

# Treasury Franchise Fund

## Mission Statement

To offer world-class administrative solutions that provides value to Treasury and other federal customers while allowing them to concentrate on their core missions.

## Program Summary by Budget Activity

Dollars in Thousands

	FY 2007	FY 2008		FY 2009	
Treasury Franchise Fund	Obligated	Estimated	Estimated	\$ Change	% Change
Consolidated/Integrated Administrative Management	\$419,041	\$189,763	\$0	(\$189,763)	-100.00%
Financial Management Administrative Support Services	109,615	113,819	122,284	8,465	7.44%
Financial Systems, Consulting and Training	13,671	12,923	13,727	804	6.22%
<b>Total Resources</b>	<b>\$542,327</b>	<b>\$316,505</b>	<b>\$136,011</b>	<b>(\$180,494)</b>	<b>-57.03%</b>

## FY 2009 Priorities

- Reduce the cost of administrative services for Treasury through sharing costs with other agencies.
- Develop quantitative performance measures that demonstrate cost savings to Treasury and other agencies.
- Increase the efficiency and effectiveness of Treasury's administrative business processes.
- Enhance the system environment of Treasury's administrative operations by eliminating duplication and reducing information technology support costs.
- Create a stronger shared services organization structure for Treasury.

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## **Section 1 – Purpose**

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### **1A – Description of Bureau Vision and Priorities**

The vision of the Treasury Franchise Fund (the Fund) is to transform the administrative support arena in the Department of the Treasury (Treasury) and help other federal agencies by creating a shared services business model that can offer marketplace success through competition. The Franchise Fund provides value to its customers by reducing costs while increasing the efficiency of administrative services.

The Franchise Fund businesses have been leaders in redefining the methods for delivering administrative products and services that combine streamlined processes, simplified rules, full accountability, competitive costing, timely completion, and one-stop shopping for customers. Franchise Fund efforts have resulted in significant dollar savings within Treasury and throughout the federal government primarily through the following franchising objectives:

- Promote efficiencies in the delivery of administrative products and services
- Eliminate redundant systems and reducing duplication of effort
- Foster competition
- Enhance customer satisfaction

During FY 2007, Treasury transferred management and operations of the FedSource franchise business activity from its host, Departmental Offices, to the Bureau of the Public Debt. In FY 2008 the Treasury Franchise Fund is comprised of three Franchise Business Activities.

- Bureau of the Public Debt (BPD) Franchising (FedSource and the Administrative Resource Center)
- Federal Consulting Group (FCG)
- Financial Management Service Treasury Agency Services (TAS)

The Fund reports the activity of the three Businesses in three Budget Activities that represent the various service offerings.

#### Consolidated/Integrated Administrative Management – Includes BPD Franchising-FedSource

Treasury decided to transition out of the interagency acquisition business operated by FedSource by the end of FY 2008 because it was determined the work was outside the scope of Treasury's core mission. Efforts to relocate the business to another government agency were unsuccessful which led to steps being taken to shut down FedSource. To close out the business line, management and operational responsibility of FedSource was transferred from its previous host, Departmental Offices, to the Bureau of the Public Debt in FY 2007. In addition, the Fund is discontinuing the Consolidated/Integrated Administrative Management budget activity in FY 2009. Estimates of any residual

business are included in the Financial Management Administrative Support Services budget activity for the host organization (BPD Franchising - ARC)

During FY 2008, the BPD Franchising-FedSource's priorities are to:

- Ensure a smooth transition for customers and vendors
- Provide employees with job placement and separation assistance
- Keep the cost of the closeout to a minimum

Financial Management Administrative Support Services – Includes BPD Franchising-Administrative Resources Center (ARC)

For the past 11 years, ARC has provided federal agencies with common administrative support in the areas of accounting, procurement, travel, human resources, and information technology. With a focus on excellence and superior service, ARC's mission is to advocate "good government" by improving overall effectiveness through the delivery of responsive and cost effective administrative support to its customers. In addition to high quality administrative support, benefits are also realized by improving customers' ability to effectively discharge their mission.

