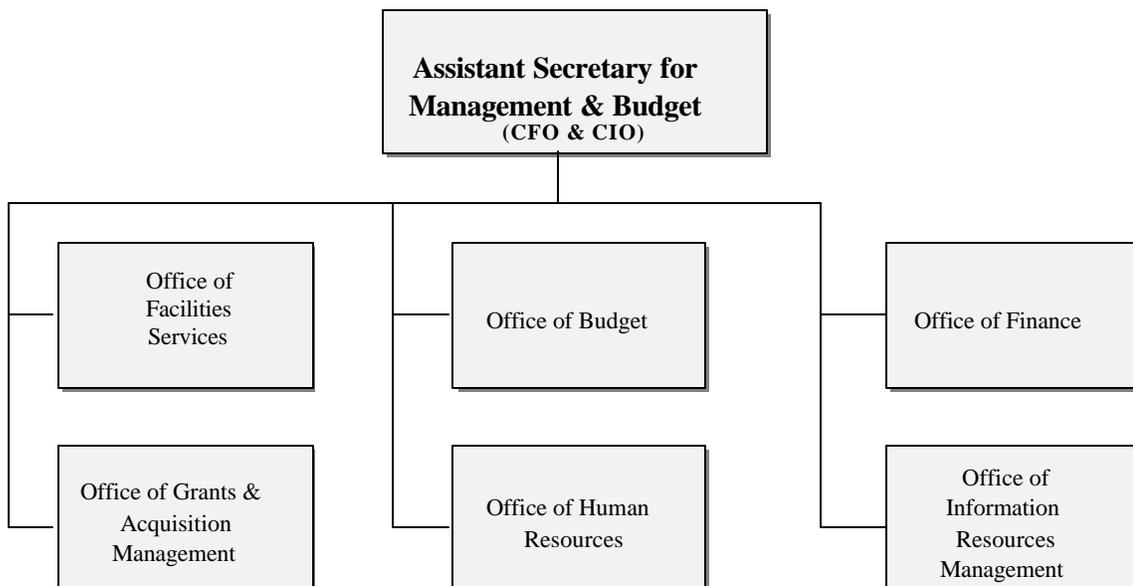


Overview of Financial Management: Issues and Accountability

FINANCIAL MANAGEMENT RESPONSIBILITY AND ORGANIZATION

HHS had net outlays of \$359.7 billion in FY 1999 (21.1% of the Federal budget). Therefore, we have an enormous responsibility for financial accountability. HHS is a key player in the Governmentwide financial statement audit, which was prepared for the first time for FY 1997. In 1993, the Administration first promoted the idea of a Governmentwide financial statement audit in the Vice President's National Performance Review report on "Improving Financial Management" (Recommendation FM 10.1). The Administration also strongly supported the Government Management Reform Act (GMRA) of 1994, which amended the CFO Act of 1990, and expanded financial statement audit coverage to include Departmentwide and Governmentwide audited financial statements. This Accountability Report demonstrates our involvement in, and our dedication to, the Administration's commitment to strong financial management. All HHS managers with responsibility for Federal resources are, to some degree, financial managers. However, official responsibility for financial management matters is delegated from the Secretary to the Senate-confirmed CFO who also holds the titles of Assistant Secretary for Management and Budget (ASMB) and Chief Information Officer (CIO). The Offices of the ASMB are illustrated in the accompanying organization chart. Other ASMB responsibilities include the functions of budget, human resources, grants, acquisitions, and facilities services.



The Office of Finance, which prepares this Accountability Report, is headed by the Deputy Assistant Secretary for Finance who is also the Deputy Chief Financial Officer (DCFO). This office is responsible for implementation of an ever-increasing volume of Federal financial legislation and initiatives within an environment of evolving technologies, limited staffing, and cost containment. The list of legislation related to financial management includes:

- Prompt Pay Act of 1982 (as amended)
- Federal Managers Financial Integrity Act (FMFIA) of 1982
- Chief Financial Officers (CFOs) Act of 1990
- Cash Management Improvement Act (CMIA) of 1990
- Government Performance and Results Act (GPRA) of 1993
- Government Management Reform Act (GMRA) of 1994
- Federal Financial Management Improvement Act (FFMIA) of 1996
- Debt Collection Improvement Act (DCIA) of 1996
- Information Technology Management Reform Act (ITMRA) of 1996
- Travel and Transportation Reform Act of 1998
- Federal Activities Inventory Reform Act (FAIRA) of 1998

The Office of Finance has responsibility (in partnership with our OPDIVs) for many new and ongoing initiatives such as: developing and implementing accounting and financial policies, systems and reports; resolving financial statement audit findings; implementing financial and program performance measurement; prompt payment; budget execution; improving reliability of financial information; policy development and coordination for debt collection; implementing all financial management legislation; and integrating all of the financial management initiatives. These initiatives are coordinated with the various OPDIVs of HHS through the policy-level HHS CFO Council and the operating-level Financial Policies Group (FPG).