

## **Memorandum on Improving Financial Management**

May 26, 1998

*Memorandum for the Heads of Executive Departments and Agencies*

*Subject:* Actions to Further Improve Financial Management

My Administration has made a significant commitment to achieving the highest standards of financial management and accountability for the American people. Since the enactment of the Government Management Reform Act of 1994, the Federal Government has made substantial progress toward achieving our goals of fiscal discipline and reporting reliably to the American people on the Government's operations and fiscal condition.

An important step in this direction has been the efforts of the Federal Accounting Standards Advisory Board to develop accounting standards for the Federal Government. This effort was consistent with the recommendations of the National Performance Review led by Vice President Gore. These standards formed the basis for the first ever government-wide financial statement of the Federal Government, issued on time on March 31, 1998.

While our financial management program has resulted in significant improvements, there are several areas in which agencies must focus additional attention. Financial auditors reported accounting system weaknesses and problems with fundamental accounting practices across the Federal Government. These specifically include practices related to the Government's property, Federal credit programs, liabilities related to the disposal of hazardous waste and remediation of environmental contamination, Federal Government employment-related benefits liabilities, and transactions between Federal entities. My FY 1999 budget request to the Congress outlined my commitment to addressing these problems and obtaining an "unqualified audit opinion"—the highest opinion available from auditors—on the Government's financial statements for FY 1999.

To achieve these goals, I am now directing the additional steps set forth below:

1. The Office of Management and Budget (OMB) shall identify agencies subject to reporting under this memorandum and monitor agency progress towards the goal of obtaining an unqualified audit opinion on the FY 1999 consolidated Federal Government financial statements.
2. The head of each agency identified by the OMB shall submit to the OMB a plan, including milestones, for resolving by September 30, 1999, financial reporting deficiencies identified by the auditors. The initial agency plan is due to the OMB by July 31, 1998.
3. The head of each agency submitting a plan shall provide quarterly reports to the OMB, starting on September 30, 1998, describing progress in meeting the milestones in their action plan. The head of each affected agency shall report to the OMB any impediments that would impact the government-wide goal.
4. The OMB shall provide periodic reports to the Vice President on the agency submissions and government-wide actions taken to obtain an unqualified audit opinion of the Government's FY 1999 financial statements.

**William J. Clinton**

## **Letter to Congressional Leaders Transmitting a Report on Cyprus**

May 26, 1998

*Dear Mr. Speaker: (Dear Mr. Chairman:)*

In accordance with Public Law 95-384 (22 U.S.C. 2373(c)), I submit to you this report on progress toward a negotiated settlement of the Cyprus question covering the period February 1, 1998, to March 31, 1998. The previous submission covered events during December 1997 to January 1998.

U.S. efforts on the Cyprus issue intensified following the February 15 completion of the Cypriot Presidential elections. In my letter of congratulations to President Clerides on his reelection, I reiterated U.S. support for the U.N. process to achieve a settlement based on a bizonal, bicomunal federation