

JOINT FINANCIAL MANAGEMENT

IMPROVEMENT PROGRAM



Strategies to Improve Communication between Program and Financial Managers

1962-38

Proceedings of a conference sponsored by the
Joint Financial Management Improvement Program





MEMORANDUM TO: Federal Program and Financial Managers

DATE: May 26, 1992

SUBJECT: JFMIP Report on Strategies to Improve Communication between Program and Financial Managers

The JFMIP recently sponsored a conference to explore opportunities for improving communications between program and financial managers. We believe the message from this conference is of such importance that we would like to share it with you. The message is that improved communication will help us achieve our common purpose.

Effective communication is particularly important with passage of the Chief Financial Officers Act of 1990. The CFO Act requires comprehensive financial management improvements. The nature of these improvements—financial management systems, financial statements, and the measurement of performance—will require program and financial managers to work together. The success of these efforts may well depend on the effectiveness of the communications between program and financial people.

At this year's annual JFMIP conference, all of the major speakers spoke, in one form or another, to the criticality of effective communications between federal managers. This document represents a small step in an evolving process toward realizing that goal.

JFMIP Steering Committee:

Handwritten signature of E. John Prebis in cursive.

E. John Prebis, Chair
Office of Personnel Management

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Virginia B. Robinson
JFMIP

What is JFMIP?

The Joint Financial Management Improvement Program (JFMIP) is a joint and cooperative undertaking of the Office of Management and Budget, the General Accounting Office, the Department of the Treasury, and the Office of Personnel Management, working in cooperation with each other and with operating agencies to improve financial management. The Program was initiated in 1948 by the Secretary of the Treasury, the Director of the Bureau of the Budget, and the Comptroller General of the United States, and was given statutory authorization in the Budget and Accounting Procedures Act of 1950. The Office of Personnel Management joined as a central agency sponsor of JFMIP in 1966.

The overall objective of the JFMIP is to improve and coordinate financial management policies and practices throughout the government so that they will contribute significantly to the effective and efficient planning and operation of government programs. Activities aimed at achieving this objective include:

- Developing general objectives in those areas of common interest to the central agencies for guiding the improvement of financial management across government and promoting strategies for achieving those objectives.
- Reviewing and coordinating central agencies' activities and policy promulgations to avoid possible conflict, inconsistency, duplication, and confusion.
- Undertaking projects and special reviews of significant problems and new technologies in financial management and publishing the findings and conclusions.
- Acting as a catalyst and clearinghouse for sharing and disseminating financial management information about good financial management techniques and technologies.
- Reviewing the financial management efforts of the operating agencies and serving as a catalyst for further improvements.

The JFMIP plays a key role in mobilizing resources and coordinating cooperative efforts in the improvement of financial management practices, and, to be successful, it relies on the active participation of federal agencies.

The JFMIP is guided by a Steering Committee consisting of a key policy official from each sponsoring agency. A key official from a program agency also serves on the Steering Committee. A small staff is headed by the Executive Director.

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Conferees agreed that program and financial managers' aims are not different, as is often assumed, but are the same: to spend money wisely and ensure that fair value is received in pursuit of program goals. In this regard, both program and financial managers play important and affiliated roles. We need a communication strategy that will overcome the perception of conflict. We need a commitment to collaboration.

Foreword

Effective communications has always been a challenge for federal financial and nonfinancial managers. At the Joint Financial Management Improvement Program (JFMIP), we recognized the importance of effective communications between financial and nonfinancial managers when we published our *Financial Handbook for Federal Executives and Managers* in 1981.

The purpose of the Handbook is to help federal executives and managers understand the broad area of financial management and to encourage closer working relationships among financial and nonfinancial managers. The Handbook was recently updated again in July 1991 to reflect the many developments in financial management, legislatively and in other ways.

Because of the many new and important developments in financial management, the JFMIP wanted to explore the communications that exist between federal executives and managers on financial management matters. The results of this conference show that financial management needs to be better understood and that communications between financial and program managers can and should be improved.

In addition to apprising you through this conference report of what informed managers at the conference believe on the issue of effective communications, the JFMIP hopes the results of these proceedings can be used to better understand and assess communications at your agency. Perhaps, these proceedings can provide some guidance toward improving the communications between financial and program managers. We would appreciate comments from readers on this issue.

Virginia B. Robinson
Executive Director

May 1992

Acknowledgements

We would like to acknowledge and thank all those who participated in this conference. We also want to thank those individuals who worked behind the scene to ensure that the conference proceeded smoothly and successfully.

