



TRANSFORMING FEDERAL FINANCIAL MANAGEMENT  
Financial Management Self-Assessment Tool for Agencies

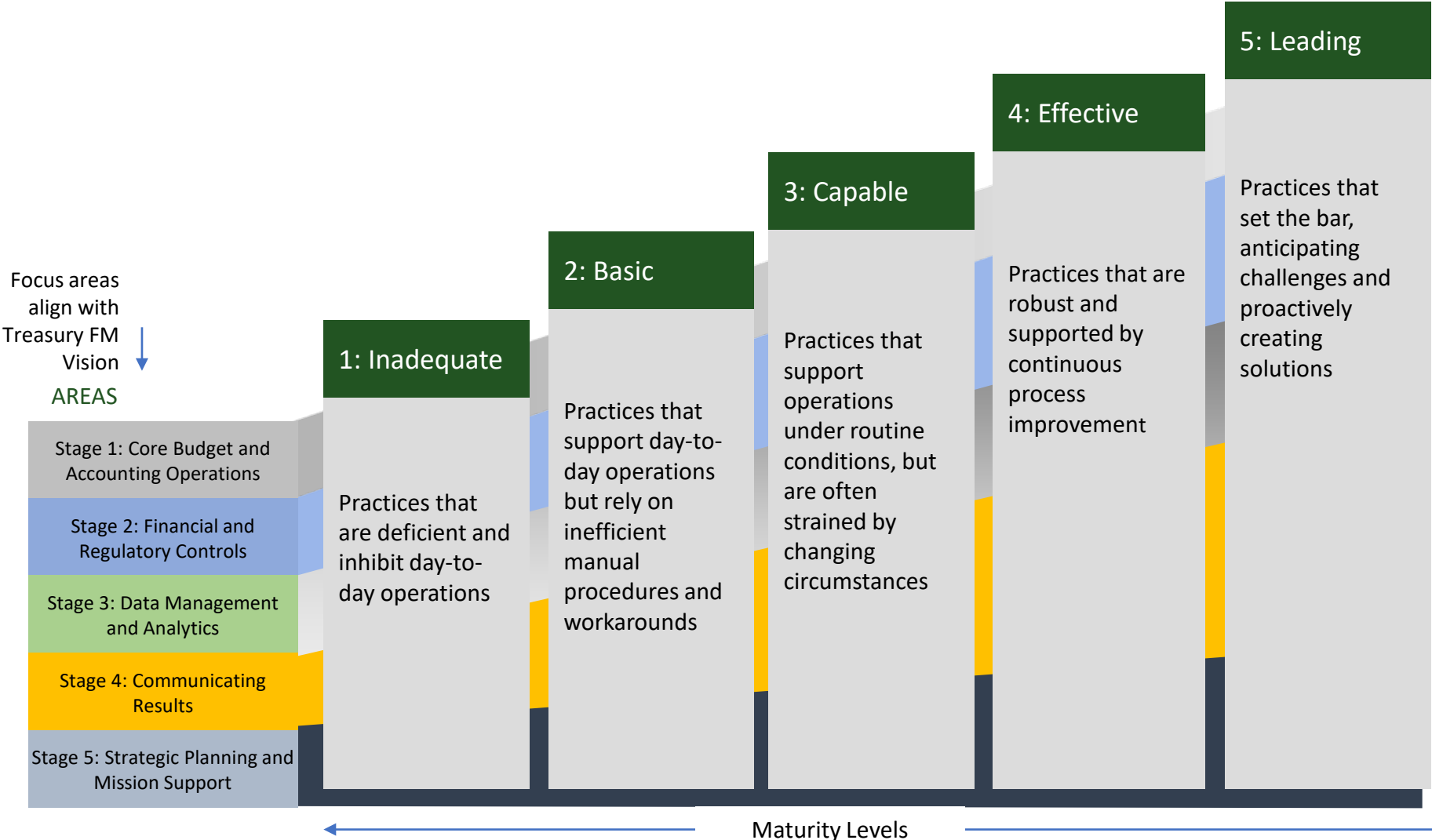
# Financial Management Self-Assessment Tool

**The Goal: To ensure Federal financial management is achieving the maximum benefit for the American people**

The Financial Management Self-Assessment Tool is a business tool that helps a Chief Financial Officer (CFO) self-assess his or her organization’s level of financial management discipline, effectiveness, and efficiency.

It can validate a CFO’s view of his or her agency’s maturity against a standard framework, and show areas where there is opportunity to improve.

The FM Self-Assessment Tool is designed to be used internally, is easy to perform, and is based on current conditions and existing documentation common to every agency.



