



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

AUDIT OF SELECTED  
FOUNDATION FINANCIAL INFORMATION  
SYSTEM OPERATIONS



Report No.  
50401-42-FM  
June 2002



UNITED STATES DEPARTMENT OF AGRICULTURE

OFFICE OF INSPECTOR GENERAL

Washington D.C. 20250



DATE: June 24, 2002

REPLY TO

ATTN OF: 50401-42-FM

SUBJECT: Audit of Selected Foundation Financial Information  
System Operations

TO: Edward R. McPherson  
Chief Financial Officer  
Office of the Chief Financial Officer

This report presents the results of our Audit of Selected Foundation Financial Information System Operations.

Your response to our draft report is included in exhibit A, with excerpts incorporated in the findings and recommendations section of the report. Based on the information provided in the response, we concur with management decisions on all recommendations. Please follow your internal procedures in forwarding documentation of final action to the Office of the Chief Financial Officer.

We appreciate the courtesies and cooperation extended to us during this audit.

/s/

RICHARD D. LONG  
Assistant Inspector General  
for Audit

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# EXECUTIVE SUMMARY

## AUDIT OF SELECTED FOUNDATION FINANCIAL INFORMATION SYSTEM OPERATIONS AUDIT REPORT NO. 50401-42-FM

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### RESULTS IN BRIEF

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The Foundation Financial Information System (FFIS) is a highly significant and much needed undertaking by the Office of the Chief Financial Officer (OCFO), and the U.S. Department of Agriculture (USDA). FFIS was implemented to address the longstanding financial management problems that the Office of Inspector General has reported within the Department over the last 10 years. As of October 1, 2001, approximately 98 percent of the Department has been implemented into FFIS. FFIS will provide the Department with a materially strengthened accounting system, strengthened financial controls, and better financial reporting. When coupled with other financial management improvements planned or under way by OCFO, the Department's, overall financial management systems should be substantially improved.

OCFO delegated responsibility to the agencies to establish "agency specific" accounting policies and internal controls in FFIS. This responsibility is shared with the agencies; however, the agencies are the "owners" of the financial data and they have custodial and stewardship responsibility to ensure the financial data is fairly presented. Although OCFO issued formal guidance on security requirements, the agencies were required to ensure their specific policies and controls adhered to Joint Financial Management Improvement Program and other applicable authoritative sources. We tested access and document processing controls, funds control, and the audit trail processes for each agency implemented into FFIS as of October 1, 2000. Overall, we found that accounting policies and internal control procedures established by each agency were not consistent, adequate, and/or proper. We also found that the agencies were not following the guidance that was issued by OCFO. We attribute this to OCFO's decision to allow agencies to establish their own accounting policies, procedures and internal controls in FFIS and that it did not adequately monitor the actions that the agencies took to implement the system. Pursuant to the Chief Financial Officers Act of 1990, OCFO has the authority to implement financial accounting policy Department-wide and to monitor the compliance of that policy.

Our audit disclosed the following areas that need further strengthening and/or where controls were not functioning as designed, or prescribed. We believe that the weaknesses discussed in this report, in aggregate, constitute a material weakness. The OCFO has and continues to report, problems in its Federal Manager's Financial Integrity Act report.

- OCFO developed a multi-layered approach and guidance to controlling access to FFIS. In the Security Administrators Handbook (SAH), issued June 2001, OCFO provided specific guidance to be followed by agency security officers and financial managers when implementing FFIS. We identified the following deviations from that guidance.
  - Departmental agencies had not adequately limited access granted to users, appropriately segregated duties, or sufficiently controlled changes to “feeder system” documents. For example, we identified 186 users who were no longer USDA employees or contractors that still had access to FFIS. Also, we found that there was no effective means to identify when a person or contractor left USDA’s employment, so the individual’s accesses could be deleted since a unique identifier was not linked to the user identification (ID).
  - We identified five types of FFIS payment documents where agencies did not require “approvals” before the payments were processed, as required by OCFO guidance. There were 2,726 users in the 8 agencies authorized to process these types of documents that did not require approvals. The SAH requires that another user must “approve” direct-entered payment documents within FFIS to minimize the risk of fraudulent payments.
  - The powerful security profile “\*ALL,” grants a user access to all agency security groups. This profile grants the user access to create, approve, edit, or delete any document in the agency’s database. The security handbook states that it “shall **NOT** be assigned to any user without authorization from the USDA FFIS Project Office, or the Agency Chief Financial Officer.” There were 31 users in the 8 agencies that had been granted this access without the required approvals.
  - The May 16, 2000, Addendum to the USDA Standard Security Profiles provides, and we concur, that allowing users to both input and process billing and cash receipts documents is not a proper segregation of duties. We identified 3,870 users with these improper accesses.

