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For the last 25 years, the federal chief financial officer (CFO) has walked a fine line between being a part of the political and policy leadership of their organizations, and — given the background many CFOs have as career staff — the role of financial technician wherein they are counted on to provide accurate, timely financial data. But that role is morphing to accommodate increasing needs for data and information to support evidence-based decision making. As reported in previous CFO surveys conducted by AGA and Grant Thornton LLP, the CFO community, for the most part, has successfully built the financial infrastructure necessary to achieve clean audit opinions and provide required financial reports.

Now, the challenge is finding cost-efficient ways to produce relevant and actionable data that can be used by program and policy staff to make better-informed decisions about resource allocation and program effectiveness. Given this new and emerging role, coupled with persistent budgetary constraints, CFOs are seeking creative ways to meet their traditional responsibilities while addressing the demands arising as keepers of much of the key financial and performance data collected across government.

This year, the presidential election and likely major changes to policy and budgetary priorities could be a major focus for federal financial management leadership and staff. We surveyed CFOs and other leaders in the CFO community to find out how they are addressing this impending change in leadership, and to identify the major issues facing them and the major challenges they anticipate during the transition to a new administration.

**Anonymity**

To preserve anonymity and encourage respondents to speak freely, these annual surveys of the government financial community neither attribute thoughts and quotations to individual financial executives interviewed nor do they identify online respondents.

**Data Collection Methodology**

With AGA guidance, Grant Thornton developed online and in-person survey instruments that included closed and open-ended questions. The online survey was distributed to the government financial community in the summer of 2016. Several in-person roundtables were held with CFOs and other financial leaders throughout the spring. The final roundtable was held at AGA’s Professional Development Training event in Anaheim in July.
The CFO community has significant experience under their belt; they represent decades of time and effort grappling with the financial management challenges of the federal government. Approximately 26 years ago, the Chief Financial Officers Act of 1990 (CFO Act) was signed into law by President George H. W. Bush. Prior to the CFO Act, several financial management issues were plaguing the government:

- billions of dollars lost each year through fraud, waste, abuse, and mismanagement across numerous programs;
- obsolete and inefficient financial management systems;
- insufficient financial reporting disclosure of current and future operating costs;
- insufficient financial reporting comparability of actual costs among agencies;
- insufficient financial reporting timeliness required for efficient management; and
- lack of complete, consistent, reliable, and timely information.

To address these issues and others, Congress enacted legislation to establish a foundation of improved performance and financial management: the CFO Act. The act:

- sought more effective general and financial management practices, such as establishing a Deputy Director for Management in the Office of Management and Budget (OMB), establishing an Office of Federal Financial Management headed by a Controller, and designating a CFO in each department and in each major agency;
- provided for improvement of systems for accounting, financial management, and internal controls across the government to assure the issuance of reliable financial information and to deter fraud, waste, and abuse of government resources;
- drove the production of complete, reliable, timely, and consistent financial information for use by the executive branch and Congress in the financing, management, and evaluation of programs.

Twenty-six years later, the CFO Act has accomplished much in regards to improving the rigor and discipline necessary for good financial management; however, more progress is needed. Agencies still struggle with some of the same shortfalls that hampered the government in the early 1990s, such as improper payments, inefficient and obsolete systems, and inadequate transparency. Surveying the federal financial management community today, it is clear CFOs are in a time of transition. The impending presidential transition, the looming retirement wave, the evolution from transaction processing to data analytics, and the proliferation of C-suite officials have all compounded to present substantial change to the CFO landscape. Having accomplished so much in the past 26 years, it is important to take inventory of the major concerns and priorities of the CFO community going forward. Our past surveys provide a historical guidepost for the government’s evolving financial and other management challenges and how effectively we are dealing with them. Just in time for the Presidential transition, the following discussion provides insight into the highlights of the observations gathered throughout the 2016 CFO Survey analysis.

