

UNITED STATES  
DEPARTMENT OF  
THE TREASURY



# Treasury Franchise Fund

Acquisition Advisory Panel  
Briefing

July 12, 2005

# FRANCHISE HERITAGE

- ? Conceptualization: The Reinventing Gov't Effort
  - ✍ Problem: Administrative Monopolies
  - ✍ Solution: Competition & Business-like Operation
- ? Authorization: 1994 GMRA
- ? Designation: 1996 OMB designated Treasury
- ? Establishment: 1997 Treasury Began Operations
- ? Permanency: 2004 Treasury becomes Permanent

# INTENT & CONCEPT

- ? Intent: 10 years removed, the principle behind the Treasury Franchise Fund remains consistent with its original intent found in the GMRA:

Provide common administrative services to agencies if the agencies determine the services are of greater value (cost – delivery – results) than other means.

- ? Concept: A shift of paradigm from bureaucratic operations to entrepreneurial business methods with reliance on market competition

# GOALS & VALUE PROPOSITION

## ? Primary Goals:

- ✍ Promoting efficiencies in the delivery of admin. products and services
- ✍ Eliminating duplicative administrative backroom systems and functions.

## ? Value Proposition:

- ✍ New innovation
- ✍ Less Red Tape
- ✍ Strategic Sourcing
- ✍ Market Environment
- ✍ Less Redundancy
- ✍ Trained / Experienced Workforce

# KEY OPERATING PRINCIPLES

- ? Competition: The Fund provides services on a fully competitive basis. The businesses are not “sheltered”.
- ? Voluntary Exit: Customers are able to “exit” and go elsewhere for services after appropriate notification and are permitted to choose other providers.
- ? Full Cost Recovery: The operation is self-sustaining and recovers “full costs” as defined by FASAB.
- ? Dynamic Adjustments:- There is an ability to adjust capacity and resources up or down as business rises or falls

# TREASURY FRANCHISE ORGANIZATION

? Our Employees: Over 600 employees nation-wide

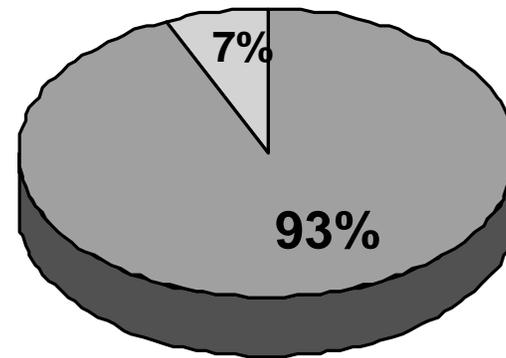
? Our Financing:

- ✍ Revolving Fund
- ✍ No Appropriations
- ✍ Reimbursable – Bill to collect

- ✍ Reasonable Operating Reserve
- ✍ Standard Private Sector Financials

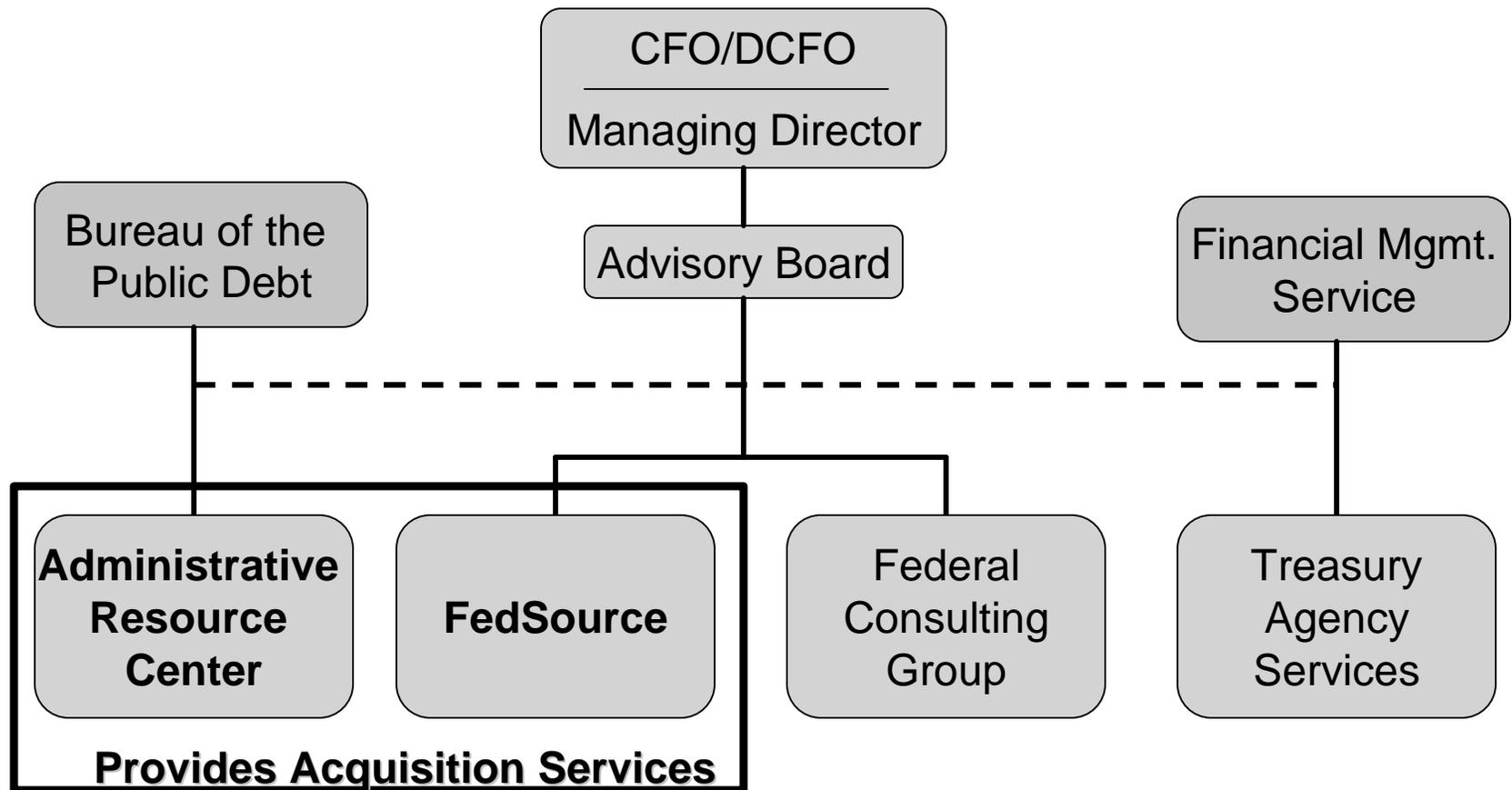
? Our Customers:

- ✍ Primarily External to Treasury



■ **Non-Treasury**    ■ **Treasury**

# TREASURY FRANCHISE ORGANIZATION



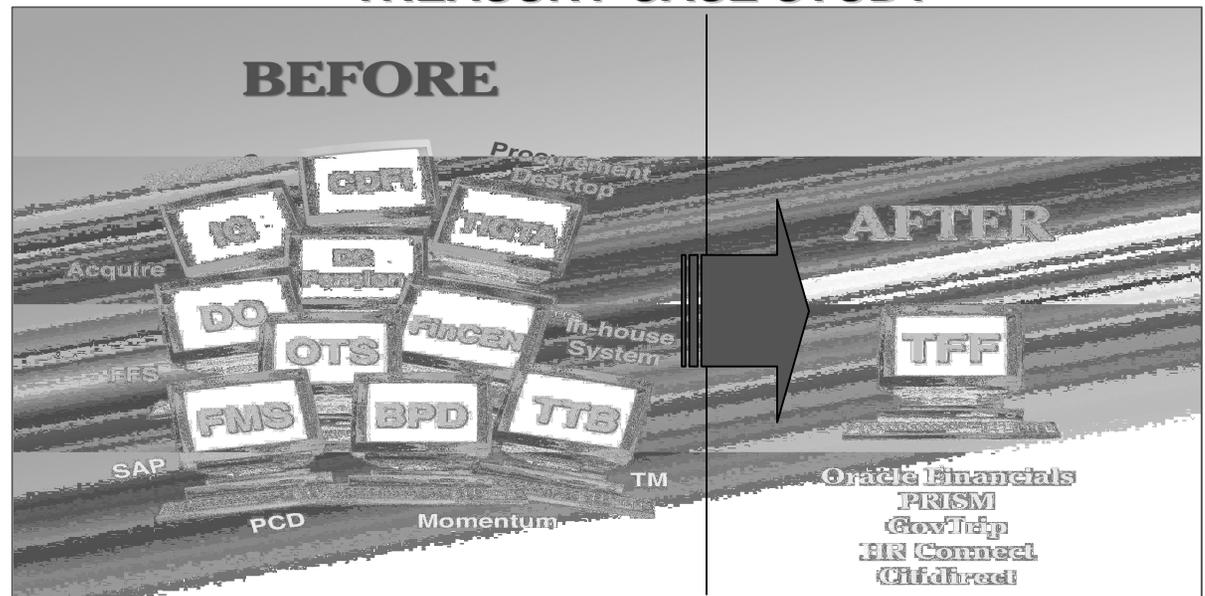


# ADMINISTRATIVE RESOURCE CENTER

- ? 4 Service Lines: Acct, Travel, HR, and Proc
- ? OMB Approved Center of Excellence for Financial Mgt