ARC's priorities over the next two years are to:

- Work with the Financial Management Line of Business (FMLOB) and Financial Systems Integration Office (FSIO) to define the role of Federal Shared Service Providers
- Upgrade infrastructure to meet Federal Shared Service Provider demands
- Review and streamline processes to strengthen controls and ensure high quality, value added services at the lowest possible cost

Financial Systems, Consulting and Training – Includes the Federal Consulting Group (FCG) and Treasury Agency Services (TAS)

The mission of the Federal Consulting Group (FCG) is to provide services to federal agencies to support their efforts to become more efficient, effective, citizen-centric, results-oriented, and market based. FCG's mission directly supports the President's vision for government reform and is guided by these principles. FCG works with federal agencies to improve the services and performance they deliver to or on behalf of the American people so that these organizations can contribute to conditions of prosperity and stability.

The FCG's three business lines--Consulting, Executive Coaching, and Performance Measurement and Customer Satisfaction--provide federal agencies with innovative solutions using the latest management and information technology tools, techniques, and best practices. FCG provides guidance to meet the requirements of the President's Management Agenda, the Government Performance and Results Act, and the Program Assessment Rating Tool. FCG assists federal agencies in meeting performance improvement mandates while simultaneously accomplishing their core mission.

The Performance Measurement and Customer Satisfaction (PMCS) Business Line focuses on aiding federal agencies in understanding what internal and external customers think of their efforts and improving overall customer satisfaction. This is accomplished through the use of the American Customer Satisfaction Index (ACSI), which is the world's leading metric for assessing and improving customer satisfaction. Working with the University of Michigan, which provides access to the patented ASCI methodology, this business line compiles an annual benchmark of customer satisfaction for the federal government. Due to the emphasis on assessing and improving customer satisfaction with government agencies, this benchmark continues to rise and is nearly as high as customer satisfaction in the private sector. The PMCS area is also playing a key role in the evolution of electronic Government, a key element of the President's Management Agenda. The use of the ACSI to continuously assess and improve the satisfaction of website visitors is increasing trust and confidence in government, expanding the use of federal websites, and reducing operational costs by encouraging citizens to use the internet to access federal information, services, and programs.

FCG's priorities over the next two years are to:

- Continue to reduce administrative overhead costs
- Continue to strengthen internal controls
- Expand service offerings within business lines
- Achieve Balanced Scorecard Performance Goals
- Continue to achieve high customer service score through the use of the American Customer Satisfaction Index (ACSI)

Treasury Agency Services (TAS) shares one common mission with the Financial Management Service (FMS) – to help agencies improve the quality of government financial management. TAS' vision is to be the partner of choice for federal managers seeking financial management improvements and success. TAS' strength is found in FMS' expertise combined with an entrepreneurial perspective. TAS is a reimbursable source for information, advice, assistance, and training that reflect today's environment and are customized to meet client agency requirements. These services provide the venue for linking program objectives with the best financial management practices.

TAS has two major business lines.

- The **Consulting service line** provides cash reconciliation services as well as the preparation of monthly and year-end reports. In addition, the Consulting service line provides financial management assistance, such as, operational reviews, internal control reviews, financial reporting compliance reviews, standard general ledger conversions, strategic planning, and cost management.
- The **Financial Education service** line offers open enrollment and agency specific financial courses, seminars, conferences and workshops. The focus of this education and training is to provide background, orientation, and skills in existing and new financial legislation, regulations, and practices.

TAS' priorities over the next two years are to:

- Gain internal support for future business in the Fund
- Expand service offerings within FMS' government-wide accounting initiative to help educate financial personnel across the government

### **1B – Program History and Future Outlook**

The Government Management Reform Act of 1994 (GMRA) authorized the establishment of six Franchise Fund Programs within the federal government. The franchise concept was built on OMB's 12 operating principles for business-like organizations:

- Competition Between Providers
- Customers Exit Voluntarily
- Full Cost Recovery
- Ability to Handle Surges in Business
- FTE Accountability
- Initial Capitalization
- Dynamic Adjustments
- Cessation of Activities
- Clear Organizational Structure
- Service Oriented
- Measured Performance
- Benchmarked Performance

In 1996, OMB designated the Department of the Treasury as one of the six Executive Branch agencies authorized to establish a franchise fund program. The Treasury Franchise Fund began operations in 1997 with the following six Franchise Business Activities (FBA):

- Center for Applied Financial Management
- Federal Quality Consulting Group
- Go-To.Gov
- FBA-Central
- FBA Seattle
- FBA-West

Over the past decade, many new Franchise Business Activities have joined the Fund. Business entities, such as the Rocky Mountain Regional CASU and the Administrative Resource Center, sought out the Treasury Franchise Fund because of the financial flexibilities that were offered. At the same time, businesses have left the Fund. Businesses such as the Inspector General Auditors Training Institute left the Fund because they could not meet the Fund's business benchmarks. Also during this time, several businesses consolidated to form new Franchise Business Activities within the Fund. For example, FedSource was created by consolidating several Franchise Business Activities that provided similar service lines.

