line number to identify the financial management activities to be reported (e.g., accounting and reporting) and the fourth digit to distinguish FTE (e.g., 2001) from obligation and budgetary resources (e.g., 2002) data.
200x In-house financial management activities, classified into:	Include in-house resources (including personnel) for processing, recording, and reporting of revenues, receipts, appropriations, apportionments, allotments, obligations, outlays, expenditures, assets, liabilities, and other financial transactions; reconciliation of asset and liability accounts, such as accounts or loans receivable, with subsidiary records and with external data, such as Treasury cash records; funds control; management of grants; preparation of financial statements; and performance analysis and measurement.
► Financial operations	
► Budget operations	
► Financial reporting and analysis	

Entry	Description	
2102	Contractor financial management activities	Include resources (including personnel) for contracts to perform financial management activities. Report PY obligations and budgetary resources only. See description of activities for 200x.
300x	Audits of financial statements	Include resources for performing audits of financial statements, with separate identification for contract and in-house costs, as detailed in exhibit 52. Do not include resources for preparation of financial statements.
400x	Financial management systems	Include resources for financial management systems, which consist of financial systems and financial portions of mixed systems necessary to support financial management. (See definitions of financial management systems in section 53.3.) Include in this category grants management systems as either a financial or mixed system (see section 53.3). Data reported should be consistent with information reported as the estimated percentage of total system budgetary resources associated with financial components in exhibit 53.
500x	Subtotal	The sum of corresponding amounts reported on lines 200x through 400x.
600x	Adjustments (–)	Include adjustments to eliminate double counting (a minus entry). For example, costs for a loan system reported under the "asset management" category may also be reported under the "financial management systems" category. If any adjustments are reported on lines 6001-6002, a hard copy list should describe the adjustments and be available to OMB upon request.
700x	Total, net	Equals the total of corresponding amounts on lines 500x and 600x.
8102	Audits of financial statements, contract costs	Include resources for contracts to perform organization-wide audits of financial statements.
820x	Audits of financial statements, in-house costs	Include resources for performing organization-wide audits of financial statements in-house.
9998	Agency contact	Include the name of the individual responsible for answering the above questions.
9999	Telephone number	Include telephone number of agency contact.

### 52.7 How do I submit exhibit 52 and when is it due?

[Exhibit 52](#) is due with the budget submission. It should be approved by the agency CFO before submission to OMB. E-mail the exhibit using the formatted spreadsheet provided at <http://www.cio.gov>. Send the completed exhibit 52 spreadsheet to [exhibit52@omb.eop.gov](mailto:exhibit52@omb.eop.gov). Before sending the completed spreadsheet, verify that the subject line has the three-digit OMB agency code (see [Appendix C](#)) and the full agency name. Update the data on exhibit 52 to reflect final budget decisions.

## Report on Resources for Financial Management Activities

Department of Government (in millions of dollars)		PY	CY	BY	Report obligations for PY and budgetary resources for CY and BY.
<b>Accounting and Reporting</b>					
2001	No. of FTE.....	583.00	583.00	583.00	
2002	Total Obligations/Budgetary Resources.....	93.00	93.00	93.00	
	Financial Operations	50.00	50.00	50.00	
	Budget Operations (formulation and execution)	33.00	33.00	33.00	
	Financial Reporting and Analysis	10.00	10.00	10.00	
<b>Contractor Financial Management</b>					
2102	Total Obligations/Budgetary Resources.....	3.00	3.00	3.00	
	Financial Operations	1.00	1.00	1.00	
	Budget Operations (formulation and execution)	1.00	1.00	1.00	
	Financial Reporting and Analysis	1.00	1.00	1.00	
<b>Audits of Financial Statements</b>					
3001	No. of FTE.....	3.00	3.00	3.00	
3002	Obligations/Budgetary Resources.....	1.30	2	2	
<b>Financial Management Systems</b>					
4001	No. of FTE.....	32.00	32.00	36.00	
4002	Obligations/Budgetary Resources.....	24.80	34.30	34.40	
<b>Subtotal</b>					
5001	No. of FTE.....	618.00	618.00	618.00	
5002	Obligations/Budgetary Resources.....	122.10	131.90	132.20	
<b>Adjustments</b>					
6001	No. of FTE.....	0	0	0	
6002	Obligations/Budgetary Resources.....	0	0	0	
<b>Total, net (lines 2001-6002)</b>					
7001	No. of FTE.....	618.00	618.00	618.00	
7002	Obligations/Budgetary Resources.....	122.10	131.90	132.20	
<b>Audits of Financial Statements</b>					
<b>Contract Audit Costs</b>					
8102	Obligations/Budgetary Resources.....	0.40	0.50	0.60	
<b>In-House Audit Costs</b>					
8201	No. of FTE.....	3.00	3.00	3.00	
8802	Budgetary Resources.....	0.90	1.10	1.20	
9998	Agency Contact.....	R.W. Rogers			
9999	Telephone Number.....	(202) 696-4712			

Amounts reported for financial management systems on line 4002 must be consistent with the percentage of budgetary resources for financial management systems in exhibit 53.

If any adjustments are reported on lines 6001-6002, a list describing them should be prepared in hard copy.

Do not include preparation costs on lines 8102-8202.