

DEPARTMENT OF TREASURY

TREASURY FRANCHISE FUND

FISCAL YEAR 2006

CONGRESSIONAL BUDGET SUBMISSION

DEPARTMENT OF THE TREASURY FRANCHISE FUND

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SECTION 1 – STRATEGIC CONTEXT

STRATEGIC CONTEXT FOR THE FY 2006 BUDGET/PERFORMANCE PLAN

This document presents justification of the FY 2006 budget by demonstrating how funding enables achievement of the strategic plan goals of the Treasury Franchise Fund (“the Fund”), and how the achievement of those goals are accomplished through the performance goals, measures, and performance reports.

Mission

The Fund’s mission, as an entrepreneurial government enterprise, is to provide high-quality administrative support services on a competitive and fully-cost reimbursable basis; to deliver our services in the most cost-effective efficient manner—voluntarily—in the timeliest manner possible; and to ensure compliance with applicable rules and regulations.

Key Strategic Issues and Impacts

The Fund businesses have been leaders in redefining the processes and 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. Our efforts have resulted in significant dollar savings throughout the Federal government primarily through the following franchising objectives:

- Promote efficiencies in the delivery of administrative products and services
- Reduce duplication of effort
- Foster competition
- Achieve full cost/self sufficiency
- Enhance customer satisfaction

RELATIONSHIP BETWEEN THE STRATEGIC PLAN AND THE ANNUAL PERFORMANCE PLAN

The table below displays the relationship between Franchise Fund’s strategic and performance goals to Treasury’s Strategic Plan.

Treasury Strategic Goal: Ensure professionalism, excellence, integrity, and accountability in the management and conduct of the Department of Treasury (M5)		
Treasury Strategic Objective	Franchise Fund Strategic Goal	Performance Goals Linked to Strategic Goal
Manage Treasury Resources Effectively to Accomplish the Mission and Provide Quality Customer Service (M5B)	Ensure Business Activities are Self-Sufficient and Efficient	<p>DISCONTINUED:</p> <ul style="list-style-type: none"> A. Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year. B. Current Ratio (current assets/current liabilities): the ability of an organization to either have cash on hand or be able to turn assets into cash in the near-term, usually with a one year period, to pay its short-term debt. C. Cost of goods sold as a percentage of revenue. <p>ACTIVE:</p> <ul style="list-style-type: none"> D. Operating expenses as a percentage of revenue.
	Ensure Customers are Satisfied with all Aspects of Service Provided -- Quality of Products/Services, Delivery, Price and Conduct of Business	<ul style="list-style-type: none"> A. Customer Satisfaction Approval Rating (various measures). <p>DISCONTINUED:</p> <ul style="list-style-type: none"> B. Percent change in total sales from prior year. C. Percent change in customers serviced from prior year.
	Ensure Compliance with Legal and Regulatory Requirements	<p>DISCONTINUED:</p> <ul style="list-style-type: none"> A. Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein. B. Unqualified Annual Financial Statement Audit Opinion from independent external auditors.
	Ensure Competitiveness	<p>DISCONTINUED:</p> <ul style="list-style-type: none"> A. 100% Voluntary Program Participation. B. Percent change in total sales from prior year.

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APPROPRIATION LANGUAGE SHEET & JUSTIFICATION OF LANGUAGE CHANGES

TREASURY FRANCHISE FUND

None requested.

SECTION 2 – THE PERFORMANCE BUDGET

SUMMARY OF TOTAL PROGRAM OPERATING LEVEL BY TREASURY GOAL AND OBJECTIVE

SUMMARY OF TOTAL PROGRAM OPERATING LEVEL BY TREASURY GOAL AND OBJECTIVE (Dollars in Thousands)			
TREASURY GOAL/OBJECTIVE	FY 2004 Actual	FY 2005 Estimate	FY 2006 Proposed
Treasury Goal: Ensure professionalism, excellence, integrity, and accountability in the management and conduct of the Department of Treasury (M5)			
Total Offsetting Collections	\$562,921	\$649,175	\$801,587
Full-time Equivalents (FTE)	602	678	713
<i>Objective: Manage Treasury Resources Effectively to Accomplish the Mission and Provide Quality Customer Service (M5B)</i>			
Total Offsetting Collections	\$562,921	\$649,175	\$801,587
Reimbursable Full-time Equivalents	602	678	713

DIGEST OF FY 2006 BUDGET ESTIMATES BY ACTIVITY
(000's)

Reimbursable Business Lines	FY 2004 Actuals		FY 2005 Proposed Operating Level		FY 2006 Budget Estimate		Balance of Previous Year
	FTE	Amount	FTE	Amount	FTE	Amount	Amount
Financial Systems, Consulting and Training Total Business Operating Level	47	\$13,004	62	\$13,385	67	\$14,037	\$8,505
Financial Management Administrative Support Services Total Business Operating Level	480	67,891	517	75,917	543	83,509	\$30,886
Consolidated/Integrated Administrative Management Total Business Operating Level	75	\$482,026	99	\$559,873	103	\$704,041	\$162,911
Total, Program Operating Level (Total Offsetting Collections)	602	\$562,921	678	\$649,175	713	\$801,587	\$202,302