History of CFO Surveys

For the past 20 years, AGA and Grant Thornton have conducted a survey of the financial management community to gain insights on the CFO Act and the evolution of the CFO’s role and priorities.

Since the enactment of the CFO Act, the CFO community has supported each administration’s efforts to do more with less;
reinvent government; assess and rate programs; and pursue priority goals. As depicted in the timeline, these activities have all been completed amid a shifting economic environment, major technological advances, calls for increased transparency, and domestic and foreign conflicts.

For the 20th anniversary of the CFO survey in 2015, AGA and Grant Thornton revisited the surveys conducted in the last 20 years to gain insights into the changes the CFO community faced. While the community’s priorities have evolved, past surveys illuminated six broad issues areas that are ongoing or emerging challenges for the CFO community:

- the role of the CFO;
- human capital;
- financial management systems and data;
- cost information and management;
- shared services; and
- performance and risk management.

Review of the past two decades of surveys brought up the important question of whether the federal financial management structure in place is best suited to handle the new initiatives and challenges that will inevitably arise. After reviewing earlier surveys and discussing the results with past and present members of the CFO community, we proposed two alternate visions for the role of the future CFO:

1. Standardize the management role of CFOs across government and use them as forward-looking strategists rather than as tacticians to drive the missions of the agencies. This vision would require OMB, the Department of the Treasury (Treasury) and Congress to recognize the capability inherent in the CFO function and work to reduce the increasingly split responsibilities among administrative management functions. The CFO could then focus on risk management, performance, financial analysis, and similar initiatives within the CFO organization, which already possesses the necessary infrastructure to meet the new requirements; or

2. Repurpose the CFO as a taxpayer advocate within agencies, applying rigorous financial and analytical techniques to promote transparency, quantify fiscal implications of policies, and assess program effectiveness. Treasury would gain greater financial management control to drive government-wide balance sheet development and management, which would strengthen its ability to provide strategic advice to policymakers and financial direction to agencies beyond near-term elections.

Whatever the future role of the CFO, all survey respondents agreed the CFO has a vital role to play, though sharper focus could enhance the impact of federal financial management on the performance and efficiency of the CFO and the agencies they serve. As the government prepares for the transition, this continues to be a relevant topic as the CFO community can embrace its role and provide stability for each agency during a shifting political environment.
Survey respondents did not express undue alarm over the notion of welcoming new leaders to their organizations. Across the government, senior officials are preparing for the presidential transition, wondering whether their programs get cut to make room in the budget for “campaign promises.” It appears many are jockeying to ensure their recommendations are at the forefront when the president’s new team takes office. CFOs understand they must demonstrate the benefits recent data transparency initiatives are having on operations. They must communicate how advanced analytics tools help detect (and prevent) fraudulent and improper payments; where shared services can standardize and simplify processes, and enable better resource management. Expanded communication as a result of ERM will provide CFOs more insight into areas where resources may need to be applied to enable program success. This transition will require OCFO senior executives to communicate effectively, with data, to garner support for continued “good government” business practices.

When digging a little deeper, though, there is a clear fear that a new administration will either take a different path or slow progress that would diminish the benefits of ongoing initiatives. In the past, management initiatives have been abandoned by new administrations in favor of fresh, but different approaches. CFOs clearly don’t want to “throw the baby out with the bathwater,” because that would mean starting over and losing ground on recent progress.

At one discussion session, a prominent CFO said, “When a new administration comes in, all our resources had already been allocated to certain initiatives. We then have to decide how we’re going to reallocate resources.” Reallocation may mean that funding is pulled away from current efforts, or needed ‘new starts’ may not take place.

Perhaps the greatest fear is that work to move agency financial systems to shared services will be abandoned. One financial leader shared, “As it stands, we’re probably in the third inning [with shared services], and we need the next administration to get us to the fifth inning… each administration has a different level of commitment to financial management, so that’s where I’d say a lot falls on the career people.” The move to shared services is ambitious and will take sustained leadership and commitment to reap its many benefits.

