Leading by Example…with Less:
Providing Insight to Decision-Makers
in Difficult Times

SUMMARY OF AGA’S EXECUTIVE SESSION
JULY 29, 2012 | SAN DIEGO, CA
Introduction

The economic downturn has had a major impact on government revenues, and hence, their budgets. This has occurred at all levels of government in the United States. Revenue shortfalls at the state and local levels of government have been softened by the large injection of federal stimulus funds. However, the stimulus has ended, and it is very unlikely that additional stimulus funds will be provided. All levels of government are faced with a new reality, which includes: significantly lower revenues for the foreseeable future, and higher expectations from citizens that services will stay at current levels, or even increase to meet their needs. Government leaders are forced to ask themselves questions such as:

- Can we do the same or more with fewer resources, or will we have to cut services?
- How do we meet the needs of the citizens in a fair and equitable manner with lower or flat resources?

Against this backdrop, AGA held an Executive Session at its 61st annual PDC in San Diego. The Executive Session, supported and sponsored by Ernst & Young, brought together over 150 accountability and finance professionals from private industry, academia, as well as local, state and federal government sectors to examine issues related to this new reality, “Doing More with Less.”

Building on the work of prior AGA Executive Sessions, it was determined that the session would examine two key challenges for financial management professionals:

- How can we demonstrate ‘leadership’ in the efficient use of resources by doing more, the same, or less, with fewer resources at our disposal in our financial operations?
- How can we preserve and build new ways to provide better information for decision-making with the granular data needed to make hard choices?

This paper is divided into two descriptive sections to address the listed issues. The first section covers the speakers’ opening remarks regarding the application of the “Accountability Pyramid,” and includes the insightful dialogue amongst panel members, and the audience regarding the realities of having to do more, the same, or less, with fewer resources. The second section captures the comments and themes that emerged during the breakout sessions about the overall problem.
Part One: Setting the Stage for Discussion

The general session consisted of presentations by experts in the field of accountability, management and reporting. The experts were from the private sector, academia and federal, state and local government levels. The experts provided information about the challenges, as well as how these challenges have been met.

The speakers included:
- **Relmond Van Daniker, DBA, CPA** – AGA Executive Director
- **Daniel Murrin, CPA, CGFM** – Ernst & Young LLP, Americas Director of Government and Public Sector Services
- **Paul Posner, Ph.D.** – Director of the Public Administration Program at George Mason University
- **Mark Reger, CGFM, CPA** – Deputy Assistant Secretary Accounting Policy, Office of the Fiscal Assistant Secretary, U.S. Department of the Treasury
- **Carl Burrus** – Director of the Office of Budget under the Assistant Administrator for Finance and Management, Federal Aviation Administration
- **Clark Partridge, CGFM, CPA** – Comptroller, State of Arizona

(A short bio of each speaker is included as an appendix to this report.)

Van Daniker opened the session with a presentation on the need for improving the information available to the citizens and other decision makers on the state of government finances. Van Daniker stated that, “We are drowning in data while starving for information.” He observed that a Consolidated Annual Financial Report (CAFR) for even a medium-sized entity will be a thick document that is difficult to decipher for even accounting and finance professionals. Van Daniker stated that the days of a CAFR fulfilling the needs of all users as a general purpose statement has long past. It is akin to providing a dump of data without providing information that is useful to a wide audience of users. He also highlighted the issue of timeliness for issuing a CAFR. To be useful, information must be timely and insightful to be of real value in today’s environment, according to Van Daniker. Today’s users would like to receive information that is targeted to their needs and their interests, and presented in an easy-to-understand format.

Van Daniker stated that these shortcomings do not diminish the value of the general purpose financial statement or the need to audit these statements. Assurance regarding the quality and accuracy of the numbers is essential, and the CAFR sets the framework or umbrella under which other financial reports and communication vehicles can emerge and develop. However, he emphasized the need for improved ways to present and transmit information in the form of easy to understand reports have grown. As an example, Van Daniker cited the work of AGA in the development and promotion of the Citizen-Centric Report (CCR). The CCR was developed through the efforts of prior Executive Sessions and more than 500 CCRs are produced by governments and not-for-profits annually. The CCR is a four-page document that is designed to provide key information to the citizens on the results of their government and on the challenges they face in meeting their citizen’s needs. This type of report converts raw data into useful information for the citizens.

