# USDA

## U.S. Department of Agriculture
## Office of Inspector General
## Financial and IT Operations
## Audit Report

FISCAL YEAR 2000
NATIONAL FINANCE CENTER
REVIEW OF INTERNAL CONTROLS

Report No.
11401-7-FM
June 2001

DATE:        July 11, 2001

REPLY TO
ATTN OF:     11401-7-FM

SUBJECT:     Fiscal Year 2000 National Finance Center Review of Internal
             Controls

TO:          Patricia Healy
             Acting Chief Financial Officer
             Office of the Chief Finance Officer


This report presents the results of our audit of the internal control structure at the Office of the Chief Financial Officer/National Finance Center (OCFO/NFC) as of September 30, 2000.  The report contains a qualified opinion because certain control policies and procedures as described in the report were not suitably designed or placed into operation.

In accordance with Departmental Regulation 1720-1, please furnish a reply within 60 days describing the corrective action planned or taken and the timeframes for implementation.  Please note that the regulation requires a management decision to be reached on all findings and recommendations within a maximum of 6 months from report issuance.


        /s/


ROGER C. VIADERO
Inspector General

# EXECUTIVE SUMMARY

**U.S. DEPARTMENT OF AGRICULTURE**
**FISCAL YEAR 2000**
**NATIONAL FINANCE CENTER**
**REVIEW OF INTERNAL CONTROLS**
**AUDIT REPORT NO. 11401-7-FM**

## PURPOSE

Our audit included procedures to obtain reasonable assurance about whether: (1) the accompanying description of the internal control structure of the U.S. Department of Agriculture's (USDA) Office of the Chief Financial Officer's (OCFO) National Finance Center (NFC) presents fairly in all material respects, the aspects of the OCFO/NFC's policies and procedures that may be relevant to a user organization's internal control structure; (2) the control structure policies and procedures included in the description were suitably designed to achieve control objectives specified in the description if those policies and procedures were complied with satisfactorily; and (3) such policies and procedures had been placed in operation as of September 30, 2000. Our examination was performed in accordance with government auditing standards.

## RESULTS IN BRIEF

Our review of the internal control structure at OCFO/NFC for fiscal year 2000, resulted in a qualified opinion. We noted that actions taken by the OCFO were sufficient to reduce the risk associated with several previously reported weaknesses; however, we found some prior material control weaknesses continued to exist. Many of these weaknesses relate to problems with the legacy Central Accounting System (CAS) and its feeder systems[1]. The CAS is in substantial noncompliance with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger. The weaknesses with the CAS general ledger are being mitigated by the implementation of Foundation Financial Information System (FFIS) for USDA agencies; beginning with FY 2002,

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[1] Audit Report No. 11401-4-FM, "Fiscal Year 1998 National Finance Center Review of Internal Control Structure," dated September 1999, Audit Report No. 11401-3-FM, "Fiscal Year 1997 National Finance Center Review of Internal Control Structure," dated March 1998, Audit Report No. 50401-39-FM, "U.S. Department of Agriculture Consolidated Financial Statements For Fiscal Year 2000," dated February 2001, and Audit Report No. 50401-35-FM, "U.S. Department of Agriculture Consolidated Financial Statements for Fiscal Year 1999," dated February 2000.

all but two smaller agencies will have been implemented into FFIS. In addition, there are plans in development to resolve the problems with the feeder systems. However, until these problems are corrected there will continue to be material weaknesses with the OCFO/NFC internal control structure. Other material weaknesses noted during our audit are described below:

- The OCFO needs to adopt a "corporate-level" approach for developing and reviewing the internal control structure for its financial management systems located at the OCFO/NFC. We found that the OCFO has not performed adequate evaluations or risk assessments to address the changing financial management environment at the OCFO/NFC. The environment has changed significantly because of the implementation of the FFIS.

- The integrity of the data in FFIS could be at risk due to the need to strengthen reconciliations of data from the feeder systems to FFIS. We reviewed the operation of selected feeder systems and the "nightly cycle[2]" process, which transfers feeder system transactions to FFIS. We were unable to identify an effective process to verify that all feeder system transactions were properly transferred to FFIS or that the FFIS general ledger is supported by the feeder system subsidiary data.

- The OCFO has not yet been able to properly reconcile the Fund Balance With Treasury (FBWT) general ledger accounts to those amounts reported by Treasury. Much has been done to resolve this situation, but some problems remain.

- The OCFO/NFC had not adequately limited FFIS accesses granted to OCFO/NFC users, or appropriately segregated incompatible duties.

- The OCFO continues to experience significant problems with the reconciliation of suspense activity. The OCFO/NFC does not have proper procedures in place to reconcile these accounts timely, nor has it identified actions to be taken when amounts do not clear properly from these accounts. These problems were first reported in 1992. As a result of our FY 2000 USDA Consolidated Financial Statements audit, the OCFO has agreed to analyze the balances within these suspense accounts in order to identify appropriate corrective actions.

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[2] The term used to denote the routine to process transactions through FFIS that have already been processed by the feeder systems.

# TABLE OF CONTENTS

# REPORT OF THE OFFICE OF INSPECTOR GENERAL

**TO:**  Pat Healy
Acting Chief Financial Officer
Office of the Chief Finance Officer

We have examined the accompanying description (see exhibit A) of the internal control structure of the U. S. Department of Agriculture's (USDA), Office of the Chief Financial Officer's (OCFO), National Finance Center (NFC).  Our examination included procedures to obtain reasonable assurance about whether:  (1) the accompanying description presents fairly, in all material respects, the aspects of the OCFO/NFC's policies and procedures, that may be relevant to a user organization's internal control structure; (2) the control structure policies and procedures were suitably designed to achieve control objectives in the description, if those policies were complied with satisfactorily; and (3) such policies and procedures had been placed in operation as of September 30, 2000.

We applied tests to selected policies and procedures to obtain evidence about their effectiveness in meeting the specified control objectives.  This information will be provided to user organizations of OCFO/NFC and their auditors to be taken into consideration, along with information about the internal control structures at user organizations, when making assessments of control risk for user organizations.

Our audit was conducted in accordance with <u>Government Auditing Standards</u> issued by the Comptroller General of the United States.  We also followed the standards issued by the American Institute of Certified Public Accountants (AICPA) and included those procedures we considered necessary to obtain a reasonable basis for rendering our opinion.

Our review of the internal control structure at OCFO/NFC in effect as of September 30, 1998, Audit Report No. 11401-4-FM, resulted in a qualified opinion, substantially because of the following material weaknesses:  (1) improperly supported accounting adjustments; (2) poorly documented applications; (3) lack of conformance with the U.S. Standard General Ledger; (4) inadequate reconciliation and balancing routines; and (5) serious access control weakness over sensitive information noted by the General Accounting Office (GAO).

The accompanying description of the internal control structure of OCFO/NFC provides a general overview of operations at OCFO/NFC, a description of outstanding control weaknesses previously identified, and a summary of corrective action plans. The description incorporates, by reference, the OCFO/NFC management controls manual. As such, the description does not include the OCFO/NFC's control structure policies and procedures.

Since 1992, we have reported numerous material internal control weaknesses in the operation of the OCFO/NFC. These weaknesses are significant since the OCFO/NFC processes payments in excess of $41 billion, annually. During this audit, we noted that actions taken by the OCFO were sufficient to reduce the risk associated with several previously reported weaknesses. However, we found other problems continued. Many of these weaknesses relate to problems with the legacy Central Accounting System (CAS) and its feeder systems. The CAS is in substantial noncompliance with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger. The weaknesses with the CAS general ledger are being mitigated by the implementation of FFIS for USDA agencies; as of FY 2002, all but two smaller agencies will have been implemented. In addition, there are plans in development to resolve the problems noted with the feeder systems. However, until these problems are corrected there will continue to be material weaknesses with the OCFO/NFC internal control structure.

In addition, this audit disclosed the following material internal control weaknesses: (1) absence of structured risk assessments of OCFO/NFC systems and operations; (2) need to strengthen reconciliations between FFIS and feeder systems; (3) out-of-balance conditions in OCFO/NFC serviced FBWT accounts; (4) inappropriate user accesses relating to FFIS; and (5) lack of reconciliation of selected OCFO/NFC suspense accounts.

In our opinion, except for the matters referred to in the previous paragraphs, and as discussed in the Findings and Recommendations section of this report, the accompanying description of the internal control structure presents fairly, in all material respects, the relevant aspects of OCFO/NFC's control structure. Also, in our opinion, except for the matters referred to in the previous paragraph, the policies, and procedures, as described, are suitably designed to provide reasonable assurance that the remaining control objectives would be achieved if the described policies and procedures were complied with satisfactorily.

Also, in our opinion, except for the matters referred to in the previous paragraphs, the policies and procedures that were tested, were operating with sufficient effectiveness to

provide reasonable, but not absolute, assurance that the control objectives were achieved, as of September 30, 2000.

The description of policies and procedures at OCFO/NFC is as of September 30, 2000, and any projections of such information to the future are subject to the risk that, because of change, they may no longer portray the system in existence. The potential effectiveness of specific policies and procedures at OCFO/NFC is subject to inherent limitations and, accordingly, errors or irregularities may occur and not be detected. The projections of any conclusions, based on our findings, to future periods are subject to the risk that changes may alter the validity of such conclusions. Furthermore, the accuracy and reliability of data processed by OCFO/NFC and the resultant reports ultimately rests with the user agency and any compensating controls implemented by such agency.

This report is intended solely for the management of OCFO/NFC, its users, and their auditors.

ROGER C. VIADERO
Inspector General

April 30, 2001

# FINDINGS AND RECOMMENDATIONS

| CHAPTER 1 | CORPORATE LEVEL CONTROLS NEED STRENGTHENING |
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**FINDING NO. 1**

The OCFO needs to adopt a "corporate-level" approach for developing and reviewing the internal control structure for its financial management systems located at the OCFO/NFC. We found that the OCFO had not performed appropriate risk assessments to address the changing operational environment at the OCFO/NFC due to the new accounting system. As of October 1, 2000, approximately 80 percent of all financial management activity located at the OCFO/NFC had been converted from the old Central Accounting System (CAS), to the Department's new accounting system, Foundation Financial Information System (FFIS).

In Audit Report No. 11401-3-FM, "Fiscal Year 1997 NFC Review of Internal Control Structure," we recommended that the OCFO/NFC conduct and document risk assessments of its operations and assure all risk assessments were performed consistently between divisions, on a regular basis. We also recommended that the OCFO/NFC should update its control objectives and techniques based on the results of these assessments. The OCFO concurred with our recommendation. In Audit Report No. 50099-19-FM, "Review of Controls Over USDA Administrative Payment Systems," dated January 2, 2001, we recommended, because of problems noted with the Department's risk assessment process, that the Department needs to "strengthen the development and review of internal controls in departmental administrative payment systems to ensure "corporate-level" approaches are taken." USDA officials concurred with our recommendation.