Trusty progress to career employees is an imperative agencies have learned well. “During a presidential transition, the top one or two political appointees will go, and the career people essentially become the acting leadership, and the career folks have to keep the momentum going,” agreed one CFO. The difficulty in finding people with the right skills to perform as a federal CFO combined with the background check and Senate confirmation process makes it highly challenging to keep a full cadre of agency CFOs in place.

Though there is a divergence of responsibilities in CFO organizations across government, all play a vital role in agency operations. Producing audited financial statements is just the minimum requirement. Implementing the systems to capture financial activity, designing and implementing controls to ensure operations are efficient and effective, and providing the analysis to support and enable agency operations are also critical functions performed by CFOs. Most also oversee the development and execution of the organization’s budget. With the move of agency financial systems across government to shared services and a more ambitious concept for enterprise risk management, federal CFOs play an essential and growing role in the operation of the federal government.

A new administration would be wise to ensure its CFOs have the experience and skills necessary to oversee and lead their important responsibilities. Almost as important is ensuring there is a pipeline of CFOs so gaps in service are limited. The career financial management workforce is highly capable, though recruiting and retaining talent remains a major challenge.

In addition to ensuring capable executives at the top, the new administration should take a comprehensive look at the function and organization of CFOs across government. One financial management leader said:

One of the major discussions we’ve been having internally is surrounding the evolving role of the CFO. Some analysis has been done, and we identified 20 traditional responsibilities of the CFO. Analysis was conducted to mark the level of significance of each of those 20 responsibilities. It’d be interesting to survey the CFO community and gain a better understanding of where CFOs are spending their time, what are they spending too much time on, what they are not spending enough time on, and so forth. This kind of analysis that would be very useful for CFOs.

One of the major questions is the importance of giving CFOs responsibility for agency budgeting. “In thinking about federal financial management and how the CFOs are structured in the federal government, one thing that’s truly surprising is the frequent separation of the CFO and budget,” said one participant. “Does that really make sense?”

Whatever the structure of individual CFO offices, their span of responsibility should be deliberately defined. It would be a prudent step for the new administration to look at assigned responsibilities and make appropriate changes to optimize CFO performance.

Once optimized, the entire CFO community can be a potent force helping the new President execute priorities. But CFOs need to be focused on doing a few things well and over the long term. “It seems when a new administration comes in, there’s a myth that the government will be able to get things done quicker than it really can,” said one CFO. “Instead, a new administration should bring a long-term plan that actually has a chance at succeeding.” Be ambitious, the CFOs seem to say, but realistic. By the end of the term, you might be able to achieve some significant things.
Enterprise Risk Management (ERM)

Where we cannot predict the future, we can guarantee crises, emergencies, and scandals, many if not all of which will involve CFO efforts and will impact agency missions. An ERM framework can help agency leadership anticipate and mitigate such risks to their mission. Adopting a framework effectively will take focused leadership, which may not be at its strongest during a transition.

The Committee of Sponsoring Organizations of the Treadway Commission (COSO) defines ERM as:

“[A] process, effected by an entity’s [leadership], applied in strategy setting and across the enterprise, designed to identify potential events that may affect the entity, and manage risk to be within its risk appetite, to provide reasonable assurance regarding the achievement of entity objectives.”

As the ERM process exists to enhance an entity’s ability to more efficiently and effectively achieve its mission, it offers great potential to help government’s leaders do more with less by making more strategic, risk-informed decisions. The need for efficient, effective, risk-aware government is as strong as ever, and the presidential transition further highlights this theme. As one financial manager put it, “Virtually every politician runs on a platform of smaller government, and even if a candidate is in favor of bigger government, they won’t want more admin. support; they want an expanded mission-delivery staff. Nobody wants more back-office support.”