**SUMMARY OF TOTAL PROGRAM RESOURCES AND PERFORMANCE
(Dollars in Thousands)**

Treasury Goal: Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of Treasury (M5)							
Total Summary - Treasury Franchise Fund	FY 2001	FY 2002	FY 2003	FY 2004		FY 2005	FY 2006
	Performance	Performance	Performance	Target	Performance	Target	Proposed
Total Operating Level (reimbursable)	\$225,518	\$313,152	\$420,882	\$511,071	\$562,921	\$649,175	\$801,587
Total FTE (reimbursable)	437	473	528	633	602	678	713
Treasury Objective: Manage Treasury Resources Effectively to Accomplish the Mission and Provide Quality Customer Service (M5B)							
Offsetting Collections [reimbursable]*	\$225,518	\$313,152	\$420,882	\$511,071	\$562,921	\$649,175	\$801,587
Reimbursable FTE	437	473	528	633	602	678	713
Strategic Goal: Ensure Business Activities are Self-Sufficient and Efficient							
1. Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year.(Oe)	Positive	Positive	Positive	Positive	Positive	Discontinued	Discontinued
2. Current Ratio (current assets/current liabilities): the ability of an organization to either have cash on hand or be able to turn assets into cash in the near-term, usually	1.3	1.4	1.3	1.2	1.4	Discontinued	Discontinued
3. Cost of goods sold as a percentage of revenue.(E)	N/A	N/A	N/A	N/A	95%	Discontinued	Discontinued
4. Operating expenses as a percentage of revenue.(E)	N/A	N/A	N/A	N/A	4%	Discontinued	Discontinued
Strategic Goal: Ensure Customers are Satisfied with all Aspects of Service Provided -- Quality of Products/Services, Delivery, Price and Conduct of Business							
1. Customer Satisfaction Approval Rating (various measures)* (Oe)	92%	93%	83%	80% Approval	87%	Discontinued	Discontinued
2. Percent change in total sales from prior year.(Ot)	36%	41%	34%	10% increase	35%	Discontinued	Discontinued
3. Percent change in customers serviced from prior year.(Oe)	14%	18%	12%	10% increase	21%	Discontinued	Discontinued
Strategic Goal: Ensure Compliance with Legal and Regulatory Requirements							
1. Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein.(M)	No Deficiencies	No Deficiencies	No Deficiencies	No Deficiencies	1 Deficiency	Discontinued	Discontinued
2. Unqualified Annual Financial Statement Audit Opinion from independent external auditors.(M)	Unqualified Opinion	Discontinued	Discontinued				
Strategic Goal: Ensure Competitiveness							
1. 100% Voluntary Program Participation. (Ot)	100%	100%	100%	100%	100%	Discontinued	Discontinued
2. Percent change in total sales from prior year. (Ot)	36%	41%	34%	10% increase	35%	Discontinued	Discontinued
Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure							
*Program Operating Level based on Business-Like Operations, Accrual Based Accounting							

STATEMENT OF OPERATIONS BY ACTIVITY
(000's)³

	FY 2004	FY 2005	FY 2006
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
PROGRAM REVENUES			
Financial Systems, Consulting and Training Total	\$13,004	\$13,385	\$14,037
Financial Management Administrative Support Services Total	67,891	75,917	83,509
Consolidated/Integrated Administrative Management Total	<u>482,026</u>	<u>559,873</u>	<u>704,041</u>
TOTAL	\$562,921	\$649,175	\$801,587
COST OF GOODS SOLD			
Financial Systems, Consulting and Training Total	\$10,921	\$10,108	\$10,645
Financial Management Administrative Support Services Total	61,132	68,009	74,810
Consolidated/Integrated Administrative Management Total	<u>459,785</u>	<u>534,040</u>	<u>671,556</u>
TOTAL	\$531,838	\$612,157	\$757,011
OPERATING EXPENSES			
Financial Systems, Consulting and Training Total	\$1,867	\$2,683	\$2,765
Financial Management Administrative Support Services Total	5,755	7,351	8,028
Consolidated/Integrated Administrative Management Total	<u>13,661</u>	<u>21,611</u>	<u>27,176</u>
TOTAL	\$21,283	\$31,645	\$37,969
NET INCOME (LOSS)			
Financial Systems, Consulting and Training Total	\$216	\$594	\$627
Financial Management Administrative Support Services Total	1,004	557	671
Consolidated/Integrated Administrative Management Total	<u>8,580</u>	<u>4,222</u>	<u>5,309</u>
TOTAL	\$9,800	\$5,373	\$6,607

³Program Operating Level based on Business-Like Operations, Accrual Based Accounting

SUMMARY JUSTIFICATION OF FY 2006 BUDGET ESTIMATES

General Statement

The Department of the Treasury was authorized to pilot a franchise fund under P.L. 103–356, the Government Management and Reform Act of 1994. The purpose of the franchise fund pilots was to bring about lower costs and higher quality through greater competition for government and financial administrative services. The Treasury Franchise Fund (The Fund) was established by P.L. 104–208 and it was made permanent by P.L. 108–447. The Fund is a revolving fund that is used to supply financial and administrative services on a fee-for-service basis. Activities include: Consolidated/Integrated Administrative Management; Financial Management Administrative Support; and Financial Systems, Consulting, and Training Services. The Fund was recognized by the Office of Management and Budget as a Center of Excellence in the Financial Management Line of Business in 2005, making it eligible to enter into competitions to provide cross-agency financial management services on a Government-wide basis.

The Fund currently consists of three business lines—Consolidated/Integrated Administrative Management, Financial Systems, Consulting and Training, and Financial Management Administrative Support Services.

The following pages discuss each Treasury Franchise Fund Business Activity in more detail.

SECTION 3 – EXPLANATION OF PERFORMANCE AND RESOURCES BY BUDGET ACTIVITY

Narrative Summary of Program Resources and Performance for Financial Systems, Consulting and Training

Federal Consulting Group (FCG): The mission of the FCG is to consult with other Federal government agencies to facilitate transformation efforts to being a more efficient, results-oriented agency. The FCG achieves its mission through its three service centers: Customized and Collaborative Consulting and Facilitation Services, Executive Coaching through its National Network of Qualified Coaches, and Strategies for Customer Service Improvement. Through its services, customers are provided facilitation services, business process redesign, strategic planning, executive coaching, and team building. The FCG partners with both political and senior career leaders to create solutions specifically designed to meet unique organizational needs.

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

Budget Activity: Financial Systems, Consulting and Training

Financial Systems, Consulting and Training budget activity consists of two entities: Federal Consulting Group (FCG) and Treasury Agency Services (TAS)

Evaluation of FY 2005 Program Performance Compared to FY 2004:

At present, this business line's outlook for expanding business services in FY 2005 is positive but guarded. There are two reasons for this position.

- **FCG/TAS:** During FY 2004, there has been increased emphasis on diverting resources to homeland security and the Global War on Terrorism (GWOT). The impact of this diversion has resulted in an opportunity and a threat for some FCG and TAS services (e.g., consulting and facilitation services) that in past years had been appropriated for these purposes.

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- **FCG/TAS:** A potential slowdown in this business line may occur as a result of the November 2004 presidential election. Historically, agencies have decreased spending in training and consulting services for the first six months following an election.