As early as 1987, a Governmentwide group of Federal executives and Inspectors General[3] expressed concern about the "disturbing frequency" that computer systems had become vulnerable to fraud, waste and abuse. To try to prevent these problems from recurring, the group issued the "Model Framework for Management Control Over Automated Information Systems," dated January 1988. This document was to provide managers

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[3] The President's Council of Integrity and Efficiency and the President's Council on Management Improvements.

with a "road map" for reviewing and developing integrated controls within automated systems. In addition, The Committee of Sponsoring Organizations of the Treadway Commission[4] recommended sponsoring a project to provide practical, broadly accepted criteria for establishing internal controls and evaluating their effectiveness. As a result of this study, in September 1992, the "Internal Control-Integrated Framework" document was issued. The "framework" provides a comprehensive basis for developing and assessing internal controls in any organization. In November 1999, the GAO updated its "Standards for Internal Control in the Federal Government[5]." The GAO notes in this revision that "rapid advances in information technology have highlighted the need for updated internal control guidance related to modern computer systems."

OCFO officials are responsible, as part of their day-to-day operations, to develop, document, maintain, evaluate, improve, and report on management controls contained in its Management Control Manual (MCM). The MCM documents the control objectives and techniques used at the OCFO/NFC to enhance business integrity, minimize business risks, and operate in an effective, efficient, secure, auditable, and well controlled environment.

We found, however, that few OCFO/NFC operating units had properly updated their management controls, based upon a thorough risk assessment of FFIS operations. We also found that an overall "corporate level" assessment of the financial management processes at OCFO/NFC, crossing OCFO/NFC operational units, was not performed.

To test the processes followed by OCFO/NFC in its risk assessment of FFIS operations, we interviewed three OCFO/NFC branch chiefs, which were all impacted by the implementation of FFIS. Our interviews and record reviews found that none of the three branches, nor any other OCFO oversight unit, had performed a comprehensive risk assessment, to determine the impact of the new accounting system on a unit's operations and control environment. We also identified operational processes that crossed unit responsibilities within OCFO/NFC without a process to effectively evaluate, on a "corporate level" basis, the internal control process needed to effectively implement FFIS.

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[4] The National Commission on Fraudulent Financial Reporting – A joint sponsorship of the American Institute of Certified Public Accountants (AICPA), American Accounting Association, Financial Executives Institute, Institute of Internal Auditors, and the Institute of Management Accountants.

[5] The Federal Managers Financial Integrity Act (FMFIA) requires General Accounting Office (GAO) to issue standards for internal controls in Government. Office of Management and Budget (OMB) Circular A-123 provides specific requirements for assessing and reporting controls. Recently, other laws have renewed focus on internal controls, such as the Government Performance and Results Act of 1993, the Chief Financial Officers (CFO) Act of 1990, and the Federal Financial Management Improvement Act (FFMIA) of 1996.

For example, the recertified check[6] process at OCFO/NFC spans four different units. Each individual unit is responsible for reviewing its own specific operations and developing necessary internal controls. No one with the OCFO/NFC performed an overall risk assessment of the recertified check process. During our review, we noted that approximately $2.5 million was shown as not billed to employees by the OCFO/NFC, for those individuals who had apparently cashed both the recertified and the original checks. Approximately half of that amount was for checks that cleared during 1999 and prior years. We also noted that the OCFO/NFC had actually received $1.2 million of this amount as a credit[7] from Treasury, which was not recorded in OCFO/NFC records. In another case, we noted that documents used to process the billing were completed, but never sent to the unit that actually bills the employee. Both of these control weaknesses were not identified by OCFO/NFC in its risk assessments because each unit only assessed the risk and identified controls that were applicable to itself. We noted similar problems in the past with the program deviation process, the miscellaneous payment system, and other operations that cross unit and divisional lines within the OCFO/NFC.

We also identified areas where the internal control objectives and techniques identified by OCFO/NFC were no longer performed because the process no longer existed or could not be accomplished as a result of FFIS. For example, several branches with the Financial Services Division are required to perform reconciliations of the general ledger to the feeder system (See Finding No. 2 for details); however, the units were unable to accomplish this control objective because reports from the FFIS, necessary to perform this function had not been identified, and thus have not been developed. The OCFO indicated that they are resolving this issue.

The absence of a "corporate level" approach to the performance of risk assessments of OCFO/NFC operations, and development of appropriate internal controls to mitigate the risks identified, has unnecessarily increased the risk that OCFO/NFC financial management data could be in error, or if errors were made, would not be identified and corrected in a timely manner.

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[6] Recertified checks are issued when the payee notifies the OCFO/NFC that the original issued check was lost, stolen or destroyed.
[7] The original check was returned or cancelled.

## RECOMMENDATION NO. 1

Establish a "corporate level" approach to the performance of risk assessments, following the Treadway Commissions "Model Framework" process, of OCFO/NFC operations and development of an appropriate internal control structure. Assure FFIS operations are considered when this assessment is performed.

## RECOMMENDATION NO. 2

Implement actions to correct the problems preventing timely billing of overpayments relating to recertified checks.

## FINDING NO. 2

The completeness and accuracy of transactions processed through the OCFO/NFC feeder system's[8] to the FFIS are at risk because of the need to strengthen the reconciliation process in place. We attributed this problem, in part, to the absence of necessary FFIS reports that would enable OCFO/NFC units to perform these reconciliations. As a result, millions of transactions, valued in the billions, are processed through feeder systems without an effective reconciliation process between the FFIS and the feeder systems.

The Joint Financial Management Improvement Program (JFMIP) Core Financial System requirements state that interfaces may be acceptable for an integrated financial management system, as long as the supporting detail is maintained and accessible, and easy and timely reconciliation between systems is be maintained to ensure the accuracy of the data.

We reviewed the procedures followed by the OCFO/NFC to reconcile the feeder systems to FFIS. Under the CAS, various OCFO/NFC units received reports, customized to their specific needs, to assist them in attempting to reconcile data processed in the feeder systems to the CAS general ledger. Our audit found, however, that none of the OCFO/NFC operational units had obtained similar FFIS reports to enable the unit to reconcile the feeder systems subsidiary data to the FFIS general ledger. The performance of this type of reconciliation is essential to assure that the financial management data stored in the feeder systems balances to the FFIS general ledger. In previous Office of Inspector General (OIG) reports, we have identified significant out-of-balance conditions between the CAS general ledger and the data maintained in the feeder system. In addition, we have also recommended that controls be installed to assure that the FFIS balances to the subsidiary feeder systems.

The OCFO established a new operating unit at the OCFO/NFC to interface FFIS accounting operations with OCFO/NFC's existing operations. One of the new FFIS Operations Branch's (FOB) responsibilities is to reconcile activity processed through the feeder systems to transactions processed into FFIS. This is a critical function because of the problems, associated with the feeder systems, and the complexities, as described in prior OIG audit reports, associated with the

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[8] A "feeder" system is a system used by NFC to process transactions that are fed to FFIS. These systems may have special front-end data entry tools, containing selected edits, generate reports, and maintain subsidiary records.

determination of whether to process the transactions to the FFIS, CAS, or both, as well as other complex accounting issues.

The FOB developed electronic spreadsheets, that are labor intensive and subject to error, to compile data from both FFIS processing cycles, and feeder system processing cycles, in order to attempt to balance the transactions processed by each interfaced feeder system. This process is complicated because the FFIS can produce over 100 reports from each processing cycle that must be manually separated by the approximately 20 feeder systems. Also, the spreadsheets only attempt to reconcile the number of transactions processed; not the value of the transactions. We believe both the number and the value of transactions should be reconciled.

To illustrate the problems in the reconciliation process, we compared the original source documents produced from FFIS and the Administrative Billings and Collections (ABCO) feeder system to the FOB reconciliation spreadsheets. We noted that this process was not properly designed to identify items that were processed in the feeder but not processed in FFIS.

Our audit noted that numerous transactions had not been processed into FFIS, because of system edits or other reasons, but had been processed by the feeder systems. We also found data input errors in the spreadsheets that caused apparent out-of-balance conditions. However, the FOB reconciliation process did not detect these out-of-balance problems. For example, for one feeder system that we tested, the OCFO/NFC identified over 200 transactions, totaling about $2 million, that had been processed through the feeder system, but had not been processed into FFIS. However, the FOB reconciliation spreadsheets for this period improperly showed that all transactions had been processed into FFIS.

We noted that this problem occurred because one of the application programs processing these transactions in FFIS had terminated before processing was complete, and as a result some transactions were not processed into FFIS. However, the reports used by FOB to prepare its reconciliation spreadsheets were improperly created prior to the time this application program malfunctioned. OCFO/NFC officials have indicated that they have corrected this problem.

The reconciliation of data processed through the various feeder systems into FFIS is a critical process. Prior OIG reports have reported on the need for timely and effective reconciliations. As discussed in the JFMIP

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Core financial system requirements, timely reconciliations between systems must be maintained to assure the accuracy of the data.

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| **RECOMMENDATION NO. 3** | Revise the FOB reconciliation process to ensure that all transactions processed in the feeder are processed in FFIS by transaction numbers and dollar amounts. |

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| **RECOMMENDATION NO. 4** | Assure output reports from the FFIS are obtained to enable feeder system data to be reconciled with the FFIS general ledger. |

Perform reconciliations of feeder system data to FFIS general ledger data.

| CHAPTER 3 | CASH RECONCILIATION PROBLEMS CONTINUE IN FFIS |
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## FINDING NO. 3

We have reported since 1992 that the OCFO/NFC's Fund Balance with Treasury (FBWT) account had not been properly reconciled with Treasury records. While reconciliation of FBWT is still a concern, substantial improvement has been made by the OCFO. Because of the reconciliation process initiated by the OCFO, and an approximately $160 million adjustment, approved by the U.S. Treasury and the Office of Management and Budget (OMB) to record previously unrecorded disbursements, these differences have been reduced substantially.

### CAS Reconciliations Problem Still Persist

While, as noted above, progress has been made on this significant problem, we are concerned that the OCFO has not yet been able to fully reconcile the FBWT for CAS activity for FY 2000 and subsequent periods. The OCFO had a goal, since May 1999, to have each month's FBWT activity analyzed, reconciled and corrected within a 120-days, following the receipt of the Statement of Differences from U.S. Treasury. The OCFO advised us that it had applied its resources to resolving FBWT problems for periods prior to October 1999, and as a result was unable to reconcile subsequent periods. Unreconciled differences in CAS total $10.3 million as of February 2001.

### FFIS Problems with FBWT Continue

In our Evaluation Report No. 50801-7-FM, "Effective Implementation of FFIS Will Reduce USDA's Many Financial Management System Problems," dated September 1999, we first reported that the FBWT reconciliation problem had also impacted the FFIS. These problems have resulted in the automated reconciliation tool reporting an absolute value difference of $659 million for fiscal year 2000, as of March 2001. The Treasury on Form FMS 6652, "Statement of Differences," for this same period, shows an out-of-balance condition of $162.9 million.

Since these problems have been reported in previous OIG reports, we are making no additional recommendations at this time.

| CHAPTER 4 | OCFO/NFC DID NOT ADEQUATELY LIMIT ACCESS TO FFIS |
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**FINDING NO. 4**

Agency FFIS applications, which include both Privacy Act and sensitive financial management data, were not adequately protected from improper access by personnel. We attributed this problem to the absence of an effective review of employee access levels to FFIS.  The OCFO/NFC currently performs a quarterly review of FFIS access, however this review should include further analysis related to segregation of duties and necessity of access. As a result, the Department faces additional risk, that personnel without a need, could access sensitive and privacy act data maintained in FFIS.