One way in which ERM enhances government efficiency and effectiveness is by using a holistic, long-term, calculated approach. The importance of such an approach is underscored by the account of one survey respondent who noted, “New administrations try short-term plans that keep failing because the timeframe is too tight and expectations are unrealistic, until you get to year three and the administration finally realizes short-term plans won’t work.”

Another way ERM adds value to government stakeholders is by focusing attention and effort on the highest priorities and risks. Too often, government financial managers get bogged down with time-consuming, shortsighted, often compliance related tasks. As one CFO noted “Now that government leadership can get a report of every government invoice and payment and validate that it’s being paid within the appropriate time frame, of course transaction processing takes precedence. But is that the best use of your time? Probably not.” Another respondent stressed, “We should focus on where our biggest value add is, and I wouldn’t see transaction processing being up there.” A third interviewee commented, “Earlier on in my role as CFO, I was fixing data, now I’ve got things set up where I get to be more involved in strategic planning such as ERM.”

The maturity of ERM frameworks across government today varies significantly, making it difficult to speak monolithically about its status. During the current administration, as shown in the graph, about 25 percent of respondents indicated some progress has been made employing the methodology, 24 percent responded that significant progress has been made, and the largest category of respondents, about 42 percent, indicated moderate progress has been made.
A key aspect of ERM is its applicability and usefulness to both financial and non-financial government officials. As both financial and program areas face risks, “it would be a mistake,” as one respondent described it, “to perceive ERM as being run solely by the financial staff.” When asked if the responsibility of ERM should be under the CFO, multiple, in-person CFO interviewees accentuated the importance of its being managed outside the CFO. Otherwise, said one interviewee, “It gets associated with A-123 and becomes a compliance exercise.” CFOs reiterated forcefully, however, the important role they play in higher level, strategic management of the agency, including ERM. As one CFO stated, “I emphatically think the CFO should be involved, and in strategic planning, as well. Whatever your strategic measures are, whatever your strategic indicators are, you need the CFO.”

Governments and the private sector alike face increasingly complex and persistent risks. Many of these risks are sharpened by the upcoming presidential transition, leading to additional uncertainty. In turbulent times, it’s imperative that the financial management community emerges as leaders by proactively raising and mitigating those risks they identify in a timely, thorough manner. While documenting and highlighting risks may not be a popular role at times, as one CFO interviewee emphasized, “We must be the voice that not everyone wants to hear. CFOs must have a strong backbone to ensure risks are identified and checks and balances are in place.”

Increasingly, survey respondents are touching on the need to couple risk management with performance: essentially a performance-driven risk management approach. Such an approach would need to integrate risk-management with, strategy, budgeting and performance measurement and management. Certain approaches to risk management can enhance performance, relative to organizations that fail to manage risk well. Performance-driven risk management has significant upside for agencies, one that not only improves risk identification, monitoring, analysis, reporting, and mitigation, but also boosts organizational performance through risk-based planning, investing, and decision-making at every level.
CFOs have faced the move to federal shared services for many years, and many still view it as a threat. While successful in areas such as payroll, it has not yet been embraced in processes such as grants management or other areas. Shared financial management systems are a mixed bag — adopted across a large swath of small agencies, commissions, and boards, but often viewed with concern where cabinet level departments are concerned. To date, only one department has successfully transitioned to a federal shared service provider (FSSP).

In our 2015 CFO Survey, we reported that respondents have mellowed on the concept of FSSPs; however, they still raise concerns regarding the ability of the FSSP to handle large procurement, grant and loan programs. In addition, there remain concerns regarding how to fund the costs of migrating to a FSSP, while having to simultaneously maintain the existing system.

This year, our in-person interviews with leaders in the CFO community yielded general support for the move to shared services. Online respondents were also generally supportive of the administration’s shared services push, identifying it as one of the most successful management initiatives of the current administration. The issues identified above still exist, but the trend toward acceptance remains positive, if the central agencies involved in overseeing the shared services initiative — OMB and the General Services Administration’s Unified Shared Services Management Office — can sustain the momentum.

