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## Federal Financial Management Reform and The Chief Financial Officers Act

This study analyzes the development of financial management reform in the federal government. A series of reform initiatives culminated in passage of the Chief Financial Officers (CFO) Act that prescribes a wide spectrum of changes in federal accounting, budgeting, and financial reporting. The CFO Act may well be the most significant executive branch federal financial management reform since the adoption of the Budget and Accounting Act of 1921.

The decade of the 1980s was a fertile period for financial management reform in the federal government. It culminated in passage of the Chief Financial Officers (CFO) Act.<sup>1</sup> While the savings and loan bailout has drawn attention to federal financial management oversight weaknesses, other problems have existed which, though less apparent, are of similar significance. For example, General Accounting Office (GAO) and Office of Management and Budget (OMB) studies of federal programs in 1989 identified more than seventy-five different problems which posed potential federal liabilities reaching into the hundreds of billions of dollars.<sup>2</sup> Other problems identified by Congress included failure of the IRS to collect \$63 billion in back taxes, an alleged \$30 billion in unnecessary inventories maintained by the Department of Defense, and losses at the Federal Housing Administration estimated at over \$4 billion. These are the kinds of problems the CFO Act was designed to prevent.

The CFO Act is intended to knit the budget and accounting functions together and to centralize all financial management functions at the department and agency level with a chief financial officer reporting to the head of each agency or department. The centralizing tendency of the Act was further revealed in the official creation of a chief financial officer for the federal government as an Executive Deputy Director in the Office of Management and Budget. The task of the Federal CFO is to take the lead on

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concept creation and development of system-wide efforts to improve federal financial management. The turbulence surrounding passage of the Budget Enforcement Act compromise in the Reconciliation Act of 1990 during the same time period tended to obscure the importance of the CFO Act, but now enough time has passed to allow for the impact of this piece of legislation to be evaluated.

The goal of the CFO Act is to dramatically change the shape of federal financial management, relying like the Budget and Accounting Act of 1921 before it, on financial management practices prominent and proven in the private sector. Among these are the requirement for one chief financial officer responsible for all financial functions reporting to the head of the agency, an annual financial statement that is understandable in generally accepted accounting terms and which will bear the weight of an annual audit and Inspector General certification, and a reduction in the number of separate department/agency accounting systems. The Act also has mechanisms for continuing modernization of financial systems. This essay traces the development of financial management reform in the federal government and summarizes some of the testimony that led directly to the CFO legislation and the provisions of the CFO Act are described.

#### HISTORY OF FEDERAL FINANCIAL MANAGEMENT REFORM

In 1948 the Joint Financial Management Improvement Program (JFMIP) was created to bring together the director of the Bureau of the Budget (now the Office of Management and Budget), the comptroller general of the United States, the secretary of the Treasury, and the director of the Office of Personnel Management to better coordinate disparate federal management functions. The JFMIP is credited with improving federal accounting, auditing, budgeting, financial management training and education,<sup>3</sup> and cash management, e.g., establishing letter of credit financing. As a result of the JFMIP efforts, federal auditing standards were set, Offices of Inspector Generals were established in federal departments and agencies, and accounting standards were evaluated.

Several Hoover Commissions and the 1967 President's Commission on Budget Concepts led to the creation of the unified federal budget in 1968 and important changes in the role of the Office of Management and Budget. The President's Commission also pressed for improvements in federal receipts and outlay accounting and reporting. In 1974, perhaps the most significant single federal budget reform since the Budget and Accounting Act of 1921 was enacted in the form of the Congressional Budget and Impoundment Control Act, which reorganized the congressional budget process and established the Congressional Budget Office. However, other less visible efforts to improve federal financial management have been undertaken. For example, the General Accounting Office and Office of Management and Budget have worked over the past two decades to improve and standardize federal accounting, auditing, reporting, and other financial management procedures. Also, efforts to improve internal auditing in federal agencies initiated in the 1950s continue to the present.