# FM Self-Assessment Tool Structure

	Inadequate	Basic	Capable	Effective	Leading
Stage 1: Core Budget and Accounting Operations	Legacy, customized system with manual processes	Limited Automation, OMB-approved modernization plan in place	Modern system, no FISMA findings, mix of manual and automated processes	Automated end-to-end processes, mix of batch and system-to-system interfaces	Realtime system-to-system interfaces, fully automated processes
Stage 2: Financial and Regulatory Controls	Modified opinion (Disclaimer or Adverse)	Modified opinion (Qualified), ad hoc risk management	Unmodified opinion with risks identified and managed across the agency	No material weaknesses or significant deficiencies; enterprise risk program in place	Sustained (three years) unmodified opinion, proactive risk management culture and program
Stage 3: Data Management and Analytics	Standard reports, data unreliable	Standard reports, periodic data reconciliation and validation	Standard and ad hoc reporting with high quality data	User-driven reporting, integrated financial and program data	Advanced analytics capability with integrated agency-wide data
Stage 4: Communicating Results	Ad hoc communications, Reporting non-compliant	Results communications limited to within organizational silos, reporting may not be compliant	Results communicated to agency personnel, Reporting Compliant	Results communicated to agency personnel and customers, reporting compliant	Regular communications to agency personnel and customers, reporting compliant
Stage 5: Strategic Planning and Mission Support	Ad hoc Planning	Limited Planning and Analysis	Meeting Some Targets	Most targets met, detailed program analysis available	Year over year performance improvements, results drive decisions

# FM Self-Assessment - Additional Detail

	Inadequate	Basic	Capable	Effective	Leading
Stage 1: Core Budget and Accounting Operations	Legacy, customized system; lack of automated interfaces requiring manual re-entry; no plans to modernize; FISMA financial findings exist Heavy reliance on manual processes that lead to rework; no customer service	Legacy, customized system; limited automated interfaces; OMB-approved modernization plan; FISMA financial findings exist Reliance on manual processes with efforts underway to automate; limited customer service	Modern COTS product with limited customizations; batch interfaces; no FISMA financial findings Mix of manual and automated processes; established customer service processes	Modern COTS product with no customization; mix of batch and real-time system-to-system interfaces; no FISMA financial findings; strategic use of third party arrangements Automated end-to-end processes with predominantly real-time interfaces; self-service capabilities	Modern COTS product with no customization; real-time system-to-system interfaces; no FISMA financial findings exist Fully automated, real-time end-to-end processes; self-service capabilities widely adopted
Stage 2: Financial and Regulatory Controls	Modified opinion (Disclaimer or Adverse) Risks occasionally discussed; no formal process to manage risks; periodic mission failure due to lack of preparedness	Modified opinion (Qualified); noncompliant with one or more laws and regulations Risks identified and managed in a siloed manner; ad hoc process to identify and document risks; major risks averted in a reactive, inefficient manner	Unmodified opinion with one or more material weaknesses; noncompliant with one or more laws and regulations; Risks identified and managed across the agency; management understands cross-cutting agency risks; established mitigating controls minimize risk exposure	Unmodified opinion no material weaknesses or significant deficiencies; compliant with laws and regulations; Formal ERM program to identify, document and manage risks across the agency; mission programs inherently manage risk; risk mitigation enhanced through diagnosis of lessons learned	Sustained (three years) unmodified opinion; no material weaknesses or significant deficiencies; compliant with laws and regulations Mature ERM program to identify, document and manage risks across the agency and with external stakeholders; culture of proactive risk management; agency routinely implements preventive controls and risks rarely become issues
Stage 3: Data Management and Analytics	Standard financial reports; data is unreliable	Standard financial reports with limited ad-hoc capability; data reconciled and validated periodically	Standard, ad-hoc reporting capabilities for financial data; high quality data reconciled and validated regularly	Standard, ad-hoc, user-driven reporting capabilities; integrated financial and program data	Standard, ad-hoc, user-driven, analytic reporting capabilities; agency-wide access to integrated financial and program data; ability to perform advanced analytics (ex. predictive, evidence based decision-making, etc.)
Stage 4: Communicating Results	No structured internal communication function Does not meet financial reporting deadlines	Organizational goals and performance metrics communicated to FM personnel May not meet financial reporting deadlines	Organizational performance communicated to agency personnel Meets reporting deadlines	Organizational performance communicated to agency personnel and customers Meets financial reporting deadlines	Organizational performance communicated to agency personnel and customers on a regular basis Meets financial reporting deadlines
Stage 5: Strategic Planning and Mission Support	No documented FM goals or performance metrics Unable to produce cost of agency programs	FM goals and performance metrics documented; no performance targets exist Produces macro level cost of agency programs with no insight on cost detail	FM goals and performance metrics documented; performance targets exist; some performance targets met Produces detailed annual cost of agency programs and understands cost drivers	FM goals and performance metrics documented; performance targets exist; most performance targets met Regularly produces detailed cost of agency programs and leverages internal benchmarking	FM goals and performance metrics demonstrate year-over-year improvement; performance targets updated annually Detailed cost estimating, forecasting, and external benchmarking drive program decisions

# Directions

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Directions: Use the worksheet to get a quick view of your agency's financial management maturity.

1. Familiarize yourself with areas and levels on page 2.
2. Review the Federal Financial Self-Assessment Tool on pages 3 and 4, and note the levels of maturity within each component. Page 4 provides additional detail into the FM Self-Assessment Tool structure on page 3.
3. Rank each component in your organization on a scale of 1: Inadequate to 5: Leading.
4. Use results to begin discussions surrounding areas for improvement.