- Funds control, within FFIS, is USDA’s primary tool for monitoring the status of appropriation balances. However, we found that many of the individual agencies had not activated or overrode these controls in FFIS and did not monitor their fund activity. As a result, at the time of our testing, July 2001, we found 336 funds totaling approximately \$1.3 billion, at the appropriation level, with a negative or abnormal balance which is an indication that potential anti-deficiencies could have occurred. Had the controls contained in FFIS not been overridden, or turned off, and activity properly monitored, negative or abnormal balances could be timely identified and resolved. As the agencies’ systems currently are configured, we do not have this assurance. In addition, we identified 68 funds where full funds control was not implemented even though departmental guidance requires full funds control for these specific fund types.
- We found documents that did not provide a complete audit trail from the source to FFIS, approval requirements that could be by-passed in the system, and critical audit trail control processes that were not utilized.
- Agencies also implemented internal control settings and edits inconsistently and/or not in compliance with OCFO requirements. For example, the interest rate, applied to overdue receivables varied from 5 percent to 6.375 percent between the eight agencies; the correct rate was 6 percent for fiscal year (FY) 2001.
- Systems that feed information to FFIS caused control and processing problems that resulted in material financial errors and severe operating inefficiencies. OCFO should establish a goal in the Government Performance Results Act (GPRA) Annual Performance Plan to reduce the number of “feeder systems” and develop an appropriate measure to be used in assessing progress towards achieving the goal.

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We recommended that OCFO:

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## **KEY RECOMMENDATIONS**

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- Issue formal guidance to the agencies establishing accounting and internal control processes that conform with Government-wide financial management requirements and ensure they are promptly implemented.
- Ensure that agencies immediately, and periodically thereafter, review FFIS accesses and eliminate unauthorized or unnecessary accesses identified, and provide the results of these reviews to OCFO. Establish a

process and ensure that agencies link a unique identifier to FFIS user ID so that an automated process, similar to that followed by Office of Chief Financial Officer/National Finance Center can be implemented to identify and remove personnel that should no longer be authorized to access FFIS.

- Ensure agencies utilize the controls available in FFIS to their fullest extent, including establishing full control for all appropriated funds and setting budgetary limits on all appropriated funds.
- Establish procedures to ensure agencies periodically review obligations processed in the current year from prior year funds, and verify the appropriateness of the transactions.
- Ensure agencies research, and report as warranted, each potential Anti-Deficiency Act violation in exhibit C and determine whether a violation did, in fact, occur.
- Ensure agencies periodically review those funds shown in negative status to ensure that potential Anti-Deficiency Act spending does not occur.
- Strengthen the controls over rejected documents in FFIS to assure that only authorized personnel can correct documents and require one level of approval for processing rejected “feeder system” documents from a rejected status in FFIS.
- Strengthen audit trails to assure they are able to identify all parties who input, change, approve, override, and/or delete a document.
- Establish a goal in the GPRA Annual Performance Plan to reduce the number of “feeder systems” and develop an appropriate measure to be used in assessing progress towards achieving the goal.

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**AGENCY RESPONSE**

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OCFO generally concurred with all of the findings and recommendations.

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# INTRODUCTION

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## BACKGROUND

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The Foundation Financial Information System (FFIS) is a commercial off-the-shelf software package. It was developed to meet the financial requirements of Federal agencies as outlined in the Joint Financial Management Improvement Program (JFMIP) and the Chief Financial Officers (CFO) Act of 1990. The U.S. Department of Agriculture (USDA) acquired FFIS on December 23, 1994. The USDA implemented the system in phases beginning on October 1, 1996. As of October 1, 2001, approximately 98 percent of the USDA had been implemented into FFIS.<sup>1</sup>

FFIS is a mainframe application maintained at the Office of the Chief Financial Officer/National Finance Center, (OCFO/NFC). The Associate Chief Financial Officer for Financial Systems is responsible for overall FFIS implementation, operations and maintenance of the system. FFIS is an integrated budgetary and proprietary accounting system that is table driven.<sup>2</sup> These tables store the data for use by the various processes. FFIS contains more than 600 different tables.

Documents can be entered into FFIS by direct entry (integrated) or through a “feeder system” (interfaced). Integrated functions use FFIS to record accounting transactions directly into the system. Interfaced functions use front-end systems that feed transaction data into FFIS through batch processing, also referred to as the “nightly cycle.”<sup>3</sup> According to the Office of the Chief Financial Officer (OCFO), there are 28 “feeder systems” that feed information to FFIS.

FFIS is a dual entry system, which requires that every transaction must post an equal debit and credit in the general ledger. The FFIS uses a Data Warehouse and data marts to facilitate data retrieval and for use in financial reporting requirements, such as the USDA Consolidated Financial Statements.

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<sup>1</sup> The last two agencies, Foreign Agricultural Service and Grain Inspection, Packers and Stockyards Administration will be implemented on October 1, 2002.