- ? Eliminate Redundant Systems

## TREASURY CASE STUDY





# PROCUREMENT SERVICES

? Full Service

- ✍ Simplified Acquisition, Large Contracts,  
Purchase Card Program

? System Platform (PRISM)

? Real-time Interface with Oracle Financials

? 54 FTEs servicing 24 Customers

? FY 04 Obligations - \$580 Million

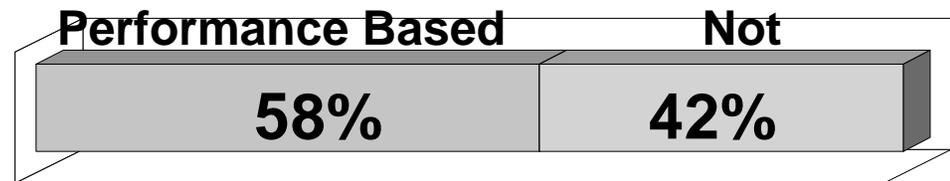


# PERFORMANCE STATISTICS

**Large Solicitation/  
Contracts**

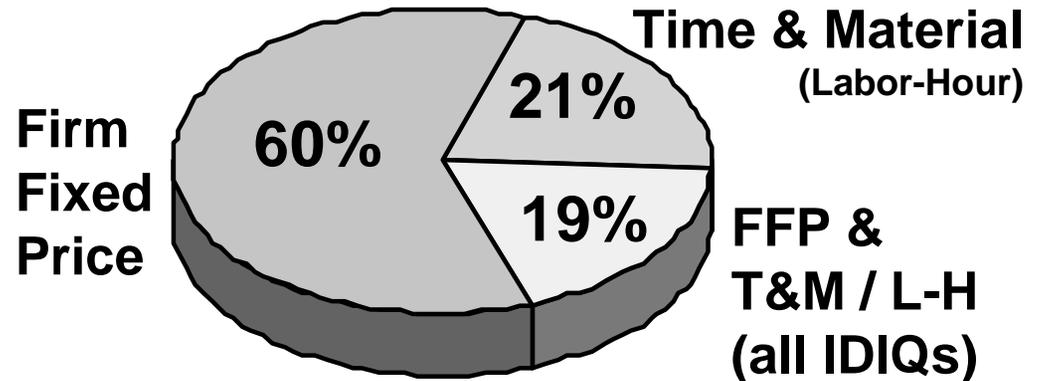


**Performance Based  
Solicitations/ Contracts:**  
(Large Non-Personal Services  
Contracts)



**Large Solicitations/  
Contract Types**

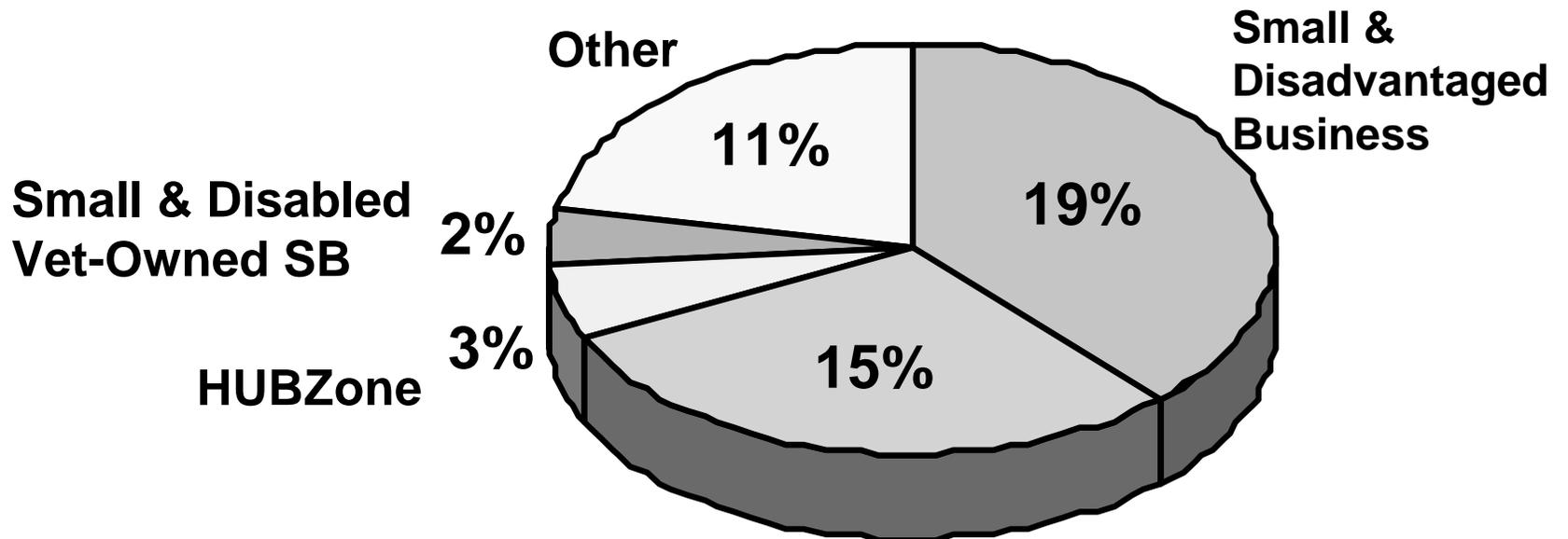
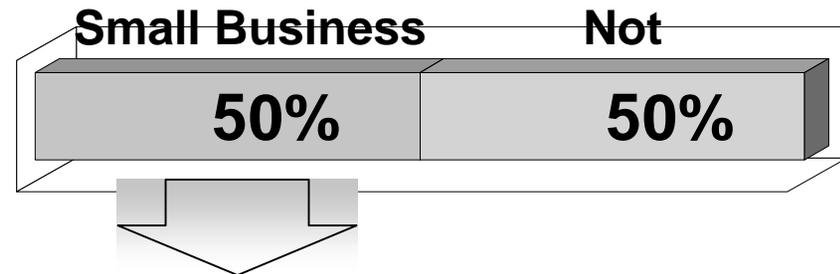
**Cost 0%**





# PERFORMANCE STATISTICS

## Small Business Achievements



8(a)



# Are **WHO WE ARE**

## ? **FedSource: A Department of the Treasury Franchise Fund Business**

- Administrative services commercial in nature
- Business is federal to federal
- Our creed “...**Work Federal, Think Private..**”

## ? **Our Purpose**

- Provide an alternative source for the effective delivery of selected administrative services
- Leverage the buying power of customers
- Provide services on a fully competed basis
- Provide surge capabilities to meet customer’s needs



# STATS & SERVICES

## ? FedSource Statistics

- FY-04 Obligations: \$510,000,000
- 77 Full-Time Equivalents supporting over 2,500 customers
- FY-04 Operating Percentage: 2.7%
- FedSource Business Management System interfaces with Oracle
- FPDS-NG interface scheduled for Sept. 2005

## ? FedSource Service Lines

- Project Support
- Document Automation
- Audit Recovery
- Project Management
- Security & Safety
- Construction



# VALUES

## Our Core Values

- Business conducted with integrity, honesty, and a high standard of ethics
- Compliance with all laws and regulations
- Innovative service delivery
- Sharp customer focus
- Private industry like; efficient, flexible, and responsive

*"Proper ethical behavior exists on a plane above the law. The law merely specifies the lowest common denominator of acceptable behavior."*  
*-Gene Laczniak, "Business Ethics: A Manager's Primer," 1983*



# THE FEDSOURCE ADVANTAGE

**FedSource is an “interagency contracting organization”.**

- FedSource utilizes the “Full Service Acquisition Model.” In other words, we do not simply allow an agency to access our contracts, we provide “cradle to grave” services to our customers.

*The U.S. Department of Census Customer Care Survey provides detailed information about our Customer’s evaluation of FedSource.*

- FedSource provides value-added services that are beyond those available from other government service providers. FedSource Staff play a key role in alleviating many of the burdens that are required of the customer in the procurement process.

