

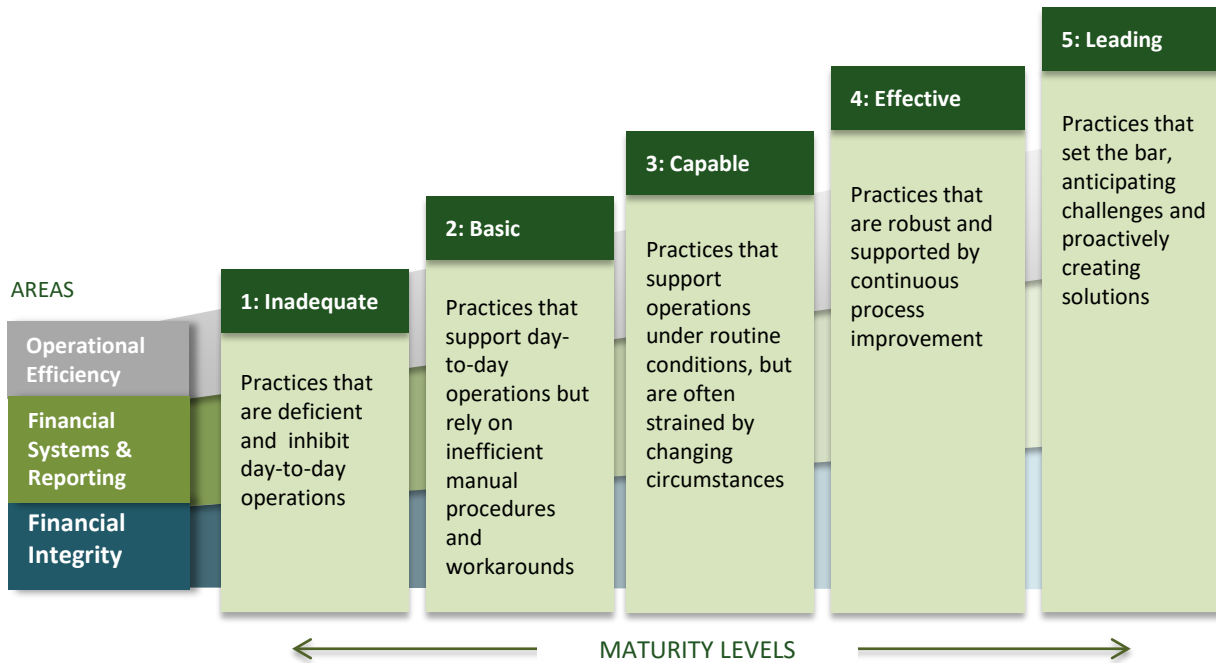


TRANSFORMING GOVERNMENT'S FINANCIAL MANAGEMENT

Federal Financial Management Maturity Model:

Fiscal "Fitness" Self-assessment

Federal Financial Management Maturity Model



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

The Maturity Model 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.

Similarly to personal health, the Maturity Model centers on the “fitness” of an agency’s financial management. 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 Maturity Model is designed to be used internally, is easy to perform, and is based on current conditions and existing documentation common to every agency.

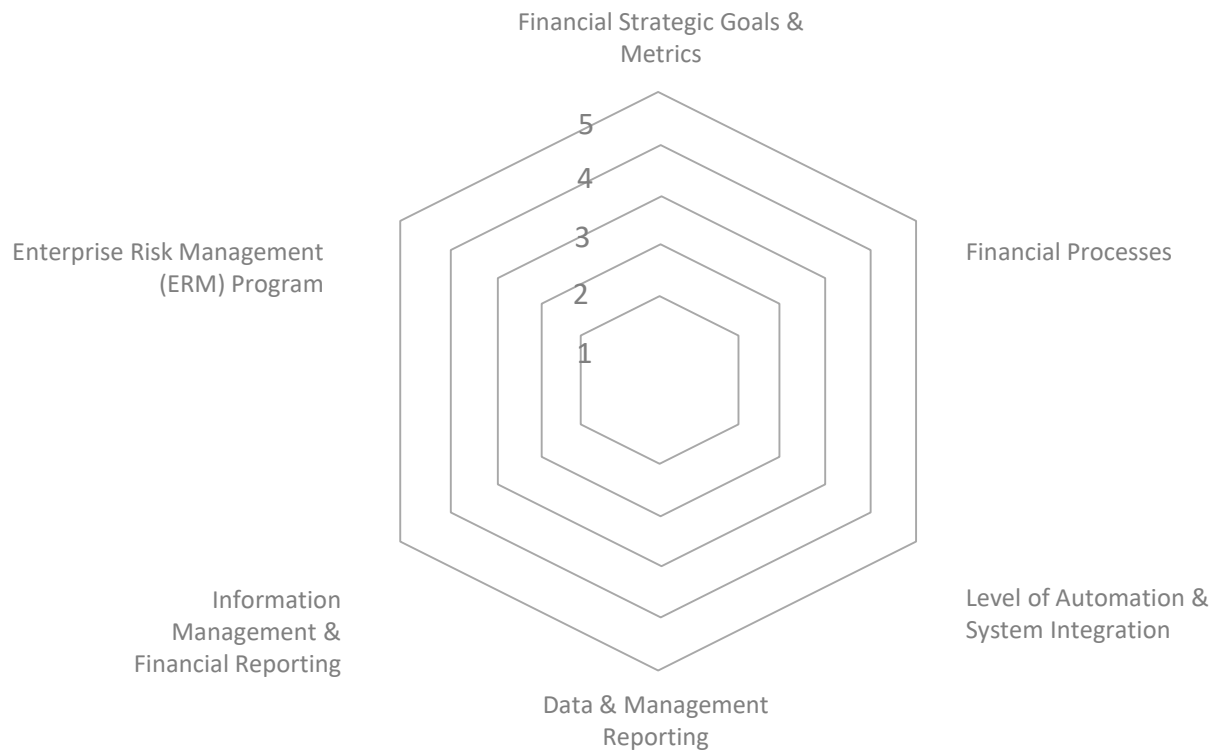
Federal Financial Management Maturity Model Areas & Components