<sup>2</sup> All information for the online FFIS system resides in documents or tables. Documents are used by FFIS to process new data. Tables are used to store information, either from processed documents or from directly entered data. The stored information can either be reference data, used during the edit process, or inquiry data, used to look up document information after it has processed.

<sup>3</sup> The nightly cycle is a set of batch processes, run nightly, which transfers financial transaction data from the “feeder systems” to FFIS by formatting the “feeder system” transaction into an FFIS readable format.

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## **OBJECTIVES**

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Our objectives were (1) to determine whether the policies and controls established by OCFO and agencies were adequate and implemented into FFIS, and that each agency adhered to JFMIP and other applicable authoritative sources; and (2) to test access and document processing controls, funds control, and the audit trail processes for each agency to assure they adhered to departmental or governmental requirements.

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## **SCOPE**

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The scope of our review was limited, primarily, to the eight FFIS agencies that were implemented as of October 1, 2000. These agencies included OCFO (appropriated funds), Forest Service (FS), Food Safety Inspection Service (FSIS), Risk Management Agency (RMA), Rural Development (RD), Farm Service Agency (FSA), Natural Resources Conservation Service (NRCS), and Animal and Plant Health Inspection Service (APHIS). Our audit was conducted using fiscal year (FY) 2001 activity. These agencies represent approximately 80 percent of USDA transaction activity. Fieldwork for this audit was performed during April through August 2001, in New Orleans, Louisiana, and agency headquarters locations. The audit was limited to reviewing security, funds control, audit trail, table settings, and FFIS configuration. We performed our audit in accordance with generally accepted Government auditing standards.

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## **METHODOLOGY**

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We reviewed past Office of Inspector General (OIG) evaluation and audit reports, including: "Implementation of the Foundation Financial Information System; Substantial Accomplishments But is October 1, 1997 Implementation an Attainable Goal," Audit Report No. 50801-2-FM, dated June 1997; "Implementation of the Foundation Financial Information System-Changes Need to be Made," Audit Report No. 50801-4-FM, dated March 1998; "Material Control Weaknesses Will Continue to Impact Departmental Financial Operations Because of Delayed FFIS Implementation," Audit Report No. 50801-5-FM, dated June 1998; "Effective Implementation of FFIS Will Reduce USDA's Many Financial Management System Problems," Audit Report No. 50801-7-FM, dated September 1999, "Review of Controls Over USDA Administrative Payment Systems," Audit Report No. 50099-19-FM, dated January 2001, and "Fiscal Year 2000 National Finance Center Review of Internal Controls," Audit Report No. 11401-7-FM, dated June 2001. To accomplish our audit objectives, we performed the following procedures for the eight agencies implemented October 1, 2000.

- Assessed the FFIS adherence to JFMIP requirements consistent with the scope of the audit.
- Reviewed and evaluated OCFO guidance governing FFIS implementation.
- Reviewed agencies' established policies and controls.
- Reviewed the agencies' security processes, comparing them to the corporate level guidance issued by OCFO, and other established standards.
- Reviewed funds control processes to assure that the controls within the system were being used, functioning effectively, and met standards.
- Reviewed the audit trail to ensure that document processing was properly recorded.
- Determined whether corporate level controls and settings were defined, wherever possible, and implemented by all agencies within FFIS.

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## FINDINGS AND RECOMMENDATIONS

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<b>CHAPTER 1</b>	<b>AGENCIES DID NOT CONSISTENTLY ESTABLISH CONTROL PROCESSES</b>
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Although OCFO issued specific guidance for USDA agencies to follow in implementing security, it delegated responsibility to the agencies to develop their own accounting policies, internal controls and system settings. We found that the agencies had not complied with OCFO security requirements, implemented poor funds control, implemented inconsistent system settings and were not using key audit trail/internal control functionalities of the system. Furthermore, OCFO did not have a monitoring or review process in place to preclude, or detect these noncompliances and inconsistencies and assess the impact of them on system operations. Pursuant to the CFO Act of 1990, OCFO has the authority to implement financial accounting policy Department-wide and to monitor the compliance of that policy. As the result of oversight and monitoring, individual agency actions to implement FFIS resulted in the system configuration being implemented that does not completely conform to OCFO, JFMIP, and other authoritative sources.

As noted, each agency is responsible for establishing “agency specific” accounting policies and internal controls in FFIS. To determine whether the agency policies and controls adhered to OCFO, JFMIP, and other applicable authoritative sources, we tested access and document processing controls, funds control, the audit trail processes, and the overall FFIS configuration for each agency implemented into FFIS as of October 1, 2000.

Agency personnel advised us that, in their opinion, the problems we noted were due to the complexity of the system, shortened implementation timeframes, insufficient training on how their systems were to be established, and a lack of agency resources. In our opinion, based on our review, the system is complex, and timeframes were compressed. We did not, however, assess the adequacy of agency staffing or the training provided.