Some CFOs cited a link between their human capital concerns and shared services. They feel the migration to shared services may help free their staff from managing more routine processing functions and allow them, to instead focus on higher level analytical functions that CFOs mentioned as needed to support their agencies’ missions.

Concerns linger over the ability of FSSPs to provide interfaces to key systems, such as procurement; scalability to handle volume, and meet rapid turnaround and quality standards. CFOs still cite the greater complexity of their agency-unique financial operations, or those of their departments, relative to the prior experience of FSSPs in support of smaller, less complex organizations.

Even so, CFOs generally feel the incoming administration needs to continue to build on the progress made to date. Many CFOs are plotting their departments’ individual paths. Some have, or are committed to migrating to a FSSP — the U.S. Department of Housing and Urban Development (HUD), some Department of Homeland Security components, and, newly announced in 2016, the Department of Veterans Affairs. Other departments, such as the Department of Justice and the Department of Commerce, are looking inward first, establishing a department-wide shared services approach to managing many of their administrative functions, not limited to financial systems. Some CFOs noted such developments as an indication of the attention the shared services concept is getting across the community and the range of possible approaches that could be employed.
In the last year of an administration that has made government transparency a priority, CFOs find themselves at the center of a major initiative to improve not only spending transparency, but also government accountability. The Digital Accountability and Transparency Act of 2014 (DATA Act), signed into law by President Obama on May 9, 2014, requires the government to report all federal spending data in a standardized way. Although the law is now more than two years old, the real implementation work only picked up steam earlier this year.

After many months of internal meetings, consultation with agencies and external stakeholders, and negotiations, Treasury and OMB released in April and May its final guidance to agencies, including the government-data standards and guidance to implement the standards. This guidance was released approximately one year before agencies must begin reporting their spending data using the government-wide standards and approximately two years before that data must be published on USASpending.gov.

Given the timing of statutory reporting deadlines in the DATA Act, this work is particularly sensitive to the upcoming Presidential transition. While government-wide standards and guidance will help to bring stability to the work agencies are doing over the next nine months and beyond, getting new agency leadership familiar with the DATA Act and implementation timeline will be particularly important in the new administration.

The first few months of the new administration will be crucial for DATA Act implementation because much work has been done already across the government to prepare for the May 2017 reporting deadline. Currently, most CFOs report that their DATA Act implementation has been successful so far, despite those same CFOs having reported a wide range of maturity levels in their work to implement the new law. Agencies that have already modernized their financial management systems or moved to a government-wide financial shared services provider are having more success in the early stages of DATA Act implementation. Although those agencies still have challenges ahead to successfully implement the law, they are much further along than other agencies that have not modernized.

CFOs listed the DATA Act as the second most important initiative of the Obama administration in our 2016 survey, just behind adoption of shared services. CFOs also felt implementation of the DATA Act was, so far, the most successful initiative undertaken by the Obama administration. CFOs understand that this is much more than a compliance exercise and that successful implementation could add substantial value to their work and their efforts to support the missions of their agencies.

Many CFOs referenced the connection between DATA Act implementation and adoption of shared services, particularly the benefits of using a financial shared services provider to ease DATA Act compliance. For example, HUD’s ability to comply with the DATA Act was enhanced because they had already migrated to a shared services provider with a new financial system.

Perhaps more importantly than the transparency aspects of the DATA Act, proper implementation of the law will allow CFOs and other agency leaders to access better information that can be used in a more strategic, analytical, and proactive way. It has the potential to accelerate the move of the CFO away from a role that is transactional to one that is more strategic and analytical. The DATA Act will create a standardized foundation that will allow for better comparisons and more meaningful conversations about government performance. Lack of consistency in standards and outcomes across agencies has long hindered government performance reporting systems, and many CFOs realize this standardization of spending data can jumpstart a more mature era of government performance oversight.

Which initiatives do you believe the administration had the most success in implementing?

