

Moving to Management Transparency

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Many agencies have the infrastructure in place to support an era of management transparency and data-driven decision-making. Now it's time to get systems updated and connected to deliver the data.

By Patricia E. Healy

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President Obama has promised unprecedented openness in governing, creating an era of new information demands. Executives can expect to be asked early and often to analyze what their agencies spent their budgets on and what results they receive for the money. This paper examines three areas of strategic action to help government executives meet this transparency challenge:

- Take Stock
- Get Program Systems in Order
- Integrate the Back Office

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The urgency and budget constraints created by today's financial and economic crisis coupled with the management priorities of the Obama administration have created an imperative to capitalize on the government's wise investments in financial management systems over the past 20 years.

Agencies stand poised to take full advantage of the information, tools and technology they used to transform financial management since the CFO Act of 1990. The CFO Act and follow-on legislation spurred agencies to automate financial operations using enterprise resource planning (ERP) software. This investment created a disciplined process of financial data entry, internal controls that standardized operating procedures, and accurate and useful financial reports delivered on defined and tightly controlled timelines.

Agencies now use this infrastructure to produce comprehensive departmental and individual agency financial statements, as well as accurate data about expenditures and documentation to support them. In FY 2008, 20 of the 24 major agencies earned clean audit opinions – a testament to how far government has come in automating and standardizing financial management.

With this strong foundation in place, agencies now enter an era of new information demands. President Obama has promised unprecedented openness in governing. On his first full day in office, he issued a memorandum on transparency and open government directing agencies to put information about their operations and decisions online and readily available to the public. He has vowed to pull back the curtain on how agencies operate, how well they work together and how they spend money. He has pledged to inventory administrative functions to root out redundancy and to require agency heads to streamline and integrate operations.

This emphasis on achieving management transparency places high expectations on senior executives who run departments, agencies, programs and administrative functions in the Executive Branch to engage in data-driven decision-making. Executives can expect to be asked early and often to analyze what their agencies spent their budgets on and what results they receive for the money. They will be under pressure to respond quickly with hard facts to enable tough decisions driven by data.

ABOUT THE AUTHOR

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Take Stock

Fortunately, thanks to their investment in financial management systems, many agencies are well positioned to respond. Senior executives have an excellent opportunity to gain deeper insight about their programs and administrative functions by updating the systems supporting programs and consolidating financial, purchasing, performance, and outcome data. With recent advances in technology, the tools agencies need to turn data into actionable management information are available.

Modernized systems can help agencies look deeply into and across their operations to make them more efficient, less costly, more effective and more transparent—that is, more understandable and accountable to internal decision makers, policymakers and the public, a major objective of the Obama administration.

But just like the national infrastructure, the federal information infrastructure needs investment before it can deliver the transparency that will lead to effectiveness, efficiency and savings. The management framework must be integrated across programs and back office functions. Information technology systems must be modernized and linked. Performance systems require better information.

Accomplishing this will take planning:

- Agencies should take stock of the way their leadership teams operate to develop plans for better integrating management and oversight among executives leading programs as well as functions such as finance, information technology, acquisition and human resources.
- Leadership teams must inventory the IT systems supporting agency programs to make sure they are facilitating efficient and effective operations and harvesting good, usable data about both operations and performance.
- Systems and business processes supporting administrative functions also need review to ensure they are not siloed and are able to convey data and handle transactions seamlessly.
- Senior leaders also must scrub the performance process to make certain that metrics are aligned to the outcomes outlined in the agencies' missions, that programs are aligned with those outcomes, and that IT systems are producing information with which to measure program performance and the cost of achieving it.

PLANNING FOR TRANSPARENCY

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Get Program Systems in Order

The leadership team must inventory the disparate legacy systems that now help them run mission-related programs and provide data about them. If a system facilitates efficient and effective operations and is providing the right data in a timely fashion and useful form about essential programs, no change is required. Other systems must be modernized or retired. Facing budget constraints and pressure to run programs more effectively and to produce management intelligence quickly, the leadership will have to prioritize IT modernization based on the importance of the program a system supports.