The purpose of these and other efforts was summarized in 1981 by Elmer Staats, then the Comptroller General of the United States:

Good financial management can help retain this [public] confidence and trust . . . financial management is often very low on the list of priorities of many top government managers. Financial management deserves its fair share of their time and attention.<sup>4</sup>

In 1985, Charles Bowsher, the next comptroller general, recommended a number of changes in federal financial management, suggesting that,

For too long “financial management” in the federal government has been seen or at least practiced as a rather narrow function involving mainly accountants and budget analysts. Somehow, the idea of bringing management issues and analyses to bear upon budgeting and accounting questions . . . has not taken firm root throughout the [federal] government, in spite of some progress made in this direction over the last two decades.<sup>5</sup>

Bowsher also cited the need for a more comprehensive and consistent budget and budgetary accounting, better data on federal agency performance, improved planning for capital investment decision making, increased accountability for costs and results, and refined fund controls. Bowsher concluded, “Action along [these] . . . lines would provide the federal government with the tools needed for practicing pro-active financial management . . . this cannot be a short-term effort. Although policy makers should feel a sense of urgency about this . . . they have to realize that a full implementation would span several years.”<sup>6</sup>

The development, passage, and implementation of the Chief Financial Officer Act in the federal government underscores Bowsher’s insight. The initial step in creating the CFO was made by the executive branch. In July 1987, OMB director James C. Miller established administratively a chief financial officer for the federal government in OMB.<sup>7</sup> However, efforts to pass a federal financial management improvement act drafted in the House of Representatives (H.R. 449) during the 99th Congress to endorse Miller’s action did not succeed. The chairman of the Senate Committee on Government Affairs also proposed in the same session a “Federal Management Reorganization and Cost Control Act” intended to “. . . correct the perceived void in financial management information, cash management and credit management practices.”<sup>8</sup> This legislation would have established an Office of Financial Management headed by a single chief financial officer for the federal government, defined controller functions in federal departments and agencies, and created a Federal Financial Management Council. However, this legislation also was not passed. Neither was the bill (S.1529) sponsored by Senator John Glenn, chair of the Governmental Affairs Committee in the 100th Congress, titled the “Federal Financial Management Reform Act of 1987.” Senator Glenn stated that his bill “. . . would finally make someone in the executive branch accountable for . . . a government-wide system . . . and financial management improvement plan . . .”<sup>9</sup>

Despite failure to pass CFO legislation, a number of advances were made in the

1980s in federal financial management including increased compliance with selected provisions (Section 4) of the Federal Managers' Financial Integrity Act (FMFIA), creation of a schedule for adoption of standard general ledger accounting in federal agencies, consolidation of accounting systems, and adoption of uniform core requirements for federal financial systems (initiated by the JFMIP). However, the inability of Congress to pass enabling legislation hindered the effort to systematically improve federal government financial management. Additional attempts were made in Congress in 1988 and 1989 to develop support for comprehensive financial management reform legislation. However, it was not until mid-1990 that this law was enacted.

### **RECENT INITIATIVES TO IMPROVE FEDERAL FINANCIAL MANAGEMENT**

The financial management activities of the federal government are awesome in scope. OMB and the Treasury Department oversee annual spending of an amount equal to one-fourth of the Gross National Product, and they manage a \$2 trillion cash flow, \$900 million in annual contract payments, a payroll and benefit systems for five million civilian and military personnel, and a budget with 1,962 separate accounts. Altogether, in 1988, the federal government operated 253 separate financial management systems.<sup>10</sup>

This scope and complexity in financial management systems has created a multitude of problems, some of which have been recognized for some time. For example, OMB concluded that federal financial management focused inordinately on budgeting to the neglect of other financial management systems. Wright says: "We found federal financial management focused on budgeting and [was] neglectful of cash, credit, and financial management systems."<sup>11</sup> Before reform could take place, considerable ground-work had to be undertaken. For example, as early as 1981, OMB had identified the following problems:

- Failure to establish federal credit policy for programs totaling more than \$50 billion in direct and guaranteed loan portfolios. Total delinquent debt was computed by OMB at \$30 billion in FY80 and was projected to grow at a rate of 43.6 percent annually.
- Absence of a government-wide cash management system. The government could not receive or make payment by electronic funds transfer and 30 percent of federal payments to firms were late, while 45 percent were made too early.
- A proliferation of financial management systems. Almost 400 financial systems were in use and many were antiquated, incompatible, and redundant.
- Insufficient awareness of the need for internal controls to prevent fraud, theft, diversion, or misuse of funds and federal assets.
- Little connection between budget and accounting data existed and very little management information was available to measure the impact and benefits of spending.<sup>12</sup>

To combat these problems the Reagan Administration introduced Reform 88, a program intended to improve the financial integrity of government. Reform 88 and congressional efforts in the 1980s led to a number of financial management improve-

ments, including passage of the prompt payment and debt collection acts, and improved accuracy of cash management position estimation. A thirty-day bill paying standard was established along with electronic funds transfer and direct deposit capability. Use of credit cards to pay for services provided to government was initiated. Further, 311 accounts in fifty agencies were converted to a nation-wide lockbox system. Annual cash flow through lockboxes increased to over \$26 billion by FY90. Additionally, electronic collection of funds owed the government through the Fedwire Deposit System exceeds \$280 billion annually.<sup>13</sup>

Improved credit practices also were instituted, including use of credit reports to screen federal loan applicants. Federal loan program collection performance was improved through the use of salary and tax refund offsets, private collection firms, and prosecution for delinquent debt by the Justice Department. Over \$839 million was collected from the tax refund offset program in three years. Also, an OMB requirement that each federal agency have a single, primary accounting system addressed the issue of duplicate and redundant systems, and aggressive efforts have been made to convince smaller agencies to use systems at larger agencies.

Most of the initiatives noted above were begun in the executive branch after consultation with appropriate committees of Congress, the GAO, and department and agency representatives. Initial policy typically was announced by executive order, OMB circular, or other directive based on presidential authority. Congress followed up on these initiatives with oversight hearings, the most important of which were convened by the House Government Operations Committee and the Senate Government Affairs Committee. Meanwhile, federal departments and agencies had an opportunity to experiment with alternative methods of implementation. Congress and the executive branch evaluated these alternatives, often with the aid of GAO or agency inspector general audits. A consensus emerged from this process of experimentation in the 1980s that CFO legislation was needed to better co-ordinate and direct financial management reform. However, the decade of the 1980s ended without agreement between Congress and the executive branch on the specifics of such legislation.

#### **CONGRESSIONAL ACTION LEADING TO PASSAGE OF THE CFO ACT OF 1990**

Testimony given before the Committee on Government Operations in the fall of 1988 focused on three problem areas for financial management reform legislation: management failures and inconsistencies, accounting systems and internal controls, and audited financial statements.

##### *Management Failures and Inconsistencies*

The committee concluded that decision makers at all levels of the federal government were not getting the financial information they needed to make policy and management decisions with sufficient knowledge of the ultimate financial impact of those

decisions. Too many important decisions were made based on rudimentary cash flow projection and "check book balancing" with insufficient consideration given to the qualitative nature of expenditures and future costs and liabilities.<sup>14</sup> An inevitable outcome of excessive concentration on outlays and cash management was executive and congressional struggle over short-term budget targets and outlay rates.

Congressional testimony indicated that the financial decision making process was inhibited because financial management functions were split within the executive branch between OMB, the Department of the Treasury, and the General Services Administration. Since these control agencies have overlapping responsibilities for oversight and direction of financial management operations, it has been difficult to sustain reform initiatives, despite repeated efforts to assume this responsibility by OMB. Congress concluded, as had the executive branch, that a chief financial officer of the United States was needed to provide centralized leadership for federal financial management.