Additional reports and efforts such as this are needed to meet other needs of the citizens, elected officials and decision makers, according to Van Daniker. Other users need information with varying levels of detail. For example, elected officials will likely need more in-depth information or different information on budgets and obligation trends. Van Daniker went on to emphasize the need to provide information in an electronic form. He cited the recently completed AGA Research Report No. 32 entitled, “e-Reporting,” which highlighted recent activities and actions that will provide new opportunities for advancing government accountability and transparency through this method. The e-Reporting initiatives and the increased use of technology notably used to account for the 2009 American Recovery and
Part One: Setting the Stage for Discussion

Reinvestment Act (ARRA) funds by the Recovery Board should be the norm. “Citizens and decision-makers have grown to expect this level of access and transparency,” according to Executive Session Sponsor Dan Murrin, CGFM, Americas Director, Government & Public Sector Services, Ernst & Young LLP. He built upon these opening remarks by speaking about the fiscal crisis facing all levels of government. In his remarks, Murrin discussed the need to provide clear, concise information on the extent of the fiscal crisis to all citizens and elected officials.

Murrin emphasized that delays with bringing these challenges into focus will hurt efforts to adopt viable solutions to some intractable, intergenerational equity issues. Further delays in taking action will threaten to have future generations face paying higher taxes, have less income and healthcare security in retirement, and even reduce access to the education resources that will be needed to carry the burdens. Beginning to share the costs now, before entire generations escape the burdens of the promises made without commensurate funding is a fundamental issue of fairness. He said, “As financial management professionals, our mission is to provide clear and accurate information on the growth in spending, the decline in revenues, and the estimates of projected future finances in such a manner that will allow thoughtful debate and decision-making.”

In helping to define our mission, Murrin referred to the two-dimensional Accountability Pyramid, developed from prior work with AGA. He explained that the “Accountability Pyramid” has been used as a framework for explaining and discussing the relationship between the massive amounts of raw information that is captured by all levels of government and reported out to the citizens via the CAFR. The pyramid places government financial data in a hierarchy depicted by a pyramid. (See Figure 1) As information moves from the bottom of the pyramid to the top, the level of aggregation and refinement increases. The base of the pyramid is transaction and other raw data. Atop the pyramid are the general purpose financial and the special purpose financial statements like a CAFR and the CCR – which devotes one page to the statement of financial stability, or of financial position, results of operations, sustainability and performance. Enhancements in financial reporting, information technology, data accessibility and management practices have laid the groundwork for a fundamental change in the culture of government accountability, according to Murrin. Data standardization will also enhance the Accountability Pyramid, further strengthening the usefulness of data.

Murrin stated that to make a leap ahead in terms of usefulness, financial information must also be related to program performance information. This would make information meaningful to many users and provide better quality information. The financial and program management community must work together to align financial related information in the “Accountability Pyramid” with similar pieces of program information. Murrin proposed that an enhanced way to view the two-dimensional...
“Accountability Pyramid” is to create a multidimensional pyramid by incorporating useful measures of program outcomes, and efficiency arrayed with related costs.

Murrin noted that decision-making would be greatly enhanced if financial information were arrayed against program performance, geographic and demographic information, over a period of time. This concept is illustrated by the multidimensional pyramid in Figure 2. Increasingly, legislators are asking difficult questions such as:

- What does it cost to provide a service?
- What are we getting from our programs?
- Where are funds being expended?
- What groups are receiving funding or benefits?

Increasingly granular answers to these types of questions can be developed through the “Accountability Pyramid.”

Creating the systems necessary to support a multidimensional pyramid will take effort and resources, Murrin noted. Sadly, resources will be in short supply as it is unlikely budgets will increase. However, the payback would be tremendous. The way to address these issues, Murrin noted, is by ensuring that we receive value from the budgets that we have at our disposal today. We need to look for innovative solutions, provide services in different ways, and demonstrate through leadership, how to do more with less.

To add further context for the discussion and to provide additional information to the 150 attendees, Paul Posner, Ph.D., Director of the Public Administration Program, George Mason University, presented observations and context regarding the economic and budget crisis being experienced by all levels of government.

Posner began with a quote from Ernest Hemmingway’s novel, The Sun Also Rises, where one character asks another, “How did you go bankrupt?” and the other character replied, “Two ways: Gradually, then suddenly.” Posner said that this quote is somewhat emblematic of the issues facing the United States. He feels that there is no sense of urgency in government to deal with these problems. While the U.S. is in better shape than other countries around the world, he said that we should view our predicament as the best looking horse in the glue factory. “We may look good, but we are still in trouble.”