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**FINDING NO. 1**  
**CONTROLS OVER FFIS ACCESS**  
**NEED STRENGTHENING**

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Financial information in FFIS is unnecessarily vulnerable to unauthorized access and misuse because the agencies had not properly limited the access granted to FFIS, appropriately segregated duties, and sufficiently controlled changes that could be made to rejected<sup>4</sup> “feeder system” documents.

OCFO, to assure appropriate information technology security, has implemented a multi-layered approach for FFIS security. This layered approach includes (1) the user must have access to the mainframe where the FFIS application resides; (2) the user must obtain access to a specific region<sup>5</sup> where the individual agency’s FFIS application resides; and (3) within the FFIS, access must be granted to the agency application.

Each agency is responsible for customizing and maintaining its own security within its FFIS application, in accordance with the guidance issued by OCFO in the FFIS Security Administrators Handbook (SAH), issued June 2001. The SAH contains “Standard Security Models” and other guidelines that agencies need to follow when implementing security within their FFIS application. OCFO created the SAH and security models, based on Office of Management and Budget (OMB) and other authoritative guidance.

We compared the security established by the eight agencies to the criteria outlined in the SAH. The following summarizes the problems noted during our review (see exhibit B for additional details):

- We identified 186 active user identifications (ID) that were assigned to persons who were no longer USDA employees or contractors. (We have reported this serious problem repeatedly in our prior audits.) We provided this information to agency officials who advised us that they are in the process of deleting the accesses.

In addition, we were unable to validate numerous other contractors and user IDs to our lists of actual users because the FFIS user IDs are not identified through the use of a unique identifier (e.g., social security number, etc.). In our Audit Report No. 50099-11-FM, “Review of Controls in the Payroll/Personnel and Time and Attendance-Phase I,”

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<sup>4</sup> A FFIS rejected document has not passed edit checks and has not updated any journals.

<sup>5</sup> A region is a partition of memory reserved for one or more applications.

dated March 1998, we recommended, and OCFO concurred, to link an employee's social security number to their user ID to enable a periodic match between payroll records and user IDs accessing the National Finance Center database.<sup>6</sup>

- We identified five types of FFIS payment documents where agencies did not require “approvals” before the payment was processed, as required by OCFO guidance. There are 2,726 users in the 8 agencies authorized to process these types of documents. The SAH requires that another user must “approve” direct-entered payment documents within FFIS to minimize the risk of fraudulent payments.
- The powerful security profile “\*ALL,” grants a user access to all agency security groups. This profile grants the user access to create, approve, edit, or delete any document in the agency's database. The security handbook states that it “shall **NOT** be assigned to any user without authorization from the USDA FFIS Project Office, or the Agency Chief Financial Officer.” There were 31 users in the 8 agencies that had been granted this access without the required approvals.
- The SAH requires that update access to the table, which contains all payee information (vendor table), not be provided to an individual that has authority to generate payments. We concur that proper separation of duties should not allow these incompatible functions, unless special authorization and compensatory controls are established. We identified 331 user IDs with access to enter and/or correct payment documents that also had the ability to add, delete, or change the table that contains all payee information.
- We reviewed the access granted to the Security Administrators (SA) and the Functional Administrators<sup>7</sup> (FA) for each agency, and found 7 SAs and 37 FAs in the 8 agencies with access to generate payment documents. The SAH requires that these duties be segregated. We also identified that there were 72 users with access to security and control tables that were not SAs or FAs, as required.
- The May 16, 2000, Addendum to the USDA Standard Security Profiles, provides and we concur, that allowing users to both input and process billing and cash receipts documents is not a proper segregation of duties. We identified 3,870 users with these accesses.

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<sup>6</sup> This process limits access to OCFO/NFC controlled databases but not the FFIS agency controlled data.

<sup>7</sup> The SA is responsible for updating and maintaining an agency's security tables. The FA is responsible for maintaining the agency's FFIS application and making changes to tables. Many agencies have chosen to share this function with the OCFO/NFC personnel.

- The FFIS SAH and FFIS Bulletin 00-1 require two levels of approval for write-off documents and Journal Vouchers<sup>8</sup> (JV). This minimizes the risk of fraudulent or erroneous write-offs of accounts receivable, and incorrect or improper adjustments. We identified 6 agencies and a total of 414 users IDs that allowed write-offs or JVs to be processed without two levels of approval.

OCFO requires that agencies review FFIS access on a quarterly basis. We found that only three of the eight agencies are monitoring FFIS access. The internal control and processing guidance issued by OCFO establishes a sound basis for properly controlling those accounting and payment functions in FFIS. The agencies are responsible for adhering to these controls. However, without agency adherence, risks are not reduced to acceptable levels.