Note: Data does not reflect responses of "not sure."
Not surprisingly, given the continuing and perhaps accelerating dysfunction of the federal government’s budget process, survey respondents voiced loud concerns about budgetary uncertainty. It has been the case over the last couple decades that the President and Congress have not been able to come to an agreement on a budget before the end of the previous fiscal year. In fact, only once in the last 20 years has the budget process been completed on time, and only once in the past seven years has a joint budget resolution been adopted. These delays force agencies to contend with a multitude of short-term continuing resolutions as stopgap sources of funding at the beginning, and sometimes even the middle or late months, of each fiscal year.

The planning and execution of major programs across government is made haphazard due to the inability of our elected officials to agree on funding levels until well into the fiscal year. Add in all-too-real prospects for sequestrations and government shutdowns, and we have the key ingredients needed for inefficient and myopic federal financial management. Survey respondents emphasized they are struggling to plan responsibly for relatively straightforward budget execution, much less to do the types of data, risk and programmatic analysis needed to assess agency performance. Respondents conveyed a need for more budgetary certainty to provide them with the flexibility to focus on those bigger, and in many respects, more important analytical and planning issues.

Fortunately, the notion of budget process reform appears to be gaining at least some traction around the nation’s capital. Groups such as the Committee for a Responsible Federal Budget, National Budgeting Roundtable, Concord Coalition and Petersen Foundation have been shining bright lights on this topic and offering specific options to reform and improve the budget process across a wide range of areas.

On Capitol Hill, several legislative measures are under active consideration to significantly reform the budget process. For example, the Senate Budget Committee has outlined recommendations for budget process reform based on bipartisan discussions in that chamber. Similar discussions are underway in the House of Representatives. Proposals have been framed as bipartisan starting points, and hope for enactment exists on at least some of the ideas currently in play. At a minimum, some members of Congress have now publicly admitted that the budget process is broken; hopefully admission is the first step to rehabilitation.

Budget process reform ideas brought up in the context of the CFO survey were wide-ranging and included tactical improvements — such as automating continuing resolutions whenever a funding lapse occurs and moving to biennial budgeting — and broader reforms, even those that could be considered if a new budget concepts commission was established.
CFOs noted that the basic tenets underlying today's budget process flow from a commission appointed nearly 50 years ago. Even if the process worked well, a case can be made for reconvening another commission to consider reforms. The demographic, fiscal and geopolitical shifts since 1967 have been seismic given that boomers are leaving, not joining, the workforce; entitlement spending is soaring; interest on the national debt is consuming a growing share of revenues; and the nation’s physical infrastructure is now old and in desperate need of repair.

Moreover, tremendous advances in computational power and the availability of data provide opportunities for transparency and accountability that would have been impossible to consider in the 1960s. While the government has made strides in recent years toward the use of evidence-based decision-making, made possible by those technological advances, much remains to be done. Taxpayers would benefit if agencies were compelled by a new statutory process to submit budget requests backed with empirical data showing operational and programmatic costs of initiatives, first-order outputs yielded by such spending, along with broader estimates of expected outcomes and impacts. Simply stated, program performance should be a factor in determining program budgets.

The conditions that led to the formation of the 1967 commission are once again resident, and respondents to the survey cited shortcomings such as challenges in making budgetary and accounting results understandable to policymakers and the public, as well as a failure to consider long-term implications of fiscal policy. Clearly, form follows substance, and while process reforms are no substitute for the tough policy decisions that must be made to keep the U.S. on a sustainable fiscal path, survey respondents were largely in agreement with the notion that the time is right for budget process reforms and, perhaps, even an entirely fresh set of budgetary procedures for the U.S. government.
Major Challenges

Nearly every agency inspector general (IG) includes “financial management” in their semiannual updates of major challenges facing agencies. In fact, it’s second only to cybersecurity as the most often cited challenge. While the IG is referring to financial management, broadly speaking, it also cites more specific areas, like improper payments, grants management, real property management and internal controls. Moreover, most of the other challenges listed by IGs, like data reliability, transparency, acquisition management, human capital management, and performance management, either impact or are impacted by the work of the CFO.

