

DEPARTMENT OF
THE INTERIOR

OFFICE OF
FINANCIAL
MANAGEMENT
(PFM)

PFM Exchange



Special points of interest:

- AFR Celebration for FY 2011 Unqualified Audit Opinion
- PFM Divisional Priorities for FY 2012
- FY 2012 FOP/FSGT Workshop
- Getting Ready for Treasury's GTAS Go-Live
- Asbestos—New Requirements Coming Soon

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PFM Newsletter—What's it all about?

Welcome to the first edition of the PFM Exchange. We hope you will find the information in this, and forthcoming editions, useful. Our purpose for the Exchange is twofold. First, we want to provide a means for communicating information to those involved in Interior's financial management efforts. Secondly, we want to provide a forum in which the efforts of those in Interior's financial management community can be highlighted.

Recent initiatives and the need of stakeholders have underscored the importance of sound financial management. Tight fiscal constraints and calls for increased accountability and transparency have highlighted

the leadership role all of us play within Interior. We face new challenges daily, and without exception, we meet and overcome those challenges. We hope the Exchange becomes another tool for the effective exchange of issues and ideas across the community.

As noted, we want the Exchange to highlight the Department's financial management efforts and accomplishments. In this edition, we have highlighted the Office of Financial Management (PFM), which was established in 1981, and noted the priorities of each of PFM's current six divisions. In reading the divisional goals, we hope you find a linkage between your

needs and PFM's focus areas. In addition to highlighting PFM, we have also noted significant events that have occurred over the last few months, and given updates to efforts currently underway.

In the upcoming editions, we hope to highlight financial offices within the bureaus. Our goal is to publish the Exchange quarterly. To do this we will need your help and input. If you have information you would like to include in the Exchange, or know of efforts or organizations that should be highlighted, please let us know, and thank you for taking the time to participate in the success of the Exchange.

From the Director

When I interviewed with Pam Haze, Deputy Assistant Secretary for Budget, Finance, Performance and Acquisition and Rhea Suh, Assistant Secretary for Policy Management and Budget, separately for my current position, they both highlighted the need for a communicative and collaborative person as Deputy Chief Financial Officer (DCFO). Some environments require more dictatorial approaches to get things done but after nine months at DOI, I see why a collaborative approach is best for PFM's success. That is why I have en-

couraged greater collaboration in our interactions with other offices. I believe that the other components of the DOI financial program communities are very talented and ultimately want to do the right thing for the right reasons and PFM's best chances for success lie in respecting their perspectives and input.

One of the lessons that life and 14 years of marriage have taught me is that I am not always right. As unbelievable as it was for me, my beautiful wife Monica has time and again proven that

there are ways, other than mine, of doing things and sometimes those other ways are better. If we're open to other perspectives, we can benefit from them. Also, the more open we are to the perspectives and input of others, the more they'll be open to ours.

Scott and I are grateful to work with such a talented and charismatic bunch and are highly encouraged about PFM's future. We look forward to pursuing it with you!

*The future depends on
what we do in the
present.*
- Mahatma Gandhi



*“Every dollar of oil and
gas royalties that is
reinvested in parks, open
space and rivers through
the Land and Water
Conservation Fund
returns more than \$4 in
economic value.”—
Interior Secretary
Ken Salazar
Washington, DC
November 7, 2011*

*Providing financial infor-
mation to the public, the
news media, and elected
officials is an essential
part of accountability in
government—Statement
of Federal Financial
Accounting Concepts 1:
Objectives of Federal
Financial Reporting*



PFM Divisional Priorities for FY 2012

PFM is divided into six (6) Divisions whose priorities are listed below:

Custodial Reporting Division (CRD)

The CRD transitioned to PFM from the Bureau of Ocean Energy Management, Regulation, and Enforcement (BOEMRE) at the beginning of FY 2012. CRD is responsible for providing guidance, subject matter expertise, oversight and quality control to the Office of Natural Resources Revenue (ONRR) Directorate to help ensure that ONRR royalty and related financial data and subsequent financial statement reporting are accurate, timely and in compliance with applicable Federal Accounting Standards Advisory Board (FASAB), Office of Management and Budget (OMB), Treasury and General Accounting Office (GAO) standards. CRD's priorities in FY 2012 include:

- Coordinating and implementing the transition of custodial financial reporting and oversight functions and roles from BOEMRE to PFM
- Coordinating and leading efforts with multiple Bureaus/Offices to 'live test' and validate FASAB's oil & gas Standard #38 requirements, to prepare for implementation in FY 2013
- Coordinating and leading efforts with multiple Bureaus/Offices to begin development of a new method to derive the quantity of estimated federal proven coal reserves, as Phase One of project to implement FASAB Technical Bulletin 2011-1, 'Accounting for Natural Resources Other than Oil and Gas'

CRD is committed to excellence in financial reporting, supporting PFM's goal of being a leader in sound federal financial management.