On the other hand, FCG and TAS anticipate opportunities by identifying new needs/customers, engaging in a vigorous outreach/marketing effort, as a result of the changing landscape. Examples include:

- **FCG:** Demand for Consulting and Facilitation Services is expected to increase in FY 2005. The FCG is currently working with the Department of Homeland Security (DHS) and the opportunity has grown to help other federal agencies transform themselves into high performing organizations. Additionally, the FCG has added two additional tools to aid in the transformation; specifically, BrainSmart Leader™ training and Process Improvement through Teamwork™. Demand for these tools is increasing and as a result, the potential for increased revenues is anticipated.
- **FCG:** Expanded use of a unique process improvement methodology called Brain Smart Leader™ and Process Innovation through Teamwork™. It is showing measurable improvements in productivity, cost savings, and employee morale within DHS, specifically within the Immigration and Customs Enforcement Division (ICE) of Border and Transportation Security (BTS). The process will be deployed to other areas within DHS during the year.
- **FCG:** Development of a new program called Creative Learning Groups (CLG) was designed to expand future leadership within EPA's Office of Pesticides Pollution and Toxic Substances. It is an innovative and highly successful program which has resulted in the development of leadership from the inside out through an action learning, experiential process in a community setting.

One major challenge for FCG is to maintain or decrease Cost of Goods Sold as a percentage of revenue during this period. This challenge arises from expected increased cost from vendors as a result of the complexity and uniqueness of the work involved.

Another challenge facing this business line is increased competition in the Federal financial management fee-for-service arena, resulting in pricing pressures. However, anticipated operating efficiency in FYs 2005 and 2006 will offset some of the pricing limitations, thereby reducing possible adverse effects financial performance. Other challenges include: (1) the cyclical nature of a customer base for financial management consulting and training; (2) expanding into new and emerging markets (e.g., e-learning and accounting operations business within intelligence and Defense agencies); (3) continually evaluating our business lines with an eye toward discontinuing businesses in which we are no longer viable; and (4) assuring customer satisfaction for existing customers while diverting resources to new customers/needs. The following are examples of how TAS intends to face these challenges:

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- **TAS:** During FY 2004, TAS streamlined operations by merging Accounting Operations business line with its Financial Management Consulting business line. The newly merged unit managed to maintain the bulk of its existing customer base and began a hiring process that will enable it to maintain a cadre of skilled accounting consultants and other financial management consultants to meet the demand for our services in FY 2005 and beyond.
- **TAS:** The Professional Development Division (PD2) continued to infuse technology into the training process in FY 2004 by implementing the first phase of its Learning Management System (LMS). The first phase of implementation applied to our internal customers (i.e., FMS employees). The LMS automates a number of training-related processes and tasks, including registration for courses and other types of training, transcript record keeping, payment for training, and career development plans -- all of which will simplify these processes for customers and enable PD2 to function more efficiently. In late FY 2004 and early 2005, PD2 has extended the LMS to external customers (Federal agencies).

Based on TAS' forecast, the combined effect of these developments is expected to result in an increase in revenues from approximately \$8.5 million in FY 2004 to about \$8.7 million in FY 2005. Net income is expected to increase from about \$86,000 in FY 2004 to approximately \$452,000 in FY 2005.

FY 2006 Proposed Program Performance Plan:

The FCG FY 2006 Performance Plan is consistent with Y-T-D FY 2005 performance. The entity plans to expand its transformation efforts into other federal agencies not currently using its services. As the election year approaches, further environmental scanning will be required during the next year to see where opportunities exist.

TAS expects to improve its ability to locate potential customers gradually over the next few years as they intensify marketing efforts (electronic and face-to-face) that identify new customers who have a need for its services -- in both the consulting and training areas. At the same time, TAS will continually look for ways to operate more efficiently and trim costs further. Further, as its new employees come aboard in the Accounting Operations and Financial Systems Consulting areas, they expect to maintain a workforce that is well equipped to meet customer demand for its services. Finally, as use of the web-based LMS becomes more frequent and widespread, TAS expects to expand training business without increasing human capital in PD2. As a result of these developments, TAS expects revenue to increase from approximately \$8.7 million in FY 2005 to approximately \$9.2 million in FY 2006. During that timeframe, revenue is not expected to grow as quickly as costs, reflecting a more aggressive pricing strategy. TAS therefore expects net income to remain relatively flat (approximately \$452,000 in FY 2005 vs. approximately \$478,000 in FY 2006).

SUMMARY OF TOTAL PROGRAM RESOURCES AND PERFORMANCE
(Dollars in Thousands)

Treasury Goal: Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of Treasury (M5)							
Business Activity: Financial Systems, Consulting, and Training	FY 2001 Performance	FY 2002 Performance	FY 2003 Performance	FY 2004		FY 2005 Target	FY 2006 Proposed
				Target	Performance		
Total Operating Level (reimbursable)	\$16,984	\$12,060	\$12,204	\$11,785	\$13,004	\$13,385	\$14,037
Total FTE (reimbursable)	63	62	57	59	47	62	67
Treasury Objective: Manage Treasury Resources Effectively to Accomplish the Mission and Provide Quality Customer Service (M5B)							
Offsetting Collections [reimbursable]*	\$16,984	\$12,060	\$12,204	\$11,785	\$13,004	\$13,385	\$14,037
Reimbursable FTE	63	62	57	59	47	62	67
Strategic Goal: Ensure Business Activities are Self-Sufficient and Efficient							
1. Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year.(Oe)	Positive	Positive	Positive	Positive	Positive	Discontinued	Discontinued
2. Current Ratio (current assets/current liabilities): the ability of an organization to either have cash on hand or be able to turn assets into cash in the near-term, usually with a one year period, to pay its short-term debt.(E)	2.9	2.0	3.7	1.2	3.9	Discontinued	Discontinued
3. Cost of goods sold as a percentage of revenue.(E)	N/A	N/A	N/A	N/A	84%	Discontinued	Discontinued
4. Operating expenses as a percentage of revenue.(E)	N/A	N/A	N/A	N/A	14%	<= 12%	<= 12%
Strategic Goal: Ensure Customers are Satisfied with all Aspects of Service Provided -- Quality of Products/Services, Delivery, Price and Conduct of Business							
1. Customer Satisfaction Approval Rating (various measures)* (Oe)	93%	93%	87%	80% Approval	87%	80% Approval	80% Approval
2. Percent change in total sales from prior year.(Ot)	60%	-15%	1%	10% increase	7%	Discontinued	Discontinued
3. Percent change in customers serviced from prior year.(Oe)	37%	11%	2%	10% increase	19%	Discontinued	Discontinued
Strategic Goal: Ensure Compliance with Legal and Regulatory Requirements							
1. Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein.(M)	No Deficiencies	No Deficiencies	No Deficiencies	No Deficiencies	1 Deficiency	Discontinued	Discontinued
2. Unqualified Annual Financial Statement Audit Opinion from independent external auditors.(M)	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Discontinued	Discontinued
Strategic Goal: Ensure Competitiveness							
1. 100% Voluntary Program Participation. (Ot)	100%	100%	100%	100%	100%	Discontinued	Discontinued
2. Percent change in total sales from prior year. (Ot)	60%	-15%	1%	10% increase	7%	Discontinued	Discontinued
Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure							
This Activity began utilizing the American Customer Satisfaction Index (ASCI) to obtain customer satisfaction feedback. ASCI scores are based on a scale from zero to 100.							
*Program Operating Level based on Business-Like Operations, Accrual Based Accounting							