We provided our results to the eight FFIS agencies, and in most cases, they agreed to take corrective action. In some instances, the agencies stated that their business practices dictated the settings we found. In those instances, we informed the agencies that they must submit a written request to OCFO and Associate Chief Information Officer for Cyber-Security, to obtain a waiver to deviate from the SAH.

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**RECOMMENDATION NO. 1**

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Ensure agencies immediately review FFIS accesses and eliminate unauthorized or unnecessary accesses identified, and have them provide the results of these reviews to

OCFO. In addition, ensure that the agencies perform the quarterly reviews of the FFIS access.

**Agency Response:**

We concur with the recommendation. OCFO will issue a memorandum to agency Chief Financial Officers (CFOs) requiring the immediate review of security access to FFIS. The memorandum will also remind CFOs of the requirement to perform quarterly reviews.

**OIG Position:**

OIG concurs with the management decision.

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<sup>8</sup> JVs are FFIS manual adjustments which present a greater risk to system integrity and quality because the preparer of the JV decides the general ledger accounts to be posted rather than using established posting models.

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**RECOMMENDATION NO. 2**

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Establish a process and ensure agencies link a unique identifier to FFIS user IDs so that an automated process, similar to that followed by NFC, can be implemented to identify and remove personnel that should no longer be authorized access to FFIS.

**Agency Response:**

We concur with the recommendation. The OCFO will design and implement an enhancement to FFIS to add employee social security number to the Security Table (STAB). The enhancement will also include an automated process to “match” FFIS user employee records in the Payroll System. The level of effort to design and implement this change is significant. It is included in the FY 2003 FFIS budget submission. This enhancement will follow the requirements of the Software Development Life Cycle (SDLC).

In the interim, the OCFO will issue periodic reminders regarding the requirement to complete the quarterly security verification.

**OIG Position:**

OIG concurs with the management decision.

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**RECOMMENDATION NO. 3**

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Ensure agency heads periodically certify that they are in compliance with the Standard Security Profiles, and other OCFO issued guidance, or submit waivers with sufficient supporting documentation to OCFO for its concurrence.

**Agency Response:**

We concur with the recommendation. OCFO will issue a FFIS Bulletin requiring certification of compliance with Standard Security models and/or submitting a waiver.

**OIG Position:**

OIG concurs with the management decision.



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## FINDING NO. 2

### FFIS BUDGETARY CONTROLS WERE NOT BEING FULLY UTILIZED

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Controls, within FFIS, used to prevent Anti-Deficiency Act violations are not being used to the fullest extent possible. JFMIP Core Financial System Requirements state, "Each agency of the Federal government is responsible for establishing a system to ensure that it does not obligate or disburse funds in excess of those appropriated and/or authorized." The funds control functionality of FFIS is USDA's primary tool for carrying out this critical responsibility. However, we found that many of the individual agencies had not activated or overrode these controls in FFIS and did not monitor fund activity. Some agency personnel advised us that they were unaware of this departmental requirement. As a result, at the time of our testing, July 2001, we found 336 funds totaling approximately \$1.3 billion, (see exhibit C for details) at the appropriation level, with a negative or abnormal balance which is an indication that potential anti-deficiency could have occurred. We reviewed the funds control<sup>9</sup> settings for the eight agencies using FFIS during FY 2001, and performed the following to identify potential funds control weaknesses:

- We reviewed the funds control settings established in FFIS for each fund for FY 2001. We found 68 funds that had less than full control established for the appropriation and apportionment levels. (Setting full control assures that a budget exists for the document, and that the document does not exceed the funds available.) The USDA Financial and Accounting Standards Manual, General Standards for Funds Control, Section 4.6.4.1, states that full control is required at the appropriation, apportionment, and allocation levels.
- We identified whether the amount "available" for all funds contained a negative amount for budget fiscal years 1996 through 2001, as of August 2001. We identified, through this review, that 336 funds totaling approximately \$1.3 billion were in a negative or abnormal balance status

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<sup>9</sup> For purposes of this report, the term "funds control" includes budget and spending controls. There are four different spending control options: a. Full Control specifies that for a spending document to be processed (1) the budget line that the document references must exist in the Budget Execution tables; and (2) the document amount must not exceed available funds; b. Presence Control means that for a spending document to be processed the budget line that the document references must exist in the budget (for example, if you enter an obligation referencing a specific appropriation, the appropriation must exist in the budget, but funds do not have to be available for FFIS to process the document.); c. No Control allows you to spend without referencing an existing budget line. In addition, funds do not have to be available for a spending document to be processed. Instead, if the budget line does not exist, this option creates the budget line during processing of the spending transaction. (For example, if you enter an expenditure referencing a specific obligation and the obligation does not exist, FFIS will create the obligation with budget amounts of zero, and process the expense document, even though budget funds are not obligated. Therefore, you can over spend and end up using budgetary funds that are obligated for something else.); and d. Ignore is used to exclude a specific budget level (No documents are processed for the excluded budget level or budget lines created when using the ignore option).