Modernization will bring better tools for answering inquiries about programs and operations, but we cannot wait for tomorrow to analyze and report on what we are doing today. Fortunately, it is possible to achieve business intelligence iteratively by incrementally implementing tools such as data warehouses and data marts with modern data mining and reporting capabilities to draw data out of legacy systems so it can be combined and presented to managers on dashboards and other easy-to-use, real-time displays. Using critical management needs to drive the process will enable agencies to harvest and apply the most vital data first and roll out and continuously adapt the business intelligence environment over time.

The Centers for Medicare & Medicaid Services is an example of an organization that is linking program and finance data today using its financial management ERP system to derive business intelligence. CMS needed to know how well the Medicare Appeals process was working and to identify trends. Both CMS management and contractors adjudicating appeals needed access to the information. So CMS, working with CGI, defined a business intelligence solution to use along with an appeals tracking system. The analytic capability allows CMS to see whether like claims are being treated equally, to identify adjudicators in need of further education, and to give contractors information they can use to manage their workloads. Providers and beneficiaries now are able to track real-time status of appeals, and the time and cost incurred by transferring cases among parties have been reduced.

Integrate the Back Office

Agencies need to take a long, hard, honest look at the back-office functions-- finance, budget, accounting, timekeeping, payroll, human resources, procurement, property, travel, and asset management—to make sure they are supported by the most modern, efficient systems; produce the right data at the right time for the right decisions; and are managed effectively.

The systems supporting these functions must be integrated and able to share data seamlessly. There should be just one point of data entry for any transaction. Internal controls at appropriate levels must guarantee that operations always are handled with integrity and in the same way without overburdening management. Data and transactions should be fully visible online and flow easily, appropriately and efficiently across functions.

The ERP systems that produced significant improvement in financial management offer capabilities that can bring back-office businesses together. Great savings and operational efficiencies are available through integration. By integrating procurement, asset management and financial systems, for example, agencies can automate or

MOVING FROM DATA TO INFORMATION

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even eliminate redundant and inefficient processes that divert employees from mission-related work. That, in turn, will free back-office staff to support program managers and their teams.

Here's how integration and automation could free up staff time for mission-related work in the case of a procurement: Using an integrated ERP system to procure goods or services, staffers can record a requisition online, where it is automatically routed for approval and obligation, and then sent electronically to the vendor. Receipt of the goods or services is recorded in the existing record online. If the system is configured to match the original obligation with the receiving report, and the vendor submits an invoice electronically, a payment can be generated automatically. Opportunities also exist for automatically recording an item purchased into the integrated asset management system. This kind of business process reengineering saves staff hours not only in the back office, but also in the program office as information about the entire lifecycle of a procurement becomes transparent online and questions can be quickly addressed through online queries. Program offices get the resources they need to deliver on their mission and vendors get paid on time and accurately for the delivery of those goods and services. Saved staff hours can be redirected to work that is directly related to or in support of the mission.

Building on back-office integration by using it to combine financial data with that of key programs will begin to truly answer the call for management transparency.

In the crucible of economic crisis and under pressure to increase transparency, drive decisions with data and enhance productivity, senior leaders have a terrific opportunity to capitalize on past investments. Those whose agencies have transformed financial management by implementing ERP systems already have raised their capacity to mine program and back-office data for management insight. Now is the time to identify where agency-specific systems, business processes and the management framework can benefit from planning and additional investments to integrate operations even more fully – and then put plans into action to produce management intelligence.

ABOUT CGI

Founded in 1976, CGI is a leading information technology and business process services provider with 27,000 professionals operating in more than 100 offices worldwide. In the public sector, CGI is a major partner to federal, state, provincial, local and municipal governments in the U.S., Canada, Europe and Australia.

CGI has helped more than 100 U.S. federal agencies improve program and back-office operations, allowing them to better fulfill their core missions. Our track record includes enhancing citizen information via healthcare services websites, optimizing IT infrastructure through managed services supporting more than 50 federal agencies, and modernizing financial management operations for more than 100 federal agencies.

Focused on helping government continually adapt and evolve, CGI created the CGI Initiative for Collaborative Government in 2008. In partnership with leading universities the CGI Initiative for Collaborative Government analyzes models of collaboration between government and the private and non-profit sectors, and provides recommendations on how government can best leverage these models to maximize mission results.

More information on the CGI Initiative is available at www.collaborativegov.org. More information about CGI is available at www.cgi.com.