Considerable debate ensued in Congress and within the executive branch over whether to locate the federal government's chief financial officer in OMB or in the Department of the Treasury. The final decision favored OMB:

Ultimately, the Committee decided OMB was the best location; as the management and budget power center for the Federal Government, it is better positioned to establish government-wide policies to achieve financial management reforms. Treasury, on the other hand, with its large staff at the Financial Management Service, was viewed as best suited to continue its operational support role for financial management efforts.<sup>15</sup>

#### *Accounting Systems and Internal Controls*

As explained by OMB and cited in Government Operations hearings, "Once a leader in the early days of automation, the Government's financial systems and operations have eroded to the point that they do not meet generally accepted accounting standards."<sup>16</sup> Congress concluded from testimony that the federal government was managing today's financial challenges with yesterday's technology and that without modern accounting systems, financial managers could not perform their jobs well. Costs associated with servicing, upgrading, and replacing antiquated systems were estimated in the billions of dollars. While accounting systems and internal controls have been strengthened somewhat in recent years, continued deficiencies have serious consequences. For example:

- In making multimillion dollar program funding decisions, Congress must rely on Selected Acquisition Reports that may not provide an accurate or timely reflection of program costs and schedule variances for major weapons systems.
- Weakness in agency debt collection systems are significant and delinquencies in non-tax debt owed the federal government grew by 167 percent from 1981 through FY87 to \$32 billion.
- For ten years DoD has not been able to account adequately to Congress and GAO for hundreds of millions of dollars of advances made by foreign customers for weapons system purchases.

- Financial audits routinely uncover weak controls which permit, for example, over \$50 million in undetected fraudulent insurance claims at the Federal Crop Insurance Corporation, or excessive rate charging by the Rural Telephone Bank.
- In reports required by the Financial Integrity Act, seventeen of eighteen agencies disclosed significant weaknesses in financial management and associated areas.
- Between 1982 and 1988, DoD received about \$55 billion more for anticipated inflation than was warranted by the inflation that subsequently occurred. According to the Department of Defense, for example, most of the inflation dividends were cut by Congress, spent on defense programs, or lapsed and returned to the Treasury. Since these funds have not been fully monitored and accounted for, the full disposition of inflation funds has not been determined by Congress.<sup>17</sup>

The Committee on Government Affairs concluded that the absence of timely, relevant, and comprehensive financial information, and persistent internal control weaknesses compounded the difficulty of controlling government operations and costs. One approach presented in hearings suggested that the government adopt the same accounting principles employed by businesses and many governments—Generally Accepted Accounting Principles or GAAP.<sup>18</sup>

The federal government employs a cash basis budgeting and accounting system to measure spending. It was argued that instituting GAAP rules would move the process toward capital budgeting and accrual accounting. GAAP has been developed to provide users of financial documents with improved understanding of financial data for reporting and decision-making. “Most importantly, GAAP recognizes liabilities as they are incurred and associates the cost of assets with the period during which they are utilized or consumed.”<sup>19</sup> Conversely under GAAP, assets such as federal buildings or equipment would be recognized as capital items with specific values and rates of depreciation. The advantage advocated in congressional hearings from using GAAP was that decision makers would be given a more complete and accurate picture of government finance than they currently receive from the cash-basis snapshot. For example on a balance sheet using GAAP, the construction of a new building would not appear as a one time debit with no future benefit, as it does now on a cash basis. Instead, the full value of the building over its entire life would be recognized by budget decision makers.

GAAP also would make it more difficult for OMB, federal agencies (and Congress for that matter) to manipulate budget entitlement accounts. For example, trust fund accounts in surplus often are added into the unified budget to offset deficits in other areas of the budget. Other practices such as the shifting of pay days from one fiscal year to the next to meet outlay ceilings would not be necessary under accrual accounting. Under GAAP financial statements, such “games” would be unnecessary and implausible because liabilities appear on the balance sheet, regardless of when they must be paid.