We compared the OCFO/NFC FFIS accesses to the criteria identified in the OCFO/NFC Data Security Policy.  The results of our review follow:

- We found that 9 OCFO/NFC staff were provided broad access to process approximately 50 FFIS document types, including budget and payment documents, that did not need to have this access. Six of these personnel were also provided access, but did not have the need, to process more than 100 additional FFIS document types, including journal vouchers (JV) and standard vouchers (SV), which present a risk to the system's integrity.

- For fiscal year 2000, we found that 118 OCFO/NFC personnel were allowed to create JV documents for the OCFO.  We noted that 43 of these could also approve JV documents that they created.  In FY 2001, the OCFO FFIS Security Administrator reduced the 118 to 31 people, and restricted the personnel from approving JV documents they had entered.  This has substantially lessened the security weakness in this area.  However, we believe that additional actions are necessary to even further reduce the number of personnel with this access.

- Certain OCFO/NFC staff members had the ability to correct feeder system payment documents even though their job responsibilities did not require this level of access.  For example, 8 FOB, and 44 Administrative Payments Branch (APB) personnel had the ability to correct Administrative Billings and Collections System (ABCO) refund documents that rejected to the FFIS suspense file, even though neither of these units were responsible for processing these

documents. In addition, some employees had the ability to directly enter feeder system documents directly into FFIS.

**Accounts Receivable Duties Were Not Properly Segregated**

According to GAO's Internal Control Standards, duties should be segregated to reduce the risk of asset loss and to ensure individuals do not exceed or abuse their assigned authorities. The addendum to the USDA Standard Security Models, dated May 16, 2000, provides that users should not be able to input and process billing and cash receipt documents because this violates the segregation of duties principles. During our review, we identified 112 OCFO/NFC personnel that were allowed to process both the billing and cash receipt documents for a transaction. This violates the principles of segregation of duties by granting one user control over the entire accounts receivable process. OCFO/NFC managers stated that they would separate these duties.

## RECOMMENDATION NO. 5

Review OCFO access authorities to FFIS to ensure that proper separation of duties exist, and accesses are limited, in accordance with established policy. Make appropriate changes to employee access, as a result of this review.

| CHAPTER 5 | SIGNIFICANT PROBLEMS EXIST IN RECONCILING SUSPENSE ACCOUNTS |
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**FINDING NO. 5**

The OCFO continues to have significant problems with the reconciliation of suspense accounts maintained by the OCFO/NFC. This condition was caused by the absence of a control process to assure that suspense items are timely reconciled, and an aged subsidiary ledger is maintained until the amounts are cleared. Until suspense account transactions are posted to the proper agency accounts, appropriate financial reporting cannot be accomplished, which, in turn could lead to Anti-deficiency violations and other financial management problems.

We first reported this material internal control problem in fiscal year 1992[9], when we identified that OCFO/NFC did not have an adequate audit trail for general ledger suspense account entries, and had not reconciled prior period balances for some accounts for extended periods. We noted that material balances had not been cleared from the suspense accounts for up to 7 years.

Our audit test in this area confirmed that this problem continues to exist in OCFO/NFC accounting operations. As part of our audit of the USDA Consolidated Financial Statements for fiscal year 2000, we attempted to obtain from departmental officials a subsidiary ledger, aged, to support the balances of these suspense accounts. However in a response dated November 2, 2000, OCFO/NFC officials advised us that such information was not available.

This problem will continue to materially impact the agencies financial statements until the balances maintained in these accounts are analyzed, and recorded in the appropriate agencies' accounts. As a result of our audit, the OCFO has agreed to analyze the balances within these suspense accounts to determine an appropriate course of action to remediate this problem.

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[9] Audit Report No. 11099-27-FM, "Audit of Controls Over General Ledger Adjustments and Suspense Activity," dated March 1992.

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| **RECOMMENDATION NO. 6** | Assure a thorough analysis is completed of all OCFO/NFC controlled suspense accounts (and deposit funds) to ascertain the extent of this problem. Develop appropriate accounting entries to allocate the value of transactions contained in these funds to appropriate agency records. |
| **RECOMMENDATION NO. 7** | Immediately develop a process to maintain a subsidiary record that would support the balances contained in these accounts. |
| **RECOMMENDATION NO. 8** | Develop a procedure and processes to enable the OCFO/NFC to clear these amounts within a reasonable time period. |

| CHAPTER 6 | MATERIAL CONTROL WEAKNESS REPORTED BY THE OCFO |
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**FINDING NO. 6**

The OCFO has described, in its service center description, certain internal control weaknesses that materially impact OCFO/NFC operations that have not yet been corrected. While the OCFO has either corrective actions underway or planned, these material control weaknesses continue to impact the reliability of the financial management data provided by the OCFO/NFC to its uses. These weaknesses contribute, significantly, to the qualifications noted in our audit opinion and continue to impact the reliability of the financial management data provided by the OCFO/NFC to its users.

Many of these weaknesses relate to problems with the legacy Central Accounting System (CAS) and its feeder systems. The CAS is in substantial noncompliance with Federal financial management system requirements, applicable Federal accounting standards, and the U.S. Government Standard General Ledger. The weaknesses with the CAS general ledger are being mitigated by the implementation of FFIS for USDA agencies; as of FY 2002, all but two smaller agencies will have been implemented. In addition, there are plans under development to resolve the problems noted with the feeder systems. However, until these problems are corrected, there will continue to be material weaknesses with the OCFO/NFC internal control structure. We have listed, below, the weakness identified by the OCFO/NFC in its service center description that have not been discussed in prior findings. The corrective actions taken, to date, and planned are detailed in the service center description.

- Online Payment and Collection (OPAC) bills are not timely and accurately processed. The OCFO/NFC stated that they have cleared most of the OPAC bills from 1999 and prior and will process all remaining OPAC bills by September 30, 2001.

- All suspense balances are not accurately and timely researched and resolved, and are not recorded to agency accounting by the end of the FY.

  In March 2001, a plan was developed to define and develop all appropriate controls to ensure that suspense balances are either cleared or charged to the proper accounting codes.

Significant milestones include:

- Review and analyze suspense activity by August 31, 2001.

- Partial clean-up and adjustment of general ledger for suspense activity, as necessary, by September 30, 2001.

- Develop and implement new reconciliation processes by June 30, 2002.

- User agencies do not provide allowance for loss information. All accounts receivables are not properly considered, and a documented methodology is not followed. The OCFO has developed a new policy to address this issue.

- The production deviation process needs improvement. Policies and procedures need to be developed to ensure the production deviations are run when appropriate, are properly approved and documented, and the documentation to support the production deviations is properly maintained.

  The management directive on production deviations is being revised based on recent OIG comments, and should be published by August 2001.

- The NFC does not have controls in place to allow for effective software development and therefore has determined it is a Level 1 agency[10]. The OCFO has a draft plan, date April 2001, to obtain Capability Maturity Model (CMM) "Level 2" by September 2003.

| RECOMMENDATION NO. 9 | Require the OCFO/NFC to track and report quarterly to the Director of OCFO/NFC, the status of corrective actions taken to correct the material weaknesses identified above. |
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[10] The Software Engineering Institute (SEI), Capability Maturity Model (CMM) is an internationally recognized model for rating software development capabilities. The CMM defines 5 levels of organizational maturity, with Level 5 being the highest. A Level 2 office has consistent project planning and execution, and through uniformity, the means to repeat software successes and avoid repeating software errors. Ultimately, the Level 2 project management practices tend to stabilize software projects so that essential project work is not sacrificed for expedience and projects are conducted in an orderly manner.

## EXHIBIT A – DESCRIPTION OF INTERNAL CONTROL STRUCTURE

**EXHIBIT A**

**DESCRIPTION OF THE**

**INTERNAL CONTROL STRUCTURE**

**OF THE**

**U. S. DEPARTMENT OF AGRICULTURE**

**OFFICE OF THE CHIEF FINANCIAL OFFICER**

**NATIONAL FINANCE CENTER**

**AS OF SEPTEMBER 30, 2000**

**Prepared By:**
**OCFO/NFC**

DESCRIPTION

OF THE

INTERNAL CONTROL STRUCTURE

OF THE

U.S. DEPARTMENT OF AGRICULTURE

OFFICE OF THE CHIEF FINANCIAL OFFICER

NATIONAL FINANCE CENTER

AS OF SEPTEMBER 30, 2000

**TABLE OF CONTENTS**

i

## ABBREVIATIONS

**ABCO** Administrative Billings and Collections System
**AMS**  Administrative Management Staff
**AOB**  Accounting Operations Branch
**ASD**  Applications Systems Division
**AT**  Administrative Team
**BCB**  Billings and Collections Branch
**BLCO** Program Billings and Collections System
**BOARD**  Federal Retirement Thrift Investment Board
**BCST**  Budget Cost System
**CADI**  Central Accounting Database Inquiry System
**CAS**  Central Accounting System
**CFO**  Chief Financial Officer
**CMM**  Capability Maturity Model
**COTS** Commercial-off-the-Shelf
**CRB**  Cash Reconciliation Branch
**DAB**  Directives and Analysis Branch
**DFIS**  Departmentwide Financial Information System
**DPRS**  Direct Premium Remittance System
**FDW**  Financial Data Warehouse
**FEDS**  FEDSTRIP System
**FFIS**  Foundation Financial Information System
**FFIS-PO**  FFIS Project Management Office
**FFS**  Federal Financial System
**FLSS**  Facilities and Logistics Support Staff
**FMO**  Financial Management Office
**FOB**  Foundation Financial Information System Operations Branch
**FSB**  Financial Support Branch
**FSD**  Financial Services Division
**FWMT**  Facilities and Warehouse Management Team
**FY**  Fiscal Year
**GAO**  General Accounting Office

ii

**ABBREVIATIONS (Cont'd)**

**HRMS**    Human Resources Management Staff
**IMPF**    Imprest Funds System
**IRM**    Information Resources Management
**IRMD** Information Resources Management Division
**IS**    Information Systems
**ISPCS** Information Systems Policy and Control Staff
**ISQAO**    Information Systems Quality Assurance Office
**ISSO**    Information Systems Security Office
**JFMIP**    Joint Financial Management Improvement Program
**LEDG** General Ledger System
**NFC**    National Finance Center
**OCFO** Office of the Chief Financial Officer
**OCIO**    Office of the Chief Information Officer
**OMB**    Office of Management and Budget
**OPAC** Online Payment and Collection
**OPM**    Office of Personnel Management
**PLAN** Budget and Operating Plan System
**PMIS**    Property Management Information Systems
**PPB**    Payroll Processing Branch
**PPS**    Payroll/Personnel System
**PRCH** Purchase Order System
**PSB**    Payroll/Personnel Support Branch
**SRO**    Systems Review Office
**TSPS**    Thrift Savings Plan System
**USDA** United States Department of Agriculture
**WSS**    Workforce Services Staff

iii

## OVERVIEW OF OPERATIONS

The U.S. Department of Agriculture's (USDA) Office of the Chief Financial Officer (OCFO) operates the National Finance Center (NFC), located in New Orleans, Louisiana. The OCFO Headquarters is located in Washington, D.C. OCFO reports directly to the Secretary of Agriculture. The portion of the OCFO mission carried out in New Orleans, Louisiana, is directed at designing, developing, implementing, and operating cost-effective financial, administrative, and management information systems and services supporting the missions of USDA and its customers. NFC is responsible for developing and operating systems in support of six major functions. These systems review, process, and record administrative and financial information for each user: Payroll/Personnel System (PPS), Administrative Payments, Billings and Collections (BLCO), Property Management Information System (PMIS), Thrift Savings Plan System (TSPS), and Accounting and Reporting. Activities performed by NFC are financed on a cost-reimbursement basis through the USDA Departmental Working Capital Fund and through cost-reimbursable agreements.