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at the appropriation level. These negative or abnormal balances indicate that the agencies could have exceeded their authorized budgetary resources.

Agency officials advised us that many of these negative amounts were associated with agency-designated suspense accounts. We found that many agencies had established unofficial “suspense” accounts that allowed the agency to expend money in funds that had no budgetary authority, and were not tied to an official suspense Treasury symbols.<sup>10</sup> Agency personnel advised us they “plan” to allocate funds to offset these apparent anti-deficient amounts at a later date. However, without established budgetary authority, these obligations and expenditures could cause an Anti-Deficiency Act violation at year-end. For example, one agency had \$36 million in expenditures in a fund for FY 2000, but never established budgetary authority for this fund. The fund has now expired and has a negative \$36 million fund balance. The agency is currently researching this problem.

- We attempted to identify the cause of the negative fund balances discussed above by reviewing the override log in FFIS. This log records all FFIS edits that were overridden, including the warning given when the fund is in a negative status. However, we found this critical control was not implemented for any of the eight agencies we reviewed. JFMIP Core Financial System guidance requires that the system must “support recording obligations or expenditures that exceed available balances and produce a report, or otherwise provide a method that allows management to review the cause of this over obligation condition.” In addition, we also determined that 3,142 users were provided the ability to override funds controls. (See exhibit B for details.)
- We noted that all eight agencies configured FFIS to allow, obligations from prior single year appropriations posting in the current year, including posting expenses using a no-obligation (NO) document.<sup>11</sup> The NO document allows the system to post an expense without using an established obligation. We do not believe this process is appropriate because it allows an agency to expend funds against expired appropriations using a new obligation. The General Accounting Office/Office of General Counsel 91-5, Appropriations Law, Volume 1, states that “annual appropriations are made for a specified fiscal year and are available for obligation only during the fiscal year for which made.”

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<sup>10</sup> The suspense Treasury symbols are used to process transactions when the proper accounting is unknown. This account is an official suspense account which should be monitored and reconciled on a periodic basis.

<sup>11</sup> NO documents are payment documents that do not require an obligation prior to the expenditure. Establishing an obligation prior to the expenditure provides additional controls to ensure that the payment is properly authorized.

USDA has had several Anti-Deficiency Act violations in prior fiscal years. This serious financial management weakness must be addressed through strengthened controls in the FFIS accounting system. Until processing procedures for funds control are established, we believe that the Department is unnecessarily at risk of additional Anti-Deficiency Act violations.

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**RECOMMENDATION NO. 4**

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Ensure agencies utilize the controls available in FFIS to their fullest extent, including establishing full control for all appropriated funds, and setting budgetary limits on all

appropriated funds.

**Agency Response:**

We concur with the recommendation. FFIS restricts the processing of documents against a budget level (appropriation, apportionment, allocation, suballocation, allotment and suballotment) by using spending controls, which are defined on the Fund Options Table (FUN2). There are four controls that can be utilized in FFIS-Full, Presence, No, Ignore. The OCFO mandates only full control at the appropriation level. The OCFO will issue guidelines on “how to” optimize funds control in FFIS for all funds. The guidelines will also include recommended settings for each level.

**OIG Position:**

OIG concurs with the management decision.

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**RECOMMENDATION NO. 5**

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Eliminate the use of “unofficial suspense” funds without budgetary authority.

**Agency Response:**

We concur with the recommendation. OCFO will: 1) conduct a review of agencies use of “unofficial suspense” funds; 2) issue guidance on how to adjust balances in the “unofficial suspense” funds; and 3) issue guidance on the proper use of suspense funds.

**OIG Position:**

OIG concurs with the management decision.

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**RECOMMENDATION NO. 6**

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Establish procedures to ensure agencies periodically review obligations processed in the current year from prior year funds, and verify the appropriateness of the transactions. Restrict

the use of the NO document, and the override authority for processing obligations with prior year funds. Ensure that agencies require at least one level of approval to process an obligation against a prior year fund.

**Agency Response:**

The OCFO will: 1) issue a policy requiring agencies to implement a review and approval process of obligations incurred in the current year using prior year funds; and 2) issue guidance on the proper use, i.e., when and how to process the NO (No Obligation Payment Voucher) document.

**OIG Position:**

OIG concurs with the management decision.

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**RECOMMENDATION NO. 7**

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Ensure agencies research each potential Anti-Deficiency Act violation in exhibit C and determine whether a violation did, in fact occur.

Deficiency Act violations warranted. Ensure agencies that have committed Anti-prepare required reports to Congress where warranted.