Departmental Offices Finance (DOF)

The DOF Division is responsible for providing guidance, subject matter expertise, oversight and quality control to the Departmental Offices financial reporting components to ensure financial data is accurate, timely and in compliance with applicable FASAB, OMB, Treasury and GAO standards. Some of DOF's priorities during FY 2012 include:

- Continue to coordinate and implement the first year of deployment of Departmental Offices on the Financial and Business Management System (FBMS)
- Continue to review and analyze policies and procedures for effectiveness and efficiencies
- Actively participate in efforts with multiple Bureaus/Offices to develop the process for Interior's compliance with the new GTAS reporting requirements for FY 2013

DOF is committed to providing PFM with useful and timely financial information that will aid the Department in reporting to their external stakeholders.

Financial Reporting Division (FRD)

The FRD provides collaborative leadership and subject matter expertise to Interior Bureaus in support of the Department's financial reporting products and processes. FRD's FY 2012 priorities include:

- Management of the consolidated financial statement audit
- Implementation of process improvements relative to the financial reporting package and contingent liabilities. FRD is continually striving to improve processes and increase efficiency relative to financial reporting processes
- Preparation and coordination within Interior and with Treasury to ensure preparedness for GTAS implementation in FY 2013
- Accurate and timely preparation of the Interior Agency Financial Report and interim statements
- Represent Interior on various Government-wide financial management committees, teams, and task forces such as the Federal Accounting Standards Advisory Board (FASAB), Accounting and Auditing Policy Committee (AAPC), the US Standard General Ledger's (USSGL) Issues

Resolution Committee (IRC), and OMB's Circular A-136 Workgroup

- Accurate and timely preparation of the Annual Closing Package submitted via Treasury's Government-wide Financial Reporting System (GFRS)

FRD is committed to providing accurate, timely, and meaningful financial reporting products that are prepared in accordance with generally accepted accounting principles, legislation, and other applicable guidance.

Financial Systems Division (FSD)

The FSD provides systems guidance, subject matter expertise and oversight to the PFM Directorate. FSD's FY 2012 priorities include:

- Leading the nine FBMS Value Capture pilot initiatives
- Leading the Office of the Secretary (OS) Investment Review Board Financial Management segment activities
- Supporting OS Investment Review Board Revenue Collection segment activities
- Standardizing and automating financial reports
- Migrating financial reports to a bureau level CFO toolkit

FSD is committed to excellence in financial reporting, supporting PFM's goal of being a leader in sound federal financial management.

Internal Control and Audit Follow-up (ICAF)

The ICAF Division provides guidance and oversight primarily with regard to the Department's compliance with the Federal Managers' Financial Integrity Act, OMB Circular A-123, *Management's Responsibility for Internal Control*, and OMB Circular A-50, *Audit Follow-up*. ICAF's priorities for FY 2012 include:

- Developing internal control training that will be targeted toward managers, supervisors, and staff overseeing DOI resources
- Planning comprehensive enterprise risk management that links risks to strategic goals and objectives and includes interviews with individual senior managers
- Setting the scope and approach for enhanced, risk-based review of FBMS-related internal controls
- Monitoring progress in implementing audit recommendations, working to inspire key staff in bureaus and offices to meet or exceed the existing audit follow-up target of 85 % implementation of Office of Inspector General (OIG) and GAO audit recommendations

ICAF supports comprehensive risk assessment, the establishment and testing of sound internal controls, timely implementation of agreed-to audit recommendations and the Division works to obtain well-supported assurance statements.

Policy, Collaboration, and Operations (PCO)

The PCO Division plans to comply with the Improper Payment Elimination and Recovery Act (IPERA) of 2012 through the following:

- Requesting that the bureaus complete the IPERA risk assessment rating tool
- Piloting payment recapture audits through the Departmental Offices and four bureaus, including Bureau of Land Management, Bureau of Indian Affairs, Bureau of Reclamation and U.S. Geological Survey

PCO plans to address three main areas in the Travel and Relocation program:

- Conduct outreach and prepare the Department for deployment onto the new master contract that will be awarded by the General Services Administration on the Electronic Travel System (ETS2)

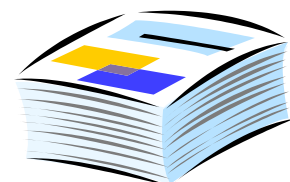
*Millions of Americans who work hard & play by the rules every day deserve a government and a **financial system** that does the same.— President Barack Obama*



