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OFFICE OF FINANCIAL INNOVATION AND TRANSFORMATION

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# **FINANCIAL MANAGEMENT**

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## **FINANCIAL MARKETPLACE GOVERNANCE**

October 2014

# Financial Marketplace Governance

## SECTION 1: BACKGROUND

The Office of Management and Budget (OMB) designated the Department of the Treasury as the Managing Partner for the Financial Management Line of Business (FMLOB). In accordance with OMB's Federal IT Shared Service Strategy and OMB Memorandum M-13-08, *Improving Financial Systems Through Shared Services*, the Managing Partner is responsible for leading efforts to transform Federal financial management. The FMLOB Managing Partner will provide support to partner agencies under the guidance and strategic direction of OMB, the Chief Financial Officers Council (CFOC), and the Council on Financial Assistance Reform (COFAR).

## SECTION 2: OBJECTIVE

The objective of marketplace governance is to guide the implementation of the Federal financial management vision to ensure long-term value for Federal agencies and taxpayers. This document outlines the Federal financial management marketplace governance and describes the roles and responsibilities of the key stakeholders involved in the marketplace.

## SECTION 3: AUTHORITIES<sup>1</sup>

The **Secretary of the Treasury** has the statutory responsibility to report on the financial operations of the United States Government to the President, Congress, and the public. To fulfill this responsibility, the Secretary is authorized to issue policies, procedures, and instructions regarding Federal financial management and to serve as the operating center for consolidating financial reports across executive agencies. The Financial Marketplace Governance does not relieve the Secretary of those statutory responsibilities and authorities, but provides a framework for the Secretary to coordinate changes to Federal Financial Management System Requirements with OMB, executive agencies, and other stakeholders to minimize the cost and organizational impact of the changes.

**OMB** has the statutory responsibility to provide Congress with a report on the financial management status of executive agencies and to provide a government-wide financial management improvement plan. OMB is responsible for issuing policy on Federal Government financial management systems, and establishing a governance structure that provides clear roles and responsibilities of key Federal stakeholders to ensure the intended financial management outcomes are achieved. The Financial Marketplace Governance creates and communicates the roles and responsibilities of Treasury, agencies, and other boards involved in Federal financial management improvement. The Financial Marketplace Governance does not relieve OMB of its statutory responsibilities or authorities.

## SECTION 4: ASSUMPTIONS

The assumptions below represent common practices that serve as the foundation for the financial management marketplace governance. FIT will revisit the assumptions annually. Should any of these assumptions change, the model for governance may change to adapt to the shift.

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<sup>1</sup> The statutory responsibilities of the Secretary of the Treasury and OMB are pursuant to the Budget and Accounting Procedures Act of 1950 (31 U.S.C. § 3512, 3513); the Chief Financial Officers Act of 1990, Pub. L. 101-576 (CFO Act); the Federal Financial Management Improvement Act of 1996, Pub. L. 104-208 (31 U.S.C. § 3512 note) (FFMIA); Appendix D to Circular No. A-123, *Compliance with the Federal Financial Management Improvement Act of 1996*; and the Information Technology Management Reform Act of 1996 (ITMRA or Clinger-Cohen), 40 U.S.C. § 11302.