The discussion included in IG reports largely tracks the impression gained when discussing challenges with CFOs. As reported last year, broad issues emerge as ongoing challenges for federal CFOs: 1) the role of the CFO; 2) human capital; 3) financial management systems and data; 4) cost information and management; 5) shared services; and 6) performance and risk management. This year, those challenges look much the same, though with the added issue of cybersecurity. After cybersecurity, this year’s top challenges includes cost management, risk management and human capital management.

As discussed in the Presidential transition section above, the new administration should take a comprehensive look at the function and organization of CFOs across government to ensure CFOs are well positioned to provide the best value to the government. This review could go a long way toward addressing one of the community’s big concerns: the role of the CFO.

Other major challenges cited by CFOs include the move to shared services and the adaptation of internal controls regimes to ERM. Continued investment in legacy systems that don’t adequately leverage modernization can’t be sustained. Older systems that lack adequate support can put critical data at risk and limit the impact of the CFO organization. The solution identified by federal financial leadership is moving to shared services. Modernization investment in the shared services model is limited to a few, proven providers. Those providers can keep up with evolving requirements and the needs of a diverse financial management community. But getting ready to migrate is a challenge for agencies and as their customer numbers grow, providers will struggle to keep up. If the move to shared services is going to be successful, it will take leadership’s constant vigilance.

ERM is getting renewed attention from CFOs due to recently revised guidance on internal controls, now called “OMB Circular A-123, Management’s Responsibility for Enterprise Risk Management and Internal Control.” In its new guidance, OMB Director Shawn Donovan writes:

Successful implementation of this circular requires agencies to establish and foster an open, transparent culture that encourages people to communicate information about potential risks and other concerns with their superiors without fear of retaliation or blame. Similarly, agency managers, IGs and other auditors should establish a new set of parameters encouraging the free flow of information about agency risk points and corrective measure adoption. An open and transparent culture results in the earlier identification of risk, allowing the opportunity to develop a collaborative response, ultimately leading to a more resilient government.

Of course, the pivot from internal controls over financial reporting to ERM means CFOs will need to collaborate more closely with “the agency chief operating officer and performance improvement officer, and close collaboration across all agency mission and mission-support functions.” The risk — one of the reasons this remains such a big challenge — is that the effort becomes another compliance exercise. “If the execution of A-123 becomes a checklist,” one responded said, “it may not help much.” “If you have the right people involved, A-123 can help you achieve the outcomes you want.” A lot depends on the people involved.

Much of what the CFOs are responsible for depends on the right people with the right skills at the right time and in the right place. Unless government gets a handle on its human capital challenge, a refined, focused CFO role will do little good. A recurring theme across government, but one that impacts CFO functions to a great degree, is human capital management. In summary, CFOs tell us:

- It’s too hard to get into government;
- It’s difficult to keep talented staff;
- The skillsets needed today are different;
- The retirement “tsunami” is real; and
- Managing millennials is an emerging challenge.
These challenges will survive the coming presidential transition. The question will be: what new actions or initiatives will the new federal financial management team design to take CFOs and their agencies to the next level of financial management excellence?

**A Note for the New Administration**

In every transition since the position was created, CFOs have played an integral role helping new leaders manage and monitor finances, improve performance and efficiency, and accomplish agency missions. Headwinds they face providing support could be diminished; the new administration would be well served if it provides focus to making the CFO job easier. Clarifying the role of the CFO across government would ensure the function was optimized. Sustaining initiatives that show promise would ensure progress toward better financial management practices is not discarded for newer, unproven activities. Most importantly, perhaps, is ensuring CFOs have the resources, both financial and human, to get their varied and complex jobs done. Bottom line, CFOs are often the lynchpin in agency success. That’s how the new administration should treat them.