Management accountability is the expectation that managers are responsible for the quality and timeliness of program performance, increasing productivity, controlling costs and mitigating adverse aspects of agency operations, and assuring that programs are managed with integrity and in compliance with applicable law. — excerpt from OMB Circular A-123



The beginning is the most important part of the work.— Plato





We know where most of the creativity, the innovation, the stuff that drives productivity lies - in the minds of those closest to the work.— Jack Welch, CEO of General Electric

- Prepare a business plan in order to improve the Department's Relocation program and centralize the Relocation management information system
- Hire additional support to use the GovTrip tool to identify additional efficiencies

PCO plans to continue to work with the Finance Officers Partnership and bureaus on several policy initiatives, including the following :

- Future minimum lease
- Miscellaneous obligations and non-referencing payments
- Electronic Fund Transfer waiver request
- Prior year recoveries
- Accrual policy
- Funeral attendance

PCO is dedicated to promoting PFM's objective of increased accountability and transparency in the financial management community.

FSGT/FOP Workshop

"Alone we can do so little, together we can do so much." - Helen Keller



FRD co-hosted the Annual Financial Statements Guidance Team/Finance Officers Partnership (FSGT/FOP) Workshop in Herndon, VA on January 25 and 26, 2012. Attendees included representatives from each Bureau Finance Office; specifically Finance Officers and Financial Reporting Team Members, as well as PFM Financial Management, and the FBMS Project Team.

Special Guests in attendance were Kathy Wages and Nikcola Yorkshire from the Department of Treasury, Financial Management Service. Treasury representatives gave a presentation and status update on the Government-wide Treasury Account Symbol Adjusted Trial Balance System (GTAS) that will be implemented in December 2012. GTAS will replace the FACTS I, FACTS II, IRAS, and IFCS Systems agencies currently utilize to transmit budgetary, proprietary trial balances, and intragovernmental balances to Treasury.

GTAS is a centralized accounting system that combines budgetary and proprietary data in order to streamline agency reporting from 16 segmented trial balances into 7 combined trial balances. The main focus of the system is to implement data standardization. Major topics of discussion centered on process improvements for financial reporting, improved Bureau Reporting Packages, new procedures and reporting requirements regarding Contingent Liabilities, updates on Asbestos guidance and reporting requirements, policy updates from Treasury, Office of Management and Budget (OMB), & Federal Accounting Standards Advisory Board (FASAB) and FBMS status updates regarding bureau deployments, system upgrades, and action plans for Treasury GTAS implementation.



Check out the latest PFM news, guidance, policies, etc., at the SharePoint website:

<https://portal.doi.net/OS/PMB/PFM/default.aspx>

Any comments, questions, and/or suggestions for the PFM Newsletter? Please submit to email address: PFM_Newsletter@ios.doi.gov

DOI GTAS Workgroup

As an initiative discussed at the FSGT/FOP, a DOI GTAS Workgroup was established in February 2012. FRD Team Members chair the group. Each bureau has representatives from the Financial Reporting Community that participate in the workgroup. Likewise, representatives from the FBMS PMO and NBC Hyperion Support Team are members of the workgroup. The Workgroup held a kickoff meeting on February 24, 2012, to review the GTAS Bulk File Formats and determine which formats can currently be generated from FBMS and which formats require further development from SAP. In addition, further discussions centered around Hyperion versus FBMS as the main system for generating the bulk files, and GTAS training opportunities to be held in Denver, CO, in May 2012.

In addition, the GTAS Workgroup participated in the Treasury Issues Resolution Committee (IRC) meeting on March 1, 2012, to review the GTAS Bulk File Crosswalk that the USSGL Division will be publishing in the Treasury Financial Manual June 2012 release. The Crosswalk will support the requirements for the GTAS implementation in 2013. The IRC met weekly for the month of March in order to review and discuss the updates of all the external statement crosswalks, Program & Financing (P&F) crosswalk as well as a combined crosswalk that will list all FACTS I and FACTS II attributes for the 2013 implementation. The DOI GTAS Workgroup will be participating in these weekly meetings.

FRD and the PFM Director and Deputy Director met with the FBMS PMO on March 9, 2012, to further discuss the GTAS reporting fields presently in FBMS and if there are existing reports that could be utilized to generate data for the bulk file or if it is more feasible to build a new query to generate the data. This is an interim step before SAP implements their solution.

The workgroup will be meeting on a regular basis throughout the year until the GTAS implementation in December 2012.



Go to the GTAS website:

www.fms.treas.gov/gtas

to find the updated SMAF, bulk file, attribute table, edits and validations.