As businesses have come and gone, the size of the Fund changed over the years. The Fund evolved in terms of the number of businesses, amount of revenue earned, and the

number of FTEs supported. The Fund's original six businesses had less than 80 FTE and earned \$38 million of revenue in the first year of operation. In FY 2007, the Fund had only 3 businesses, 769 FTE, and earned \$519 million of revenue. With the closeout of FedSource in FY 2008, the largest revenue producer, the Fund is projecting FY 2009 FTE of 793 and revenues of \$137 million.

### *Demonstrated Success – Eliminating Duplication*

#### *Shared Platform and Services*

As a shared service provider the Administrative Resource Center (ARC) performs full-service transaction processing and reporting for many customers. The establishment of the ARC reduced the number of federal administrative systems. By providing access to an integrated system platform for accounting, travel, procurement, human resources, and information technology services, ARC, a Center of Excellence for Financial Management, now provides:

- 31 organizations with administrative accounting services
- 39 organizations with travel services
- 30 organizations with procurement services
- 28 organizations with personnel services
- 11 organizations with information technology services

The consolidation of these federal customers onto a shared systems platform provided substantial savings to the federal government. These organizations now get better system license costs and share the costs associated with operations and maintenance. In addition to the cost savings, these organizations are upgraded to the latest version of the software and reach compliance with the E-Government initiatives simultaneously as opposed to each organization managing these projects independently. For example, ARC's standard solution currently supports the following E-Government initiatives.

- E-Travel – Integration exists between Northrup Gruman's GovTrip system and core accounting system.
- E-Payroll – Integration exists between all four payroll providers and core accounting and labor distribution systems.
- Grants.gov – Integration exists between Department of Health and Human Services Payment Management System and core accounting system.

In the past, the Department of the Treasury had a decentralized administrative service environment. There were 15 different Bureaus and organizations within Treasury running their own accounting, procurement, and travel systems on various platforms. Each organization trained separate staffs to manage their systems and process their transactions. With the evolution of the Administrative Resource Center (ARC), Treasury moved to a shared services environment where 12 of the 15 entities share systems on a single integrated platform. In addition, many of the Bureaus take advantage of ARC's experienced staff to process their transactions and provide their reporting.

### Demonstrated success –Timeliness and Accuracy

#### *Timely Financial Information*

The Administrative Resource Center (ARC) has always been among Treasury's best in quality and timeliness of financial reporting. ARC strives to set the example for efficiency and quality in the area of financial reporting. With Oracle's reporting tool (Discoverer), federal managers have real-time data at their fingertips any day of the month. By closing their customer's books by the third business day following each month, timely financial data (such as unobligated balances) is quickly in the hands of federal managers for decision-making. By closing the books five business days after year-end, federal managers have the data necessary to provide year-end reporting well ahead of their counterparts in other agencies.

There is no better test for the accuracy and quality of financial data than an annual financial statement audit. The Treasury Franchise Fund has received 10 straight "clean" audit opinions. Externally, ARC has assisted customers in achieving clean audit opinions and also maintains an exceptional internal control structure. Each year ARC undergoes a SAS-70 audit that verifies the entire control structure from disbursement processing to financial reporting. The SAS-70 enhances customer confidence in ARC's systems and services and reduces the agencies' annual financial statement audit costs as auditors rely on the SAS-70 audit work.

### Demonstrated Success – Efficiency

Efficiency is the ability to perform well or achieve a result without wasting energy, resources, effort, time or money. Competition, a cornerstone of the franchising concept, has been the impetus behind improving government efficiency. Competition has increased the focus of service providers on the needs of the customer, introduced the need for market solutions (instead of administrative bureaucracy), decentralized authority, and improved efficiency by delivering better services at lower costs in the most effective manner.