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Introduction

This conference on *Strategies to Improve Communication Between Program and Financial Managers* had three specific objectives:

- Identifying the issues and challenges involved in communicating effectively,
- Eliciting a strategy for incorporating important financial management issues and accountabilities in training and other forums, and
- Identifying how program and financial managers can communicate better with each other - what means of communication and what kinds of communication are needed?

This conference report presents the “whys” and “hows” of improving communications and some strategies and solutions agreed upon. They reflect the views of the conferees on the state of communications in financial management and what is needed for more effective communications.

The “Why” of Improving Communications: Communication Issues and Challenges

The conferees focused on two key subjects:

- The extent that program and financial managers necessarily have different objectives or share common objectives and
- The issues and challenges that stem from the different roles that program and financial managers perform in their organizations.

Objectives: Different or Common?

The conferees focused early on the extent to which communication difficulties are caused by program and financial managers having different objectives, or by failing to recognize a common purpose. It was suggested that there may be a natural tension between program and financial managers.

Financial managers frequently feel that program managers do not appreciate the value of the services they receive



Reprinted from *The Public Manager*

*You raised the prices? But I just lowered the quality . . .
Oh, well!!*

from finance. Program managers, on the other hand, tend to see financial rules and procedures as yet another burden imposed on them. They also often feel that financial managers don't give them enough credit for the financial work they have done. The challenge for both is to create an environment where each group respects the other's objectives, establishing a common ground so that the job can get done. Since both types of managers have a natural tendency to protect what they have done, a certain amount of "territoriality" will have to be overcome. A positive approach is needed: "Here is how you can do it," not "You have to (or can't) do it this way."

Organizational Roles

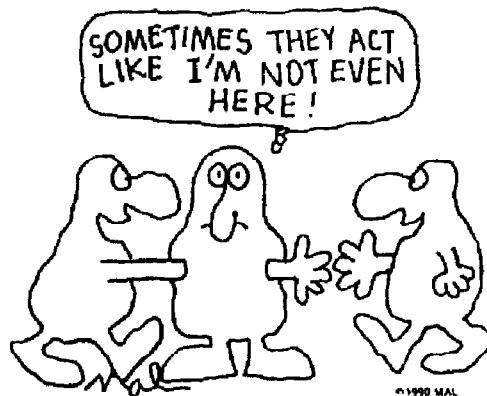
The conferees next discussed the extent that communication difficulties are caused by differences in the organizational roles and responsibilities of program and financial managers (and whether the differences are real or just perceived). The challenge, according to several participants, is that the roles and responsibilities of financial managers tend to be misunderstood by other people in the organization—program managers as well as policy officials. One financial manager pointed out that finance and fiscal specialists are frequently viewed by their organizations as "other people." Another suggested that there is a widespread perception that people in the finance world work for OMB, Treasury, and GAO—not for the program managers. The Chief Financial Officers (CFO) Act seems to have intensified this erroneous view.

Several participants stressed that "financial management" is a term with many meanings and aspects; that is, it is not as monolithic as many program managers seem to think. In fact, it is much broader. Whereas many program managers view financial management as simply getting their budget dollars, true financial management also includes using resources in the most effective way. There is more to financial management than just budgeting; there is also accounting and financial operations.

Strategies to Improve Communication between Program and Financial Managers

The conferees also discussed the “culture” of the budget and finance world as representing a communications challenge. Conferees noted that budget people have a tendency to impose value judgments on programs. Program managers view this tendency as an illegitimate obstruction—a barrier to program accomplishment. Program managers also perceive that some financial managers have access to top management at key decision-making junctures, and that they use this access to disempower program managers.

Conferees noted that some budget leaders, on the other hand, fear their employees will be co-opted by program managers, coloring their judgments. The dominant belief is that control lies in the budget; that OMB is the overwhelming power. (Conferees stated it does not necessarily have to be that way—there should be a two-way street.) Similarly, financial people do not have to be dictatorial. There seems to be a kind of machismo in the federal culture that encourages this attitude, one that asks “Are you strong enough, are you powerful enough, to make me do something?” While this seems to be the name of the game at the federal level, it is not perceived as true of state governments.



Reprinted from *The Public Manager*

Conferees also noted that even within the financial community, there are different views of what its own roles are, and even should be. One participant noted there are communication problems between budget and accounting people at the manager level that the CFO Act has aggravated. Also, the financial community encompasses many technicians, but few professionals and even fewer people with operating or management experience.

Another conferee noted that although proper budget execution is tougher to do than putting a budget together, it is not seen as being as important. The CFO Act assigns budget execution responsibilities to program managers. At the same time, program managers fear that authority and control have been taken away and given to finance people (including Chief Financial Officers and Inspectors General).

