



Functional Bureau Strategy

Bureau of the Comptroller and Global Financial Services

FOR PUBLIC RELEASE

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1. Executive Statement

The Bureau of the Comptroller and Global Financial Services (CGFS) endeavors to provide quality corporate financial management programs, services, and systems that advance our critical foreign policy goals and mission. Our mission is to provide an accountable, efficient and transparent financial management platform that furthers the U.S. government's and Department's global mission, provides accurate and high-value financial information, and supports quality stewardship over financial operations and resources. We are committed to delivering the highest standard of financial accountability, transparency and integrity. This includes dedicated stewardship over the assets and resources entrusted to us and our commitment to the American public to transparently demonstrate effective management and accountability.

This Functional Bureau Strategy (FBS) presents the strategic goals, objectives and key issues that will drive CGFS' efforts and define our successes over the next few years. It also, along with other documents such as the Department's annual Agency Financial Report (AFR), represents and portrays the challenging work and diligence performed on a daily basis by dedicated professionals in CGFS and around the world, in some of the most difficult operating environments. These themes build on the sound financial management foundation that we have worked diligently to establish, in order to account and report on our financial resources and modernize our corporate financial platform. Sound financial management performance strengthens financial and budget controls, increases transparency, improves overall operational effectiveness, and promotes accountability to the American public.

The scale and complexity of the Department's global mission and operations, and corresponding financial activities, is the central setting and context for our financial performance and challenges. The Department operates in over 270 embassies and consulates, located in more than 180 countries around the world. We conduct business on a 24/7 basis in over 135 currencies; account for more than \$100 billion in assets in over 500 separate fiscal accounts; maintain over 225 bank accounts around the world; and account for real and personal property assets with historical costs of more than \$34 billion. We provide the shared administrative operating platform for more than 45 other U.S. government entities overseas; and pay more than 106,000 Foreign and Civil Service, overseas local employees, and Foreign Service annuitants. These financial activities support our ability to advance America's interests on a broad range of foreign policy challenges and engagements that demand our attention.

In delivering our financial programs, CGFS, the Department's corporate finance bureau, is committed to providing world-class financial services. Our strong commitment to quality financial services is backed by our ISO-9001 certified operations and Capability Maturity Model Integration (CMMI) standard for financial systems development.

Our strong commitment to effective internal controls is fundamental to our business. The Department maintains a robust system of internal controls that are validated by senior leadership. For FY 2017, no material weaknesses in internal controls were identified by senior leadership and no material weaknesses in internal controls over financial reporting were identified by the Senior Assessment Team or the Management Control Steering Committee. In addition, as highlighted in the AFR, the Department does not have any programs at risk for making significant improper payments. In their annual assessment, the Office of the Inspector General (OIG) found the Department's improper payments program to be in compliance with Improper Payments Information Act (IPIA), as amended.

Our strong commitment to transparency and timely, accurate financial reporting is also fundamental to our business. To that end, the Digital Accountability and Transparency Act of 2014 (DATA Act) requires agency financial and payment information to be reported to the public using USASpending.gov. As required under the Act, on April 30, 2017, CGFS made its first submission of the requisite data on Department spending for the second quarter of FY 2017, and every quarter thereafter. Last year, in recognition of the exceptional quality of our AFR, the Association of Government Accountants awarded the Department the prestigious *Certificate of Excellence in Accountability Reporting*.

The external annual audit process is another essential part of our commitment to strong corporate governance and effective internal controls. The audited Financial Statements in the AFR represent the culmination of a year-round rigorous process with our partners, the OIG and the Independent Auditor, Kearney & Company. I am pleased to report that the Department received an unmodified ("clean") audit opinion on its FY 2017 Financial Statements, with no material weaknesses in internal controls over financial reporting identified by the Independent Auditor.

Interagency collaboration is essential on a range of financial services, issues and initiatives, including our liaison with Government Accountability Office stakeholders. These efforts promote problem solving, as well as leverage common goals, best practices, and economies. Through the work of the International Cooperative Administrative Support Services (ICASS) Service Center, we support the robust interagency coordination of the ICASS shared services platform to enhance administrative services platforms at our missions overseas. Finally, we provide meaningful leadership as the functional home bureau for the Department's financial management community.

Going forward, we will provide effective programs, quality services, and also continue our transformation efforts that allow us to more effectively and efficiently deliver financial programs that support the Department's vital mission. We will conduct many of these efforts in strong support of the priority areas of the President's Management Agenda. Over the next several years, there is no doubt that the use of data as a resource will be central to the Department's transformation efforts and our ability to measure performance and enhance data-informed decision making. Our support of these efforts, together with the continuous assessment and enhancement of the cyber security for our financial systems and data, will be key tasks.

