

CASE STUDY

U.S. Agency for International Development (USAID)

Why CGI

- _ Extensive large-scale federal government project experience
- _ Depth of expertise in federal financial accounting & USAID's business
- _ Momentum® solution field-proven at other U.S. federal agencies
- _ Strong, experienced team dedicated to project best practices and success

The Results

- _ Single, worldwide system ensures consistent data
- _ Four straight years of unqualified audit opinions and full FFMIA compliance
- _ Rapid response to internal/external stakeholder inquiries
- _ Improved ratings on federal financial management scorecards
- _ Reduced manual effort and better use of human resources
- _ COTS solution simplifies maintenance and avoids legacy system
- _ Significant improvements in stakeholder & partner confidence

CGI MOMENTUM® SOLUTION HELPS USAID MEET FEDERAL GOVERNMENT REQUIREMENTS FOR FINANCIAL MANAGEMENT BEST PRACTICES

“As the key partner in our financial modernization effort which began in 1999, the CGI team and Momentum solution have been instrumental in helping us achieve our vision of having a single, agency-wide financial management system.”

Lisa Fiely, Chief Financial Officer
U.S. Agency for International Development (USAID)

Since its creation in 1961 by President John F. Kennedy under the Foreign Assistance Act, the U.S. Agency for International Development (USAID) has been furthering America's foreign policy interests in expanding democracy while improving the lives of citizens in developing nations around the world. With an annual budget of roughly \$15 billion, USAID works to achieve these goals through its efforts and financial commitments to foreign governments in support of economic growth, agriculture and trade; global health; and democracy, conflict prevention and humanitarian assistance. USAID is headquartered in Washington, D.C. and operates internationally from nearly 80 field offices or “missions” in Sub-Saharan Africa; Asia and the Near East; Latin America and the Caribbean; and Europe and Eurasia.

The Challenge

USAID operates in a unique and complex finance and accounting environment—establishing contracts, grants and agreements with foreign governments, dealing with local banks throughout the world, disbursing and managing money in a large number of foreign currencies, and managing thousands of subcontract relationships with public and private sector organizations in many countries.

Further complicating this environment, the financial management system in use at the Agency's headquarters was different from that being used by its overseas missions, roughly half of which serve as local accounting offices and have a local Controller with fiscal responsibility for USAID activities. Operating multiple systems made it very difficult to pull a consistent set of data from across the organization; and the process of extracting monthly transactions from more than 50 separate databases around the world to produce accurate, consolidated reports at the headquarters level was long and laborious.

Lacking a reliable accounting system and a standard, worldwide financial management process, USAID was experiencing considerable difficulty tracking and reporting its spending and financial obligations in a timely and accurate fashion. This in turn resulted in the Inspector General's auditors repeatedly issuing “disclaimers” of opinion on USAID's financial statements.

The Agency also found itself struggling to meet new U.S. federal government financial management standards and reporting requirements intended to demonstrate that they were managing themselves in a fiscally responsible way.

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USAID stakeholders had little confidence in the financial information produced by the legacy accounting system and knew that the system did not comply with federal requirements.

When the Agency determined that its financial management system was a 'material weakness' under the FMFIA (Federal Managers' Financial Integrity Act) internal controls review, it was clearly time for USAID to initiate a financial modernization effort.

The Strategy

After unsuccessful attempts to develop a totally new accounting system in-house or customize systems being used by other departments or agencies, USAID realized that the only way to succeed was to implement an existing and proven commercial product. The Agency sent a Letter of Interest to prospective vendors of commercial off-the-shelf (COTS) financial software and reviewed a number of proposals. USAID awarded the contract to AMS (AMS is now the CGI-Federal division of CGI Group) and selected CGI's Momentum software solution as the basis for the Agency's new, worldwide system.

Not only did Momentum meet all of the functional and technical requirements set forth by USAID, it had already been rigorously tested and certified by the Joint Financial Management Improvement Program as being in compliance with mandatory federal regulations.

"We chose Momentum because it was designed and built specifically for federal government," explains Steve Crabtree, Phoenix Project Manager, USAID. "Because its underlying architecture is based on federal accounting and financial management best principles, it would force us to follow good business practices without turning our whole financial world upside down."

The rollout of Momentum (named Phoenix as implemented at USAID) was a three-stage project that began at USAID's Washington headquarters, where roughly 800 users put the system through its paces to ensure it met the USAID's functional and performance requirements. During this period, the Agency focused on dramatically improving its central accounting functions and auditability before proceeding with overseas deployment.

"During the initial operation, Momentum met all of our requirements and expectations – right out of the box, without any modifications," states Crabtree. "This kept us from ending up with another custom system and the high maintenance costs that typically accompany it. It also enabled us to improve perceptions amongst our stakeholders, including the Inspector General's office which performs the audits, that we really had made improvements in our financial management and were moving forward," he adds.