Adequacy of Resources

The conferees noted that a final barrier to communication is the current shortage of resources. When the dollars are not there, the tension between program and financial managers increases. This may be a communication problem, or it may just be that communications are fine, but that program managers don't like the answers they are getting.

Strategies and Solutions

The conferees suggested the following strategies for improving communication on issues and incorporating important financial management considerations in training and other forums:

- Adopt the view that financial management is a career, not just a job. More emphasis should be given to developing younger people for financial management careers - perhaps a governmentwide financial management intern program. The objective would be to build a cadre of financial managers.
- Encourage a greater interchange of personnel between operating programs and finance organizations. Make greater use of developmental and rotational assignments.
- Develop and issue an easy-to-read departmentwide manual or handbook, listing financial management compliance requirements.



Reprinted from *The Public Manager*

All in favor of Rupert developing a departmentwide financial management handbook for improving communication.

- Incorporate financial management concepts into new employee orientation programs.
- Mount a governmentwide survey to identify differences in culture and possible measures for addressing the differences.
- Consider periodic meetings or conferences which could serve as vehicles for program and financial managers to exchange ideas.
- Ensure that financial managers' performance plans include a critical "program response" element; and program managers' performance plans include a critical "financial management" element.

Training

The conferees' discussion of alternative strategies raised questions about the extent that training can effectively answer the issues and challenges of improving communications between program and financial managers. Several conferees stressed the importance of top management attention to financial management matters as a key element in narrowing the communications gap. They felt that efforts to increase top management's knowledge, involvement, and commitment to financial management projects should be stepped up. In particular, the Chief Financial Officer of each organization needs to be a "missionary," promoting financial management concepts and getting the agency head to develop appropriate programs.

Other conferees, in commenting on training and employee development as a strategy, indicated that "traditional" training may not be the best way to approach the problem. Traditional accounting programs as offered by academia, for example, do not really prepare individuals for government finance work. One conferee indicated that none of his academic course work had even touched on the concept of appropriations. Further, traditional education

Strategies to Improve Communication between Program and Financial Managers

case studies are simply not relevant to government applications. Instead, a program such as the fellows program of the Council for Excellence in Government was cited as an example of the type of interactive program that is needed and can be most effective.

Interchange of Personnel

The conferees agreed that formal, or even informal, personnel exchanges between finance organizations and agency operating programs can be a very effective tool for improving understanding and communications. They also agreed that this can be especially effective during an individual's early career. Several agencies were indicated as having arrangements under which program managers have pulled budget and finance personnel into their offices for limited periods. The problem is that these programs tend to be terminated or go unused when resources get scarce or when budget and finance offices get very busy.

However, one conferee noted that the government has been "robbing Peter to pay Paul" by moving personnel around. The real need is to build up the pool through a specialized Management Intern Program that will give individuals program, financial, and budget experience. There have been such programs in the past. At the same time, several conferees expressed caution about the probable effectiveness of such an effort. One conferee noted the least effective way to enter the Senior Executive Service (SES) is to go into an SES development program. Another conferee noted, however, that inclusion in the candidate pool is a pre-requisite for SES selection in his agency.

Program Managers' Roles and Responsibilities

Conferees offered the idea that many program managers have set up "shadow" budget and finance offices

to ensure that they get the financial information and tracking services they need. The general comment was that "they had better do that if they want to control their funds." However, conferees noted that the CFO Act should eliminate the need for such "shadow" staffs. The general consensus was that it will be tough to deliver on the full potential of the CFO Act because of the dual roles envisioned for finance people: information and service providers on the one hand and "enforcers" on the other.

It was suggested that a "Bill of Rights" for program managers is needed to let them know that they are entitled to:

- Financial information
- Influence
- Control

Programs have goals and objectives. To meet these goals and objectives, the program managers need all of the above, and they should be informed by their agencies that they are entitled to it.

Instructional Manual and Course

The concept of a governmentwide manual that lists financial compliance requirements was addressed by the Executive Director of JFMIP. The JFMIP has issued such a manual (see appendix A for information on its contents and contact point to receive copies). It has been well received and was made available to the conferees. The conferees suggested that JFMIP make an effort to distribute the publication widely, i.e., beyond the financial management community.