Initially, users mailed in only hard copy data and NFC mailed users hard copy reports. To be more responsive to user needs, electronic access capabilities were implemented for some systems. This is accomplished through the use of remote computer equipment, installed at field locations, and linked through a nationwide telecommunications network to NFC. The capability for entering and editing data, generating programmed and ad hoc reports, and performing online inquiries are available to remote users. Also, users may be linked through a modem for batch transmissions.

To ensure that users receive the most accurate, up-to-date financial data, all systems except TSPS have been integrated within a Central Accounting System (CAS). CAS provides users with accounting and reporting information.

Direct access to financial data is available electronically through several online systems as well as through programmed and ad hoc reports. The Central Accounting Database Inquiry (CADI) System and the Departmentwide Financial Information System (DFIS) are electronically accessible systems which offer users access to various financial and accounting information.

CADI is an online system that allows users to access financial management reporting data processed through the CAS's Budget Cost System (BCST). BCST is a financial reporting system that captures detailed accounting data from payment and collection feeder systems and the Budget and Operating Plan System (PLAN). Information received through BCST is loaded into an integrated database and updated weekly to reflect the most current financial data. Via remote terminals, users are able to query CADI for specific data applicable to their organizations. An example of the data available to users through BCST is the Agency Detail Transaction Registers.

1

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The Agency Detail Transaction Registers are produced in hard copy or microfiche form, and the format is tailored to meet agency requirements. The registers reflect the accounting activities for the current cycle and month and provide information for financial reports. Refer to the NFC External Procedures Manual, Title VI, Chapter 8, Section 1, for information on additional reports generated by BCST.

CADI also provides an automated Funds Control feature which monitors resources. Agencies can have the system automatically provide monthly and yearly period-end estimates. The Funds Control feature records projected agency cost data and the NFC official data that has been processed by CAS. Document control numbers are system generated and assigned to documents when data is entered through the Funds Control options. When the documents are processed at NFC, the system matches the CAS records to the projected cost records. As a result, various reconciliation and history reports are produced.

DFIS is an online database reporting system of USDA. DFIS, a general ledger for administrative funds and program funds, was designed to provide financial information necessary to generate external reports of current data. In addition, DFIS provides the user with the capability to gather current financial data for various reports.

PLAN is an online system that allows agencies to input their financial and budgetary data that is used in the CADI and DFIS systems. It provides the mechanism for the input of budgetary resources and reflects the planned use of these resources. The PLAN documents are used to establish, adjust, transfer, plan, and control budgetary resources of various agencies. For detailed information on the various reports available to users through PLAN, refer to the NFC External Procedures Manual, Title IV, Chapter 3.

The Foundation Financial Information System (FFIS) is the USDA version of the Federal Financial System (FFS), a commercial-off-the-shelf (COTS) budget execution and accounting system. FFIS is the USDA corporate financial management system that replaces CAS at NFC. The COTS FFIS meets the Joint Financial Management Improvement Program (JFMIP) core requirements for financial systems and was selected by USDA to replace the legacy financial management system.

The JFMIP compliant features of FFIS include the capabilities to set funds controls, track reimbursable and appropriated budgets, manage accounts receivable and collection activities, produce external reports and required external files (e.g., FACTS 1 and 2, FMS-224, SF-133 and SF-2108), and comply with the United States Standard General Ledger. FFIS is an online, real-time system, which provides the JFMIP compliant edits to ensure that accounting transactions recorded are accurate, that adequate budgets exist, and that proper references and chronological transactions chains are invoked. Accounting transactions are entered into the system using two methods: (1) online direct entry, or (2) through batch interfaces. The system stores the accounting transactions, which are the official system of records in files called general journals. The journals are updated and balanced during a daily production cycle, which performs

2

updates and systems assurance. Part of the FFIS implementation includes other applications which support FFIS, such as the reporting Financial Data Warehouse (FDW). The warehouse is an on-demand reporting facility which supports each agency's financial management reporting process, and in fiscal year (FY) 2001 will be expanded to add a data mart for the USDA Consolidated Financial Statements, addressing compliance with the Office of Management and Budget (OMB) A-127 integrated reporting requirements.

As of October 1, 1999 (FY 2000), four USDA agencies had been implemented into FFIS; Forest Service, Food Safety and Inspection Service, Risk Management Agency, and the Office of the Chief Financial Officer. These four agencies are currently in production and operation for FFIS and the reporting FDW.

A review of the FFIS implementation and configuration is ongoing to reengineer the batch processing from legacy feeder systems. A transition strategy is being compiled from indepth analyses of the feeders performed by an Independent Validation and Verification process. As the recommendations from this process are available, these recommendations will be coordinated for a smooth transition.

The FFIS Project Management Office (FFIS-PO) is comprised of three divisions: Implementation Division, Architecture and Operations Division, and Infrastructure Policy Division. The three divisions report directly to the FFIS Director in OCFO. The Implementation Division is responsible for implementing FFIS with the agencies, ensuring that legislative mandates are implemented in the financial system and that guidance is provided to the agencies to maintain compliance with external and internal mandates. The Infrastructure Policy Division is responsible for reviewing the OCFO's developmental and infrastructure projects for compliance with the Chief Information Officer's Enterprise Architecture and Security Standards. The Architecture and Operations Division is responsible for the architecture of financial systems, including FFIS, and the reporting FDW and related data marts. Additionally, this division is responsible for the daily technical operations of the agency FFIS and FDW applications, including systems management such as Disaster Recovery, Security Certification and Accreditation, and Configuration Management. The FFIS-PO has staff in two locations, Washington, D.C., and New Orleans, Louisiana.

In a continuing effort to improve its services, NFC maintains a liaison with its client base. Several programs have been established to foster productive relations with the user community. Each year, several agency orientation sessions are held onsite at NFC for agency personnel with specific interest in either the PPS or the Administrative Payments and Accounting Systems. Meetings are held at NFC for all electronic access coordinators to ensure that all users of the electronic processing environment have a forum to discuss issues and resolve problems in a

3

common setting. NFC also participates in Travel User Groups. Additionally, NFC operates a Customer Support Office in Washington, D.C., which (1) conducts training, (2) provides systems demonstrations, (3) assists users with equipment difficulties, and (4) offers technical and operational assistance in the Washington, D.C., area.


## OVERVIEW OF APPLICATIONS SYSTEMS

NFC is responsible for developing and operating systems in support of six major functions, which are all in production.

1.  PPS is an integrated system that gathers personnel and payroll information. This system provides users with total electronic accessibility featuring electronic data input and correction, online query, and remote reporting capability. Field offices are able to access payroll and personnel data in a timely and efficient manner on a need-to-know basis. The system currently supports more than 450,000 accounts.

2.  The Administrative Payments Systems were initially developed and implemented to improve and streamline the administrative process. The systems in this group provide such features as accepting electronic or hard copy documents directly from vendors, simplifying billing procedures by using a single billing address, recording and submitting payment data on magnetic media to the Treasury, dating documents to ensure timely transaction processing, performing extensive statistical sampling, warehousing payments to comply with the Prompt Payment Act and other cash management requirements, sending payments through vendor express, and using computer system edits to validate payment and obligation transactions. These are the major Administrative Payments Systems: the Miscellaneous Payments System, the Purchase Order System (PRCH), the Utilities Vendors System, the Telephone Vendors System, the Travel Entry and Inquiry System, the Motor Pool System, the Transportation System, the FEDSTRIP System (FEDS), the Imprest Funds System (IMPF), and the Government Transportation System.

3.  The Billings and Collections Systems include three automated systems: the Administrative Billings and Collections System (ABCO), BLCO, and the Direct Premium Remittance System (DPRS).

    ABCO and BLCO are both accounts receivable management systems. These systems provide management reports that allow the Department and other serviced organizations to review and monitor debt management. The systems automatically compute interest or penalties on delinquent accounts, issue delinquency notices, and produce computer-generated bills.

4

DPRS is a centralized automated system that bills and collects premiums from eligible non-Federal enrollees who elect to participate in the Federal Employees Health Benefits Program. The Office of Personnel Management (OPM) estimates that 40,000 individuals will enroll in the system each year. After NFC receives enrollment forms from agencies, the data is entered online and each enrollee is provided with a coupon payment book. Collections are mailed by the enrollees directly to the First Chicago National Bank and transmitted daily to NFC.

4.  PMIS aids property management and accountable officers in the control of their property inventory. These are the PMIS systems: the Personal Property System, the Equipment Management Information System, the Supply/Property Inventory System, the Personal Property Data Entry System, and the Bar Code Transmission Interface Procedures. PMIS includes such features as (1) interfacing with all procurement systems to assure proper accounting for all property types inventoried, (2) tracking of component items and leased property, (3) maintaining an excess property inventory (available for access through the Internet), (4) computing depreciation, and (5) using bar code labels for property management. PMIS currently tracks more than 1 million property items with a combined value of over $9 billion for USDA and six non-USDA users.

Although PMIS aids users in the control of their property inventory, users are still responsible for:

· Implementing a property management program to ensure maximum use of Federal Government property, thereby accounting for all property under a department's or an agency's control.

· Establishing a property management organization to include:

  · A Property Management Officer to implement the property management program.

  · Accountable Officers to ensure that all procedures are in compliance with the department, agency, or Federal property requirements as well as the NFC procedures. Accountable Officers are also responsible for ensuring that each item of Government property is assigned to an individual.

  · Assigning responsibility and accountability to the employee having custody of the property.

  · Updating the PMIS databases for property transactions.

  · Updating property inventories every 2 years.

5

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- Ensuring continued use of the existing NFC procedures to facilitate update of data via payment systems such as FEDS, PRCH, and IMPF, etc.

5.  The current TSPS was implemented in April 1987. NFC maintains participant accounts and is responsible for preparing semiannual participant statements. These statements detail the activity of each participant's account for each fund over the previous 6 months. Also, TSPS provides accounting data for interfund transfers, withdrawals, and loans. In addition, TSPS provides quarterly loan statements to participants with active loans, makes monthly loan and withdrawal disbursements, processes interfund transfers for participants reallocating their existing account balances across funds, provides tax reporting to the Internal Revenue Service for participants who have separated and withdrawn their money or had a loan declared as a taxable distribution, and provides detailed reporting to the Federal Retirement Thrift Investment Board (the Board) and Federal payroll and personnel offices.

    The Board hired a private contractor to design, develop, and implement a daily-valuation record keeping system to replace the current system. The new TSPS will be hosted and maintained by NFC.

6.  CAS is a collection of accounting and reporting systems which receive information from feeder systems. These systems maintain the general ledger and produce agency-unique reports. Two of the more common features of the systems are (1) making data readily available to all appropriate levels of management, and (2) collecting data on a consistently uniform basis. External reporting to General Services Administration, Treasury, OMB, etc., is standardized and internal financial management reports are customized to meet individual agency requirements. We plan to replace CAS with FFIS. FFIS is scheduled to be fully implemented for all agencies by October 1, 2002.