**Agency Response:**

We concur with the recommendation. OCFO will issue a memorandum requiring agency CFOs to review the violations outlined in exhibit C and take appropriate corrective actions. CFOs must certify to the OCFO that the review was completed and appropriate corrective actions undertaken.

**OIG Response:**

OIG concurs with the management decision.

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**RECOMMENDATION NO. 8**

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Ensure agencies track and monitor overrides of FFIS edits or control processes, and take appropriate remedial action to address inappropriate overrides.

**Agency Response:**

We concur with the recommendation. OCFO will issue policy requiring agencies to implement a review and approval process for overrides. Guidance will also be issued to explain the override “levels” with FFIS.

**OIG Position:**

OIG concurs with the management decision.

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**RECOMMENDATION NO. 9**

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Ensure agencies periodically review those funds shown with a negative status to ensure that potential Anti-Deficiency Act spending does not occur.

**Agency Response:**

We concur with the recommendation. The OCFO will issue guidance to agency Chief Financial Officers (CFOs) on “how to” review funds to eliminate potential Anti-Deficiency Act violations. Guidance will also include recommended timeframes for completing the review.

**OIG Response:**

OIG concurs with the management decision.

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**FINDING NO. 3**  
**AUDIT TRAIL NOT FULLY  
COMPLIANT WITH JFMIP**

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The audit trail for FFIS, in some instances, does not fully comply with JFMIP Core Requirements. The JFMIP Core Requirements state that the system should provide audit trails to trace transactions from source documents, “original input, other systems, system-generated transactions, and internal assignment transactions through the system; and provide transaction details to support account balances.” It also states that the system should “provide audit trails that identify document input, change, approval, and deletions by the originator.” FFIS, as presently configured by the agencies, does not comply with this JFMIP requirement. We found documents that did not provide a complete audit trail from the source to FFIS, approval requirements that could be by-passed in the system, a critical audit trail control process in FFIS that was turned off, and agency configuration manuals that did not match the actual configuration of the FFIS system. These conditions were caused, primarily, by agencies incorrectly configuring their FFIS application due to a lack of “corporate level” guidance. Furthermore, OCFO did not have a monitoring or review process in place to preclude, or detect these

noncompliances and inconsistencies and assess their impact on system operations. As a result, the ability of any user to fully track the processing of a transaction, research discrepancies, and trace any problems within FFIS is made more difficult and time consuming, and impossible, in certain circumstances. We identified the following:

#### “Feeder System” Documents

We found that documents processed through the “feeders” can be modified, or deleted prior to “acceptance”<sup>12</sup> (processed through FFIS) without a complete audit trail that identifies all users who input, or modified the document, and what changes were made to the document. For example, if a payment rejects in FFIS for failure to pass an edit check, any user with access to the same type of document in the agency application can make changes to the document in suspense. Also, no additional approvals are needed on “feeder system” documents that are changed in FFIS, unlike similar documents directly entered into FFIS. As noted in exhibit B, we identified 4,053 users who have been granted access to “feeder system” documents in suspense.

#### Document Approval

OCFO has required, for certain transactions, that agencies configure their agency application to require a separate originator and approving official. This is a sound internal control procedure. However, our audit disclosed that a user could circumvent this control technique. We found that the last person who made changes to the document, not who originated the document, defines the identity of the “originator” in FFIS. The FFIS software does not capture all users who make changes to a document, only the last user. Therefore, a person who enters an original document can also approve the document if an intermediate person makes changes to the document. JFMIP states that the system should “provide audit trails that identify document input, change, approval, and deletions by the originator.” FFIS does not comply with this requirement by simply changing the identity of the “originator.” To assure this key control technique cannot be circumvented, actions need to be taken to enable FFIS to capture each person that makes a change to a document and that the information be easily accessible for management review.

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<sup>12</sup> There are six different document “status” types in FFIS: rejected, held, pending, scheduled, deleted, and accepted. Accepted is the last phase after final approval, which posts the document to the general ledger. Rejected means the document did not pass FFIS edits. Held means the user put the document on hold, and will process it at a later time. Pending means the document is awaiting approval, and scheduled means the document has been placed to run in batch mode during the nightly cycle. Deleted means the batch or document has been marked for deletion.

### Override Log Turned Off

The override<sup>13</sup> feature can be used to bypass certain edit checks within FFIS. Although this authority may be necessary in limited cases, the access to the override authority should be very limited and carefully tracked by the agency. The Override Log table (OLOG) in FFIS tracks the use of the override feature in FFIS. We attempted to review the OLOG to identify and test where funds control and other type edits were overridden; however, our audit test could not be completed because, OLOG was turned off by all FFIS agencies. We believe the absence of this control process is a significant weakness. This control technique is particularly important because we found the override authority was granted to 3,142 personnel.