While we are pleased with what has been accomplished in this and previous years, we fully recognize and appreciate that there are initiatives and items that will require our continued attention. Further, there are new requirements, initiatives, issues and opportunities for improvement right around the corner. This is particularly true given the global and complex nature of our financial operations and the daily uncertainty of the world in which we operate. First and foremost, the outstanding team of financial professionals around the world and in CGFS is up to the task of meeting these challenges. In closing, CGFS would like to extend our sincere appreciation and call attention to the Department's financial professionals, globally, who form the foundation for our success and strong financial stewardship. It is our honor and privilege to serve this great Nation and Department with you.

Christopher H. Flaggs
Comptroller

2. Bureau Strategic Framework

Goal 1. Deliver world-class financial services and systems to our customers effectively and efficiently.

Objective 1.1. Provide high-performing, customer focused, and continuously improving core financial services to the Department and our other agency customers.

Objective 1.2. Modernize, standardize, and consolidate worldwide resource management systems that support process improvement and delivery of timely, accurate, and meaningful global financial information.

Objective 1.3. Recruit and maintain a high-quality CGFS financial management workforce and support and shape a strong Financial Management Officer Corps.

Goal 2. Establish and administer an accountable, transparent, and prudent rigorous internal control, compliance, and financial reporting environment, and embrace and implement Congressional, Administration, and Departmental management initiatives.

Objective 2.1. Support the requirements and coordination for the annual external audit process and the production of the Agency Financial Report (AFR) and financial statements with an unqualified audit opinion.

Objective 2.2. Implement modernization changes to meet the President's Management Agenda, Department management initiatives, and the DATA Act.

Objective 2.3. Support the requirements and coordination for an unqualified Statement of Assurance for Internal Controls over Financial Reporting, and a strong Department-wide internal control reporting and review process.

Goal 3. Facilitate interagency coordination and liaison activities that support Department operations and delivery of effective consolidated administrative and financial shared-services.

Objective 3.1. Enhance productive interagency engagement in and understanding of the International Cooperative Administrative Support Services (ICASS) platform and identify other opportunities to provide shared-services.

Objective 3.2. Ensure effective coordination and liaison support to facilitate constructive GAO engagements and management of the Department's Advisory Committees, subject to the Federal Advisory Committee Act (FACA).

3. Goals and Objectives

Bureau Goal 1. Deliver world-class financial services and systems to our customers effectively and efficiently.

Description and Linkages

This strategic goal addresses our core responsibility to deliver a quality, responsive financial platform and services. These services and systems are critical to mission support and include paying our employees; paying our domestic and overseas vendors; collecting debts; disbursing in more than 135 currencies; and ensuring we can operate in the most challenging operating environments. These services and systems account for every transaction and provide accurate information on Department finances and spending to our posts, bureaus, senior managers, and external stakeholders. Many aspects of this goal link to Goal 4, “Ensure Effectiveness and Accountability to the American Taxpayer” in the State-USAID Joint Strategic Plan 2018-2022. For example, we are upgrading and consolidating systems, centralizing some services, and improving the way we do business to provide a modern and transformational financial management platform that furthers our critical foreign affairs mission. We are mitigating risk in many ways including our COOP strategy, internal reviews, Treasury payment controls, daily oversight of cashier operations, tracking of bank balances, etc. See Annex 2 for examples of services, risks, mitigations, and internal controls.

Bureau Objective 1.1. Provide high-performing, customer focused, and continuously improving core financial services to the Department and our other agency customers.

Justification

The Department has worked over the last decade to improve its global financial services. High-performing and customer focused financial services in accounting, disbursing, and global payroll are essential in supporting our diplomatic programs and operations domestically and overseas. In 2010, all CGFS core financial service locations (Charleston, Bangkok, Washington, and Paris) were certified under the internationally recognized ISO-9001:2008 standard – a significant accomplishment for an organization of our size and complexity. We have continued to maintain and expand our certified Quality Management System (QMS) over the last six years including adding offices in Washington DC, Sofia, and Manila. The QMS and its ISO-9001 certification ensures consistent and documented work processes, performance measurement, and clear focus on customers and continuous improvement. We are also consolidating and streamlining services and increasing automation.

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Bureau Objective 1.2. Modernize, standardize, and consolidate worldwide resource management systems that support process improvement and delivery of timely, accurate, and meaningful global financial information.