**OVERVIEW OF ORGANIZATION**

NFC is headed by a Director who reports directly to the Associate Chief Financial Officer (CFO). The Associate CFO is responsible for the overall management of NFC. In this capacity, the Associate CFO provides leadership and establishes the policies and financing levels that govern the NFC activities. There is also a Deputy Director for Policy at OCFO Headquarters. The policy aspects of systems development and operational activities at NFC are coordinated with the Deputy Director for Policy. See Appendix A for a copy of OCFO's organizational chart.

To carry out its portion of the OCFO mission, NFC is organized into six support staffs and four operating divisions. The support staffs include the Information Systems Policy and Control Staff (ISPCS), Administrative Management Staff (AMS), Equal Employment Opportunity Staff, Human Resources Management Staff (HRMS), Workforce Services Staff (WSS), and Facilities and Logistics Support Staff (FLSS). The divisions are the Financial Services Division (FSD),

6

Information Resources Management Division (IRMD), Applications Systems Division (ASD), and Thrift Savings Plan Division. Each organization has distinct functional responsibilities and is headed by a Staff Chief or Division Director. This functional alignment allows NFC to carry out its mission. See Appendix B for a copy of NFC's organizational chart.

ISPCS, AMS, FSD, IRMD, and ASD are important NFC organizational units for information systems and accounting controls.

ISPCS is responsible for developing and advising management on policy affecting information systems (IS) functions of NFC; planning, developing, and administering an overall IS security program; developing and coordinating the implementation of IS standards; developing, implementing, and coordinating policies and procedures associated with software configuration management and productivity measurement; and developing and administering an ongoing program of application software identification, evaluation, implementation, and certification. ISPCS daily control functions are accomplished within its IS Security Office (ISSO) and Information System Quality Assurance Office (ISQAO).

ISSO is responsible for implementing and maintaining security software; establishing procedures for system and data security; controlling and implementing user access to computer facilities and resources; evaluating and testing software packages and state-of-the-art advancements which are concerned with security; performing risk analyses; developing the budget for and implementing contingency planning projects; monitoring security controls and researching possible breaches of security; developing applications and/or utilizing programs for security functions; developing and implementing disaster recovery plans; developing technical specifications for major IS related procurements; developing security requirements for IS hardware and software; developing and maintaining the IS security plan; providing security awareness reminders to all NFC staff; and maintaining oversight over the security of the software. ISSO maintains firewalls, digital signature process, and monitors security activities on NFC's network.

ISQAO is responsible for protecting the integrity of production software; managing changes to the production status of application software; managing the migration of application software components from the development stage to the production environment; establishing and implementing a productivity measurement system; identifying potential software products to facilitate application productivity and development; coordinating and monitoring the evaluation and/or implementation of new application software products; documenting software evaluations; and performing and providing consultation for testing of application software.

ISQAO is also responsible for developing IS standards for all NFC systems and functions, ensuring that Federal and Departmental regulations and standards are included; developing and managing an ongoing program of certification to ensure the adequacy of security controls and adherence to applicable Federal and Departmental regulations and NFC management directives.

7

AMS is responsible for developing and advising management on policy affecting the administrative functions of NFC; conducting financial management and budget functions; coordinating policies and procedures and managing the costs associated with cross-servicing the non-USDA agencies; administering ongoing reviews of administrative and program functions to reasonably assure adequate internal controls; responding to Freedom of Information Act and Privacy Act requests; and developing and administering a comprehensive procurement, contract, and property management program. AMS's daily control functions are accomplished by the Financial Management Office (FMO) and the Systems Review Office (SRO).

FMO is responsible for developing cost measurements and analyses across all aspects of NFC activities. FMO has responsibility for developing budget policy; analyzing, formulating, and executing the budget; planning the resource needs of NFC at least 3 years in advance; developing and maintaining an internal financial planning and management system; and monitoring reimbursable agreements for cross-servicing contracts. FMO is also responsible for travel policy, acquisition, and contract administration.

SRO is responsible for coordinating non-TSP reviews and reporting in accordance with the requirements of the OMB Circulars A-123 and A-127. SRO is also responsible for coordinating NFC's responses to external audit findings, and tracking corrective actions for non-TSP audit recommendations.

HRMS is responsible for planning, developing, and administering an overall program of personnel management to include program formulation and policy development, position classification and pay administration, staffing and recruitment, employee relations and benefits, employee training and development, equal employment opportunity coordination, employee recognition and incentive awards, performance management and analysis, personnel records and reports, organizational and functional analysis, time and leave administration, ethics program, and program evaluation.

WSS is responsible for administering the Conflict Prevention and Resolution Programs which improve the quality of life for all NFC employees; the Safety and Health Programs, including the Employee Assistance Program and Workers' Compensation; and the NFC Recognition and Appreciation Programs.

FLSS is responsible for the major portion of support services at NFC. FLSS consists of two teams: the Facilities and Warehouse Management Team (FWMT) and the Administrative Team (AT). Responsibilities include: mail management, physical security, facilities management, space utilization and management, management of construction and retrofit projects, inventory and warehouse management, motor vehicle management, property management, transportation management, records management, and emergency preparedness.

8

FWMT is responsible for mail management and support services at NFC. These functions include incoming and outgoing mail management, building support systems management, space utilization and management, construction and retrofit projects, inventory and warehouse management, motor vehicle management, property management, and transportation management.

AT is responsible for physical security, records management, emergency preparedness, management of postage budget, and technical liaison with the United States Postal Service. The functions associated with physical security include management of the security guard contract, management of security and fire alarms, maintaining internal controls for badging, management of the Attendance Tracking System, and emergency preparedness.

FSD is responsible for managing, planning, implementing, monitoring, and evaluating operating and financial management programs. This is done through the processing, analysis, reconciliation, and reporting of administrative, payroll, personnel, and accounting transactions. FSD also maintains constant liaison with user agencies to determine needs and to identify and solve problems. Accountants and technicians prepare documents to request LEDG adjustments, and senior accountants or section heads approve each request.

The request is forwarded to the processing section where it is reviewed for a preparer's signature and an approver's signature. In addition, user agency approval is required for agency-requested adjustments. Critical automated financial management data and reports are analyzed, reconciled, and prepared by the following FSD branches.

The Accounting Operations Branch (AOB) is responsible for controlling the accounting system through: (1) the establishment and maintenance of cutoff schedules for transactions, (2) the update of accounting queues into the General Ledger System (LEDG), BCST, and agency weekly subsystems, and (3) maintenance and control over the necessary tables to validate and edit accounting entries and reporting. AOB reviews and certifies the legality and correctness of payroll, administrative, and TSP payments in accordance with established laws and regulations.

The Accounting Reconciliation Branch assures the accounting integrity of financial transactions processed by NFC, recorded into the general ledger accounts, and disbursed or collected by Treasury by conducting periodic reviews, reconciling general ledger balances to supporting data, and installing necessary controls.

The Accounting Reporting Branch analyzes and reconciles automated financial reports and prepares non-routine special reports for submission to agencies and other Governmental entities such as OMB, Treasury, and OPM; assists user agencies in developing new or modifying existing reports to meet their needs; and analyzes recurring problems and initiates corrective action to LEDG and/or internal control procedures.

9

The FFIS Operations Branch (FOB) is responsible to negotiate with the FFIS agencies a level of support for the agency's FFIS operations. These activities may include performing the Functional Administrator duties which provide for agency table maintenance, establishing parameters for the FFIS nightly cycles, reviewing nightly cycle results such as the systems assurance reports, and establishing the agency annual processing calendar. Additionally, FOB is responsible for negotiating the FFIS Operations Agreements between the agencies and NFC, delineating the services, which NFC will provide to each FFIS agency. FOB also provides the FFIS Customer Service Center support to agencies as negotiated in the Operations Agreement.

The Administrative Payments Branch is responsible for the research, correction, and audit of all administrative payment and property transactions rejected from the automated systems.

The Payroll/Personnel Branch (PPB) is in partnership with our clients to provide high quality, timely and accurate payroll service in an efficient and effective manner. PPB has the primary responsibility to process all time and attendance reports and personnel documents submitted to NFC by our client agencies. PPB also provides our client agencies with a variety of accounting services in addition to being the responsible entity for processing health benefit enrollments, retirements, and separations. PPB performs payroll reconciliation, handles Federal, state, and local tax reporting and also produces all applicable W-2's, Wage and Tax Statement, and Form 1099's, Miscellaneous Income.

The Billings and Collections Branch (BCB) is responsible for the research and correction of ABCO, BLCO, and DPRS transactions. The centralized transaction processing of payment systems also functions as feeder subsystems, processing agency financial data and transmitting the data to CAS.

The Directives and Analysis Branch (DAB) provides users with procedures that contain detailed instructions for processing data through the NFC systems, including system access, forms completion, general information, inquiry instructions, and copies of exhibits and reports. These procedures also provide detailed instructions, with graphic illustrations, for accessing and using automated systems. Procedures are periodically updated through amendments and revisions. Bulletins are issued to give advance notice of important information. DAB provides distribution of both NFC-developed and vendor-procured personal computer software to our customers. DAB is responsible for coordinating agency address updates and changes for all NFC systems. DAB also operates a complete graphics shop to provide for the visual communication needs of NFC, such as presentations, forms, designs, banners, newsletters, etc.

The Cash Reconciliation Branch (CRB) has the primary responsibility to manage and control the cash reconciliation operations relative for those agencies whereby an agreed position has been established. Specifically, CRB prepares and submits the SF-224, Statement of Transaction, to Treasury for both the CAS and FFIS agencies. CRB also identifies, analyzes, and corrects the TFS-6652, Statement of Differences, which includes identifying and correcting systemic,

10

procedural, and internal control issues. CRB also has the responsibility to reconcile differences that may exist within the preparation of the TFS-6653, Undisbursed Appropriation Account Ledger. Client agency personnel are contacted to ensure appropriate corrective actions are taken to resolve all noted differences.

The Financial Support Branch (FSB) and the Payroll/Personnel Support Branch (PPSB) are both responsible for providing high-quality customer support and liaison for their respective systems including payroll/personnel, administrative, and financial systems. FSB and PPSB market NFC's systems and services; provide help desk support to assist customers in problem resolution; evaluate and test new and/or enhanced systems; coordinate and monitor new client implementations; assist users in defining hardware, software, and telecommunications access requirements; coordinate and conduct user training; review internal and external operating procedures; participate in user group meetings; coordinate and conduct visits to NFC and customer sites; publish a semiannual newsletter for customers; and coordinate and conduct customer orientation sessions and briefings. FSB and PPSB also function as Customer Service Representatives for NFC's customer agencies.

IRMD is organized into five branches. These branches are as follows: Computer Resources Management, Database Management, Operations, Systems Engineering, and Telecommunications and Office Automation. IRMD is responsible for the planning, development, implementation, operation, and maintenance of the NFC's Information Technology infrastructure, including hardware, software, database management, and telecommunications infrastructure.

IRMD maintains effective liaison with OCFO Headquarters, the Office of the Chief Information Officer (OCIO), the Departmental Computer Centers, oversight organizations, USDA and non-USDA clients, and other public and private sector entities. IRMD develops and manages policies and processes for the Enterprise Information System Architecture. IRMD implements and supports the information infrastructure, including engineering and operation of all platforms, management of the NFC network and communication (data, voice, video) functions, database administration for all platforms, and desktop support for all users of automated systems.