STATEMENT OF OPERATIONS
FINANCIAL SYSTEMS, CONSULTING AND TRAINING
(000's)*

	FY 2004	FY 2005	FY 2006
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
PROGRAM REVENUES			
Accounting Operations	\$3,258	\$3,290	\$3,400
Professional Development Division	\$3,810	\$3,853	\$4,107
Financial Management Consulting	\$4,154	\$4,197	\$4,365
Financial Systems Consulting	<u>\$1,782</u>	<u>\$2,045</u>	<u>\$2,165</u>
TOTAL	\$13,004	\$13,385	\$14,037
COST OF GOODS SOLD			
Accounting Operations	\$2,267	\$2,356	\$2,492
Professional Development Division	\$3,297	\$3,084	\$3,302
Financial Management Consulting	\$3,663	\$3,108	\$3,232
Financial Systems Consulting	<u>\$1,695</u>	<u>\$1,560</u>	<u>\$1,619</u>
TOTAL	\$10,921	\$10,108	\$10,645
OPERATING EXPENSES			
Personnel Compensation	\$617	\$1,117	\$1,161
Personnel Benefits	\$132	\$192	\$200
Travel	\$11	\$54	\$56
Transportation	\$2	\$1	\$1
Rent, Communications, & Utilities	\$164	\$190	\$194
Printing	\$14	\$24	\$24
Other Services ¹	\$894	\$1,057	\$1,080
Supplies	\$21	\$40	\$41
Equipment	<u>\$13</u>	<u>\$8</u>	<u>\$8</u>
TOTAL	\$1,867	\$2,683	\$2,765
NET INCOME (LOSS)			
	\$216	\$594	\$627

*Program Operating Level based on Business-Like Operations, Accrual Based Accounting

¹/Consulting Services and Financial Management Services (FMS)

SECTION 3 - EXPLANATION OF PERFORMANCE AND RESOURCES BY BUDGET ACTIVITY

Narrative Summary of Program Resources and Performance for Financial Management Administrative Support Services

The Financial Management Administrative Support Services Activity (Administrative Resources Center, or ARC) provides traditional administrative support functions with a focus on accounting, procurement and HR services. Other services include budget, facilities management, printing and graphics, and web support. The mission is to aid in the improvement of overall government effectiveness by delivering responsive and cost effective administrative support to customers, thereby improving the customers' ability to effectively discharge their missions. This program has been very successful in meeting its mission goals as evidenced by the increasing demands for and satisfaction from our services.

Budget Activity: Financial Management Administrative Support Services

Evaluation of FY 2005 Program Performance Compared to FY 2004:

- The demand for services has remained consistent. This program continues to receive increased demand for accounting services within the Department of Treasury and will play a significant component of the Fund's role as OMB-approved Center of Excellence in the Financial Management Line of Business.
- The cost savings to customers is a significant highlight each year. For example, the small independent agencies that are serviced realize savings as a result of economies of scale and reduced levels of staffing required since the customer is charged a percentage of a staff year that is equivalent to the actual work performed. If those agencies had to maintain their own administrative staffs to perform the same function, their costs would be much higher, because they would have to fund 100% of a staff year. Also, customers benefit from ARC's learning curve since ARC has developed the technical requirements of the system thereby requiring much less technical setup for new customers brought on board.
- Internal processes have been greatly enhanced by the increased use of automated processes used to service customers. Plans to continue to use the website as a tool to process work and communicate with customers. This feature saves time and money for our business and our customers. The applications developed to process work such as procurement requests, personnel actions and travel vouchers are all accessible via the website. Servicing through the website saves the customer money because they do not have to maintain applications at their sites. New accounting systems introduced to customer agencies offer additional benefits. The majority of its customers were transitioned to Oracle Financials, an off-the-shelf JFMIP certified system that uses Internet technology. The new system offers many enhanced features and benefits, including the ability to provide cost

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effective system access to remote users. The new system provides a complete financial management solution, including project cost accounting and property management capabilities. The system also includes interfaces to external systems for procurement, payroll, and travel. Finally, routing and notification capabilities, used in conjunction with existing e-mail systems, provide the potential for ongoing process automation. This system is an important enhancement to this programs suite of services.

In summary, the franchising effort has fostered an environment where employees are continually challenged to identify ways to streamline processes, which enable us to provide services “faster, better, and cheaper” than the competition.

FY 2006 Performance Plan:

Customers continue to use our services, even expanding service packages in some instances. While in FY 2005 we anticipate slow growth based on the absorption of FY 2004 new customer requests, FY 2006 will likely see further growth as our facilities expand. As this happens, we anticipate new hires to continue to assure quality while growing.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE
(Dollars in Thousands)