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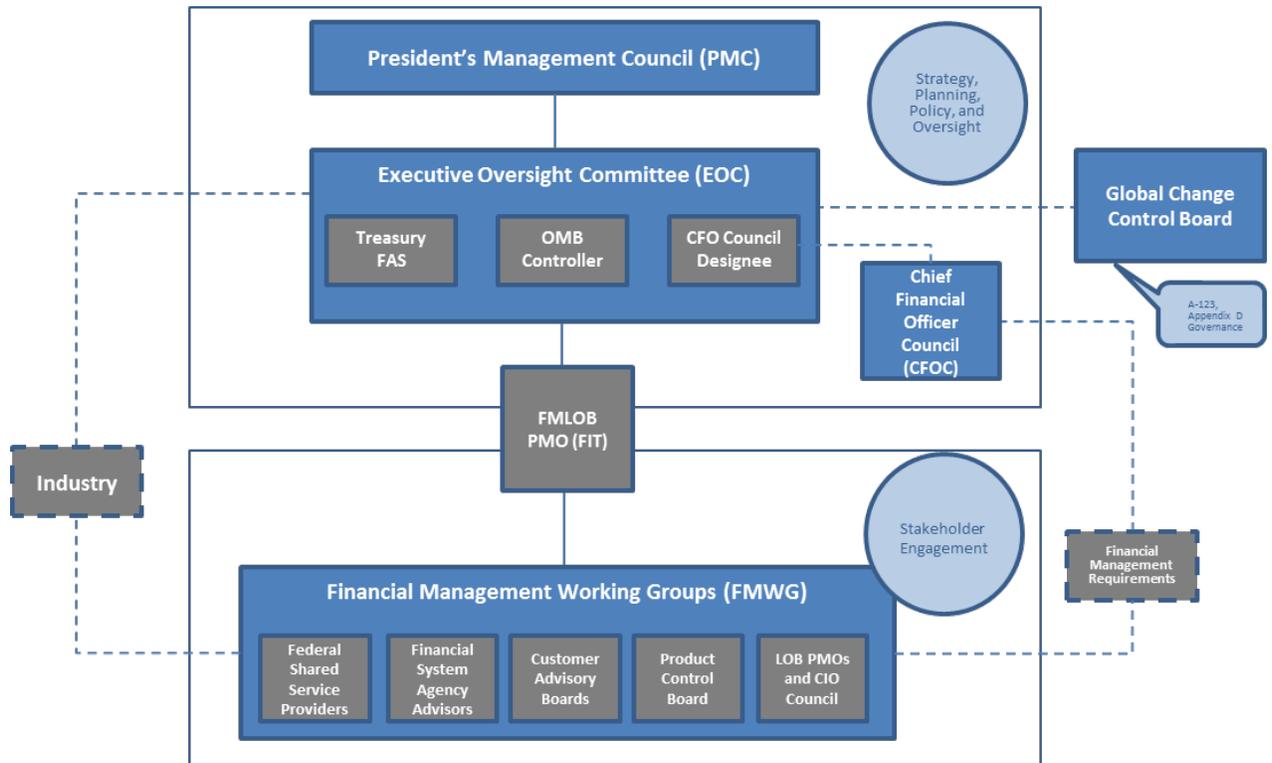
- a. The objective of the shared service initiative is to migrate agencies to a limited number of Federal shared service providers with standard offerings.
- b. Customers will follow the FIT Agency Modernization and Evaluation process when migrating to a shared solution.
- c. Changes to financial management system requirements will be made in accordance with Appendix D to Circular A-123 and the Global Change Control Board.
- d. Provider performance will be measured through standard metrics, benchmarks, and customer satisfaction surveys.
- e. The Executive Oversight Committee (EOC) is ultimately accountable to the President's Management Council.
- f. The EOC has the authority and responsibility to set the strategic direction for Federal financial management and to mitigate risks to ensure success.
- g. The FMLOB Program Management Office (PMO) will build consensus among agencies to resolve issues. Unresolved issues will be elevated to the EOC for final resolution.

### **SECTION 5: MARKETPLACE**

The Federal financial management marketplace governance (Figure 1) represents how the FMLOB PMO will guide, monitor, and report on changes that impact financial management systems. The FMLOB PMO will partner with CFO Council representatives to work with the EOC and the President's Management Council (PMC) on strategy, planning, policy, and oversight initiatives (e.g., cross-agency collaboration, direction setting, performance management, and customer satisfaction) in support of the President's Management Agenda. The FMLOB PMO will engage stakeholders, as necessary, to foster consistent operational management (e.g., operational governance, performance management, customer satisfaction, and continuous improvement) among the FSSPs.

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Figure 1: Notional Marketplace Governance Model



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### SECTION 6: ROLES AND RESPONSIBILITIES

