

## CEAR Participants Extol the Value of AGA's Process in Promoting Federal Accountability

The U.S. Agency for International Development (USAID) still has a long way to go before it can even be in the running for AGA's Certificate of Excellence in Accountability Reporting (CEAR), awarded each year to federal agencies that produce outstanding Accountability Reports.

Even though USAID has never had an unqualified auditor's opinion on its financial statements, and is therefore not eligible for the Certificate, Chief Financial Officer Michael Smokovich, CGFM, continues to participate in the program every year, sending staff to AGA's training event and offering reviewers for the program.

Why? By Smokovich's own admission, USAID was considered one of the most poorly managed agencies in government.

"When I came in, I was looking around at anything and everything we could do to improve our actual condition and the perception about how good or how bad we are," said Smokovich, who came to USAID from the U.S. Department of the Treasury about three years ago. "In Washington, perceptions are everything."

The agency's eagerness to get an unbiased assessment from AGA's expert reviewers is one way to demonstrate that the agency is committed to improvement, he said.

And Sandra Malone-Gilmer, chief of USAID's Management Innovation and Control Division, said the agency has improved its Accountability Report significantly from one year to the next. AGA's half-day Accountability Report Preparer's training event helps tremendously, as does the ability to read the other agencies' reports and learn from them, she said.

"I think we get our money's worth," she said. "Even though we have not

received the Certificate, we do get publicity for the improvements we're making, and we get the benefits of the training." Five staff members per agency can attend the training and learn strategies and best practices for accountability reporting success.

Malone-Gilmer said it made agency officials feel good that the Financial Integrity Act section of the report was one of the better ones submitted. "That's confirmation that we're doing it right," she said. "It's our goal to get the Certificate, so as soon as we get a clean opinion on the financial statements, we'll get it."

### Program Designed to Improve Accountability

AGA's Certificate of Excellence in Accountability Reporting (CEAR) Program was established in 1997 in conjunction with the Chief Financial Officers Council and the U.S. Office of Management and Budget (OMB) to improve accountability by making the reports more streamlined and effective. Accountability Reports are designed to show the connection between an agency's budget and its strategic plan, but excellent Accountability Reports go even further, providing enough information to evaluate programs and assess financial stewardship.

This year, 13 federal agencies paid \$5,000 each to participate in the program. A five-member review team, using a 40-page checklist, evaluated each report. The reviewers then recommended improvements, covering everything from the basic technical, statutory and regulatory requirements, to finer points, such as whether the use of a certain photo or graphic did the best job of complementing the data.

Five agencies—the U.S. Departments of Labor, Commerce and the Interior, as well as the National Science Foundation and the Social Security Administration—

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received the Certificate of Excellence for their fiscal year 2000 Accountability Reports.

### **An In-Depth Review**

Gregory Walter, the Small Business Administration's (SBA) deputy chief financial officer, knows firsthand just how much work goes into reviewing an agency's Accountability Report. He served as a reviewer himself one year, spending 30 to 40 hours studying the report and another 20 hours writing his findings and combining them with the other members of the review team.

The SBA has also not earned a Certificate of Excellence in the two years it has participated, and while Walter believes the agency is not far from that goal, he thinks the main point of participating is the rigorous review, not the Certificate.

Most government reports have a very limited audience, he said, and it's difficult at times to determine whether the report is meaningful. The CEAR Program gives the Accountability Report a methodical review that it would not ordinarily get. AGA is well respected in federal government circles, he said, and AGA's stamp of approval means something to the public, OMB and Congress.

The Social Security Administration (SSA) has received that stamp of approval, in the form of a Certificate of Excellence, every year it has participated in the program with the exception of the pilot year.

Tom Staples, SSA's deputy CFO and president of AGA's Baltimore Chapter, said the agency still has more to learn. While SSA has continued to improve its

report year after year, "We don't know it all by a long stretch," he said. The review process, which Staples called "a little bit intimidating," results in several pages of critical comments every year. An agency has to do far more than produce accurate numbers. It also has to provide analysis, program information, mission statements and performance data.

Staples called the \$5,000 filing fee an investment in his agency's credibility. "We're a very large public program," he said. "We want our clients out there—whether they're taxpayers or beneficiaries—to know that this program's financial data and financial reports are good, that we hold the stewardship responsibility high on our priority list. So, this is a fee, yes, but it's one way to tell the public that this is a report that's reliable."

### **Continuous Improvement a Must**

R. Schuyler Leshner, CGFM, deputy CFO of the U.S. Department of the Interior and vice chair of the CEAR Board, said the CEAR Program provides the best critique his agency can find. He said he generally finds the comments to be very helpful, which is not to say he doesn't disagree with some of them. He believes the reviewers themselves are getting better and are raising the bar on their expectations. "We know where the bar is going and that helps," he said.

Interior participated for four years without receiving the Certificate, but continued to incorporate the review panel's recommendations and received the Certificate for its 2000 report.

No agency—not even the bar-setting Social Security Administration—can sit back and assume they will receive the Certificate year after year because the process is getting more complex.

OMB is guiding agencies to produce a combined Performance and Accountability Report, as provided for in the Reports Consolidation Act of 2000. It is designed to present a more integrated story about each agency. While that means fewer reports, it's also a logistical and practical challenge to combine all the information into one document. The combined report is required by the Government Performance and Results Act. The Small Business Administration and the U.S. Departments of Labor and Energy were some of the few agencies to produce the combined report for 2000—ahead of schedule.

Leshner encourages other agencies to participate in the CEAR Program because it's easy to look at the report through your own set of blinders. "This is tapping into four additional minds to help you improve your reports," he said. Receiving the Certificate of Excellence is really beside the point, he said. "It certainly is nice to have, but the real value is those comments."

To ensure your Accountability Report is included in the next CEAR Program cycle, submit your Accountability Report, supporting documentation and \$5,000 filing fee by March 28, 2002. Visit [www.agacgfm.org/cear/index.htm](http://www.agacgfm.org/cear/index.htm) for more details or contact Lisa Thatcher, director of the CEAR Program, at [lthatcher@agacgfm.org](mailto:lthatcher@agacgfm.org) or 800.AGA.7211, ext. 212. ■

*by Christina M. Camara*