Treasury Goal: Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of Treasury (M5)							
Business Activity: Financial Management Administrative Support Services	FY 2001 Performance	FY 2002 Performance	FY 2003 Performance	FY 2004		FY 2005 Target	FY 2006 Proposed
				Target	Performance		
Total Operating Level (reimbursable)*	\$38,178	\$40,779	\$52,676	\$69,015	\$67,891	\$75,917	\$83,509
Total FTE (reimbursable)	334	362	419	492	480	517	543
Treasury Objective: Manage Treasury Resources Effectively to Accomplish the Mission and Provide Quality Customer Service (M5B)							
Offsetting Collections [reimbursable]	\$38,178	\$40,779	\$52,676	\$69,015	\$67,891	\$75,917	\$83,509
Reimbursable FTE	334	362	419	492	480	517	543
Strategic Goal: Ensure Business Activities are Self-Sufficient and Efficient							
1. Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year.(Oe)	Positive	Positive	Positive	Positive	Positive	Discontinued	Discontinued
2. Current Ratio (current assets/current liabilities): the ability of an organization to either have cash on hand or be able to turn assets into cash in the near-term, usually with a one year period, to pay its short-term debt.(E)	1.2	1.5	1.2	1.2	1.5	Discontinued	Discontinued
3. Cost of goods sold as a percentage of revenue.(E)	N/A	N/A	N/A	Maintain or Decrease	90%	Discontinued	Discontinued
4. Operating expenses as a percentage of revenue.(E)	N/A	N/A	N/A	Maintain or Decrease	9%	<= 11%	<= 11%
Strategic Goal: Ensure Customers are Satisfied with all Aspects of Service Provided -- Quality of Products/Services, Delivery, Price and Conduct of Business							
1. Customer Satisfaction Approval Rating (various measures) (Oe)	90%	90%	94%	80% Approval	85%	80% Approval	80% Approval
2. Percent change in total sales from prior year.(Ot)	22%	15%	29%	10% increase	29%	Discontinued	Discontinued
3. Percent change in customers serviced from prior year.(Oe)	50%	21%	13%	10% increase	7%	Discontinued	Discontinued
Strategic Goal: Ensure Compliance with Legal and Regulatory Requirements							
1. Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein.(M)	No Deficiencies	No Deficiencies	No Deficiencies	No Deficiencies	1 Deficiency	Discontinued	Discontinued
2. Unqualified Annual Financial Statement Audit Opinion from independent external auditors.(M)	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Discontinued	Discontinued
Strategic Goal: Ensure Competitiveness							
1. 100% Voluntary Program Participation. (Ot)	100%	100%	100%	100%	100%	Discontinued	Discontinued
2. Percent change in total sales from prior year. (Ot)	22%	15%	29%	10% increase	29%	Discontinued	Discontinued
Key: Oe - Outcome Measure, E - Efficiency Measure, Ot - Output/Workload Measure, and M - Management/Customer Satisfaction Measure							
*Program Operating Level based on Business-Like Operations, Accrual Based Accounting							

STATEMENT OF OPERATIONS
FINANCIAL MANAGEMENT ADMINISTRATIVE SUPPORT SERVICES
(000's)

	FY 2004	FY 2005	FY 2006
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
PROGRAM REVENUES			
Financial Management Services	\$16,120	\$18,143	\$19,957
Procurement Services	\$20,025	\$22,543	\$24,797
Human Resource Services	\$7,521	\$8,330	\$9,163
Web & System Services	\$2,341	\$2,526	\$2,779
Other Services ¹	<u>\$21,884</u>	<u>\$24,375</u>	<u>\$26,813</u>
TOTAL	\$67,891	\$75,917	\$83,509
COST OF GOODS SOLD			
Financial Management Services	\$14,617	\$15,931	\$17,524
Procurement Services	\$19,490	\$22,408	\$24,649
Human Resource Services	\$6,976	\$7,129	\$7,842
Web & System Services	\$4,687	\$6,500	\$7,150
Other Services	<u>\$15,362</u>	<u>\$16,041</u>	<u>\$17,645</u>
TOTAL	\$61,132	\$68,009	\$74,810
OPERATING EXPENSES			
Personnel Compensation	\$876	\$922	\$968
Personnel Benefits	\$230	\$235	\$247
Travel	\$38	\$64	\$70
Rent, Communications, & Utilities	(\$38)	\$74	\$81
Other Services ²	\$4,022	\$5,243	\$5,767
Printing	\$2	\$0	\$0
Supplies	(\$63)	\$15	\$17
Equipment	\$687	\$798	\$878
Miscellaneous	\$1	\$0	\$0
TOTAL	\$5,755	\$7,351	\$8,028
NET INCOME (LOSS)	\$1,004	\$557	\$671
*Program Operating Level based on Business-Like Operations, Accrual Based Accounting			
1/Information Technology and Special Projects			
2/Facilities and IT Support			

SECTION 3 - EXPLANATION OF PERFORMANCE AND RESOURCES BY BUDGET ACTIVITY

Narrative Summary of Program Resources and Performance for Consolidated/Integrated Administrative Management

The mission of this program is to provide voluntary government customers with entrepreneurial business solutions for the acquisition and financial management of common administrative services and products in support of agency missions and objectives. FedSource offers “first choice” option or alternate source for the acquisition of these services and products in a fast, cost effective manner while continuing to assure quality and customer service.

Budget Activity: Consolidated/Integrated Administrative Management

Evaluation of FY 2005 Program Performance Compared to FY 2004:

- This business line continues to coordinate multiple activities into one seamless organization. This process includes reviewing and adopting standard procedures and policies, processing data using the same financial system, providing annual acquisition training, and implementing and assessing an annual Customer Service Survey by a third party. Examples of initiatives that are under way include:
- E-Commerce will allow our customers to order services online and access a hard copy of their invoice.
- FedSource has formulated an acquisition plan and has issued policy pertaining to acquisition authority for FY 2005. FedSource will also institute an acquisition performance measurement program this fiscal year.
- FedSource has established a Knowledge Management website to provide ongoing guidance and a forum for sharing best practices.
- Implementation of the FedSource-wide database will ensure compliance with applicable laws and regulations as well as create more uniform procedures. All Fedsource offices are currently transitioning to the latest version of the database. This process was completed in the 1st quarter of FY 2005.

This program has continued to expand its customer base and it’s total sales (37% growth in FY 2004). We anticipate sales to continue to grow but at a slower pace in FY 2005 and FY 2006 due to FedSource’s reorganization efforts. The reorganization has been undertaken to ensure that FedSource operations are as efficient as possible, thus keeping operating costs and customer prices low.

FY 2006 Performance Plan:

FedSource will continue implementation of above plans through FY 2006. Program changes will include consolidating all FedSource contracts to eliminate duplication. All financial data will be consolidated within the database. A quality assurance plan will be implemented to ensure standards are met or exceeded regarding acquisitions, finances and customer service.