### *Audited Financial Statements*

The Committee on Governmental Affairs was impressed by testimony indicating that a key element of financial management reform would strengthen and expand financial reporting through the development of audited annual financial statements. Financial statements provide a scorecard for an agency and subjecting them to the rigors of an independent audit would, it was argued, instill discipline in financial systems and strengthen accountability. Bowsher testified that financial statement audits ensure that "accounting transactions, accounting systems, financial statements and financial reporting to Treasury, OMB, the Public, and the Congress are properly linked."<sup>20</sup>

Audited financial statements are used and have proven successful at the federal agency level as well as in state and local governments. The Social Security Administration published its 1988 annual report including audited financial statements that attempted full disclosure of financial information on agency administered programs. These financial statements attested to the financial soundness of the social security system. In another instance, audited financial statements were said to have proven their worth by detecting serious financial problems. When GAO audited the Federal Savings and Loan Insurance Corporation using accrual-based accounting, it showed a \$13.7 billion deficit. The cash-based audit for the same period reflected a substantial surplus.<sup>21</sup>

### **THE CHIEF FINANCIAL OFFICERS ACT**

Amidst the turmoil in Congress over budget deficit control and the chaos of the annual authorization and appropriations cycle, the Chief Financial Officers Act of 1990 was enacted into law under the sponsorship of Senator Glenn in relative obscurity late in August.<sup>22</sup> The CFO acts seeks to strengthen the general and financial management practices of the federal government in order to make government operations more efficient and effective. It is intended to provide, "... accounting, financial management, and internal controls to assure the issuance of reliable financial informational to deter fraud, waste and abuse of Government resources."<sup>23</sup> The thrust of the Act is to strengthen financial operations throughout the federal government by:

1. Increasing financial management oversight responsibilities of the Office of Management and Budget by creating a chief financial officer for the federal government.
2. Creating chief financial officers in twenty-three different federal departments and agencies.
3. Creating a CFO Council to advise and assist with implementation of the Act.
4. Requiring agencies to submit a proposal for consolidating accounting, budgeting, and other financial management functions under their agency CFO.
5. Requiring the submission of five-year plans describing the implementation of the consolidation from each agency.
6. Mandating an annual audited financial statement.
7. Requiring annual management reports.

The CFO Act established a centralized financial management structure within OMB and in major departments and agencies. This structure is headed by a new deputy director for management and finance who is also the chief financial officer of the United States. The Act created the Office of Federal Financial Management in OMB, headed by a controller who serves as deputy for the CFO.<sup>24</sup> The CFO and controller preside over a network of agency CFO's located in the fourteen departments and nine major agencies of the executive branch.

The CFO of the United States is appointed by the president, with the advice and consent of the Senate. As deputy director for management and finance, the CFO is charged to "provide overall direction and leadership to the executive branch on financial management matters by establishing financial management policies and requirements, and by monitoring the establishment and operation of Federal Government financial management systems."<sup>25</sup> Essentially, the CFO is tasked to provide the framework and guidelines indicating how the government should implement financial management improvements. This is to be done by specifying the type and form of information that will be produced by the government's financial management systems, identifying projects that will accomplish systems integration, and estimating the costs of the plan. Annual reports to Congress are required to sustain attention on the reform process.

Within individual agencies, CFO's report directly to the head of the agency regarding all financial management matters. CFO's oversee all financial management activities relating to programs and operations of the agency and they are to develop and maintain integrated agency accounting and financial management systems, including those for reporting and financial controls. CFO's are to direct, manage, and provide policy guidance and oversight of financial management personnel, activities, and operations.<sup>26</sup> They also are charged with monitoring the financial execution of the budget. Exhibit 1 indicates the domain of the agency CFO.<sup>27</sup>

Agency chief financial officers are appointed by the president or designated by agency heads, as required by law, and must possess demonstrated knowledge, ability, and extensive practical experience in the financial management practices in large business or governmental entities.