#### Future Outlook

Through FY 2009 the Fund will maintain its commitment to excellence and will continue to meet or exceed all strategic goals and benchmarks. With the elimination of the FedSource business line at the end of FY 2008, the Fund will look to grow existing business lines and add other value added, marketable administrative services. In addition, the Business Activities will continue to provide value to Treasury and non-Treasury agencies by providing cost sharing opportunities and eliminating duplicate systems.

#### Quantifying Cost Savings

The Treasury Franchise Fund plans to expand its performance measurement with an emphasis on cost savings. In the past, the Franchise Business Activities have been challenged to demonstrate specific quantitative cost savings. Many times the effort



necessary to capture and track specific quantitative cost savings is prohibitive. In other cases, baseline costs necessary for comparisons are known only to our customers. Customers are reluctant to share these costs with the businesses that provide them services. The Franchise Fund and its businesses must provide incentives to its customers to share this cost data. It is imperative to demonstrate cost savings to Treasury and non-Treasury customers, as well as OMB, who manages the Line of Business initiatives.

The Fund also plans to expand its performance measurement on internal cost data. Cost data including transaction and process costs can be tracked to demonstrate cost savings. While it is difficult to compare this data to relevant industry standards because of the significant differences in cost accumulation, the data could be compared internally and tracked year-to-year to show progress.

### **1C – Industry Outlook**

There is a positive outlook for the shared services sector in the federal government. The Fund anticipates further growth in this sector due to OMB's Line of Business (LOB) initiatives.

There is tremendous synergy between the business model established by the Treasury Franchise Fund over 11 years ago and the recent initiatives being rolled out by OMB. Each model supports the concept of sharing costs across agencies to reduce each entity's cost burden, especially capital investments in systems. In addition, most of the Lines of Business use the concept of competition to keep the costs of service providers to a minimum and to allow customer agencies to shop around for the service provider that best satisfies their needs.

## Section 2 – Budget Adjustments and Appropriation Language

### 2.2 – Operating Levels Table

Dollars in Thousands

Bureau: Treasury Franchise Fund	FY 2007 Obligated	FY 2008 Estimated	FY 2009 Estimated
<b>FTE</b>	<b>769</b>	<b>830</b>	<b>793</b>
<b>Object Classification:</b>			
11.1 - Full-time permanent	46,940	52,037	50,514
11.3 - Other than full-time permanent	434	503	498
11.5 - Other personnel compensation	2,607	2,436	2,378
11.8 - Special personal services payments	0	0	0
12 - Personnel benefits	13,908	15,928	15,765
13 - Benefits for former personnel	86	866	0
21 - Travel and transportation of persons	1,317	1,621	1,437
22 - Transportation of things	531	126	83
23.1 - Rental payments to GSA	1,728	1,103	16
23.2 - Rental payments to others	499	151	39
23.3 - Comm, utilities, and misc charges	1,886	1,442	1,301
24 - Printing and reproduction	94	109	86
25 - Other contractual Services	0	0	0
25.1 - Advisory and assistance services	15,084	10,108	9,207
25.2 - Other services	417,001	193,932	25,778
25.3 - Other purchases of goods and services from Govt. accounts	26,098	25,366	23,313
25.4 - Operation and maintenance of facilities	128	89	92
25.5 - Research and development contracts	0	0	0
25.6 - Medical care	0	0	0
25.7 - Operation and maintenance of equip	4,390	1,828	1,187
25.8 - Subsistence and support of persons	0	0	0
26 - Supplies and materials	941	489	426
31 - Equipment	8,288	8,361	3,889
32 - Land and structures	342	8	0
33 - Investments and loans	0	0	0
41 - Grants, subsidies, and contributions	0	0	0
42 - Insurance claims and indemnities	0	1	1
43 - Interest and dividends	25	1	1
44 - Refunds	0	0	0
<b>Total Budget Authority</b>	<b>\$542,327</b>	<b>\$316,505</b>	<b>\$136,011</b>
<b>Budget Activities:</b>			
Consolidated/Integrated Administrative Management	419,041	189,763	0
Financial Management Administrative Support Services	109,615	113,819	122,284
Financial Systems, Consulting and Training	13,671	12,923	13,727
<b>Total Budget Authority</b>	<b>\$542,327</b>	<b>\$316,505</b>	<b>\$136,011</b>