IRMD develops short-range and long-range plans for the division, and in coordination with OCFO Headquarters, participates in the planning and coordination of developmental activities at NFC and maintains liaison with OCIO Headquarters and officials of the Department and other Government agencies to ensure responsiveness of the NFC systems to the needs of user agencies. Additionally, IRMD ensures that NFC's Information Resource Management (IRM) plans, policies, and programs are consistent with and meet the requirements of the Government Performance and Results Act, the Information Technology Management Reform Act, and other Governmentwide IRM policies and directives.

11

IRMD conducts research and development studies for NFC on software/hardware technology and telecommunication acquisitions. Develops justifications and coordinates these with other NFC Divisions/Staffs for OCFO Headquarters' approval. IRMD identifies and evaluates modern systems concepts, strategies, architectures, development methods, and tools; and develops proficiency in the use of these to realize the modernization of the administrative processes.

Additionally, IRMD provides support for and participates in various Departmental subcouncils and special task forces in support of special IRM projects and initiatives.

ASD develops the NFC internal policies for automated systems which adhere to Departmental policies and support and execute payment activities; prepares conceptual design and development plans and accomplishes the design, development, and implementation of all new or redesigned information systems of NFC; develops, tests, and installs modifications to detailed machine instructions and procedures for automated processing of payroll/personnel, administrative payments, accounting and related transactions, and management information systems, and specifies program checks and edits to ensure validity of data; participates in planning and coordinating developmental activities with the USDA agencies, General Accounting Office (GAO), Treasury, other Government organizations, and client agencies; and maintains liaison with officials of the Department, NFC, and client agencies to ensure responsiveness of the NFC systems to agency program managers.

In addition, ASD develops, in coordination and consultation with clients, functional requirements for new or redesigned systems. They prepare requirements packages to serve as a primary documentation of systems specifications. ASD interprets proposed legislation, determines the impact on existing systems, and provides requirements for appropriate system changes. ASD also monitors systems implementation through participation in systems testing prior to operation.

FFIS-PO, while not a unit of NFC, nevertheless works closely with NFC on FFS. FFIS-PO reviews internal controls and provides enhancements to FFIS and the infrastructure/security environment—the initiatives undertaken by FFIS-PO include providing encrypted circuits for FFIS telecommunications traffic; providing a plan for the logically isolated environment for FFIS by October 1, 2000, in consonance with the Chief Information Office Cyber-Security initiatives; implemented FFS application security as of October 1, 1999, prepared Security Risk Assessments, Security Plans, and performed security testing; developed standard FFIS security profiles for the agencies, trained agency security administrators, established security rules of behavior and security awareness for FFIS security administrators; and developed and implemented Disaster Recovery Plans and participated in Disaster Recovery exercises for FFIS.

Further, FFIS-PO has an established and repeatable quality assurance process, which certifies software prior to implementation in production. This documented process applies to all software changes whether emergency or long-term software releases. Additionally, the Implementation

12

Division works closely with the Architecture and Operations Division to ensure that internal controls requiring software enhancements or baseline upgrades within FFIS are reviewed and maintained current with government mandates.

## CONTROL ENVIRONMENT

NFC's management philosophy and operating style have resulted in the establishment of specific control objectives throughout the organization. Policies and procedures have been established to provide reasonable assurance that the specific control objectives will be achieved. These control objectives and the policies and procedures for meeting them are documented in the NFC Management Controls Manual and Procedures Manuals. Additionally, NFC considers the data or reports which are sent to user agencies for review to be controls. The NFC clients have a responsibility to review what has been processed for them and to point out any unauthorized transactions. These data transmissions and reports offer the same control to NFC and the client that an individual's monthly bank statement offers to the bank and the individual.

## KEY GENERAL CONTROL OBJECTIVES

There are a number of general control objectives for ensuring financial integrity, compliance with laws and regulations, and efficient and effective operations common to PPS, the Administrative Payments System, the Billings and Collections System, PMIS, TSPS, and the Accounting and Reporting System. NFC's general control objectives and techniques are contained in the NFC Management Controls Manual.

## INTERNAL CONTROL STRUCTURE AND FINANCIAL MANAGEMENT SYSTEM WEAKNESSES

USDA identified several internal control structure and financial management system weaknesses at NFC. The weaknesses listed below represent problems that warrant corrective action by management.

- OMB Circular No. A-130 certifications are not supported by adequate documentation and do not include all required areas.

- Online Payment and Collection (OPAC) bills are not timely and accurately processed.

- All suspense balances are not accurately and timely resolved, and are not recorded to agency accounting by the end of FY.

- Differences between detail disbursement, deposit records, and Treasury records

13

are not properly identified and resolved.

- The TFS-6653 reconciliation process needs improvement. This includes defining the responsibilities and timeframes for making corrections on the sub-accounts included in the reconciliation.

- The manual adjustment process needs to be strengthened, and the associated control weaknesses with the process need to be corrected. Policies and procedures to ensure that the approval function of the manual adjustment process is assigned to the appropriate supervisory personnel based on responsibility for the LEDG accounts impacted by the manual adjustments need to be developed.

- There are no controls in effect to reconcile balances in the ABCO and BLCO databases to LEDG.

- User agencies do not provide allowance for loss information. All accounts receivables are not properly considered, and a documented methodology is not followed.

- The production deviation process needs improvement. Policies and procedures need to be developed to ensure that production deviations are run when appropriate, are properly approved and documented, and that documentation to support the production deviations is properly maintained.

- NFC has not achieved Capability Maturity Model (CMM) Level 2. A time-based plan for achieving this needs to be developed, and we will ensure that sufficient resources are devoted to the project and that timeframes are met.

- Analyze the number, reasons, and propriety of the adjustments made to the general ledger through the use of an independent team. Develop appropriate remedial actions that would assure these problems are corrected prior to the FY closing.

In addition, GAO noted access control weaknesses which affected NFC's ability to prevent and/or detect unauthorized changes to payroll and other payment data or computer software, control electronic access to TSP account information, and restrict physical access to sensitive computing areas.

14

NFC recognizes the need to improve its operations and correct the problems identified. In addition, NFC is committed to correcting these problems in a timely and prudent manner. Action plans have been developed to address these problems. However, because of the extent and nature of the weaknesses, long-term solutions are necessary. The following are actions taken or planned which will correct these problems:

- NFC implemented new procedures on May 21, 1999, which aid in obtaining the necessary documentation for certification reviews. Through the use of the Certification Project Plan, work progress is tracked in the areas of planning, data collection, security access review, draft and final report preparation, and publication of the final report.

- NFC established a project which has cleared all of the FY 96, FY 97,
- 99.99 percent of the FY 98, and 99.99 percent of the FY 99 OPAC bills. NFC will assure that the OPAC transactions with insufficient accounting are charged back or applied to agency-provided accounting codes.

- NFC established a study team to define and develop all appropriate controls to ensure that suspense balances are either cleared or charged to the proper agency accounting codes.

- NFC has implemented an improved cash reconciliation process, with the goal of identifying and resolving differences with Treasury within 120 days of receipt of Treasury's TFS-6652.

- NFC has implemented a policy to centrally review and approve all SF-224 cash account entries that are input via the LEDG 82 process. This centralized review methodology has improved the current monthly reconciliation process. Also, action has commenced to develop, document, and implement additional policies and procedures to improve the TFS-6653 reconciliation process, which will include both defining the LEDG accounts and establishing procedures for resolving out-of-balance conditions.

- In January 2000, NFC established an adjustment database which produces a standard monthly report detailing all manual LEDG 82's that are processed through the Standard Chart of Accounts Adjustment database. This database records all adjustments made by each accountant and the system affected by the entry. The report also reveals a "Reason Code." This "Reason Code" documents the need for the manual adjustment. From this code one can determine if the

15

manual adjustment was needed to correct either a systemic or operational impediment. An analysis of this report is currently in place, and this report is conducted monthly by the respective branch chiefs. Any further actions required on an adjustment are reviewed by the respective Associate Directors for Accounting and Operations and also approved by the FSD Division Director.

· The FFIS-PO developed a two-phase process to improve the controls. In phase one, FFIS-PO will implement security policies that direct the agencies to implement security profiles that restrict agency access to ABCO documents. In phase two, FFIS-PO with assistance from BCB will develop a system assurance process between ABCO and FFIS. The new systems' assurance reports will be provided to both agencies and BCB. BCB will coordinate with the agency to identify the cause of the errors and necessary corrective actions. The process will be designed to allow nightly execution of the system assurance process.

· NFC assists agencies, with the guidance of the OCFO Fiscal Policy Division, in establishing allowance amounts. NFC sends each agency a recommended bad debt allowance amount for their concurrence. NFC and the agency agree on the amount of the allowance and establish the amount in LEDG. NFC monitors the reasonableness of the balances by quarterly reviewing the balances of the outstanding debts and respective allowance accounts, and makes any appropriate adjustments.

· NFC revised the production reporting process. SRO provides a monthly report to NFC's Senior Staff which reviews and discusses the report and makes appropriate recommendations when needed.

· NFC reactivated the CMM Level 2 Project. NFC will provide training to the ASD personnel on the CMM strategies, policies, and procedures. ASD developed a formal plan and provided a copy to the Office of Inspector General. The estimated completion date is September 30, 2003.

For the weaknesses noted by GAO, NFC addressed all 35 issues identified as logical, system software, and physical control weaknesses. NFC took the following actions to immediately correct many issues:

· Implemented a network security policy.
· Initiated a self-assessment program which provides for periodic scans.
· Installed a network intrusion detection system.

16

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Other corrective actions taken in relation to these weaknesses follow:

- Completed a review and restricted access to payroll data files.
- Published a formal network security policy in the Management Directives.
- Implemented real-time alert paging in the network intrusion detection system.
- Restricted physical access to the computer room and tape library.
- Filled the Network Access Administrator positions, and trained the people to operate the software needed to fulfill the functions of the positions.
- Improved controls over passwords used for network access.
- Removed or modified system software to strengthen controls.
- Determined that an emergency access procedure should be implemented to reduce permanent access when there is not an ongoing, recurring business need for access.
- Implemented the warning banner on production applications.
- Purchased audit logging software and implemented monitoring of network events.

## FLOW OF TRANSACTIONS THROUGH SIGNIFICANT ACCOUNTING APPLICATIONS

NFC picks up mail from the Main Post Office in New Orleans, Louisiana, three times a day. The driver delivers all mail, with the exception of TSP documents, to the Communications and Dispatch Unit. NFC receives each day an average of 1.5 tons of mail. NFC sends out approximately 20 million pieces of mail each year. All mail is opened, sorted, date stamped, and distributed to the operational units. The TSP documents are delivered directly to the TSP Division.

The Communications and Dispatch Unit delivers the mail to the Document Review and Batching Unit and other applicable units. The documents are then separated by application type and reviewed for completeness of data, not for accuracy. Incomplete documents are researched by using computer printouts, online inquiry, microfilm, microfiche, and phone calls to the agency. If the appropriate information cannot be ascertained, then the document is returned to the agency.

After the documents are previewed, they are normally batched in groups of 15 to 20. They are placed in a batch control folder with a batch card attached. Each document is given a sequential number in the batch. The batch number and sequence number then become a part of the source document that can be used for locating a document after it has been processed. When the documents are batched, two batch cards are prepared. These cards contain the batch number, the document code, the document count, the date received, and the number of documents. One card is put with the batched documents sent to the Data Preparation Unit for entry, and the

17

other card is taken to the Document Processing and Control Section. After the documents are entered by the Data Preparation Unit, the batch number is checked against a batch control listing by the Document Processing and Control Section to ensure that all batches are accounted for and that all documents within the batch were entered. A second batch card is sent to the Document Control Unit within the respective sections.