**FIGURE 2: MULTI-DIMENSIONAL ACCOUNTABILITY PYRAMID**

Although comparative financial statement reporting largely addresses two dimensions at an aggregate level at the top of the Pyramid for GPFS, there are at least four dimensions to the Accountability Pyramid. A deeper dive into the data that are important to users enable them to make decisions at an actionable/lower level with multiple building blocks/pyramids for projects grouped into programs, bureaus and departments, ultimately aggregating to agencies and the consolidated government entity.
Part One: Setting the Stage for Discussion

The current crisis is driven by factors that include continued growth in healthcare spending, and an aging population. He provided a graphic to illustrate his point in Figure 3. Using spring 2012 simulations from the Government Accountability Office (GAO), Posner stated the long-term fiscal outlook for the federal budget under the Alternative Simulation scenario shows that by 2040, interest, social security and healthcare spending will equate to nearly 30 percent of the U.S. Gross Domestic Product (GDP), and that all other federal spending will consume an additional 10 percent of GDP. Social Security is less of a problem according to Posner, with a range of policy options.

The demographics of the U.S. population are a prime factor in GAO’s projections. The U.S. population is aging and too few young people will be entering the workforce unless something changes. The U.S., according to Posner, will need all the immigrants that we can get when the economy recovers to replace the individuals leaving the workforce. He also pointed out that the aging population is living longer. This factor, combined with the growth in the percentage of older Americans, will push up healthcare costs at an unsustainable rate. He went on to say that leaders have to be straight with the American public.

Comments made by Van Daniker, Murrin and Posner set the stage for the remaining presentations by the following government financial leadership experts: Mark Reger, Carl Burrus and Clark Partridge. They spoke about the efforts of their organizations to lead in a budget crisis situation. These presentations were designed to provide background regarding the two key challenges for financial management professionals inside government and outside government. The challenges are:

- How can we demonstrate leadership in the efficient use of resources by doing more, the same, or less, with fewer resources at our disposal in our financial operations?
- How can we preserve and build new ways to provide better information for decision-making with the granular data needed to make the hard choices?

Mark Reger, Deputy Assistant Secretary Accounting Policy, Office of the Fiscal Assistant Secretary, U.S. Department of the Treasury, echoed Posner’s statements regarding the debt burden on each citizen in the United States. He stated that although our debt burden per citizen is low compared to other countries, we need to take action to avoid a worsening situation. This can be done by providing better information to the public.

Reger then spoke about the efforts that have been underway at the Treasury Department to provide more service with fewer resources. He began by stating that the Treasury Department is a central agency that touches all federal agencies with its services and functions. The challenge faced by the Treasury Department is how to modernize Treasury’s operations to provide better service with less budget resources at their disposal. To do more with less, the Treasury Department developed a multi-faceted plan to work at three different points to achieve its transformation. The Treasury Department looked at the internal organization, moved to electronic transactions, and sought to modernize its’ systems. Examining the Treasury Department’s organization is occurring in two phases. The first phase has achieved $36 million in measurable, annual budget savings by reorganizing the department’s functions. The second phase is still underway, and savings are yet to be calculated.

The second and third major part of the Treasury Department’s plan was to move toward electronic transactions, and to modernize systems to facilitate shared services and the centralized handling of transactions. All efforts have provided major savings that include an estimated savings of $450 million through the use of ‘Electronic Invoicing’, $400 million by centralizing the management of receivables, and $190 million by providing shared financial services. The significant results achieved from their efforts have allowed the Treasury Department to provide more services with fewer resources at their disposal,

![FIGURE 3: LONG TERM FISCAL OUTLOOK – FEDERAL BUDGET AND GDP](image)
and have been transformative. Due to these significant results, the Treasury Department has been allowed to reinvest some of these savings into new initiatives, which should bear even greater results.

The key to these efforts were a multi-pronged approach to change operations. Treasury officials made a conscious decision to move to electronic methods to reduce transitional costs, incorporated new products and technologies into existing services, and sought to consolidate administrative operations to strengthen the abilities of the Treasury Department to respond to current and future needs.

The next speaker, Carl Burrus, Director of the Office of Budget under the Assistant Administrator for Finance and Management, Federal Aviation Administration (FAA), spoke of his agency’s efforts to reduce costs while continuing quality services. The FAA undertook efforts to reduce costs as far back as 2005, and this work still continues at the present time. The FAA achieved operational savings through a combination of the consolidation of FAA services, and the regional service areas, contracting out for services, and requiring each part of FAA to participate in an annual cost savings program. The major cost saving initiatives of consolidating service areas and contracting out flight service stations have achieved over $2.0 billion in cost savings, and cost avoidances for the FAA since 2005.

In addition to $2.0 billion saved through its major initiatives, the FAA’s other cost savings programs have added $709 million in total savings to the effort since 2006. The savings have been achieved through better management of the workers compensation program, consolidation of IT operations and use of video conferencing to avoid travel. The FAA is also working to meet an Executive Order mandate to achieve a 20 percent reduction in travel, IT devices, printing, advisory contracts, supplies and vehicle fleets. The FAA will reduce spending in these areas by $114 million between 2010 and 2013.