## 2.3 – Resource Detail Table 1/

(Dollars in Thousands)

	FY 2007		FY 2008		FY 2009		% Change FY 2008 to FY 2009	
	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>Budgetary Resources:</b>								
<b>Revenue / Offsetting Collections</b>								
Financial Mgt. Admin. Support Services		\$107,615		\$115,950		\$123,000		6.08%
Consolidated/Integrated Admin. Mgt.		411,047		182,321		Discontinued		N/A
Financial Systems, Consulting & Training		12,577		13,326		14,281		7.17%
<b>Total Revenue / Offsetting Collections</b>		<b>\$531,239</b>		<b>\$311,597</b>		<b>\$137,281</b>		<b>-55.94%</b>
<b>Expenses</b>								
Financial Mgt. Admin. Support Services	642	\$109,615	729	\$113,819	754	\$122,284	3.43%	7.44%
Consolidated/Integrated Admin. Mgt.	105	419,041	65	189,763		Discontinued	N/A	N/A
Financial Systems, Consulting & Training	22	13,671	36	12,923	39	13,727	8.33%	6.22%
<b>Total Expenses</b>	<b>769</b>	<b>\$542,327</b>	<b>830</b>	<b>\$316,505</b>	<b>793</b>	<b>\$136,011</b>	<b>-4.46%</b>	<b>-57.03%</b>
<b>Net Results</b>								
Financial Mgt. Admin. Support Services		-\$2,000		\$2,131		\$716		-66.40%
Consolidated/Integrated Admin. Mgt.		-7,994		-7,442		Discontinued		N/A
Financial Systems, Consulting & Training		-1,094		403		554		37.47%
<b>Net Results</b>		<b>-\$11,088</b>		<b>-\$4,908</b>		<b>\$1,270</b>		<b>-125.88%</b>

*1/ To ensure consistency with the President's Budget, fiscal year 2007 actual amounts in Table 2.3 represent the budgetary resources and new obligations for the Fund. Other references to fiscal year 2007 actual amounts contained within the narrative are based on the Fund's actual results of operations (revenue, expenses and net operating results).*

## 2B – Appropriations Language and Explanation of Changes

The Treasury Franchise Fund receives no appropriated funds from Congress.

## 2C – Legislative Proposals

The Treasury Franchise Fund has no legislative proposals for FY 2009.

### Section 3 – Budget and Performance Plan

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This table lists all FY 2009 resources by strategic goal, objective and outcome outlined in the FY 2007-2012 Treasury Department Strategic Plan. The Treasury Strategic Plan is a corporate level plan for the Department that provides a description of what the agency intends to accomplish over the next five years.

For detailed information about the FY 2007-2012 Treasury Strategic Plan, please go to: [http://www.treasury.gov/offices/management/budget/strategic\\_plan.shtml](http://www.treasury.gov/offices/management/budget/strategic_plan.shtml)

#### 3.1 – Budget by Strategic Outcome

Dollars in Thousands

TREASURY Strategic Outcome	FY 2008 Estimated AMOUNT	FY 2009 Estimated AMOUNT	Percent Change AMOUNT
Aligned organization	316,505	136,011	-57.0%
<b>Total</b>	<b>\$316,505</b>	<b>\$136,011</b>	<b>-57.0%</b>

**3A – Consolidated/Integrated Administrative Management** (*No funding*): This Budget Activity consists of only one Franchise Business Activity, BPD Franchising-FedSource.

The mission of FedSource was to provide entrepreneurial business solutions for the acquisition and financial management of common administrative services and products in support of agency missions and objectives. FedSource focused on support services and copier/printer management.

Treasury decided to transition out of the interagency acquisition business operated by FedSource by the end of FY 2008 because it was determined this work was outside the scope of Treasury's core mission and independent audits identified several internal control weaknesses. Efforts to relocate the business to another government agency were unsuccessful which led to steps being taken to shut down FedSource. The Treasury Franchise Fund's FY 2009 budget submission reflects the discontinuance of the Consolidated/Integrated Administrative Management budget activity. Estimates of any residual business are included in the host's organization's budget activity, Financial Management Administrative Support Services.