The Data Preparation Unit converts information from source documents into a computer acceptable input. The transcribers enter about 112 different types of documents, such as purchase orders and telephone bills. All types of documents can be entered at the same time. Application programs are available for each type of document to be entered. Each program displays onscreen prompts to assure complete and accurate input of information. The program also contains limited input edits, such as alphanumeric fields, field lengths, and completed fields. These edits and visual checks allow the transcriber to find and correct typographical errors. All information is entered online.

Rather than sending hard copies of documents, clients can electronically transmit data. Generally, users transmit data in one of two ways, batch transmissions or online entry. Online entry is further divided into online entry for data collection and online entry for real-time processing. Online entry for data collection is the transcription of data through a workstation or personal computer under the control of a program residing on the host system. This technique is primarily used to input payroll/personnel documents for subsequent processing in the PPS. The Personnel Edit Subsystem interfaces with the Personnel Processing Subsystem to edit and audit all personnel and payroll documents, and to update the database record for each employee. Online entry for real-time processing is the transcription of data through a work station or personal computer under the control of a program residing in the host system that updates the application database immediately upon receiving the data entered. This method is presently being used for PMIS and other systems.

Batch transmitting consists of building or creating a file in a personal computer and transmitting it electronically to NFC. Once the data arrives, automated control totals are generated and compared to control totals from the sender. After transmitted data is accepted for updating, the Computer Scheduling Section runs the application with input from the agency's transmitted data and data input by the NFC personnel.

Individual systems accept the transaction for processing, perform edit and audit checks, place invalid documents in suspense files for correction, produce internal reports and external reports for distribution to agencies, process billings and record collections received, and produce the disbursement tapes used by Treasury to issue checks. External reports related to transaction processing are generated by the payment systems.

18

Each payment system produces listings which identify the reason why the transaction rejected. The managers are provided with listings that show the age of the document and how many times it has failed to be processed. In this way, they can monitor the research and correction process to ensure that the oldest documents are corrected first and that documents clear suspense within appropriate time periods.

The feeder subsystems validate the financial transaction and the accounting classification data and generate detailed accounting records for each document type processed. The data from these records is then fed to a transaction distribution program that directs it to LEDG and BCST. In this manner, transactions are collected, validated, expanded, and processed into CAS. BCST produces data or reports required by agencies' management to control budget and operating plans, obligations, accrued expenditures, and accomplishments. LEDG produces reporting for internal control and for external agencies such as Treasury and OMB.

LEDG feeds data into DFIS. DFIS consolidates LEDG data for administrative funds for USDA. NFC uses DFIS to generate external reports for Treasury and OMB.

See Appendix C for flow charts of the accounting and transaction process.

The organization chart attached, which is dated September 14, 1999, is the latest version, but does not accurately reflect the structure of NFC due to interim re-organizational changes which have yet to be approved by OCFO.

19

**UNITED STATES DEPARTMENT OF AGRICULTURE**
**Office of the Chief Financial Officer**

Recommended: _Sally Thompson_ Chief Financial Officer

Approved: _[signature]_ Assistant Secretary for Administration

Date: SEP 2 9 2000

**Chief Financial Officer / Deputy Chief Financial Officer** 90-01

**Associate CFO for Financial Policy and Planning** 90-05
- Accounting Policy Division 90-60
- Credit and Travel Management Division 90-10
- Planning & Accountability Division 90-20

**Associate CFO for Financial Systems** 90-04
- Analysis and Requirements Division 90-08
- Infrastructure and Security Division 90-07
- Policy and Architecture Division 90-09

**Associate CFO for Financial Operations (Controller)** 90-02
- Budget Division 90-30
- WCF Division 90-50
- Administrative Management Division 90-03
- Financial Operations Division 90-80
- National Finance Center 90-70

The mission of the Office of the Chief Financial Officer is to shape an environment in which USDA officials have and use high quality financial and performance information to make and implement effective policy, management, stewardship and program decision.

Supersedes chart for the Office of the Chief Financial Officer dated October 20, 1997

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UNITED STATES DEPARTMENT OF AGRICULTURE
OFFICE OF THE CHIEF FINANCIAL OFFICER
NATIONAL FINANCE CENTER

RECOMMENDED

RECOMMENDED

APPROVED

DATE 9/4/99

NATIONAL FINANCE CENTER 90 70

OFFICE OF THE DIRECTOR 90 70 01

PRVS DEVELOPMENT STAFF 90 04

FACILITIES AND LOGISTICS SUPPORT STAFF 90 70 07

WORKFORCE SERVICES STAFF 90 70 06

HUMAN RESOURCES MANAGEMENT STAFF 90 70 05

INFORMATION SYSTEMS POLICY AND CONTROL STAFF 90 70 04

ADMINISTRATIVE MANAGEMENT STAFF 90 70 03

EQUAL EMPLOYMENT OPPORTUNITY STAFF 90 70 02

APPLICATIONS SYSTEMS DIVISION 90 70 40

ASSOCIATE DIRECTOR DEVELOPMENT
- PAYROLL/PERSONNEL UPGRADE BRANCH 90 70 40 0060
- ADMINISTRATIVE SYSTEMS UPGRADE BRANCH 90 70 40 0070
- WEB/INTERACTIVE VOICE RESPONSE SYSTEM BRANCH 90 70 40 0080
- REQUIREMENTS AND DEVELOPMENT COORDINATION BRANCH 90 70 40 0090
- FOUNDATION FINANCIAL INFORMATION SYSTEM STAFF 90 70 40 0100

ASSOCIATE DIRECTOR PRODUCTION
- ACCOUNTING SYSTEMS BRANCH 90 70 40 0010
- PAYROLL SYSTEMS BRANCH 90 70 40 0020
- PERSONNEL SYSTEMS BRANCH 90 70 40 0030
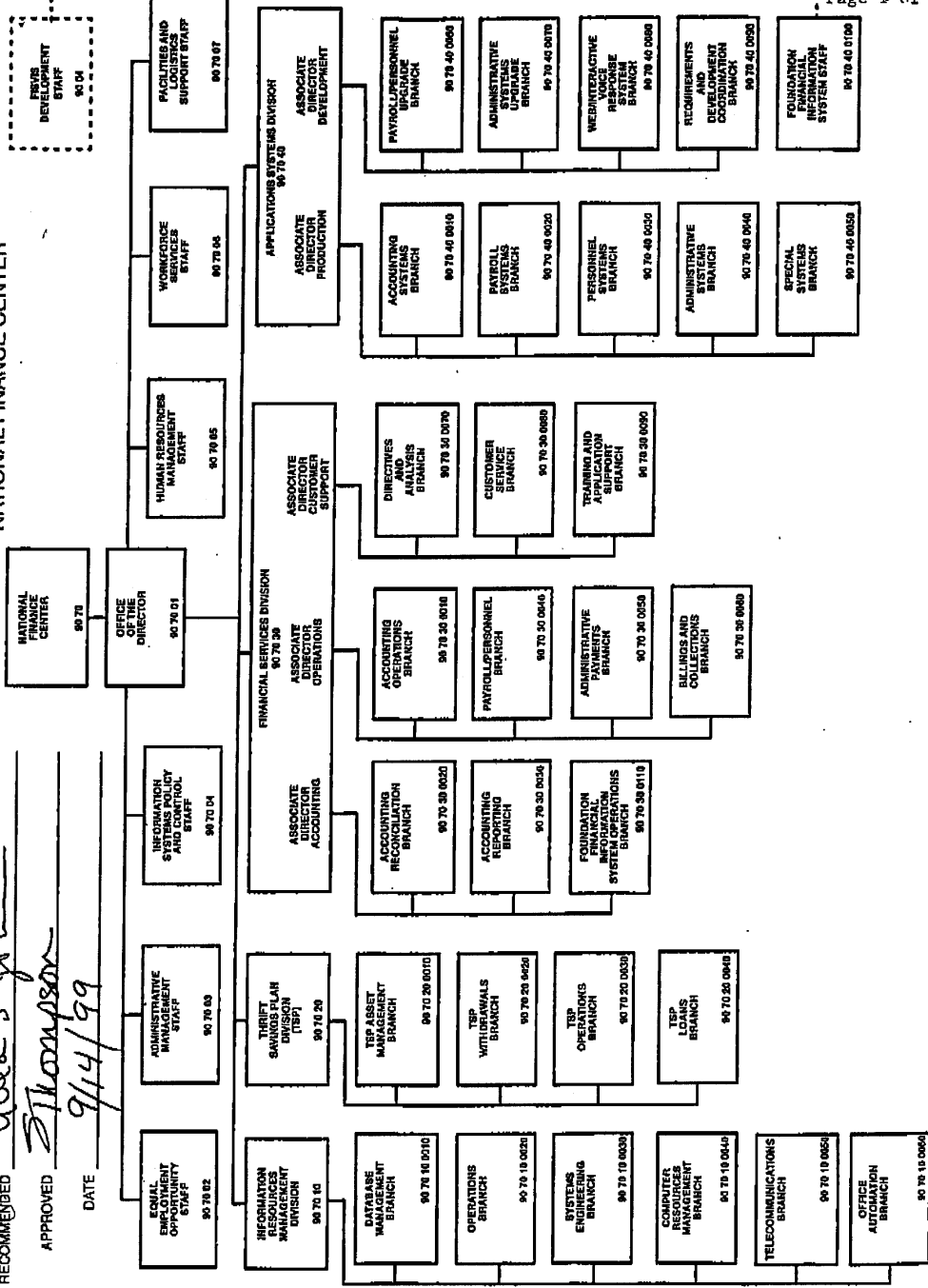- ADMINISTRATIVE SYSTEMS BRANCH 90 70 40 0040
- SPECIAL SYSTEMS BRANCH 90 70 40 0050

FINANCIAL SERVICES DIVISION 90 70 30

ASSOCIATE DIRECTOR CUSTOMER SUPPORT
- DIRECTIVES AND ANALYSIS BRANCH 90 70 30 0070
- CUSTOMER SERVICE BRANCH 90 70 30 0080
- TRAINING AND APPLICATION SUPPORT BRANCH 90 70 30 0090

ASSOCIATE DIRECTOR OPERATIONS
- ACCOUNTING OPERATIONS BRANCH 90 70 30 0010
- PAYROLL/PERSONNEL BRANCH 90 70 30 0040
- ADMINISTRATIVE PAYMENTS BRANCH 90 70 30 0050
- BILLINGS AND COLLECTIONS BRANCH 90 70 30 0060

ASSOCIATE DIRECTOR ACCOUNTING
- ACCOUNTING RECONCILIATION BRANCH 90 70 30 0020
- ACCOUNTING REPORTING BRANCH 90 70 30 0030
- FOUNDATION FINANCIAL INFORMATION SYSTEM OPERATIONS BRANCH 90 70 30 0110

THRIFT SAVINGS PLAN DIVISION (TSP) 90 70 20
- TSP ASSET MANAGEMENT BRANCH 90 70 20 0010
- TSP WITHDRAWALS BRANCH 90 70 20 0020
- TSP OPERATIONS BRANCH 90 70 20 0030
- TSP LOANS BRANCH 90 70 20 0040