- FedSource provides its services to over 150 Treasury customers and over 2400 government wide customers with gross revenue of \$580 million



# THE FEDSOURCE ADVANTAGE

## Dedicated, Full-Service Acquisition Teams

- Responsive to customer's needs
- Offices located nationwide
- Just-in-time contracts
- Efficient, timely, and customer focused services

## Cost Effectiveness

- Economies of Scale
- Reduction of contract admin. costs
- Automated invoice processing





# THE FEDSOURCE ADVANTAGE

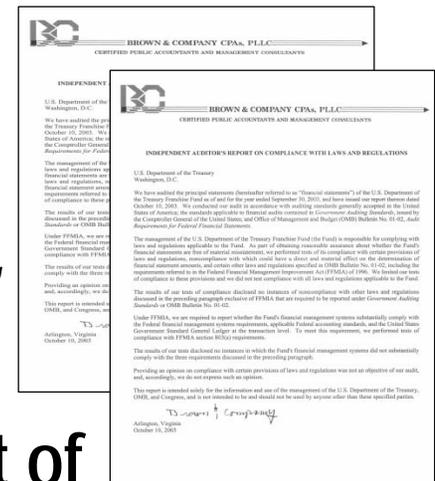
## External Audit Controls

- Annual independent audit of financial statements have resulted in unqualified opinions
- Audit reports focus on three key areas: financial statements, internal controls over financial reporting, and compliance with laws and regulations

## Supports and Promotes the Achievement of Federal Business Goals and Strategies

- Comprehensive FAR compliant contract vehicles for diverse service & product lines including multiple and 8A sole source awards

*Our services allow customer organizations  
to focus on their mission!*





# THE FEDSOURCE ADVANTAGE

## Strong Commitment to Small Business Goals

- Numerous small business, 8A, HUB Zone, ANC, Veterans, and Women & Minority Owned contracts awarded
- Teaming encouraged between large and small businesses

## Fosters Cooperation and Trust with the Business Community

- Contracts sustain approximately 150 small businesses nationwide
- Potential volume of \$1.5 billion will be returned to small communities through small businesses over the next 3-5 years

## Supporting the Local Communities

- Provides over 10,000 contract jobs with many in economically challenged areas
- Providing meaningful careers for individuals with severe disabilities through NISH contracts





# THE FEDSOURCE ADVANTAGE

## Meeting Fiduciary Responsibilities through Sound Financial Management

- Strict adherence to appropriation laws and regulations
- Prompt Payment Act Compliance

## FedSource Business Management System (FBMS)

- Our FBMS provides information upon which intelligent business decisions can be made and actions taken.
- Our system was designed to provide the following:
  - Monitoring of all customer funds obligated and billed;
  - Safeguards against waste, loss or improper use of assets;
  - Information on the financial status of contracts and task orders; and
  - Relevant and consistent data for internal and external reporting requirements





# FEDSOURCE BUSINESS MANAGEMENT SYSTEM

FBMS is a modular based software system that allows FedSource to utilize current technology to manage its daily operations

- Customer Data
- Finance
- Orders
- Contractors
- Reports
- System Information
- Statistical Analysis

Customers | Finance | **Orders** | Contractors | Reports | System Info

Quotes | Task Orders | Projects

Task Order: LOS006401 | Customer Code: LOS0104 | Select Task Order: LOS006401 - LOS0104

General Info | Award Notices | Admin Placements | **Task Order Funding** | Invoices | Statements | User Notes | System Notes

**Awarded Task Order :** LOS006401

**Funds Overview :**  
 Total Required Funds : \$41,977.60 | Funds Needed : \$0.00

**Task Order Funding Info :**

Task Order Award Funding				
Line	Fund Doc Line #	Priority	Allocated Amount	
04	FD-007471-LOS-01	4	\$60,093.28	
05	FD-007467-LOS-01	5	\$10.00	
<b>Totals:</b>				

**Authorized Bill Codes**

Bill Types	
Line	Bill Type

FundDocLine	PMID	CustDocNum	FundCite	Available	Oblig. End	Funding Start
FD-007471-LOS-01	IPAC	MIPR3BUST50005	2132020000076203113105611S66254031EV11MIPR3BUS T50005EV1131S30356	\$71,093.14	09/30/2004	09/29/2003
FD-008312-LOS-01	IPAC	MIPR3LUST50077	2132020000076203113105611S66254031EV11MIPR3LUS T50077EV1131030356	\$176,034.61	09/30/2003	09/17/2003
FD-008756-LOS-01	IPAC	MIPR4ADOT50026	2142020000002AB3AE131079N1S53254031M742MIPR4A DOT50026M74231030356	\$831.29	09/30/2004	11/19/2003

FundDoc Line (LOS0104) | Add Funding

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# End of Treasury Franchise Fund Presentation

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