Burrus stated that further improvements in FAA will be more challenging as they look to change the way it provides services. The FAA has many outside constituencies that must be dealt with when making any change. This will take time, Burrus stated. They also have internal resistance to further changes, and these concerns must also be mitigated. Addressing both of these concerns will require leadership support from the top.

**FIGURE 4: STATE OF ARIZONA: PROJECTION OF GENERAL FUND REVENUE AND EXPENDITURES BEFORE CHANGES**

Assumptions: **Revenue:** Ongoing revenue does not include one-time items such as fund transfer, asset sales, etc. Growth rates assumptions: FY10: -9.2%, FY11: 7%, FY12 and 7%. **Expenditure:** Ongoing expenditure does not include rollover or ARRA. FY10 and FY11 estimated Expenditure from most current S&U, FY12 and beyond assuming 7% growth.
Part One: Setting the Stage for Discussion

The next speaker was Clark Partridge, Controller, State of Arizona, who provided insights from a state government’s perspective on dealing with an economic downturn, and the resulting budget challenges. Partridge began by saying that the budget crisis is real and the state of Arizona, has experienced such a dramatic reduction in revenues, that they have been forced to cut services and expenditures in some dramatic ways. Arizona has been forced to make choices to do “less with less.” The extent of the actual and projected budget shortfall in Arizona is illustrated by the Figure 4 graph provided by Partridge. As shown, Arizona experienced a downturn in general fund revenues in 2008, which continues to this year. A reduced level of general fund expenditures have been maintained by the use of one-time budget balancing items, such as, the sales of assets and ARRA funds.

Given this problem, Partridge asked the audience, “What would you do?” He answered the question by saying that you look at everything you do as a government, and every service you provide. He spoke specifically about one-time revenues. As a Controller, you do not wish to balance a budget using one-time revenues, as it may only push off a problem until the next year. He stated that when faced with the hard reality, these revenues become part of the solution. The key is in knowing they are part of the solution, and understanding their impact today, and in the future. Many budgetary tools are used in an attempt to deal with the problems.

Among ways Arizona dealt with the problems were:
- Deferred payments
- Fund Transfers
- Bonding for Operations
- Budget Cuts – the New Normal
- Staff Cuts & Furloughs
- Pay Reductions—Elimination of Performance Pay
- Temporary Tax Increase

The results of the State’s efforts are shown by the Figure 5 graph, which shows that Arizona has been able to bring general fund expenditures into alignment with general fund revenues.

FIGURE 5: STATE OF ARIZONA: PROJECTION OF GENERAL FUND REVENUE AND EXPENDITURES AFTER CHANGES
Part Two: Examining the Issues — Breakout Sessions

The presentations served as the basis for three breakout sessions that were facilitated by the government financial management experts. Three breakout sessions were held to obtain feedback from the participants regarding the issues presented so far. All facilitators focused on the two questions, but in a different context. For example, what can you do to maintain and improve services when faced with budget cuts that are at moderate, significant and severe levels?

- How can we demonstrate leadership in the efficient use of resources by doing more, the same, or less, with fewer resources at our disposal in our financial operations?
- How can we preserve and build new ways to provide better information for decision-making with the granular data needed to make the hard choices?

Doing More With Less?

This session was moderated by Mark Reger and began with a discussion among the participants on the various initiatives being undertaken in their operations in an attempt to provide better services from their operations, with less funding. One of the initial options brought up by the group was the consolidation of back office operations to lower cost, and to create large sustained savings in financial resources. Various participants had different experiences in consolidating operations. The principle observation from the individuals who had undergone this process was that stakeholder involvement was critical to avoid problems. This was an initiative in the Treasury Department, as well as in state and local governments. A major concern among stakeholders in any consolidation or shared service scenario is the reliability of the data.

Additional observations brought out by the breakout session participants included that data analytics and sampling can be used to lessen the cost to monitor and manage operations. The current techniques are being used in audit environments, and can be adopted to modify existing processes and procedures in finance office operations, also while providing the same or better levels of service.

Another technique that was discussed was, “Value Stream Analysis”. This technique can be used to examine processes and to identify the value that each step in a process adds to the final product. It can thereby help to determine what should be changed or dismissed. Value Stream Analysis, in its simplest terms, involves examining each step in a process and then determining whether cost/waste or value is being added at this stage of the process. This type of analysis often highlights unnecessary space, distance travelled, and processing inefficiencies. Other suggestions offered included the use of benchmarking techniques, consolidating IT operations, and to consider using contractors to perform some functions.