### 3.2.1 – Consolidated/Integrated Administrative Management Budget and Performance Plan

Consolidated/Integrated Administrative Management Budget Activity					
	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
Resource Level	Obligated	Obligated	Obligated	Estimated	Estimated
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	\$701,150	\$540,586	\$419,041	\$189,763	\$0
<b>Total Resources</b>	<b>\$701,150</b>	<b>\$540,586</b>	<b>\$419,041</b>	<b>\$189,763</b>	<b>\$0</b>
<b>Budget Activity Total</b>					
	<b>\$701,150</b>	<b>\$540,586</b>	<b>\$419,041</b>	<b>\$189,763</b>	<b>\$0</b>

Consolidated/Integrated Administrative Management Budget Activity					
Measure	FY 2005	FY 2006	FY 2007	FY 2008	FY 2009
	Actual	Actual	Actual	Target	Target
Customer Satisfaction Index - Consolidated/Integrated Administrative Mngmnt (%) (Oe)	71%	51%	0%	74%	n/a
Operating expenses as a percentage of revenue--Consolidated/Integrated Administrative Management (%) (E)	4%	4%	4%	12%	n/a

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

#### *Description of Performance:*

Since making the decision to close-out the FedSource business line, all efforts have been focused on ensuring a smooth transition for customers and vendors, providing employees with job placement and separation assistance and minimizing close-out costs. Therefore, the Fund's performance targets will not be applied to the BPD Franchising – FedSource business line.

In FY 2007, FedSource accounted for over 75% of the Fund's gross revenue. Accordingly, closing the business line significantly reduces the Franchise Fund's budget estimates for FY 2008 and FY 2009. In addition, it is estimated that FedSource's administrative costs will be significantly higher in FY 2008 as customer accounts and offices are closed. FedSource ended FY 2007 with a \$2.5 million loss and it is estimated that they will lose an additional \$7.4 million in FY 2008 as the closeout is completed. These losses and any unforeseen claims and disputes, will be covered using FedSource's operating reserves. For FY 2009, the Fund has discontinued the Consolidated/Integrated Administrative Management budget activity. Estimates of any residual business are included in the host organization's budget activity, Financial Management Administrative Support Services.

**3B – Financial Management Administrative Support Services (\$122,284,000 from reimbursable programs):** This Budget Activity consists of only one Franchise Business Activity, BPD Franchising-ARC.

The Financial Management Administrative Support Activity supports the President's Management Agenda and furthers "good government" by standardizing administrative

financial systems and processes required to operate federal organizations. Value is provided through economies of scale in systems and operating costs and other high quality, value added services. ARC provides traditional administrative support functions with a focus on accounting, procurement, travel, human resources, and information technology services. This program has been very successful in meeting its mission goals as evidenced by the increasing demands for its services and the level of satisfaction expressed by its customers.

As a Center of Excellence for Financial Management, ARC has delivered improvements in several areas. Overall, the number of federal administrative systems has been reduced. ARC's integrated platform for accounting, travel, procurement, and personnel functions ensure that shared expectations are met and consistent accounting practices are used.

In addition to improved service, consolidation of federal customers onto a shared systems platform offers the opportunity for overall savings for the federal government. Volume discounts for items such as license and service agreements, together with a consolidated voice for changes and software improvements, mean better service for customers. Attention to software upgrades and information technology security initiatives also add to the benefits.

### 3.2.2 – Financial Management Administrative Support Services Budget and Performance Plan

<b>Financial Management Administrative Support Services Budget Activity</b>					
<b>Resource Level</b>	<b>FY 2005 Obligated</b>	<b>FY 2006 Obligated</b>	<b>FY 2007 Obligated</b>	<b>FY 2008 Estimated</b>	<b>FY 2009 Estimated</b>
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	\$74,850	\$88,735	\$109,615	\$113,819	\$122,284
<b>Total Resources</b>	<b>\$74,850</b>	<b>\$88,735</b>	<b>\$109,615</b>	<b>\$113,819</b>	<b>\$122,284</b>