The rollout of Momentum to the overseas USAID missions began as production pilots in Peru, Columbia, Nigeria, Ghana and Egypt, chosen because they represented the full breadth of Agency business as well as the nature, size and complexity of USAID financial transactions. The pilots allowed the CGI-USAID team to determine the most effective system configuration, implementation and training processes and the team for the subsequent region-by-region deployment to the remaining missions. As part of these pilot activities, CGI also created the data migration process and associated software tools that would ultimately be used to map and import the millions of legacy financial transactions residing on mission databases over to the new system.

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CGI's Client Partnership Management Framework (CPMF) provided the project management framework for the planning and complicated logistics required to achieve a tightly orchestrated rollout on time and on budget, while contending with all the different languages and cultural practices, operations in multiple time zones and network and application performance variations in a wide range of telecommunications environments.

Commenting on the contribution of the CGI team to the successful rollout, USAID's Crabtree explains that, "Our success with the data migration can be attributed to a lot of hard work done by CGI beforehand to align the various legacy system budget structures with the new Momentum structure."

He went on to add that another big contributor to the success of the project was the training that CGI developed and delivered successfully to more than 600 users overseas. That training included two weeks in the classroom and two weeks of onsite user support.

"The quality of the CGI trainers was very high," says Crabtree. "They were more than just knowledgeable about federal accounting, the system and the Agency's business—it was a personality thing as well. They demonstrated lots of concern for the success of the project and of the individual users. They were even willing to help us in some of our most difficult locations, such as Pakistan and Iraq, where it was not uncommon for team members to go to work each day wearing helmets and body armour," he adds.

A team of 40 to 50 CGI staff provides ongoing support to the Agency in the form of general IT and technical architecture consulting and support, software upgrades, custom software development, production cycle and operational support, and Level 2 help desk support for nearly 1500 users in 50 locations on five continents.

The Technology

- _ Application: CGI Momentum Federal Financial Management System 6.0
- _ Server Operating Systems: Microsoft Windows Advanced Server, Windows 2000
- _ Databases: Oracle 9i, Microsoft SQL Server
- _ Networks: TCP/IP, VSAT, ISP
- _ Programming Languages: J2EE, VB, C++
- _ Data Warehouses: Business Objects, Crystal, Informatica

The Results

With Momentum fully deployed, USAID's entire financial operation runs on a single, corporate system, providing real-time, online access to, and reporting of, financial information worldwide. It no longer takes upwards of one month, and considerable manual effort, to collect and consolidate information from all the missions.

"It's critical that we respond quickly and accurately to inquiries about the Agency's financial activities and obligations," says David Ostermeyer, Deputy CFO, USAID. "With Momentum, we're now able to provide timely information to our stakeholders who may be interested in knowing where we stand at any time."

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For the first time, the Agency is able to meet its financial obligations to governments, suppliers, contractors and other agencies in one country, while making payments and conducting financial management activities from another, nearby country. This flexibility allows USAID to consolidate its mission-based financial staff and activities into centralized locations, thereby creating the opportunity to reduce staff and quickly pull out from any location that becomes dangerous or unstable, while still supporting projects underway in that location.

Among other benefits that USAID has realized is Momentum's ability to adapt quickly and easily to Agency reorganizations by transforming the entire financial database, including the data associated with all historical transactions, to match new reporting lines and organizational configuration.

In addition, Project Management and Procurement staff can now make their own entries directly into the financial system, freeing up the Financial staff to focus more time on analytics and higher-level accounting activity. User satisfaction has also been enhanced by the system's significant performance improvements over the Agency's legacy environment, especially relating to network response time.

"Momentum is playing a key role in enabling us to demonstrate significant improvements in our financial management processes and improve USAID's ratings on a number of government scorecards," claims Ostermeyer.

The Inspector General is finding that auditing USAID is much easier with the new system, and as of the 2006 fiscal year, the Agency received four "unqualified" audit opinions in a row on its financial statements. With the overseas deployment of Momentum, USAID achieved substantial compliance with federal requirements, and the material weakness previously identified in the Agency's financial management system was formally closed. Moreover, improvements in the financial system and underlying business processes allowed USAID to meet all three requirements for Federal Financial Management Improvement Act (FFMIA) compliance in fiscal year 2006: federal requirements for an integrated financial management system, federal accounting standards, and the U.S. Standard General Ledger at the transaction level.

According to USAID's Steve Crabtree, the success of this project has led to a complete turnaround in stakeholder confidence, and a lot of reliance is now being placed on the Agency's financial reports by the Office of Management and Budget (OMB) and the Congressional sub-committee monitoring USAID activities.

On OMB's most recent management scorecard (for the quarter ending March 31, 2007), USAID's financial scores improved to green, an indicator of successful financial performance that includes areas such as receiving a clean audit opinion and demonstrating expanded use of financial data to manage programs. Phoenix allows USAID managers to monitor program financial data on a daily basis. The OMB March 2007 review also found that USAID had increased managers' accountability for meeting project budget goals.

"Due to the strength of our new financial management system and processes, we are now also well regarded by our external aid project partners, such as banks and other government agencies, who are placing USAID high up on their list of the best development agencies in the world," adds Crabtree. "In addition to their hard work, organization and ability to anticipate and fix problems before they occurred, CGI has been incredibly dedicated to making this project a success."

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