

M-05-02, Financial Management Systems

December 1, 2004

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Circular No. A-127--Revised
Transmittal Memorandum No. 3

TO THE HEADS OF EXECUTIVE DEPARTMENTS AND ESTABLISHMENTS

SUBJECT: Financial Management Systems

OMB is revising Circular A-127, Financial Management Systems, to improve coordination among the operators of agency financial management systems, vendors of financial management software, E-Gov shared services, and the Department of Treasury. The revisions incorporate the transfer of responsibilities from the Joint Financial Management Improvement Program to the Chief Financial Officers Council and the Office of Federal Financial Management. These updates are effective immediately.

A revised version of the entire Circular will be made available on the OMB web site. All questions or inquiries concerning OMB Circular A-127 should be addressed to the Office of Federal Financial Management, Federal Financial Systems Branch, telephone number 202/395-3993.

Joshua B. Bolten
Director

Attachment

Transmittal Memorandum No. 3 Revisions to OMB Circular A-127

This Transmittal Memorandum replaces and rescinds Circular A-127 Transmittal Memorandum No. 2, dated June 10, 1999, which revised Circular A-127, "Financial Management Systems" dated July 23, 1993. Transmittal Memorandum No. 2 revised Sections 8d and 9b of A-127 and added new Sections 9a(3) and 9c. This Transmittal Memorandum revises Sections 7g, 7i, 8d, 9b, and 9c. It deletes Section 9a(3) and adds new Sections 8g and 9d.

The changes to Circular A-127 are as follows:

- Section 7g: "Joint Financial Management Improvement Program (JFMIP)" is replaced by "Office of Federal Financial Management (OFFM)."
- Section 7i: "JFMIP" is replaced by "OFFM."
- Section 8d is 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 must use "off-the-shelf" software that has been tested and certified through the Chief Financial Officers Council (CFOC) software certification process as meeting OFFM core financial system requirements. Agencies may purchase this software or contract for a service that operates 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.

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 OFFM. The CFOC 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.

- A new Section 8g is added and reads as follows:

8g. *Interface Requirements Management.* Agencies operating or establishing contracts for financial reporting, transaction processing, or other services that are or will be interfaced to multiple agencies' financial systems must coordinate with OFFM the deployment of these services and changes to them. OFFM will establish interface requirements for these services and incorporate them into the *Core Financial System Requirements* or other requirement documents, as appropriate. OFFM will manage the deployment of new interface requirements for efficiency and will rely generally on the core financial system vendors to develop modifications to operational systems.

- Section 9a(3) is deleted, section 9a(4) is renumbered accordingly.

Section 9b is revised to read as follows:

9b. *GSA Responsibilities.* GSA also will make procurement vehicles available to agencies for acquiring software that has been certified according to the processes in Section 8d(2).

- Section 9c is revised to read as follows:

9c. *CFOC Responsibilities.* The CFOC will establish processes for testing "off-the-shelf" software supporting core financial system requirements that 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, and
- Providing interested parties with details on the results of the certification tests for certified software packages.

- A new Section 9d is added and reads as follows:

9d. *Transition.* All software certifications previously issued by the Joint Financial Management Improvement Program (JFMIP) shall be deemed to have been issued by the CFOC.

All financial management system requirements documents and other guidance issued by the JFMIP are transferred to OFFM and remains in effect until modified. OFFM will issue guidance memoranda as needed to clarify any transition issues. OFFM will issue guidance memoranda as needed to implement the requirements of this Circular.