<b>Budget Activity Total</b>	<b>\$74,850</b>	<b>\$88,735</b>	<b>\$109,615</b>	<b>\$113,819</b>	<b>\$122,284</b>
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<b>Financial Management Administrative Support Services Budget Activity</b>					
<b>Measure</b>	<b>FY 2005 Actual</b>	<b>FY 2006 Actual</b>	<b>FY 2007 Actual</b>	<b>FY 2008 Target</b>	<b>FY 2009 Target</b>
Customer Satisfaction Index - Financial Mgmt Admin Support Services (%) (Oe)	71%	75%	0%	74%	74%
Operating expenses as a percentage of revenue--Financial Management Administrative Support (%) (E)	9%	17%	15%	12%	12%

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

#### *Description of Performance:*

ARC continued to demonstrate operations of a profitable franchise business in FY 2007. However, for FY 2008 and FY 2009, ARC estimates lower customer and revenue growth as they position themselves to support their role as a Federal Shared Service Provider and oversee the closeout of FedSource.

To measure customer satisfaction, the Fund uses the American Customer Satisfaction Index (ACSI). This advanced customer satisfaction measurement tool is exhaustive and provides actionable results. Due to the costs, ACSI measurements are not taken annually for each business. The Franchise Business Activities have the option of using internal customer satisfaction survey tools during years the ACSI is not used. Internal customer satisfaction survey scores are not officially tracked and reported because they use a different rating scale. Although ARC is reporting actual FY 2007 ACSI score of not applicable, an internal customer satisfaction survey was conducted, resulting in an overall customer satisfaction rate of 91 percent.

**3C – Financial Systems, Consulting and Training** (*\$13,727,000 from reimbursable programs*): This Budget Activity consists of two Franchise Business Activities, Federal Consulting Group and Treasury Agency Services.

The mission of the Federal Consulting Group (FCG) is to work with other federal agencies to support their transformation efforts to become more efficient, effective, citizen-centric, and results-oriented. FCG's three business lines - Measuring Performance and Customer Satisfaction, Consulting, and Executive Coaching - provide federal agencies with innovative solutions using the latest management and information technology tools, techniques, and best practices.

- The Performance Measurement and Customer Satisfaction business line focuses on aiding federal agencies in understanding what internal and external customers think of their efforts and improving overall customer satisfaction. This is accomplished through the use of the American Customer Satisfaction Index (ACSI), which is the world's leading metric for assessing and improving customer satisfaction and other measures of customer and employee satisfaction.
- The Consulting business line focuses on assisting federal agencies in achieving organizational effectiveness through strategic planning, organizational development, process improvement, and workforce planning. FCG provides guidance to meet the requirements of the President's Management Agenda and the Program Assessment Rating Tool. Other services include conducting Baldrige and various types of program assessments.
- The Executive Coaching business line focuses on leadership development, team building, appreciative inquiry, executive coaching/mentoring, personal leadership skills and feedback coaching.

The mission of Treasury Agency Services (TAS) is to help agencies improve the quality of government financial management. TAS, hosted by the Financial Management Service, is a provider of information, advice, assistance, and training that is customized to meet today's environment and client agencies' requirements.

### 3.2.3 – Financial Systems, Consulting and Training Budget and Performance Plan

Financial Systems, Consulting and Training Budget Activity					
Resource Level	FY 2005 Obligated	FY 2006 Obligated	FY 2007 Obligated	FY 2008 Estimated	FY 2009 Estimated
Appropriated Resources	\$0	\$0	\$0	\$0	\$0
Reimbursable Resources	\$12,250	\$13,133	\$13,671	\$12,923	\$13,727
<b>Total Resources</b>	<b>\$12,250</b>	<b>\$13,133</b>	<b>\$13,671</b>	<b>\$12,923</b>	<b>\$13,727</b>
<b>Budget Activity Total</b>					
	<b>\$12,250</b>	<b>\$13,133</b>	<b>\$13,671</b>	<b>\$12,923</b>	<b>\$13,727</b>

Financial Systems, Consulting and Training Budget Activity					
Measure	FY 2005 Actual	FY 2006 Actual	FY 2007 Actual	FY 2008 Target	FY 2009 Target
"Customer Satisfaction Index - Financial System, Consulting & Training"	71%	81%	0%	74%	74%
"Operating expenses as a percentage of revenue--Financial Systems, Consulting and Training (%) (E)"	11%	10%	7%	12%	12%

Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Cust. Satisfaction

#### *Description of Performance:*

##### Federal Consulting Group (FCG)

FCG has been consistently earning a profit since its inception. FCG anticipates controlled revenue growth from FY 2007 to FY 2009. The expansion of “Performance Measurement and Customer Satisfaction” as FCG’s top business line has helped generate consistent revenue.