SUMMARY OF PROGRAM RESOURCES AND PERFORMANCE
(Dollars in Thousands)

Treasury Goal: Ensure Professionalism, Excellence, Integrity, and Accountability in the Management and Conduct of the Department of Treasury (M5)							
Business Activity: Consolidated/Integrated Administrative Management	FY 2001 Performance	FY 2002 Performance	FY 2003 Performance	FY 2004		FY 2005 Target	FY 2006 Proposed
				Target	Performance		
Total Operating Level (reimbursable)*	\$170,356	\$260,313	\$356,002	\$430,271	\$482,026	\$559,873	\$704,041
Total FTE (reimbursable)	40	49	52	82	75	99	103
Treasury Objective: Manage Treasury Resources Effectively to Accomplish the Mission and Provide Quality Customer Service (M5B)							
Offsetting Collections [reimbursable]	\$170,356	\$260,313	\$356,002	\$430,271	\$482,026	\$559,873	\$704,041
Reimbursable FTE	40	49	52	82	75	99	103
Performance Goal: Ensure Business Activities are Self-Sufficient and Efficient							
1. Total revenue equals or exceeds total expenses for each franchise operation for each fiscal year.(Oe)	Positive	Positive	Positive	Positive	Positive	Discontinued	Discontinued
2. Current Ratio (current assets/current liabilities): the ability of an organization to either have cash on hand or be able to turn assets into cash in the near-term, usually with a one year period, to pay its short-term debt.(E)	1.4	1.4	1.3	1.2	1.3	Discontinued	Discontinued
3. Cost of goods sold as a percentage of revenue.(E)	N/A	N/A	N/A	Maintain or Decrease	94%	Discontinued	Discontinued
4. Operating expenses as a percentage of revenue.(E)	N/A	N/A	N/A	Maintain or Decrease	4%	<= 4%	<= 4%
Performance Goal: Ensure Customers are Satisfied with all Aspects of Service Provided -- Quality of Products/Services, Delivery, Price and Conduct of Business							
1. Customer Satisfaction Approval Rating (various measures) (Oe)	90%	93%	81%	80% Approval	87%	80% Approval	80% Approval
2. Percent change in total sales from prior year.(Ot)	50%	53%	37%	10% increase	37%	Discontinued	Discontinued
3. Percent change in customers serviced from prior year.(Oe)	10%	13%	13%	10% increase	21%	Discontinued	Discontinued
Performance Goal: Ensure Compliance with Legal and Regulatory Requirements							
1. Management control deficiencies identified as defined in Circular A-123 and reporting requirements referenced therein.(M)	No Deficiencies	No Deficiencies	No Deficiencies	No Deficiencies	1 Deficiency	Discontinued	Discontinued
2. Unqualified Annual Financial Statement Audit Opinion from independent external auditors.(M)	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Unqualified Opinion	Discontinued	Discontinued
Performance Goal: Ensure Competitiveness							
1. 100% Voluntary Program Participation. (Ot)	100%	100%	100%	100%	100%	Discontinued	Discontinued
2. Percent change in total sales from prior year. (Ot)	50%	53%	37%	10% increase	37%	Discontinued	Discontinued

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

*Program Operating Level based on Business-Like Operations, Accrual Based Accounting

STATEMENT OF OPERATIONS
CONSOLIDATED/INTEGRATED ADMINISTRATIVE MANAGEMENT
(000's)

	FY 2004	FY 2005	FY 2006
	<u>Actual</u>	<u>Estimate</u>	<u>Estimate</u>
PROGRAM REVENUES			
Administrative Operations	\$ 0	\$ 0	\$ 0
Financial Services	\$ 1,093	\$ 1,270	\$ 1,596
Consulting Management	\$ 1,060	\$ 1,231	\$ 1,549
Procurement Services	\$ 254	\$ 295	\$ 371
Human Resource Services	\$ 130,206	\$ 151,234	\$ 190,177
IT & Telecommunications	\$ 8,330	\$ 9,675	\$ 12,166
Copier/Printer Services	\$ 40,833	\$ 47,428	\$ 59,641
Security Services	\$ 3,639	\$ 4,227	\$ 5,315
Mail/Courier Services	\$ 2,732	\$ 3,173	\$ 3,991
Administrative Services	\$ 967	\$ 1,123	\$ 1,412
Support Services	<u>\$ 292,912</u>	<u>\$ 340,217</u>	<u>\$ 427,823</u>
TOTAL	\$ 482,026	\$ 559,873	\$ 704,041
COST OF GOODS SOLD			
Administrative Operations	\$ 0	\$ 0	\$ 0
Financial Services	\$ 1,006	\$ 1,169	\$ 1,470
Consulting Management	\$ 1,018	\$ 1,183	\$ 1,487
Procurement Services	\$ 154	\$ 178	\$ 225
Human Resource Services	\$ 125,995	\$ 146,343	\$ 184,026
IT & Telecommunications	\$ 8,148	\$ 9,464	\$ 11,901
Copier/Printer Services	\$ 37,231	\$ 43,243	\$ 54,379
Mail/Courier Services	\$ 2,607	\$ 3,028	\$ 3,807
Administrative Services	\$ 796	\$ 925	\$ 1,163
Support Services	\$ 279,265	\$ 324,366	\$ 407,891
Security Services	<u>\$ 3,565</u>	<u>\$ 4,141</u>	<u>\$ 5,207</u>
TOTAL	\$ 459,785	\$ 534,040	\$ 671,556
OPERATING EXPENSES			
Personnel Compensation	\$ 4,271	\$ 6,757	\$ 8,496
Personnel Benefits	\$ 834	\$ 1,319	\$ 1,659
Travel	\$ 465	\$ 736	\$ 925
Transportation	\$ 35	\$ 55	\$ 70
Rent, Communications, & Utilities	\$ 1,106	\$ 1,750	\$ 2,200
Printing	\$ 13	\$ 20	\$ 26
Other Services ¹	\$ 5,953	\$ 9,417	\$ 11,842
Supplies	\$ 215	\$ 340	\$ 428
Equipment	\$ 764	\$ 1,209	\$ 1,520
Building Improvements	\$ 5	\$ 8	\$ 10
TOTAL	\$ 13,661	\$ 21,611	\$ 27,176
NET INCOME (LOSS)	\$ 8,580	\$ 4,222	\$ 5,309

*Program Operating Level based on Business-Like Operations, Accrual Based Accounting

¹/Franchise Fees, Indirect Contract Labor, ARC Services to include Finance and HR.