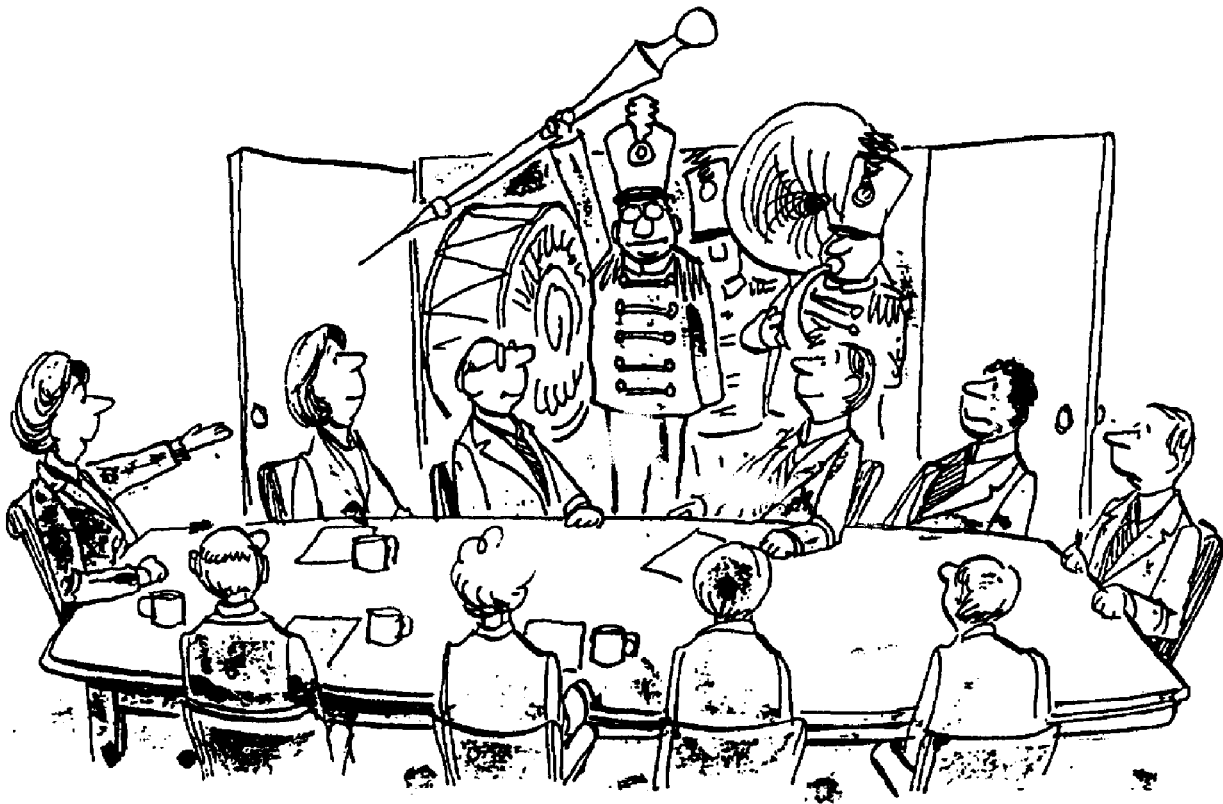
The Department of the Treasury has made available to the federal community a video, entitled "All That Jazz", that describes a course which puts the financial management aspects of a program into clear focus. Appendix B provides information and the contact points on this course of instruction.

The “How”: Ways and Means of Improving Communications

The conferees suggested the following specific actions that can be done to improve communication between program and financial managers:

- Emphasize boss-driven communications, i.e., get higher-level managers involved in and insisting on good financial management.
- Distribute a “compliance assurance manual” to program managers.
- Develop formal training programs, both governmentwide and for individual agencies.
- Use programs, such as a co-op program, to begin creating a cadre of properly trained financial management people.
- Hold regular meetings and conferences that would bring together program and financial managers within agencies and exert internal pressure for better communications. The suggestion was made to use the CFO Act as a catalyst for initiating such meetings.
- Use existing program meetings, which most agencies have, as a forum for providing information on financial management requirements and concepts. Presumably, the CFO would do most of the “missionary” work at these meetings.

Strategies to Improve Communication between
Program and Financial Managers



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Before our regular meeting of program and financial managers, our CFO will lead us in the agency anthem.

Closing Comments

Conferees' closing comments resulted in several additional suggestions for further consideration, including:

- Developing a list of the top six things that program managers should know about financial management and that financial managers should know about program management.
- Stressing the importance of financial managers having a customer orientation and of assessing how well they are doing, including setting "benchmarks" as a basis for measurement. It also was suggested that minimum governmentwide standards should be developed for financial management.
- Examining the need for program and financial managers to work together to break down barriers to communication with the Congress on financial management matters.