Justification

We have made significant progress in modernizing and consolidating Department resource management systems to reduce costs, complexity and training requirements. Collectively, these systems form the basis of our single global financial systems platform that supports the Department carrying out our daily mission and operations. This platform, with thousands of worldwide users, has allowed and facilitated the Department to establish and expand to less-expensive and higher-quality consolidated financial services in Charleston, Bangkok, Sofia, Manila and Paris from around the world. As importantly, its web-enabled technology allows users to work on-line from all parts of the world thereby providing accurate and up-to-date financial information for managing and reporting on Department resources. Our financial systems disburse in over 135 foreign currencies to over 50,000 vendors, payroll over 107,000 employees and retirees each month through more than 6 million transactions annually, and must support diverse activities such as our delegated role as a U.S. Treasury disbursement agent overseas. CGFS financial systems' development activities are now operated under industry CMMI standards. We continue to consolidate Department resource systems to the CGFS platform with the goals of meeting user requirements, delivering useful segments, sharing a common platform and architecture, reflecting rationalized standard business processes, and ensuring secure and compliant systems. For example, we have embarked on a multiyear effort to consolidate resource management systems to CGFS. CRMS and BRMS, ICASS and RABIT are examples of systems previously developed independently that are being fully incorporated into CGFS resources system platform. Our financial systems will meet user and federal requirements, share a common Platform and Architecture, reflect Rationalized Standard Business Processes, be developed using CMMI, and be compliant and secure.

Bureau Objective 1.3. Recruit and maintain a high-quality CGFS financial management workforce and support and shape a strong Financial Management Officer Corps.

Justification

Our financial management professionals are the core of our financial management capabilities and contribute to our ultimate success. As a Bureau, we must continually develop, support and retain first-class financial management professionals. We need to ensure that our worldwide financial personnel have the training, tools, and direction to effectively carry out their critical work. We must also ensure that our financial personnel are assigned to meet corporate financial management priorities. Unlike most other government agencies, the State Department must manage the dynamics of three personnel systems: the Foreign Service, the Civil Service, and locally employed staff overseas. In the next four years, CGFS will seek to maintain a vigorous

training program for its financial management practitioners, which encompasses training for more than 2,000 locally employed financial personnel every year, and we will provide guidance to FSI on FS and CS financial training. As the home bureau for Foreign Service financial management specialists, CGFS will continue to play a key advisory role in FMO hiring, assignments, and career development. We will also work to ensure that our policies, information, and materials are current through our Knowledge Base tool, systems implementation, training, policy guidance, and regulations (4-FAH and FAM).

Bureau Goal 2: Establish and administer an accountable, transparent, and prudent rigorous internal control, compliance, and financial reporting environment, and embrace and implement Congressional, Administration, and Departmental management initiatives.

Description and Linkages

Sound financial management performance means that the Department provides timely, accurate, and transparent data on funding and expenditures. We have a fiduciary responsibility to the American public to provide this service. In order to conduct effective and timely financial analysis, CGFS will upgrade and consolidate systems, train personnel, protect data, and support other activities to improve service to customers and efficiency. We will continue to expand our ability to provide financial and performance reporting. CGFS will continue to lead the Department's focus on financial management fundamentals – quality financial services; on-time, accurate financial statements that achieve an unqualified (“clean”) audit opinion; financial systems and processes that embrace Federal and Departmental requirements and initiatives; and sound internal controls. Many aspects of this goal link to Goal 4, “Ensure Effectiveness and Accountability to the American Taxpayer” in the State-USAID 2018-2022 Joint Strategic Plan. We are mitigating risk with on-going reviews of key internal controls including system assurance, reconciliation points, and balancing; using treasury payment controls and processes; maintaining a currency watch list; and reporting and oversight of cash accountability overseas to mention a few. See Annex 2 for examples of services, risks, mitigations, and internal controls.

Bureau Objective 2.1: Support the requirements and coordination for the annual external audit process and the production of the Agency Financial Report (AFR) and financial statements with an unqualified audit opinion.

Justification

The Agency Financial Report (AFR) is a key document in disclosing the Department's financial status and providing transparency and accountability to the American people. The AFR provides

a comprehensive view of the Department's financial activities set against the backdrop of the global issues and engagements we face as an institution working to advance U.S. interests abroad. A key component of the AFR is the Department's annual financial statements and Independent Auditor's Report thereon. The Report and the statements are a culmination of a challenging year-round process with our partners, the Independent Auditor and the Office of the Inspector General, as we deliver meaningful financial statements by November 15 each year. By doing so we demonstrate the Department's commitment to strong financial management practices to our external stakeholders.

Bureau Objective 2.2. Implement modernization changes to meet the President's Management Agenda, Department management initiatives, and the DATA Act.

Justification

We must implement financial management initiatives and compliance requirements, and ensure that the Department complies with these mandates. OMB and Treasury continue to address the Federal government's need to improve financial management and assist agencies in complying with Federal financial legislation enacted over the past quarter century. These include government-wide projects to standardize business requirements and processes, establish and implement a government-wide accounting classification, and support the financial statement and budgetary reporting to the Department of the Treasury. Internally, we must be responsive and facilitate Department initiatives and provide the necessary financial system and process solutions that enhance our operational and programmatic effectiveness.

