

February 11, 2003

Bonnie McGregor
Eastern Region Director
U. S. Geological Survey

Dear Bonnie:

The seven District Chiefs of the Southeast Region and the three Science Center Chiefs of Florida unanimously endorse the concerns expressed by our Northeast Region colleagues in a letter sent to you on January 29, 2003. This letter detailed the severe negative impacts to the USGS associated with our currently non-functioning financial management software.

Although our Northeastern Regional colleagues have outlined a number of problems, we are particularly concerned by:

- 1) Our inability to manage our Federal cooperative and reimbursable funding. Specifically, we cannot view our total committed federal coop monies by fiscal year and adjust matched cooperator monies from split year agreements between fiscal years. This deficiency is especially critical because we expect a substantial reduction in cooperative funding this year. This deficiency makes determining potential funding shortfalls, on a project-by-project basis, nearly impossible without each of us developing our own spreadsheets and other accounting tools.
- 2) Our inability to determine total expenditures, by object class, versus net funding on a project-by-project basis. This deficiency makes prudent financial management decisions particularly challenging and nearly impossible.

The current deficiencies in our financial management software have numerous negative consequences. Cost center managers have little choice but to curtail all but the most mission-critical expenditures. Even these may prove to be inappropriate, relative to available resources, we simply have no way of knowing now. It is likely, unless a remedy is quickly identified or provided, that cost center chiefs will approach the end of the current fiscal year without knowing the exact financial status of their various projects or their entire cost center. As such, many important mission-critical actions, such as: training, travel, equipment procurements, etc., are being curtailed. Further, without adequate financial management software, we may be unable to meet our legally mandated financial requirements for billing our customers.

The problems created by the lack of a non-functioning financial management system are magnified in our Florida integrated science centers. Many internal and external associations are either being newly forged and/or realigned such that experience and financial information from previous years provide little or no guidance for the current year. Reasonable adjustments to prior year figures, based on known program changes, simply cannot be done to produce estimates of current financial status. There are just too many unknowns and variables, including proposed policy changes, which make credible financial projections nearly impossible. It is imperative that these integrated centers have policies finalized and a fully functioning financial management system available soon to reliably and responsibly manage about \$50 million of annual USGS scientific activities of the Florida Science Centers.

We respectfully request that you carry our concerns forward as appropriate, including to the Office of Administrative Policy and Services, requesting that they make every effort to address this critical issue as rapidly as possible. The longer this problem continues, the more critical the impacts, and the harder it will be to apply corrective actions. We are more than prepared to provide any help you feel is appropriate, to rectify this situation.

Sincerely,

Cost Center Chiefs of the Southeast