FCG worked hard to keep operating costs to a minimum. As a result, they have consistently met the Fund’s operating percentage benchmark by keeping their operating costs less than 12 percent of their total revenue. This shows that FCG is running a lean organization and is placing emphasis on costs that directly impact the customer rather than overhead.

FCG offers the American Customer Satisfaction Index (ACSI) as a tool for the federal government to measure customer satisfaction. It is only fitting that FCG maintains one of the highest indexed scores in the federal government. FCG received considerable feedback and actionable data from last year’s rating. As a result FCG chose not to undergo a new rating in FY 2007 until they could make changes and implement the action items from last year’s process.

##### Treasury Agency Services (TAS)

TAS ended FY 2007 with a \$75 thousand loss. TAS has struggled the last several years to break-even. It made significant strides in FY 2007 by reducing overhead costs. TAS reduced its rent costs in FY 2007 by \$212,000. This helped TAS meet the Fund’s performance target of keeping its operating expenses below 12 percent of its total revenue. In FY 2007, TAS also reduced salaries and benefits by approximately \$800,000 and experienced a drop in revenue of almost 27 percent. The loss in FY 2007 was fully



covered by TAS' equity (almost \$1 million) generated while in the Fund. TAS estimates positive net results in FY 2008 and FY 2009.

TAS plans to increase revenue by offering more financial training classes, expanding marketing efforts, and developing new product lines such as providing agencies with training and assistance on Government-wide Accounting projects.

TAS also decided not to perform an American Customer Satisfaction Index (ACSI) survey in FY 2007. They monitored customer satisfaction based on feedback from class participation and customer responses. TAS will participate with the other businesses next year to use the ACSI. TAS' internal customer satisfaction rating was 84 percent for FY 2007.

For detailed information about each performance measure, including definition, verification and validation, please go to:

<http://www.treasury.gov/offices/management/dcfo/accountability-reports/2007-par.shtml>

## **Section 4 – Supporting Materials**

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### **4A – Human Capital Strategy Description**

The Fund relies heavily on its host Bureaus (BPD, FMS, and DO) to provide the basis of its human capital strategy. Each bureau has done significant work in this area. The Fund, in a supplemental role, continues to improve recruitment, retention, professional development and evaluation strategies. The Fund makes full use of special hiring authorities, such as the Federal Career Intern, Outstanding Scholar and Student Career Experience Programs. With a significant portion of the FTE's located in Parkersburg, WV, the Fund has had a great deal of success recruiting highly qualified personnel.

The Treasury Franchise Fund maintains its “EthicSmart” initiative that increases awareness of ethical dilemmas that are heightened in a service business environment. This initiative helps support one of the Fund's goals of complying with relevant laws and regulations. The program is designed to help convey management's desire to create an environment where employees can make the right decision and take the right course.

### **4B – Information Technology Strategy**

The businesses in the Treasury Franchise Fund (TFF) use their host bureaus for information technology (IT) strategic planning. If the Fund developed crosscutting or corporate level IT investment needs, the Fund's Advisory Board could function as an Investment Review Board (IRB). In this role, the Fund's Advisory Board would monitor investment activity. All IT investments would be supported by a business need and the investment must add value to the services TFF provides its customers. When reviewing investments, the TFF IRB would consider/address these questions:

- Does the IT investment support core/priority mission functions that need to be performed by the Treasury Franchise Fund?
- Does the project have to be undertaken by the Franchise Fund because no alternative private sector or government source can support the function more efficiently?
- Does the investment support work processes that have been simplified or otherwise redesigned to reduce costs, improve effectiveness, and make maximum use of commercial, off-the-shelf technology?
- Does the investment eliminate redundant systems and centralize core functions consistent with Treasury's enterprise architecture?

### **4.2 – PART Evaluation Table**

The Treasury Franchise Fund has not received a PART Evaluation.

For a complete list of PART results visit the following website:

<http://www.whitehouse.gov/omb/expectmore/all.html>