



*Advancing
Government
Accountability*

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January 19, 2007

Ms. Dianne Copeland
Director
Financial Systems Integration Office
1800 F st., NW
Washington, DC 20405

Dear Ms. Copeland:

On behalf of the Association of Government Accountants (AGA), the Financial Management Standards Board (FMSB) appreciates the opportunity to provide comments on the exposure draft (ED) on the Federal Financial Management Common Government-wide Accounting Classification Structure (CGAC structure) issued by the Financial Systems Integration Office (FSIO). The FMSB, comprising 21 members with accounting and auditing backgrounds in federal, state and local government, academia and public accounting, reviews and responds to proposed standards and regulations of interest to AGA members. Local AGA chapters and individual members are also encouraged to comment separately.

We agree with the concept of standardizing the CGAC structure because it will foster universal understanding among users; ease of transition to new systems and software; and aid in aggregation and comparison of data across the government. Overall, the Committee and their support contractors have done an excellent job in identifying current data inconsistencies in financial systems and have proposed an excellent set of suggestions for standardizing what can be standardized in financial systems. If and when we achieve the standardization envisioned by the draft, the objectives of improved understanding, internal standardization, government wide standardization, reduced costs, easier transitions, improved aggregation and comparison of data, and seamless data exchange will be realized. Along the way, there may be other opportunities for additional standardization. However, as the ED implies, it will take many years for all agencies to adapt the proposed structure, depending on the speed with which automated financial systems can be updated and individuals educated.

We note that the numbers of characters and information that must be captured for each transaction is daunting and we hope that much of that is automated as indicated in the exposure draft. We have attached a comment template as requested by FSIO, completed by a member who works in this subject area, have the following responses to the questions posed in the draft from one of the FMSB members who works for a federal agency, and some additional comments.

1. No, there are no additional opportunities to standardize the classification elements.
2. We do not know of any unique needs for the Department of Energy, National Nuclear Security Agency (NNSA) that cannot be accomplished by this CGAC structure.
3. NNSA just implemented the STARS (Standard Accounting and Reporting System) accounting system and is shortly to implement STRIPES (Strategic Integrated



Procurement Enterprise System) for contracts, so, for NNSA, the sooner the standardization is implemented the better.

Page 11, Section 3.1 – many of our members would like further clarification on how the CGAC code/structure would interact with COTS transaction types and codes. In many COTS packages these transactions codes are generated behind the scenes. We realize that the FSIO-certified vendors are participating in the CGAC development and would suggest that each of the FSIO vendors provide examples of how the CGAC structure would work within their certified system. This could be an additional step in evaluating how this works within certified software.

Page 12, Section 3.1 – The core financial system is the system of record (original capture of data) for many transactions. This is especially true in the accounts payable area, where one works from invoices, receiving reports, etc., and scheduling payments.

On page 12, it might be worthwhile to identify the number of characters associated with a transaction that can be derived by or from the system at the time the transaction is entered into the system. The total of 224 characters associated with each transaction is overwhelming. As we understand the proposed structure, many of the elements come from system tables or can be computed. It might be worthwhile to identify the number that can be derived.

The proposed structure and the derivation of data elements is a key reason that the tables in financial systems must be planned and populated with care. This becomes a key reason that systems accountants must be intimately familiar with the relationships of the tables in their financial systems and the feeder systems which provide the data. Standardization of the structure and the system tables will assist in accomplishing the objectives of CGAC.

Section 3.2.1, should the list of external reporting requirements include OMB Circular A-136?

Section 3.2.2, should the list of internal reports include a category of "unique management financial and performance reports"?

Table 1 (page 15-16) says that the 'budget function' and the 'budget sub-function' are derived from the Internal Fund Code. However, in the discussion of the Internal Fund Code (section 4.1.1), there is no reference to the 'budget function' or the 'budget sub-function.' It is, however, discussed under the 'USGL Account Attributes ...' in section 4.1.5. We suggest that a reference be included in section 4.1.1.

Table 1 is very useful. However, it might be worthwhile mentioning that the CGAC goes well beyond the 13 core elements. In addition, as is mentioned elsewhere in the ED, these core elements might change based on the CGAC.

Page 22, and similar diagrams, again emphasize the extent to which information about a transaction is derived from a single data entry into the system and therefore the importance of the systems tables.

Page 25, are the organization codes supposed to be hierarchical? If so, perhaps this diagram might be modified to show the hierarchical relationship.

In section 4.3, is the intent that 'program' is a sub-element of 'strategic goal', that 'activity' is a sub-element of 'program', and that 'project' is a sub-element of 'activity'? In other words, is there an intent of a 'nesting' or hierarchical relationship between these terms? It would be beneficial to see a single

definition of these terms and the relationships between them, since there is a great deal of non-productive time devoted to reaching agreements on these definitions moving from agency to agency or bureau to bureau.

Page 32, we hope that the ‘trading partner’ and the ‘trading partner bureau identifier’ are the same as the ‘entity identifier.’ We heartily endorse the objective of a single set of agency/bureau identifiers.

Section 4.4.4 (page 34) in the second paragraph says that object class is a three character code, while the first bullet point says that object class is a two character code. This should be corrected or clarified.

Table 2 is excellent and will provide an ongoing reference.

Page 61 – the ED does not ‘describe approaches for maintaining the CGAC structure over time.’ Perhaps that is a next step.

The tables in general are very useful. The column ‘Other Names Used’ will be very useful. For Object Class Code, we recommend adding ‘Element of Resource’ under ‘Other Names Used.’ For ‘Agency Location Code.’ recommend adding ‘Fiscal Station Code’ under ‘Other Names Used.’

We recommend that the Treasury Department be the single authoritative source for the Organization/Entity Identifier and the Bureau Identifier for consistency.

Page 48, last row of table, Organization/Entity Identifier, there is a typo under Source of Values - should be 'single' versus 'singe'.

We agree with the ‘Suggested Changes’ and ‘Suggested Data Harmonization’ in Appendix B - especially with representing the fiscal month as a three-character alphabetic code as it would be clearer. However, if the COTS software cannot handle alpha field, whatever the COTS format for the month data field is what the CGAC should use. The government usually does a good job defining all fields, so a two digit number representation is probably best if the COTS software cannot handle alpha field. One member from the private sector said that there was no need for alphabetic presentation of the accounting period.

Page 83, last row, Version Number 0.6, under Description of Change, “Exposure drsft” should be “Exposure draft.”

We appreciate the opportunity to comment on this exposure draft and would be pleased to discuss this letter with you at your convenience. The majority of the FMSB approved issuance of this letter. If you have questions on the letter, please contact Anna D. Gowans Miller, CPA, AGA’s Technical Manager and facilitator for this project, at amiller@agacgfm.org or (703) 684-6931, ext. 313.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeffrey S. Hart". The signature is fluid and cursive, with a horizontal line extending to the right from the end of the name.

Jeffrey S. Hart, CGFM, CFE
AGA National President

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Financial Management Standards Board**

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