It was evident from the discussion that access by many of the individuals in the session to these various ideas, techniques and real life experiences of other government operations is limited. The discussion then shifted to the second major objective, how we can use our position and role in the financial management community to demonstrate leadership, and effect change in government. This portion of the breakout session produced discussion around communication, and the need for financial managers to gain insight and knowledge on the issues. Leadership by the financial community will take hold if they have the knowledge and power to make changes. The primary recommendation from the participants suggested having some form of repository for sharing ideas and experiences would be very useful. The repository must be a dynamic place that encourages sharing ideas across all levels of government. This repository should be web-enabled.

Doing the Same With Less

Paul Posner facilitated this discussion of doing the same with less, and
what can be done in this environment. Posner asked the group to focus on the challenges and impacts on operations when faced with having fewer resources. This discussion addressed issues related to staff, as well as the process in dealing with resource reductions.

The participants believe that a crisis such as a reduction in resources presents opportunities, as well as problems. A major challenge in this environment is convincing everyone that things must change. Overcoming the “this is how we always did it” mentality is difficult and that there is a general mistrust of the quality of the information being provided on matters. This mistrust encompasses the government staff, as well as the public. A lack of interaction between the federal and state government is also an obstacle, as information is not always communicated. It was also felt that the public does not understand the extent of the problem, nor its future impact.

The opportunities from this crisis involve how to communicate the issues to the public and government officials at the state and federal levels. Opportunities exist for the financial managers to open the lines of communication, and to provide the public and government officials with the facts on the problems. Financial managers must provide analyses of the current, and also future impacts of decisions, performance and financials. An example of what is needed, was shared by a participant concerning a local school district. The local school district eliminated busing students to reduce costs. The effects of local traffic congestion on commuters were never considered as a congestion problem. Instead, it increased dramatically as parents transported their kids to and from school each day. Financial managers can provide information and open communication amongst the groups.

The participants then discussed strategies to handle this problem. Participants’ comments centered on several themes that included collaboration, shared services and the consolidation of operations. The primary recommendation was to increase the depth of analysis across government by incorporating future impacts on a case by case basis that considers all of the issues. It was also felt that the quality of the leadership will have a direct impact on the ability to develop the data for decision-making, and will effectuate change.

Doing Less With Less

This breakout session was facilitated by Carl Burrus and Clark Partridge. It centered on the premise that budget reductions will be, or have been, so severe that services must be cut throughout the organization and the government. In discussing the challenges in these situations, the group discussed some of the same issues as the other groups, but also several further issues around the effects on the workforce.

The breakout group began with the question, “what are the challenges you have, or will face managing budget cuts that are major in nature?” The group’s initial feedback centered on employee issues and communications. The group expressed concerns about the impacts within their own organizations on morale, as staff reductions are implemented, and skill sets are lost through reduction. Sustaining organizational capabilities was a major concern to the group as often younger staff is lost in the process.

Communication was another major concern as the need for information grows tremendously during these types of situations. Partridge spoke about his experience of having to provide information on the true cost of services to the public and decision makers. He stated that government has not done a good job communicating this information in the past. The group talked about the need for confidentiality in some cases as when dealing with staff reductions and budget cuts. It is not a good idea to release information prematurely. Trust within an organization can breakdown as stress builds. It was felt that the education of the average citizen on the issues was also a key and, communication was important in this area. It was the consensus of the group that a major role of financial managers was providing clear information on the effects of decisions to all parties at the correct time. Information was interpreted to mean, historical and prospective information.

The discussion transitioned from what challenges will be faced, to what can be done to deal with the finance issues in the environment of having to do less with less. Burrus noted that at the FAA, they were forced to examine their operations in light of the core mission of the FAA, and that this required management to be as open, and as transparent, as possible. The group felt that in this environment, it was important to examine the core functions, and to use this as an opportunity to define (or redefine) what it is you must do as an organization. The group also felt that the use of shared services and the consolidation of operations becomes a viable option for dealing with resource reductions.

An issue that echoed among all the participants involved the re-examination of mandates. The discussion focused on not only the mandates that the state imposed on localities, but also the mandates that have been imposed by the federal government. Many felt that in such situations, the issues of mandates become very important, as this will often drive resource allocations, and increase costs. Given these realities, the group recommended the consistent use of benchmarking and data analytics, as a way to deal with facts and to help determine which services could be eliminated.
Recommendations

The three breakout groups examined issues from different perspectives and reached some similar and some diverse conclusions regarding the two fundamental objectives of the Executive Session. They also developed through their debate, some suggestions for future action by AGA and the government accountability community. The answers that were developed in the context of each question, are as follows:

How can we demonstrate leadership in the efficient use of resources by doing more, the same, or less, with fewer resources at our disposal in our financial operations?