SECTION 4 - SUPPORTING MATERIAL

DETAIL OF FULL-TIME EQUIVALENT STAFF YEARS BY CATEGORY

Position Category	Actual			Increase/Decrease for FY 2006		
	FY 2004	FY 2005	FY 2006	Total Changes	Program Changes	Other Changes
Statutory executive positions	3	3	3	-	-	-
Policy/program professional staff	262	362	381	19	-	-
Administrative staff	265	243	256	13	-	-
Secretarial and clerical	28	34	37	3	-	-
Crafts and custodial	26	28	29	1	-	-
Subtotal.....	584	670	706	36	-	-
Part-time & temporary full-time equivalent staff years	18	8	7	(1)	-	-
Total full-time equivalent staff years.....	602	678	713	35	-	-

DETAIL OF FULL-TIME EQUIVALENT STAFF YEARS BY GRADE

Grade	FY 2004 Actual	FY 2005 Proposed Operating Level	FY 2006 Budget Estimate
Executive Level 1.....	-	-	-
Executive Level 2.....	-	-	-
Executive Level 3.....	-	-	-
Executive Level 4.....	-	-	-
Executive Level 5.....	-	-	-
Subtotal.....	-	-	-
SES Pay Banding ^{1/}			
Senior Executive Service Level 6.....	-	-	-
Senior Executive Service Level 5.....	-	-	-
Senior Executive Service Level 4.....	-	-	-
Senior Executive Service Level 3.....	-	-	-
Senior Executive Service Level 2.....	-	-	-
Senior Executive Service Level 1.....	-	-	-
Senior Executive Service Level 0.....	3	3	3
Subtotal.....	3	3	3
GS-15.....	21	23	24
GS-14.....	42	51	52
GS-13.....	66	70	70
GS-12.....	143	162	178
GS-11.....	51	63	74
GS-10.....	2	2	2
GS-09.....	76	85	89
GS-08.....	16	18	20
GS-07.....	65	84	96
GS-06.....	51	56	46
GS-05.....	18	25	23
GS-04.....	5	2	2
GS-03.....	2	7	7
GS-02.....	-	1	1
GS-01.....	-	-	-
Subtotal.....	558	649	684
Other.....	41	26	26
Total full-time equivalent staff years.....	602	678	713

^{1/}PL 108-136 abolishes the six levels of SES pay, and replaces it with a new performance based system effective in January 2004.

VERIFICATION AND VALIDATION OF DATA & PERFORMANCE MEASUREMENT DEFINITIONS

Performance Data Quality

In the first quarter of FY 2005, Treasury launched a process to streamline its current set of performance measures. Its purpose was to increase the value of the information provided to our stakeholders, respond to congressional requests, focus our priorities, and reduce administrative burden. Results of the process indicated a 60-70% reduction in the number of performance measures overall at the Treasury level. At the bureau level, measures that are no longer included in the budget submission are classified as "discontinued", and are indicated as such. The end result will be apparent in next year's performance report and budget submission, in the form of a more concise explanation of program performance relative to prior years.

For each performance measure, a definition as well as verification and validation information is provided. Based on the verification and validation information, each measure's data is rated as having either "Reasonable Accuracy" (judged to be sufficiently accurate for program management and performance reporting purposes) or "Questionable or Unknown Accuracy." This data is for **All Business Activities**: Financial Systems, Consulting and Training, Financial Management Administrative Support Services, Consolidated/Integrated Administrative Management.

Note – Performance measures that were discontinued due to Treasury's streamlining of are denoted with an asterisk.

Treasury Objective: Manage Treasury resources effectively to accomplish the mission and provide quality customer service.

Performance Goal: Ensure business activities are self-sufficient and efficient.

- * **Performance measure:** Total revenue equals or exceeds total expenses for each FY.

Definition: The "Break-Even Analysis" - reflects whether revenues exceed or are equal to expenses.

How Data is Captured: The data is captured in Oracle Financials system on a daily basis and posted to the appropriate Standard General Ledger (SGL) accounts at the transaction level and reported through Oracle's Discoverer Reporting system.

How the data is verified and validated to make certain it is accurate: The Accounting Manager at BPD's Administrative Resources Center (ARC) and the Corporate Senior Financial Advisor and each business entity's financial officer review the data for reasonableness at least quarterly. An independent auditor performs an external audit annually.

Data Accuracy: Reasonable Accuracy.

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- * **Performance measure:** Current ratio (current assets/current liabilities)

Definition: The ability of an organization to either have cash on hand or be able to turn assets into cash in the near-term, usually with a one year period, to pay its short-term debt.

How Data is Captured: The data is captured in Oracle Financials system on a daily basis and posted to the appropriate Standard General Ledger (SGL) accounts at the transaction level and reported through Oracle's Discoverer Reporting system.

How the data is verified and validated to make certain it is accurate: The Accounting Manager at BPD's Administrative Resources Center (ARC) and the Corporate Senior Financial Advisor review the data for reasonableness at least quarterly. An independent auditor performs an external audit annually.

Data Accuracy: Reasonable Accuracy.

- * **Performance measure:** Cost of goods or services sold as a percentage of revenue.

Definition: The consolidated Franchise Fund will either maintain or decrease the cost of goods sold as a percentage of revenue year to year. Cost of Goods Sold is defined as the costs actually incurred in producing the product or service (e.g., vendor costs). It is the direct cost of production or service.

How Data is Captured: The data is captured in Oracle Financials system and reported through Oracle's Discoverer Reporting system.

This measure is based on a five-year moving average (drop the 6th year when adding the latest year's data) and is calculated by dividing a five-year average of Cost of Goods Sold by a five-year average of total revenue. This measure is calculated by using the following formula: Average based on (current year + previous four years cost of goods sold/current year + previous four years of revenue)*100.

How the data is verified and validated to make certain it is accurate: External auditors perform routine audits of financial statements. Cost of Goods Sold is part of the financial statements.

Data Accuracy: Reasonable Accuracy.

- **Performance measure:** Operating expenses as a percentage of revenue.

Definition: The consolidated Franchise Fund will either maintain or decrease operating expenses as a percentage of revenue year to year. Operating expenses are defined as those expenses associated with running the business but are not directly related expenses to the line of goods or services being sold.