The CFO Act also requires preparation of an annual management report. This is to include an overview and narrative discussion and analysis of the agency's financial operations. Four schedules are to be included in the report:

1. a statement of financial position
2. a statement of operations
3. a cash flow statement
4. a statement of reconciliation to budget

Supplemental statements as appropriate may be submitted to identify performance criteria or to provide other information by major programs, activities, or funds.

The statutory provisions establishing CFO's and the annual report are the central

**EXHIBIT 1**  
**Scope of Powers**

<b>AGENCY</b>	<b>FUNCTIONS REPORTING DIRECTLY TO CFO</b>
USDA	F, I, P
COMMERCE	B, F, I, P, PR, G
DOD	B, F, S
EDUCATION	B, F, S
DOE	B, F, S
HHS	B, F, I, PR, G
HUD	*
DOI	B, F, I, P, PR, G
DOJ	**
DOL	B, F, S
STATE	B, F, S
DOT	F, I, P, PR, G
TREASURY	B, F, I, P, PR, G
VA	B, F, I
AID	B, F, I, P, PR
EPA	B, F, I, P, PR, G
FEMA	B, F, S
GSA	B, F, S
NASA	B, F, S
NSF	B, F, P, G
NRC	B, F, I
OPM	B, F, S
SBA	B, F, I, P, PR, G

**Key:** \*HUD is organized under the HUD Reform Act of 1989.

\*\*Agency plan waiting OMB approval.

B = budget

F = finance

I = information resources management, including financial systems

P = personnel

PR = procurement

G = grants management

S = financial systems only

*Source:* Federal Financial Management Status Report and Five-Year Plan. Washington, D.C., OMB. April 1992, 7 (as updated).

focus of the Act, but additional requirements are intertwined in the fabric of the law. These include:

1. Preparation of five-year financial management systems improvement plans both government-wide and in all twenty-three agencies covered by the Act.
2. Audits of financial statements holding agency heads accountable for their operations.

3. Annual reporting by OMB and departments to the president and Congress on the status of financial management in the federal government.

The Five-Year Financial Plan requirement in the CFO Act stipulates that agencies describe their existing financial management structure and identify the changes needed to integrate financial management systems. The plan is supposed to provide a strategy, bring current systems into compliance with the provisions of the Act, eliminate duplicative systems, and integrate existing financial management systems. Agencies must provide a plan for the annual preparation and audit of financial statements; they also must provide an estimate of the costs for implementing the proposed five-year plan.

## CONCLUSIONS

The CFO Act incorporates many of the principles and concepts developed over four decades to improve federal financial management. First, it establishes a primary accountable official in the person of a statutory chief financial officer. Secondly, it puts a powerful financial management organizational structure in place with twenty-three CFO's reporting directly to the heads of departments and agencies, and then to OMB and Congress. Thirdly, it requires agencies to develop financial management plans and produce annual progress reports. Fourth, it sets the stage to move toward financial statements that classify costs by program, providing corresponding measures of program performance, and projecting future liability and returns on investments.

While the passage of the CFO Act represents a major step forward to improve the quality of federal financial management, it also presents many challenges in the monumental task of implementation to meet the goals of its authors. For most federal departments and agencies, this Act will change many of their procedures in accounting, budgeting, and budget execution. In a period of burgeoning deficits, better financial control cannot help but increase confidence in government, while perhaps decreasing the actual cost of government.

## NOTES

The authors wish to thank James Shields for his research assistance on this project. We also want to acknowledge Hal Steinberg, deputy comptroller of the Office of Federal Financial Management, Michael Werk, deputy to the federal chief financial officer, and Alvin Tucker, vice chairman of the CFO Council, for their assistance with this project.