The conferees expressed the view that it is important to establish and build on momentum in improving communications in this area. Leaving the responsibility to individual agencies may not work. There needs to be a governmentwide consensus to ensure that consistent and persistent effort is applied to the problem. The conferees also thought small sessions (limited time and attendance) would be more effective for improving communications than large conferences or increased attention on the agendas of professional association meetings.

The general feeling of the conferees on communication issues and challenges appeared to be that both sides have to work at getting rid of the idea that program and financial managers have different objectives—they don't. The objective is the same for both: to spend money as

Strategies to Improve Communication between Program and Financial Managers

wisely (efficiently and effectively) as possible in pursuit of program goals and to ensure fair value is received for the money spent. Both program and financial managers have important roles to play. A communication strategy is needed that addresses cultural differences between program and financial managers. Commitment is the key to overcoming obstacles.

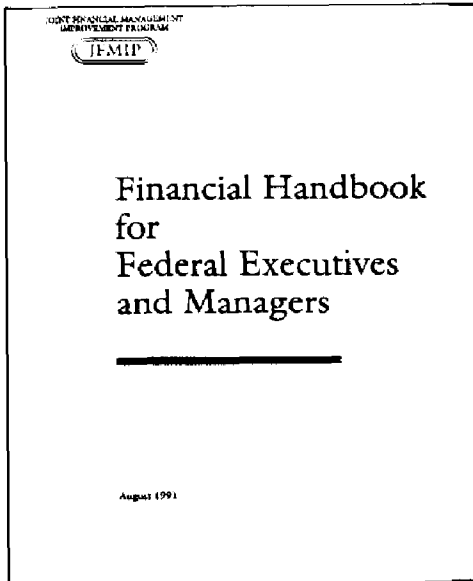
The Executive Director of JFMIP closed the conference by thanking the conferees for their participation and indicating that a conference report would be the likely vehicle for disseminating the results of the conference.

Appendix A:

Contents of the *JFMIP Financial Handbook for Federal Executives and Managers*

Chapter	Title
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	Foreword
	What is JFMIP?
1	Introduction
2	Functions of the Central Agencies
3	Budget Preparation and Process
4	Administrative Control of Funds
5	Financial Management Systems
6	Financial Reporting
7	Management Controls
8	Cash Management
9	Credit Management
10	Assuring Proper Payments
11	Total Quality Management
12	Special Cost Studies
13	Property and Inventory
14	Federal Assistance Programs
15	Procurement
16	Auditing
17	Training and Development of Financial Staff



**Requests for copies
of Handbook should
be sent to:**

Joint Financial Management
Improvement Program
666 11th Street NW,
Suite 320
Washington, DC 20001-4542
Telephone (202) 376-5439

Appendix B:

What's All This Jazz About...Improving Program Results Through Sound Financial Management

The Center for Applied Financial Management is part of the Department of Treasury's Financial Management Service. The Center provides specialized financial training to federal financial and non-financial staffs and industry partners through on-site training courses, seminars, conferences and carefully designed on-the-job training. This training is designed to teach the use of current and future financial management tools, techniques and policies to improve financial management governmentwide.

JAZZ is a 1 1/2-day course focusing on the operational concerns of federal financial management. JAZZ offers a simple, step-by-step process that puts the financial management aspects of your program in clear focus. You will use the techniques of the Big Picture and Snapshot to zoom in on specific details that make up your program's financial management picture. It gives hands-on training to help those with direct responsibility solve their unique problems.

JAZZ provides the Big Picture technique to focus on and troubleshoot the financial management of your operations. You will get a chance to take a Snapshot of your program - to analyze a specific area that needs help.

The seminar is organized by modules that concentrate on distinct functions of program operations. In addition, you will receive a workbook with separate modules for each

function of program operation, a worksheet, and a diskette to create your own Big Picture.



Topics Covered

- How can you identify your financial management responsibilities and pitfalls?
- What can you learn from financial information?
- What financial analysis techniques are useful to you?
- What steps must you take to plan a new program area?
- How can you use your agency reports?
- How can you stop a problem before it gets started?
- What are the common problem areas?

Austin, Texas
FTS 770-7240 or (512) 482-7240

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Chicago, Illinois
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Who Should Attend

JAZZ can help anyone who is held directly accountable for the success of a program - the "line managers" of your operation. If you are responsible for the effectiveness of your program, JAZZ will help you get the most out of your budget resources. You'll receive 6 hours of continuing professional education (CPEs).

Questions?

Contact the Registrar on FTS (202) 376-1310 or the Customer Assistance Staff at the Regional Financial Center nearest you.

Strategies to Improve Communication between
Program and Financial Managers

Requests for copies of JFMIP reports should be sent to:

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