How Data is Captured: The data is captured in an Oracle Financials system. This measure will be based on a five-year moving average to smooth out-years where the franchise fund may choose to invest in capital expenditures, etc. This measure is calculated

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by using the following formula: Average based on (current year + previous four years operating expenses/current year + previous four years of revenue)*100.

How the data is verified and validated to make certain it is accurate: The Accounting Manager at BPD's Administrative Resources Center (ARC) and the Corporate Senior Financial Advisor review the data for reasonableness at least quarterly. An independent auditor performs an external audit annually.

Data Accuracy: Reasonable Accuracy.

Performance Goal: Ensure customers are satisfied with all aspects of service. Provide--quality of products/services, delivery, price and conduct of business.

- **Performance measure:** Customer satisfaction approval rating (various measures)

Definition: Indicates an objective level of customer satisfaction.

How Data is Captured: The result of the survey is derived from the following: (a) ongoing management service reviews with customers through on-site visits; (b) ongoing management contract review with contractors; and (c) customer surveys using scale method with quantitative statistical analysis and results

How the data is verified and validated to make certain it is accurate: The Franchise Fund currently uses both the U.S. Census Bureau and the University of Michigan's American Customer Satisfaction Index (ACSI) to assure objectivity in its survey review and analysis.

Data Accuracy: Reasonable Accuracy.

- * **Performance measure:** Percent change in total sales from prior year

Definition: Indicates percentage growth/decline over prior year.

How Data is Captured: This data comes from the Oracle Financial system or other auditable source. This measure is calculated by using the following formula: $[(\text{current year sales}/\text{prior year sales})-1]*100$.

How the data is verified and validated to make certain it is accurate: This data is audited routinely.

Data Accuracy: Reasonable Accuracy.

- * **Performance measure:** Percent change in customer serviced from prior year.

Definition: Each franchise location defines a customer according to its type of business (e.g., One organization may deal with customers at the division level while others may deal with customers at the bureau level). However, each organization is required to be consistent in its approach to customer count/ measurement.

How Data is Captured: Customers are captured in an Access or Oracle database. This measure is calculated by using the following formula: $[(\text{current year customers}/\text{prior year customers})-1]*100$.

How the data is verified and validated to make certain it is accurate: Customer verification and validation is self-reported with review from Corporate to assess data reasonableness.

Data Accuracy: Reasonable Accuracy.

Performance Goal: Ensure compliance with legal and regulatory requirements.

- * **Performance measure:** No management control deficiencies identified.

Definition: Management controls, per OMB Circular A-123, are the organization, policies, and procedures used by agencies to assure that (i) programs achieve their intended results; (ii) resources are used consistent with agency mission; (iii) programs and resources are protected from waste, fraud and mismanagement; (iv) laws and regulations are followed; (v) reliable and timely information is obtained, maintained, reported and used for decision making... Identification of deficiencies are based on evidentiary findings based on sources of information provided in Circular A-123 in part include: Management knowledge gained from the daily operation of agency programs and systems; management reviews; IG and GAO reports, including audits; program evaluations; audits of financial statements conducted pursuant to the Chief Financial Officers Act; annual risk assessments and review of financial systems.

How Data is Captured: The data is captured in an Access database for some operational data and in the Oracle Financial system at BPD (ARC) in Parkersburg, WV, or other auditable system. Management routinely pulls data for review from the Oracle Discover Reporting system.

How the data is verified and validated to make certain it is accurate: Management performs *ad hoc* and quarterly reviews of operational and financial data; external auditors perform routine audits of financial statements; GAO performs systems audits of the Bureau of Public Debt (ARC) database and financial systems. Corporate management analyzes financial statements at least quarterly and questions data that appears to be unreasonable/inaccurate.

Data Accuracy: Reasonable Accuracy.

- * **Performance measure:** Unqualified Annual Financial Statement Audit Opinion from independent external auditors

Definition: Indicates an external review/opinion on the reasonable assurance about whether the financial statements are free of material misstatement.

How Data is Captured: The review includes examining on a test basis: (a) evidence supporting the amounts and disclosures in the financial statements; (b) assessment of the accounting principles used and significant estimates made by management; and (c) evaluation of the overall financial statement.

How the data is verified and validated to make certain it is accurate: External auditors perform routine audits of financial statements.

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Data Accuracy: Reasonable Accuracy.

Performance Goal: Ensure competitiveness.

- * **Performance measure:** 100% voluntary program participation

Definition: Indicates whether customers are free to choose services from the Franchise Fund or select another service provider.

How Data is Captured: Each reimbursable agreement has an escape clause included as a required provision.

How the data is verified and validated to make certain it is accurate: Periodic reviews of reimbursable agreements.

Data Accuracy: Reasonable Accuracy.

- * **Performance measure:** Percent change in total sales from prior year

Definition: Indicates percentage growth/decline over prior year.

How Data is Captured: This data comes from the Oracle Financial system or other auditable source. This measure is calculated by using the following formula: $[(\text{current year sales}/\text{prior year sales})-1]*100$.

How the data is verified and validated to make certain it is accurate: This data is audited routinely.

Data Accuracy: Reasonable Accuracy.

**TREASURY FRANCHISE FUND/ACCOUNT 20X4560:
SUMMARY OF IT AND NON-IT CAPITAL INVESTMENTS
(000's)**

Type	Project Name	Cumulative						
		thru FY04	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010
IT	<u>Sustain Current Operations:</u>							
	Network Upgrades, New/Replacement Equip:							
	Financial Systems, Consulting and Training	158	158	250				
	Financial Management Admin Support Services							
	Consolidated Integrated Admin Management	<u>1,091</u>	<u>829</u>	<u>521</u>				
	Subtotal	<u>1,249</u>	<u>987</u>	<u>771</u>				
NON-IT	Office Expansion/Phone Upgrade:							
	Consolidated Integrated Admin Management	<u>327</u>	<u>187</u>	<u>17</u>				
	Subtotal	<u>327</u>	<u>187</u>	<u>17</u>				
IT	<u>In-Process Capital Projects:</u>							
	N/A							
NON-IT	N/A							
	Subtotal							
IT	<u>Proposed New Capital Projects:</u>							
	N/A							
NON-IT	N/A							
	Subtotal							
	Grand Total	1,576	1,174	788				