All three breakout groups agreed that it is imperative that the government finance operations take a leadership role in dealing with the crises within their organizations, and that it was important to lead by example. All groups recognized that they must do more, the same or less with a smaller budget. The crisis will foster innovation and change.

Recommendations:

- **Consolidate operations through reorganization and the development of shared services to achieve cost savings.** This should be done first within the financial management portions of an organization, and then by looking for opportunities across the agencies in the government.

- **Analyze operations using techniques such as Value Stream Analysis, Benchmarking and Lean Six Sigma to identify opportunities for improvement.** This will require training within the organization as well as among the leaders in the financial community.

- **Where possible, consider substituting analytical and/or statistical analysis techniques in lieu of traditional methods of analysis and control.** These techniques, when properly applied, can help to maintain or improve the effectiveness of operations at reduced costs while also demonstrating their value to the operational units of governments.

- **Utilize best practice guides to develop ideas for changes that work.** The guides are published by organizations such as GAO, and industry groups. They can be very useful in identifying areas for improvement or the techniques that can lead to improvement.

- **Consider, where appropriate, outsourcing operations after careful analysis.** Analyze options on a case by case basis and consider the broader impacts when making any decisions to outsource operations.

- **Establish lines of communications with stakeholders.** Stakeholders within organizations and across government agencies must be part of the process. We need to listen to concerns and provide information on future plans on changes. Consider issues of data reliability when consolidating operations and/or moving to a shared service environment.

- **Look at operations with an eye towards identifying what is required versus what has always been provided.** Use analysis to identify possible areas for streamlining operations.

Many participants felt that the development and implementation of these techniques or ideas would be greatly enhanced by the creation of a forum to exchange information and to facilitate discussions. It was suggested that perhaps a best practices website might be beneficial.
How can we preserve and build new ways to provide better information for decision-making with the granular data needed to make the hard choices?

All three groups agreed that improving the communication of information was the top priority for the government accountability community. If we are to be successful in working through the issues related to lower revenues and lower budgets, improved vehicles for communicating information to the public, legislative and government executives are important. It was felt that the public has not been well-educated regarding the overall budget problems, the factors driving the need for change and the effects of not dealing with the issues now. As Posner stated in his opening remarks, no one feels the wolf at the door yet, so there is a sense of urgency to deal with the problems. Addressing them now is much more manageable than handling it later.

The multidimensional, “Accountability Pyramid,” which links financial data with demographic and performance data should provide the government accountability community with an opportunity to deliver better information on issues. Government is shifting from the business of oversight to the business of insight. We need to capitalize on creating the tools to put the long-term consequences of decisions into perspective. In grappling with the issue of offering services with less resources as an organization, the groups recognized that they must preserve and improve the quality of the information it provides.

Offering insights about the major, long-term budget and finance issues will require continued focus on the issue of improved specialized report development. In view of the conclusions and recommendations of the executive sessions held in prior years, the group believes that some progress has been made in providing better information. The continued expansion of the Citizen-Centric Report concept across the nation is a victory. The 2011 Executive Session provided a number of recommendations that directly related to the issues examined in the 2012 Executive Session. The 2011 Executive Session offered several fundamental issues, which included:

- Develop uniform data standards
- Develop interactive tools
- Develop key performance indicators and address these indicators on audit
- Make financial information available to the public
- Design understandable reports

Many of these issues were echoed in this year’s session as well. Three key issues included, the continuing need for the development of uniform data standards, access to the data, and the design of understandable reports. The development of uniform data standards may be addressed by the efforts to move forward with the Data Act, however, the other issues can be addressed independent of that effort. The recommendations of the session participants surrounding the latter two issues are:

- **Explore the needs of legislative officials.** The need for better information for legislative officials produced in time-frames necessary for decision-making must be addressed. Balancing the need for details versus summary information will be difficult.

- **Continue to address issues of e-Reporting.** The continued development of e-Reporting will serve to speed information and address the issues of understandability as the brevity of information is applied to web-enabled products.

- **Link e-Reporting initiatives to underlying data.** e-Reporting will assist in the linkage to underlying data, which can provide the granularity needed for decision-making.

- **Leverage social media to disseminate the message.** Social media will help to disseminate the message to a wider audience.

An Opportunity for the Government Financial Management Community

The crisis will eventually force government agencies at all levels to examine new ways to do business. The methods demonstrated by the U.S. Department of the Treasury led to the conversion of paper payments to electronic payments, the consolidation of operations and functions, and offered shared service arrangements. However, the operations of government are only a portion of the solution to our problems as a nation. Achieving efficiencies in operations while maintaining the effectiveness of government agencies; and addressing issues of waste, fraud and abuse, will not close the budget gap. Governments will be forced to look at the effectiveness of programs, as well as make trade-offs in deciding which programs to fund, or to cut.