Bureau Objective 2.3. Support the requirements and coordination for an unqualified Statement of Assurance for Internal Controls over Financial Reporting, and a strong Department-wide internal control reporting and review process.

Justification

Strong management (i.e., internal) controls, risk assessment, and reporting are the foundation for sound financial management practices. They allow the Secretary of State to provide an unqualified Statement of Assurance under the Federal Managers' Financial Integrity Act (FMFIA), as part of the Department's Agency Financial Report. CGFS plays the lead role in coordinating and directing the Department's management control and assurance reporting efforts, including chairing the Department's Management Control Steering Committee (MCSC) and Senior Assessment Team (SAT). Department management is responsible for maintaining effective internal controls and financial management systems that meet the objectives of the FMFIA. Annually, the Department conducts an assessment of the effectiveness of internal

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controls over the efficiency and effectiveness of operations and compliance with applicable laws and regulations in accordance with OMB Circular A-123, *Management's Responsibility for Internal Control*. In addition, management is responsible for establishing and maintaining effective internal controls over financial reporting, which includes safeguarding of assets and compliance with applicable laws and regulations. The Department conducts its assessment of the effectiveness of internal controls over financial reporting in accordance with Appendix A of OMB Circular A-123.

Bureau Goal 3. Facilitate interagency coordination and liaison activities that support Department operations and delivery of effective consolidated administrative and financial shared-services.

Description and Linkages

Strong interagency coordination and liaison activities are paramount to plan, coordinate, understand, and further the Department's foreign policy goals. This is particularly important with respect to the CGFS ICASS Service Center's role in supporting an effective overseas management platform for U.S. government foreign policy operations and to mitigate risk. It is also true in working with the GAO on facilitating efficient and productive engagements that the Department accurately reflects our programs, operations, and positions. Almost 30 percent of the Department's \$3.5 billion shared management services platform that CGFS supports overseas is funded by other U.S. government agencies at more than 170 U.S. missions abroad. A fair and transparent distribution of shared support costs requires interagency governance and oversight that is established and maintained through the Department's ICASS system. Participation of all stake-holders requires extensive liaison and coordination, bringing together service providers and customer agencies to make cooperative decisions in establishing priorities, funding levels, and policies that govern how costs are shared. Many aspects of this goal link to Goal 4, "Ensure Effectiveness and Accountability to the American Taxpayer" in the 2018-2022 State-USAID Joint Strategic Plan. For example, ICASS uses an annual customer satisfaction survey to identify areas which are working well and those which need enhancement in meeting customer needs, and to enable us to respond to Congress, GAO, and others about the effectiveness of the ICASS platform in meeting customer needs.

Bureau Objective 3.1. Enhance productive interagency engagement in and understanding of the International Cooperative Administrative Support Services (ICASS) platform and identify other opportunities to provide shared-services.

Justification

Positive engagement with customer agencies builds confidence in a shared management platform at overseas missions. This in turn eliminates redundant and parallel support functions, resulting in savings to the US Government as a whole, and reduction of our footprint in dangerous or hardship locations. To make that overseas management platform more efficient and transparent, we introduced data-based approaches to report service provider performance and to measure results. Some examples include the post *Annual Performance Assessment*, the LE (locally-employed) staffing analysis report, and improved reporting from the customer satisfaction survey. These products encourage a results-focused ethic among service providers and strengthen customer confidence and the transparency that is essential to a shared services platform.

Bureau Objective 3.2. Ensure effective coordination and liaison support to facilitate constructive GAO engagements and management of the Department's Advisory Committees, subject to the Federal Advisory Committee Act (FACA).

Justification

Constructive and well-coordinated GAO engagements ensure that Department programs and positions are accurately reflected and understood by our GAO stakeholders. It ensures that information and data is provided in a manner consistent with Department authorities and appropriately coordinated and communicated throughout the Department. The CGFS GAO Liaison Office also provides effective coordination with GSA to facilitate the creation and overall management of the Department's federal advisory committees and ensures FACA and GSA compliance requirements are understood and followed by Department bureaus.

4. Cross-cutting Management Objectives or Management Goal

All three Bureau Goals and the eight Bureau Objectives require “Management” and therefore CGFS did not create a separate Management Goal. However, we believe the best cross-cutting Management Objective is:

Objective 1.3. Recruit and maintain a high-quality CGFS financial management workforce and support and shape a strong Financial Management Officer Corps.

We cannot have effective management unless we have a high-quality financial management workforce and strong Financial Management Officer Corps.