INFORMATION RESOURCES MANAGEMENT DIVISION 90 70 10
- DATABASE MANAGEMENT BRANCH 90 70 10 0010
- OPERATIONS BRANCH 90 70 10 0020
- SYSTEMS ENGINEERING BRANCH 90 70 10 0030
- COMPUTER RESOURCES MANAGEMENT BRANCH 90 70 10 0040
- TELECOMMUNICATIONS BRANCH 90 70 10 0050
- OFFICE AUTOMATION BRANCH 90 70 10 0060

# Central Accounting System
# Primary Modules

# Typical Feeder System Process

```
                    ┌──────────────┐
                    │   Purchase   │
                    │    Orders    │
                    └──────┬───────┘
                           │
                    ┌──────────────┐
                    │  Review And  │
                    │   Batching   │
                    │   Section    │
                    └──────┬───────┘
                           │
                    ┌──────────────┐        ┌──────────────┐
                    │     Data     │────────│ Online Access│
                    │ Preparation  │        └──────────────┘
                    └──────┬───────┘
                           │
┌──────────────┐   ┌──────────────┐        ┌──────────────┐
│Edit Corrections│──│  Computer    │────────│ 3270/3780/RB │
│And Completed  │   │Routine (Edit,│        │  Electronic  │
│   Audits      │   │ Audit, Etc.) │        │Transmissions │
└──────────────┘   └──────┬───────┘        └──────────────┘
                          │
        ┌─────────────────┼─────────────────┐
        │                 │                 │
   ┌─────────┐      ┌───────────┐     ┌────────────┐
   │  Edit/  │      │ Accounting│     │ Warehouse/ │
   │  Audit  │      │ Data 420  │     │Distribution│
   │ Suspense│      └───────────┘     └────────────┘
   └─────────┘
```
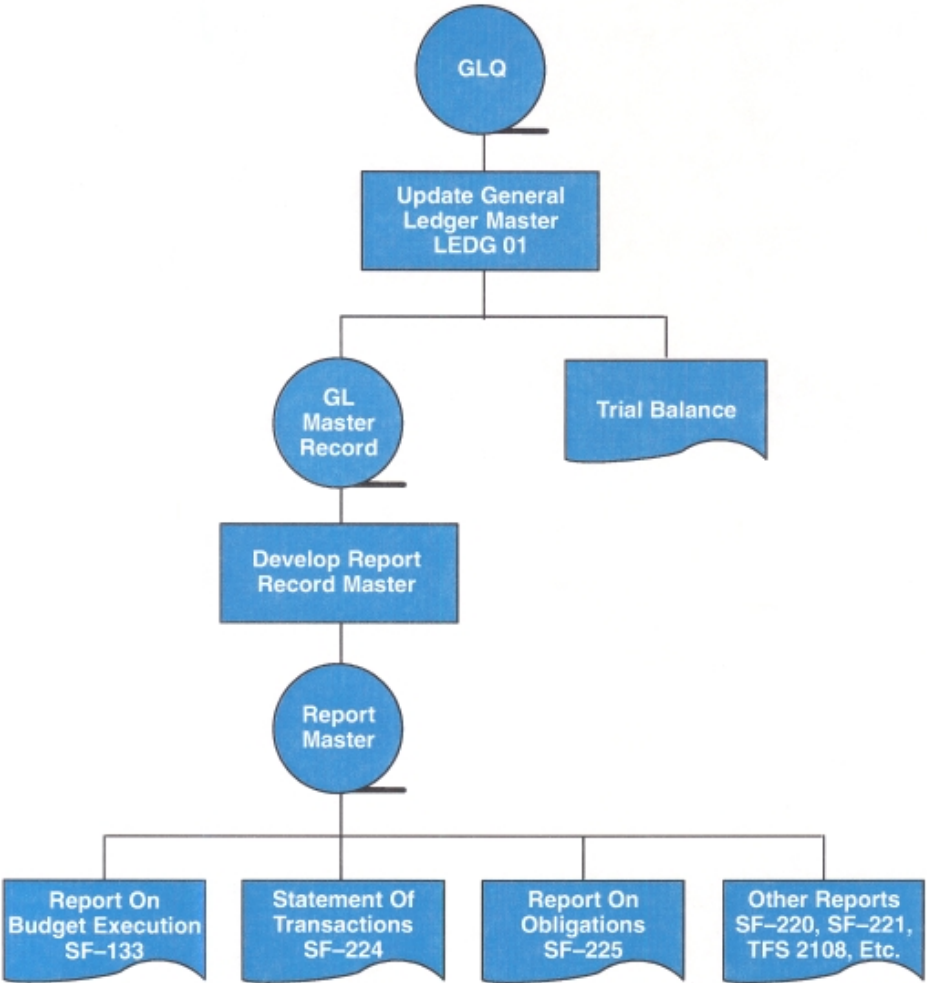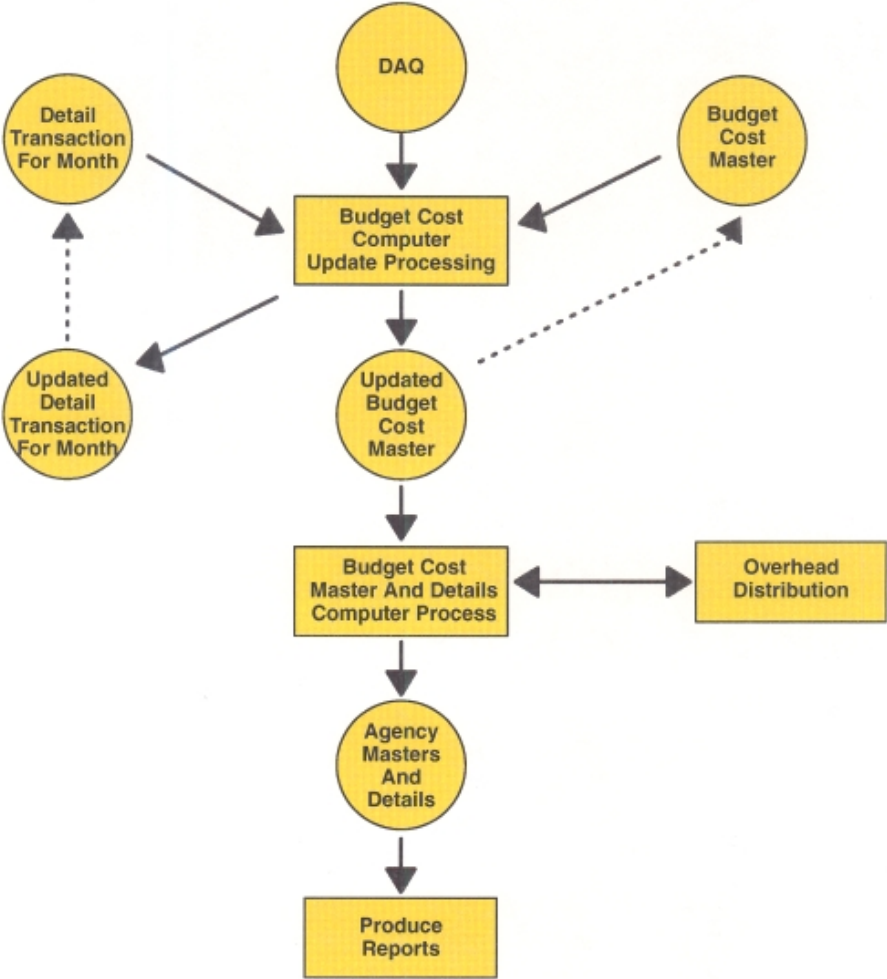
# Creation Of Accounting Data



1 Also Referred To As SCAP 79
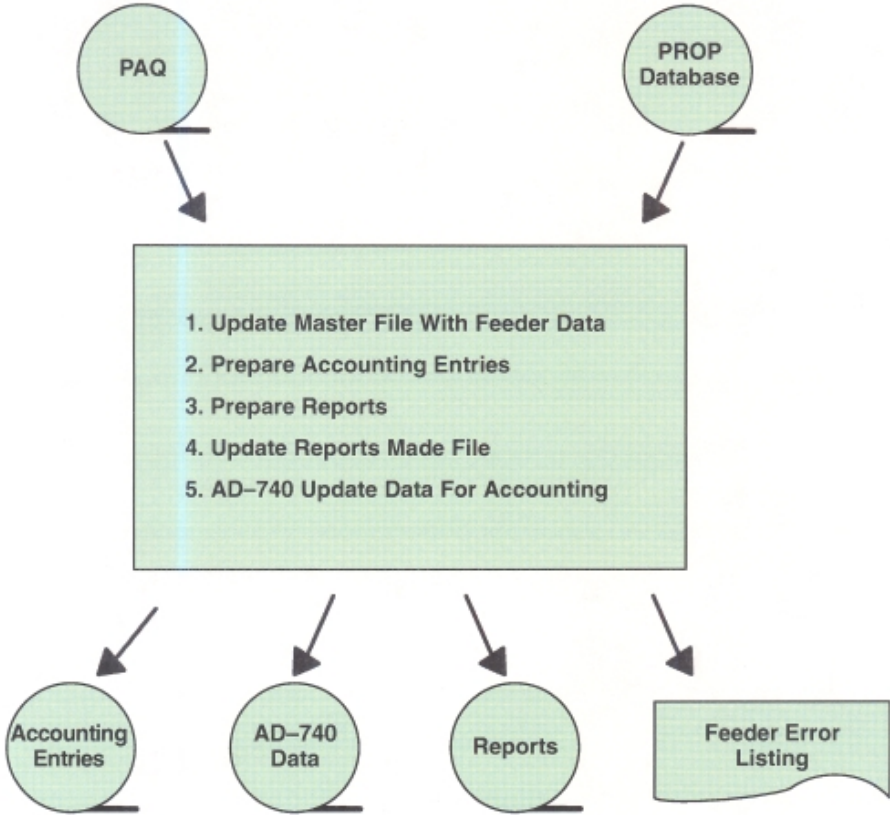
2 Also Referred To As SCAP 80

# Overview Of General Ledger Process

# Overview Of Budget Cost Process

# Overview Of PROP Process

# ABBREVIATIONS

| | |
|---|---|
| ABCO | Administrative Billings and Collections Systems |
| AICPA | American Institute of Certified Public Accountants |
| ALC | Agency Location Code |
| AOB | Accounting Operations Branch |
| APB | Administrative Payments Branch |
| ARCB | Accounting Reconciliation Branch |
| ASCS | Accounting Systems Control Section |
| ASD | Applications Systems Division |
| BCB | Billings and Collections Branch |
| BLCO | Billings and Collections Systems |
| CAS | Central Accounting System |
| DPRS | Direct Premium Remittance System |
| FBWT | Fund Balance With Treasury |
| FFIS | Foundation Financial Information System |
| FFIS-PO | Foundation Financial Information System Project Office |
| FMFIA | Federal Managers Financial Integrity Act |
| FOB | FFIS Operations Branch |
| GAO | General Accounting Office |
| JFMIP | Joint Financial Management Improvement Program |
| JV | Journal Voucher |
| MCM | Management Control Manual |
| NFC | National Finance Center |
| OCFO | Office of the Chief Financial Officer |
| OIG | Office of the Inspector General |
| OMB | Office of Management and Budget |
| OPAC | Online Payment and Accounting System |
| OTRS | OPAC Tracking and Reconciliation System |
| PPB | Payroll/Personnel Branch |
| PROP | Personal Property System |
| SV | Standard Voucher |
| USDA | U.S. Department of Agriculture |