Jeff Hoge
 Director, Accounting Systems
 Division
 Governmentwide Accounting
 Phone Number:
 (202) 874-6179
 Email: [Jeffrey Hoge](mailto:Jeffrey.Hoge@DOI.gov)

Rita Cronley
 Governmentwide Accounting
 Phone Number:
 (202) 874-9902
 Email: [Rita Cronley](mailto:Rita.Cronley@DOI.gov)

AFR Celebration for FY 2011 Audit—Rachel Carson Room

The Office of Financial Management (PFM) held its FY 2011 Agency Financial Report (AFR) Celebration on Tuesday, January 24, 2012, in the Rachel Carson Room at the Main Interior Building. The AFR is the Department of the Interior's (DOI) principal publication and report to Congress and the American people on the leadership, stewardship, and management of the public funds entrusted to Interior.

This is the 15th consecutive year that the Department has received an unqualified audit opinion on its Financial Statements. Douglas A. Glenn, Deputy Chief Financial Officer (CFO) and Director of PFM, was the Master of Ceremonies. Interior Secretary Ken Salazar was on hand to present Pamela K. Haze, Deputy Assistant Secretary for Budget, Finance, Performance and Acquisition, the Association of Government Accountants (AGA) Elmer Staats Award given in recognition of the achievements of federal professionals. Also in attendance was Daniel Werfel, Controller, Office of Management and Budget (OMB) Office of Federal Financial Management. Controller Werfel spoke to the audience about the continued success that Interior has achieved in getting clean audit opinions. Mary Kendall from the Interior Office of Inspector General (OIG) also spoke on the importance of the Department's financial responsibility to its customers.

DOI also received the 2010 AGA's Certificate of Excellence in Accountability Reporting (CEAR) award, as well as a "best in class" award for Interior's Summary of Performance and Financial Information for the 9th consecutive year. Interior bureaus were invited up and presented plaques of recognition for their individual contributions and group pictures with Pam Haze and Doug Glenn. After the ceremony, refreshments were served as bureaus congratulated one another on a stellar year.

UNITED STATES DEPARTMENT OF THE INTERIOR
 AGENCY
 FINANCIAL
 REPORT FY 2011



**Secretary Ken Salazar and
 Deputy Assistant Secretary
 Pam Haze**

Office of Financial Management—"At A Glance"



PFM East Staff: Back Row—Ed King, Clarence Smith, Deputy Director Scott Mabry, Parker Hill, Director Doug Glenn, Eric Teal, & Derrick Washington. Middle Row—Vickie Rhodes, Eric Eisenstein, Monica Taylor Lane, Michael Anthony, Diane Washington, Sherry Lee, Sharon Blake, & Alex Lampros. Front Row—Nancy Thomas, Elisha Pippen, & Charles Washington. Not pictured: Linda Feeney, Jonathan House, Stephanie Kovacs, Stephen Mattingly, Patrick McHugh, Melanie Navarro, Robert Smith, and Zelda Woods. PFM West Staff (not pictured): Christopher Bauer, Jennifer Denardo, Julie Ehrlichman, Misty Foster, Lynnell Green, Becky Tate, Raymond Tennyson, and Kelly West.

DEPARTMENT OF THE INTERIOR

Department of the Interior
Office of the Secretary
Office of
Financial Management
1849 C Street NW
Mail Stop 2557
Washington, DC 20240

Phone: 202-208-4701
Fax: 202-208-6940
E-mail:

PFM_Newsletter@ios.doi.gov

*"I suppose leadership at one
time meant muscles; but today it
means getting along with people."
- Mahatma Gandhi*

**Deadline for
Submissions for
the next PFM
Exchange Issue is
June 8, 2012**



Asbestos-Related Cleanup Costs—New Requirements

The Federal Accounting Standards Advisory Board (FASAB) issued Technical Bulletin 2006-1, *Recognition and Measurement of Asbestos-Related Cleanup Costs*, dated September 28, 2006. This bulletin has now been deferred to October 1, 2012 (FY 2013) by Technical Bulletin 2011-2. Technical Bulletin 2006-1, clarifies the required reporting of liabilities and related expenses arising from asbestos-related cleanup costs. Prior to this technical bulletin, most federal entities had recognized liabilities for the removal of asbestos that

posed an immediate health threat (i.e., friable asbestos), but many federal entities had not prepared an estimate of cleanup costs for the future removal of asbestos that did not pose an immediate health threat (i.e., nonfriable asbestos). It was determined that additional guidance was needed to clarify that entities need to estimate all asbestos-related cleanup costs and not just those costs related to asbestos that requires immediate cleanup. More on asbestos in coming Newsletter issues.

