

OMB Circular A-127, "Financial Management Systems"

OFFICE OF MANAGEMENT AND BUDGET

OMB Circular A-127, "Financial Management Systems."

AGENCY: Office of Management and Budget, Executive Office of the President

ACTION: Interim final revision of OMB Circular A-127, "Financial Management Systems."

SUMMARY: OMB Circular No. A-127 "Financial Management Systems," dated July 23, 1993, prescribes policies and standards for executive departments and agencies to follow in developing, operating, evaluating, and reporting on financial management systems. The Office of Management and Budget is issuing an interim final revision to Circular A-127 to incorporate recommendations from the Chief Financial Officers (CFO) Council. These recommendations change the process for acquiring software to meet core financial system requirements by eliminating the restriction to only acquire the software and related services from the FMSS Schedule, and to provide for software testing that is independent of the procurement process. These recommendations will result in the revision of Sections 8d and 9b, as well as adding a new Section 9a(3) and 9c. These changes are shown below.

DATES: The interim final revision is effective July 1, 1999. Comments on the interim final revision must be received on or before August 2, 1999.

ADDRESSES: Comments on this interim final revision should be addressed to Jean Holcombe, Federal Financial Systems Branch, Office of Federal Financial Management, Office of Management and Budget, 725 17th Street, NW, Room 6025, Washington, DC 20503. Comments up to three pages in length may be submitted via facsimile to 202-395-3952. Electronic mail comments may be submitted via Internet to jholcomb@omb.eop.gov. Please include the full body of electronic mail comments in the text and not as an attachment. Please include the name, title, organization, postal address, and E-mail address in the text of the message.

FOR FURTHER INFORMATION CONTACT: Jean Holcombe, Federal Financial Systems Branch, Office of Federal Financial Management, Office of Management and Budget, (202) 395-3993.

SUPPLEMENTARY INFORMATION: In January 1997, at the request of Federal agencies, the Financial Systems Committee (FSC) of the Chief Financial Officers (CFO) Council formed the Joint Systems Solution Team (JSST) to assess the core financial management system acquisition process that was based upon using the FMSS Schedule. At that time, the mandatory GSA FMSS Schedule acquisition award process was linked directly with the software certification (testing) process. The team recommended to the CFO Council an approach that included separation of the testing of products from the acquisition process in order to: (1) provide more information to agencies; (2) provide assistance to vendors to stimulate product development, and (3) establish a procurement vehicle with streamlined procedures. Through research and analysis, including on-site visits and groupware sessions with public and private sector representatives, the JSST recommended a three-phase program to achieve the goals of effective certification of the off-the-shelf financial systems and simplified procurement. The three phases recommended were: (1) determinations of requirements, (2) test and qualification of software, and (3) establishment of a procurement vehicle with streamlined procedures. The JSST also recommended that a Program Management Office (PMO) within the Joint Financial Management Improvement Program (JFMIP) be responsible for the requirements determination and the testing and qualification phases and that GSA manage the establishment and administration of the procurement vehicle. These recommendations were approved by the CFO Council. Circular A-127 is being revised to reflect changes in testing and acquiring that resulted from these recommendations. In addition, OMB intends to seek public comment on additional revision to A-127 later this year. These revisions will include: (1) FFMIA review and reporting requirements; (2) guidance on procuring financial management systems and services; and (3) clarifications of current financial management system requirements.

Jacob J. Lew
Director

The changes to Circular A-127 are as follows.

1. Section 8d of the current Circular should be deleted in its entirety and replaced with the following:

8d(1). *Use of "Off-the-Shelf" Software.* Agencies replacing software to meet core financial system requirements are required to use the GSA FMSS Multiple Award Schedule until its expiration on September 30, 1999. As of October 1, 1999 agencies replacing software to meet core financial system requirements are no longer required to use the GSA FMSS Multiple Award Schedule; they must use "off-the-shelf" software that has been tested and certified through the JFMIP software certification process as meeting JFMIP Core Financial Management System Requirements. Agencies may purchase this software using the strategy and procurement vehicle they believe will best enable them to meet their needs in a timely and effective manner following the competition requirements associated with the procurement vehicle being used to conduct the acquisition.

In addition, agencies will notify JFMIP that a core financial management software procurement is planned -- preferably prior to, or in the early phases of, acquisition planning. JFMIP will electronically post a public message to permit interested certified system vendors to market agencies. The sole purpose of this message is to facilitate agency market research. This message is not intended to, and shall not, serve as an invitation for offerors to submit bids, proposals, or quotes.

OMB policy pertaining to using "off-the-shelf" software is contained in OMB Circular A-130 and must be followed when replacing financial management systems.

8d(2). *Software Certification Testing.* "Off-the-shelf" software will be tested to ensure that it meets core financial system requirements as defined in the *Core Financial System Requirements* document published by JFMIP. JFMIP will coordinate the testing process and issue software certifications. Information on the details of the certification testing process and its results will be available to any interested Federal agency for any certified software package.

2. A new section 9a(3) is being added to the current Circular as follows:

9a.(3). *Notify JFMIP on Plans to Acquire Core Financial System Software.* Agencies shall notify JFMIP on plans to acquire software supporting core financial system functions.

3. Section 9b of the current Circular is revised to read as follows:

9b. *GSA Responsibilities.* GSA is responsible for continuing to support existing contracts under the FMSS Schedule until their completion. GSA also will make procurement vehicles available to agencies for acquiring software which has been certified according to the processes in Section 8d(2).

4. A new Section 9c is being added and will read as follows:

9c. *JFMIP Responsibilities.* JFMIP will establish processes for testing "off-the-shelf" software supporting core financial system requirements which include:

- developing and administering the certification test.
- notifying GSA when a software package successfully completes the certification test.
- providing interested parties with information on the core financial system requirements and their related testing scenarios.
- providing interested parties with details on the results of the certification tests for certified software packages.
- posting a public notice on planned core financial system procurements.