Improving the operations in government finance offices will demonstrate leadership, and we must continue to work in this area. Equally important will be our role in providing unbiased and consistent information in an effective manner to the elected officials, and to the public. This will require forward-thinking on the part of the government accountability community. Change is difficult and the groups agreed that getting governments, elected officials and the citizens to recognize that change is needed will be difficult.

Communication with decision-makers is critical. Focusing on the improved “Accountability Pyramid” whereby performance data can be arrayed against financial data is vital in this process. Multidimensional thinking is essential if
the government accountability community is going to provide better information to decision-makers.

Problems often present opportunities, and the government financial accountability community is willing to embrace the opportunity and lead by example. Van Daniker’s opening remarks challenged the group and the community to improve the ways we communicate information to users and the citizens. We need to be more timely and to provide information instead of just data. AGA has sought to do this by developing the CCR report, through educational events, through the quarterly *Journal of Government Financial Management*, and its AGA Research Report series. AGA is the organization that brings local, state, federal and the private sector together in this process. AGA, through its partnerships and working relationships with all groups and parties, has the opportunity to help facilitate change, provide information, and assist in the development of solutions.

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Steve Sossei, CPA
Appendix A: Speaker and Panelists Bios – In Order of Appearance

Relmond Van Daniker, DBA, CPA – Executive Director, AGA – Relmond Van Daniker has worked in the government financial management field for 30 years, including 26 years with associations. Since 2003, he has served as the executive director of AGA. Prior to this, he spent 18 years as the Executive Director of the National Association of State Auditors, Comptrollers and Treasurers (NASACT). Van Daniker is a past national president of the International Consortium on Governmental Financial Management (ICGFM) and was a professor of accounting at the University of Kentucky for more than 30 years. He spent three years as assistant director with the Cost Accounting Standards Board and chaired a task force to develop and implement a new statewide accounting system for the Commonwealth of Kentucky. Van Daniker was also the principal investigator for the National Science Foundation grant to develop generally accepted accounting principles (GAAP) for state governments. He is a frequent contributor to financial management industry professional journals and is the co-author of 10 books and monographs. Van Daniker received AGA’s Author Award in 1983, and the AGA National President’s Award in 2001. A native of Baltimore, MD, Van Daniker received his undergraduate degree in accounting from Loyola College, an MBA in finance and a DBA in accounting from the University of Maryland. He is a member of AGA and the AICPA.

Daniel J. Murrin, CGFM, CPA, Ernst & Young LLP, Americas Director of Government and Public Sector Services – Daniel Murrin has over 33 years of experience in the public sector audit services arena. Prior to his return to Ernst & Young in October 1992 as a Partner, Mr. Murrin was a Professional Accounting Fellow at the U.S. Government Accountability Office (GAO) for two years. Mr. Murrin’s fellowship term at the GAO coincided with the passage and implementation of the Chief Financial Officers (CFO) Act, which reemphasized financial management in the federal government. Mr. Murrin serves as a resource within E&Y on public sector auditing issues and liaison to the Government Accountability Office, Office of Management and Budget (OMB), and Federal Inspectors General community. Mr. Murrin assists E&Y teams in providing audit and advisory services to a number of federal agencies, including audit services to the Department of Health and Human Services and the Department of Education. Mr. Murrin is a frequent speaker on issues impacting the public sector and has served on committees, in board, officer, or other leadership roles for the Greater Washington Society of Certified Public Accountants, the AICPA and AGA. His leadership in the implementation of government auditing standards and the CFO’s Act is recognized in the federal financial management community, including receipt of the Andy Barr Award from AGA in 2008, the Distinguished Service to the Financial Management Community Award from the Washington DC Chapter and the 2011 President’s Award from the Greater Washington Society of CPAs. Mr. Murrin received his BS in Economics with highest honors from the Wharton School at the University of Pennsylvania.

