



Interim Financial Management

**Office of Student
Financial Assistance -
Students Channel
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accenture

Interim Financial Management



Objective

Recommend options for interim financial reporting and analysis to effectively manage SFA Students Channel budget and cost data until full implementation of the Financial Management System (FMS).

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Background

- Financial Management at the Students Channel
- Statement of Federal Financial Accounting Standard No. 4, *Managerial Cost Accounting Concepts and Standards* (SFFAS No. 4)
- Activity Based Costing (ABC)
- Financial Management System (FMS)

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Financial Management at the Students Channel

- Management by Budget
- Management by Cost
- Financial Management Tools
 - EDCAPS Reports
 - ABC Reports

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Statement of Federal Financial Accounting Standard No. 4, *Managerial Cost Accounting Concepts and Standards* (SFFAS No. 4)

- Accumulate and report the cost of activities
- Define and establish responsibility segments
- Full cost of outputs
- Inter-entity costs
- Costing Methodology (ABC)

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Activity Based Costing (ABC)

- A method that assigns costs to activities based on the use of resources and assigns costs to outputs.
- A management tool that links cost data to the organization's operations and performance.

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Financial Management System (FMS)

- Integrated core financial management system
- Subsidiary ledger
- Cost and budget data
- JFMIP compliant

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Interim Financial Reporting and Analysis

- Methodology
- EDCAPS budget reports
- ABC reports
- Reconciliation of EDCAPS and ABC

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Methodology

- Interviewed Students Channel managers to gain an understanding of reporting and analysis needs.
- Analyzed current financial management reports provided/available to the Students Channel.
- Gained an understanding of the capabilities of EDCAPS.
- Reviewed ABC Model to gain an understanding of the capabilities of and information maintained in the ABC Model.

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Recommended EDCAPS Budget Report Profile

- Provides budgeted amount, obligated amount and expended amount by object class.
- Used to prepare Current Plans and Fund Status for the Students Channel, which is provided to all managers in the Students Channel.
- Reliant on budget personnel to receive the report.
- Report does not provide information by project code.

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Recommended EDCAPS Reports

Status of Obligations

- Provides the unobligated commitments, obligations, and expended obligations by fund, organization, and object class.
- Report could be used to update the “Current Plans and Fund Status” provided to management.
- Report can be accessed directly by the Students Channel on a daily or monthly basis.

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Recommended EDCAPS Reports(Cont'd)

FY Fund Balances

- Provides budget, commitment, obligations, expenditures, and available balance for specific project codes.
- Reports must be requested by the Students Channel.

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Recommended ABC Report Profile

- Provides the total cost of SFA for the cost objects.
- Provides the total cost at the channel level, core business process level and activity level.
- Enables calculation of unit cost.
- Does not readily identify the total contract and labor expense, which represents 90% of the Students Channel's costs.

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Recommended ABC Report

Cost Report by Expense Category (by core business process)

- Enables the Students Channel to analyze its two major costs, labor and contracts (90% of total costs)
- Enables the Students Channel manager to obtain adequate detailed information to monitor and derived means for reducing costs.
- Reports will need to be obtained from the ABC Cost Team.

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EDCAPS Data vs. ABC Data

- Differences may exist due to timing, errors, etc.
- Students Channel will need to periodically reconcile EDCAPS and ABC data

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Illustration: Reconciliation of the MDE Contract

FY 00 EDCAPS Expenditures	\$18,645,099
FY 00 ABC Costs	<u>\$18,887,188</u>
Difference	\$ 242,089

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Illustration: Reconciliation of the MDE Contract (cont'd)

Detail of Reconciling Items

Reconciling Items:	
Development for extension – CPS 1999 funds	\$ 42,659
Year 2000 testing –MDE 1998 funds	\$ 4,898
Project code 520C040 - MDE 1998 funds	\$ 133,085
Miscellaneous 1997 funds	\$ 7,766
Project code 618C040 – MDE 1998 funds	\$ 53,681
TOTAL	\$ 242,089

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Illustration: Reconciliation of the MDE Contract (cont'd)

EDCAPS to ABC Reconciliation

EDCAPS FY 2000 Budget Expenditures	\$18,645,099
Development for extension – CPS 1999 funds	\$ 42,659
Year 2000 testing –MDE 1998 funds	\$ 4,898
Project code 520C040 - MDE 1998 funds	\$ 133,085
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FY 2000 ABC Cost	\$18,887,188