Group	Role	Responsibilities
Oversight Bodies		
<b>Executive Oversight Committee (EOC)</b>	Develop the strategy and oversee the implementation of the Federal financial management vision, ensuring it aligns with the President’s Management Agenda	<ul style="list-style-type: none"> <li>▪ Members consist of the OMB Controller, the Treasury Fiscal Assistant Secretary (FAS), and a designee of the CFO Council</li> <li>▪ Make critical decisions to ensure the successful implementation of the Federal financial management vision</li> <li>▪ Mitigate enterprise-wide risks or operational risks elevated to the EOC</li> <li>▪ Provide guidance and strategic direction on the President’s Management Agenda</li> <li>▪ Inform the President’s Management Council of strategic direction and decisions related to the Federal financial management vision</li> </ul>
<b>CFO Council</b>	Advise the EOC to ensure that changes to Federal financial requirements align to the Federal financial management vision	<ul style="list-style-type: none"> <li>▪ Members consist of the entire CFO Council with one CFO designee on the EOC</li> <li>▪ Make recommendations to the EOC to ensure the successful implementation of the Federal financial management vision</li> <li>▪ Point of escalation for enterprise-wide risks or operational risks from the FMLOB PMO (FIT)</li> </ul>
<b>FMLOB PMO (FIT)</b>	Engage stakeholders to assess concerns and/or needs to issue well-informed guidance and advise the EOC	<ul style="list-style-type: none"> <li>▪ Define, collect, and analyze performance metrics and customer satisfaction surveys for risk assessment</li> <li>▪ Facilitate monthly governance meetings with the EOC and quarterly performance reviews with FSSPs</li> <li>▪ Prepares dashboards and status reports with actions clearly identified for EOC</li> <li>▪ Point of escalation for enterprise-wide risks or operational risks from the FMWGs (e.g., unresolved issues within an FSSP’s internal governance structure)</li> <li>▪ Coordinate outreach efforts with stakeholders</li> </ul>
Financial Management Working Groups (FMWG)		
<b>Federal Shared Service Providers (FSSPs)</b>	Deliver high quality financial management services to Federal agencies	<ul style="list-style-type: none"> <li>▪ Inform and advise the FMLOB PMO on status, impact, opportunities, and risk to the implementation of the long-term vision for financial management</li> <li>▪ Implement the FSSP internal governance with their customers</li> <li>▪ Participate in meetings with the FMLOB PMO, as needed, to share best practices, leverage opportunities with industry, etc.</li> <li>▪ Follow FAME guidance and participate in monthly/bi-weekly meetings with FIT and OMB on all system implementation efforts with partnering agency</li> <li>▪ Comply with requests from the FMLOB PMO (e.g., performance measures, governance artifacts)</li> </ul>
<b>Financial System Agency Advisors</b>	Advise on the day to day implementation of the Federal financial management vision	<ul style="list-style-type: none"> <li>▪ Members consist of at least one designee, with expertise in financial management systems and processes, from each CFO Act Agency</li> <li>▪ Participate in monthly meetings with the FMLOB PMO to</li> </ul>

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Group	Role	Responsibilities
		<p>collaborate on topics related to the day to day implementation of the Federal financial management vision</p> <ul style="list-style-type: none"> <li>▪ Make recommendations and elevate risks to the FMLOB PMO</li> </ul>
<b>Customer Advisory Boards</b>	Provide feedback on the performance of the Federal Shared Service Providers	<ul style="list-style-type: none"> <li>▪ Members consist of FSSP customers; separate groups will exist for agencies in Operations and Maintenance (O&amp;M) and agencies in implementation</li> <li>▪ Participate in forums to provide feedback on the FSSPs</li> <li>▪ Make recommendations and elevate risks to the FMLOB PMO</li> </ul>
<b>Product Control Board</b>	Ensure one government voice for commonly used financial system software	<ul style="list-style-type: none"> <li>▪ Members consist of agency representatives from each of the commonly used financial system software packages</li> <li>▪ Collaborate and advise on the Government-wide development, maintenance, implementation and enhancement of commonly used financial system software</li> <li>▪ Make recommendations and elevate risks to the FMLOB PMO</li> </ul>
<b>LOB PMOs and Chief Information Officer (CIO) Council</b>	Collaborate on the Federal shared services vision and manage impact on cross cutting topics involving the financial management community	<ul style="list-style-type: none"> <li>▪ Members consist of the CIO Council and all relevant LOB PMOs</li> <li>▪ Inform and collaborate with the FMLOB PMO on a regular basis to share best practices and ensure alignment on a government-wide level</li> <li>▪ Inform and collaborate with stakeholders, on an as needed basis, on cross cutting topics that impact the Federal financial management vision (e.g., CIO shared services directives)</li> </ul>
<b>Industry</b>	Collaborate on the successful implementation of financial management initiatives	<ul style="list-style-type: none"> <li>▪ Inform and collaborate with stakeholders, on an as needed basis, on recommendations for and impact to the successful implementation of financial management initiatives</li> <li>▪ Communication to private sector companies will be disseminated through the industry associations</li> </ul>
<b>Global Change Control Board</b>	Manage cross-government impact of financial management guidance	<ul style="list-style-type: none"> <li>▪ Members consist of the global process owners</li> <li>▪ Manage A-123, Appendix D Governance</li> <li>▪ Coordinate the development and issuance of government-wide financial management guidance</li> <li>▪ Coordinate changes to Federal financial management system requirements with OMB, executive agencies, and other stakeholders</li> </ul>