Paul Posner, Ph.D. – Director, Public Administration Program, George Mason University. Posner led the budget and public finance work of the U.S. Government Accountability Office (GAO) for 14 years before coming to George Mason. During this period, he led GAO’s work developing long term models of the federal budget, outlining opportunities for reform in major federal programs, and recommending changes to the budget process to provide greater visibility to long term issues. He led GAO in examining experiences of other nations with deficits, surpluses and budgetary reforms such as accrual budgeting to provide fresh ideas for budgetary deliberations. He worked closely with Congress on budget issues, both near and long term, including testimonies on the long term outlook, process reforms to address entitlement growth, performance budgeting and capital budgeting. His work on the federal budget has earned him the James Blum Award, conferred by the Association of
Budget and Program Analysis to honor outstanding public budgeting leadership. He was the President of the Association for Budget and Financial Management, a section of American Society for Public Administration, and was elected to the Presidency of ASPA last year. Dr. Posner is the author of *The Politics of Unfunded Federal Mandates*, published by Georgetown University Press in 1998, and has published articles on public budgeting and federalism issues in various academic journals and books. He is a fellow of the National Academy of Public Administration and chairs their Federal Systems Panel.

**Mark Reger, CGFM, CPA** – Deputy Assistant Secretary Accounting Policy, Office of the Fiscal Assistant Secretary, U.S. Department of the Treasury. Mr. Reger has oversight responsibility for the consolidation and publishing of the Financial Report of the U.S. Government and the new Office of Financial Innovation and Transformation. He also serves as the Treasury representative on the FASAB. Prior to joining the Office of the Fiscal Assistant Secretary, Mr. Reger served as the Chief Financial Officer (CFO) of the United States Office of Personnel Management (OPM) from 2007 through May 2010. As CFO, he led OPM’s financial management operations including accounting, payroll processing, budget, financial policy, financial systems, strategic planning and coordination, performance and evaluation, internal control activities and OPM’s President’s Management Agenda program. Prior to joining OPM, Mr. Reger held leadership positions in Federal, State and Local government. He served as the CFO of the Federal Communications Commission (FCC) and the Chairman of the Small Agency Council Finance Committee. At FCC, he was responsible for the compilation of the Agency’s first auditable financial statements which received an unqualified opinion. Before coming to Washington, DC he spent 20 years in Maryland government, serving in a series of senior management positions including CFO of the Maryland Department of Agriculture and culminating in his position as the Chief Deputy Treasurer of Maryland. Mark briefly served as a Deputy Treasurer for Baltimore County Public Schools and was responsible for the Security and Information Technology functions of one of the largest school systems in the nation. He also served as a Deputy Treasurer for the District of Columbia responsible for banking and financial services.

**Carl Burrus** – Director, Office of Budget and Programs, Federal Aviation Administration. Carl is responsible for formulation, execution, and Congressional relations related the agency’s four major appropriations which total almost $16 billion. Prior to February 2011, Mr. Burrus was the Director of Financial Controls where he was responsible for overseeing the FAA’s cost reduction effort and implementing agency cost control initiatives such as the financial oversight of contracts over $10 million. In this position, Mr. Burrus also led the agency’s strategic sourcing efforts and provided financial analysis support to the CFO and the Administrator. Previously, he was a Manager in the agency’s budget office responsible for all aspects of managing the agency’s capital investments including budget formulation, presentation, justification, and execution for a $3 billion capital investment budget, a $3.4 billion airport grant program, and a $120 million research budget. Mr. Burrus holds a Bachelor of Arts in Economics and Business from North Carolina State University.

**Clark Partridge, CGFM, CPA** – Comptroller, State of Arizona - Clark has served as the Comptroller of the State of Arizona since 2002. Clark began his career with the State of Arizona’s General Accounting Office in 1989 as a supervisor. Clark held a number of responsible positions in Arizona State government before becoming Comptroller, including serving as the Chief Financial Officer in the State’s Department of Commerce and the Deputy State Comptroller from 1998 to 2001. Clark is a member of various national professional organizations, serving as an officer and on several committees. He has been a volunteer with the March of Dimes for over 30 years, serving on the board in both Utah and Arizona. Clark attended Brigham Young University on a leadership scholarship, graduating with a Bachelor of Science degree in Accounting. He is a Certified Public Accountant and Certified Government Financial Manager. His experience from the public and private sector, as well as the agency and statewide perspectives, provides a variety of insights into operations and problem resolutions. Growing up on a dairy farm, he learned the importance of hard work, planning, and persistence. He is passionate about performance, customer service, process improvement and public service.

### Endnotes

1. The Federal Government’s Long-Term Fiscal Outlook – Spring 2012 Update, GAO-12-521SP.
2. The Alternative simulation’s assumptions include that:
   - a. Discretionary spending as a share of GDP gradually rises to the 20-year historical average of 7.5 percent after 2022.
   - b. Revenue is brought back to its 40-year historical average level of 17.9 percent of GDP.
   - c. Medicare spending is based on the Centers for Medicare & Medicaid Services Office of the Actuary’s (CMS Actuary) projections that assume that policies that would restrain growth begin to phase out after 2019.
   - d. Long-term Medicaid spending is consistent with the CMS Actuary’s projections for excess cost.