AREAS & DEFINITIONS	AREA COMPONENTS	COMPONENT DESCRIPTIONS
Operational Efficiency The performance, productivity, and efficiency of financial management practices	Financial Management Strategic Goals & Metrics	Ability to set and achieve FM goals incorporating the use of performance metrics
	Financial Processes	Provision of financial processes to support customers
Financial Systems & Reporting The tools to support managing the cost and performance of Federal Government programs	Level of Automation & System Integration	Degree to which an agency has automated and integrated the core and mixed financial systems and processes
	Data & Management Reporting	Level of sophistication in providing quality data for analysis and decision making
Financial Integrity The accountability and credibility of Federal financial management	Information Management & Financial Reporting	Ability to sustain a clean audit opinion and meet financial reporting needs
	Enterprise Risk Management (ERM) Program	Ability to identify, assess, and manage risks

Federal Financial Management Maturity Model

COMPONENT		LEVEL 1: INADEQUATE	LEVEL 2: BASIC	LEVEL 3: CAPABLE	LEVEL 4: EFFECTIVE	LEVEL 5: LEADING
Operational Efficiency	FM Strategic Goals & Metrics	No documented FM goals or performance metrics	FM goals and performance metrics documented and communicated to FM personnel; no performance targets exist	FM goals and performance metrics documented and communicated to agency personnel; performance targets exist; some performance targets met	FM goals and performance metrics documented and communicated to agency personnel and customers; performance targets exist; most performance targets met	FM goals and performance metrics demonstrate year-over-year improvement; performance targets updated annually
	Financial Processes	Heavy reliance on manual processes that lead to rework; no customer service	Reliance on manual processes with efforts underway to automate; limited customer service	Mix of manual and automated processes; established customer service processes	Automated end-to-end processes; self-service capabilities	Fully automated, real-time end-to-end processes; self-service capabilities widely adopted
Financial Systems and Reporting	Level of Automation & System Integration	Legacy, customized system; lack of automated interfaces requiring manual re-entry; no plans to modernize; FISMA financial findings exist	Legacy, customized system; limited automated interfaces; OMB approved modernization plan; FISMA financial findings exist	Modern COTS product with limited customizations; batch interfaces; no FISMA financial findings exist	Modern COTS product with no customization; mix of batch and real-time system-to-system interfaces; no FISMA financial findings exist; strategic use of third party arrangements	Modern COTS product with no customization; real-time system-to-system interfaces; no FISMA financial findings exist; strategic use of third party arrangements
	Data & Management Reporting	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; 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; practices evidence based decision-making
Financial Integrity	Information Management & Financial Reporting	Modified opinion (Disclaimer or Adverse); does not meet reporting deadlines unable to produce cost of agency programs	Modified opinion (Qualified); noncompliant with one or more laws and regulations; may not meet reporting deadlines; produces macro level cost of agency programs with no insight on cost detail	Unmodified opinion with one or more material weaknesses; noncompliant with one or more laws and regulations; meets reporting deadlines; produces detailed annual cost of agency programs and understands cost drivers	Unmodified opinion; no material weaknesses or significant deficiencies; compliant with laws and regulations; meets reporting deadlines; regularly produces detailed cost of agency programs and leverages internal benchmarking	Sustained (three years) unmodified opinion; no material weaknesses or significant deficiencies; compliant with laws and regulations; meets reporting deadlines; detailed cost estimating, forecasting, and external benchmarking drive program decisions
	Enterprise Risk Management (ERM) Program	Risks occasionally discussed; no formal process to manage risks; periodic mission failure due to lack of preparedness	Risks identified and managed in a siloed manner; ad hoc process to identify and document risks; major risks averted in a reactive, inefficient manner	Risks identified and managed across the agency; management understands cross-cutting agency risks; established mitigating controls minimize risk exposure	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	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

Federal Financial Management Maturity Model Worksheet



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

1. Familiarize yourself with areas, definitions, components, and descriptions on page 2.
2. Review the Federal Financial Management Maturity Model on page 3, and note the levels of maturity within each component.
3. Rank each component in your organization on a scale of **1: Inadequate** to **5: Leading**. Enter your rating on the column on the table below.
5. Plot a point on the ranking number under the component at each point on the radar graph to the left. Connect the points.
6. Use graphic internally to begin discussions surrounding areas for improvement.

To Learn More

To learn more about the Maturity Model and other approaches, visit fiscal.treasury.gov/FIT or contact us at FIT@fiscal.treasury.gov.

AREA	AREA COMPONENT	RANKING
Operational Efficiency	Financial Management Strategic Goals & Metrics	
	Financial Processes	
Financial Systems and Reporting	Level of Automation & System Integration	
	Data & Management Reporting	
Financial Integrity	Information Management & Financial Reporting	
	Enterprise Risk Management (ERM) Program	