



January 31, 2001

Ms. Jennifer Douglas
Students Channel General Manager
U.S. Department of Education
Office of Student Financial Assistance

Subject: Options and Recommendations for Interim Financial Reporting Analysis

Dear Ms. Douglas:

The Office of Student Financial Assistance (SFA) is implementing the Financial Management System (FMS). The Students Channel engaged Accenture to provide options and recommendations for interim financial reporting and analysis until full implementation of FMS.

Results in Brief

The Students Channel currently uses reports provided by the SFA Office of the Chief Financial Officer (SFA OCFO). Education Central Automated Processing System (EDCAPS) provides periodic budgetary information in various report format. The Activity Based Costing Model (ABC Model), on the other hand, provides cost information. However, both EDCAPS and the ABC Model, in its current form, do not provide adequate financial management tools to effectively monitor and formulate alternatives to reduce the Students Channel costs.

We have formulated options and recommendations for interim financial reporting for the Students Channel until full implementation of the FMS occurs, as discussed in the enclosed slide presentation. We recommend the use of certain EDCAPS and ABC Model reports that will enable the Student Channel managers to monitor and formulate alternatives to reduce costs. Successful implementation of our recommendations will require coordination with the SFA OCFO.

The attached slide presentation has been presented to certain Students Channel managers. We will be scheduling another presentation during your periodic Students Channel management meeting. We look forward to the opportunity to present our recommendations for interim financial management to you and your staff.

If you have any questions, please call Martin Renwick at (202) 205-8608.

ACCENTURE

cc: Jennifer Douglas
Mary K. Muncie
Michele Brown

Enclosure