1. For example, other legislation designed to improve financial management at the federal level included the Federal Managers Financial Integrity Act, the Inspector General Act, the Debt Collection Act, the Prompt Payment Act, the Single Audit Act, the Federal Grant and Cooperative Agreement Act, the Competition in Contracting Act, the Debt Collection Act and the Intergovernmental Cooperation Act. Statement of John L. Lordan, 216; *Hearings on Improving Federal Financial Management*, House of Representatives, Committee on Government Operations, Sub-Committee on Legislation and National Security. 100th Congress, 2nd Sess., Sept. 22, 1988. (Washington: USGPO, 1989). (Hereafter cited as "Hearing.")

2. House of Representatives Report No. 101-818, 101st Congress, 2d Sess., pt. 1., *Chief Financial Officer Act of 1990*, 14, (Hereinafter cited as "Report").
3. Elmer Staats, "Financial Management Improvements: An Agenda for Federal Managers," *Public Budgeting & Finance*, 1 (Spring 1981): 44.
4. Staats, 1981, 54.
5. Charles Bowsher, "Government Financial Management at the Crossroads: The Choice is Between Reactive and Productive Financial Management," *Public Finance* 5 (No. 2, 1985): 11.
6. Bowsher, 1985, 21.
7. Gerald Riso, "Role of the Federal Chief Financial Officer," *Public Budgeting & Finance* 8 (Autumn 1988): 55-62.
8. Riso, 1988, 55.
9. Statement by Senator John Glenn as quoted by Riso, 1988, 56.
10. Statement of Joseph R. Wright, Jr. Deputy Director, Office of Management and Budget. *Hearing* 150.
11. Wright, *Hearing*, 136.
12. Wright, *Hearing*, 136-137.
13. Wright, *Hearing*, 140. The estimate for 1988 was \$286 billion.
14. Statement of Hon. Joseph J. DioGuardi, N.Y. *Hearing*, 38. Representative DioGuardi had been a CPA for 22 years and a Congressman for four at the time of this hearing.
15. *Report*, 16.
16. Statement of Charles A. Bowsher, Comptroller General, *Hearing*, 58.
17. Bowsher, *Hearing*, 59-60. See also Financial Integrity Act: Continuing Efforts Needed to Improve Internal Controls and Accounting Systems. GAO/AFMD-88-10, Dec. 30, 1987.
18. See R.K. Mautz, "Generally Accepted Accounting Principles," *Public Budgeting & Finance* 11, (Winter 1991): 3-11.
19. DioGuardi, *Hearing*, 45.
20. Bowsher, *Hearing*, 69.
21. Statement of Hon. Rep. Larry E. Craig, Idaho, *Hearing*, 25.
22. One source claimed that it was enacted, "... at midnight, in August, and the Appropriations Committee Chairman didn't discover it until four months later." While this is doubtless hyperbole, it does indicate how quickly and quietly the bill made its passage into law. In June 1990 the Chairman of the House Appropriations Committee who opposed the CFO legislation attempted to halt its implementation by placing language in appropriations law to, in effect, invalidate the CFO Act. However, the full House of Representatives refused to sustain the Chairman's actions. Subsequently, the House Appropriations Committee has cut some of the money requested for implementation of the financial statement and audit provisions of the Act.
23. *The Chief Financial Officers Act of 1990*, P. L. 101-576(199-0), (104 Stat. 2838) Nov. 15, 1990, 2, (Hereinafter cited as "Act").
24. The Office of Federal Financial Management has been structured in four divisions: Cash and Credit Management, Financial Systems, Financial Standards and Reporting, and Management Integrity. The responsibilities of the Management Integrity Division include implementing the Federal Managers Financial Integrity Act (FMFIA) passed by Congress in 1982.
25. Act Sec. 202.
26. For example, the agency CFO is charged with reviewing fees, royalties, rents, and other reimbursable charges.
27. This exhibit is drawn from "Status of CFO Organizations," page 7, *FEDERAL FINANCIAL MANAGEMENT STATUS REPORT AND 5-YEAR PLAN*. Office of Management and Budget. April 1992 and information supplied by OMB in Sept. 1992. Approval of the USDA plan has been delayed pending decision on whether the CFO will be an existing Assistant Secretary or a new position.