### Approval Log

Within FFIS there is a control technique that logs the user who approves a document in FFIS. The OCFO has required that certain documents processed into FFIS need to have a secondary approval. These approving actions are then logged into an FFIS table called the Approvals Logging Table (ALOG). Our audit found; however, that six agencies purged the ALOG nightly, thereby, effectively by-passing this important control technique. As noted above, JFMIP requires that the system retain approvals. Without retaining the approving officials, the audit trail is compromised.

### Configuration Guides

An important part of any agency's internal control process for FFIS is to document how the system was implemented, including the specific configuration of FFIS, table set-up, procedures, and the internal controls. This process is required by General Accounting Office Standards for Internal Controls, and OMB Circular A-127. An agency's initial configuration was required to be documented prior to implementation; however, modifications are frequently made after the application is established. It is the agencies responsibility to update this important control document whenever a change in the configuration of FFIS is made. We began our audit by asking all eight implemented agencies for their Configuration Requirements Documentation (CRD). However, only six of the eight agencies had complete CRDs.

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<sup>13</sup> There are two types of errors in the FFIS. One is fatal, and cannot be overridden and another that can be. Overrides can be used when a document does not pass certain FFIS edit checks. There are nine levels of override, nine being the most serious error that can be overridden. When a document rejects for an error that can be overridden, and the user has the security authority, she/he may override that error and process the document. However, "fatal" errors cannot be overridden, and must be corrected.

We compared the selected settings, edits, controls, etc., in the documents to how FFIS was actually operating. Our analysis found significant differences, in all agencies, between their CRD and the actual FFIS configuration. The National Institute of Standards and Technology's Special Publication 800-12, "An Introduction to Computer Security: The NIST Handbook," states that procedures, standards, and guidelines are used to describe how policies will be implemented within an organization. Such guidance not only helps ensure that appropriate information system controls are established consistently throughout the Department, but also facilitates periodic reviews of these controls. Some examples of the differences noted are detailed below:

- The payment limit amount field in one table defines the maximum dollar amount that can be issued for a specific event. According to three agencies' CRD, the payment limit field should have been set to \$999,999.99. However, our audit found the payment limit fields were actually set to \$9,999,999.99, or \$9 million more than the documented setting. Agency officials advised us they would update their CRDs.
- The interest default rate on an overdue receivable should be set at 6 percent per one agency's CRD, 6.375 percent per another, and 0 percent for another. However, our audit found the settings in the FFIS system, to be 5 percent, 6 percent, and 6.375 percent, respectfully. Two agencies are revising their CRDs, and another has changed its FFIS settings.

#### Research, Extract and Reporting Tool

Most agencies are using the same software tool to research and extract data from FFIS. Most of the FFIS users we spoke to thought the software was user friendly and required little training. However, one of the largest agencies on FFIS does not utilize the same reporting tool, but rather, uses a mainframe based application that is difficult to use. Using this tool is inconsistent with departmental standards and has caused critical problems when researching and providing data Department-wide data.

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**RECOMMENDATION NO. 10**

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Strengthen the controls over rejected documents in FFIS to assure that only authorized personnel can correct documents, and require one level of approval for processing rejected "feeder system" documents from a rejected status.



**Agency Response:**

We concur with the recommendation. OCFO will develop an enhancement to FFIS to require approvals on rejected “feeder system” documents.

This is significant enhancement to the processing paradigm, which will require the complete Software Development Life Cycle (SDLC) to implement.

**OIG Response:**

OIG concurs with the management decision.

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**RECOMMENDATION NO. 11**

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Strengthen audit trails to assure they are able to identify all parties who input, change, approve, override and/or delete a document.

**Agency Response:**

We agree with this recommendation. OCFO implemented the FFIS Approval Log Table (ALOG) and Override Log Table (OLOG) processes on December 21, 2001. The ALOG table provides a more complete audit trail by retaining a table of the documents approved and the approving users. The OLOG table provides a log of the documents processed using the override feature and the users who applied the override to the documents.

All documents directly entered in FFIS do not exist until accepted, so an audit trail exists. With feeder documents it is not possible to capture all changes, only those changes made after they have been accepted in FFIS. OCFO will require approvals on all rejected “feeder system” documents. The level of effort to design and implement this change is significant.

This enhancement will follow the requirements of the Software Development Life Cycle (SDLC).

**OIG Response:**

OIG concurs with the management decision; however, we strongly encourage OCFO and the agencies to ensure that all changes are supported and to limit the approval authority to individuals who are in the best position to approve the change.

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**RECOMMENDATION NO. 12**

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Ensure agencies update their CRDs so that they accurately reflect the FFIS configuration and controls. At least annually, each agency head should be requested to provide an updated,

certified CRD to the CFO.

**Agency Response:**

We concur with the recommendation. OCFO will issue guidance on 1) the requirement to review and update CRD annually; and 2) the requirement to certify completion of the review and revision of the CRD to the OCFO.

**OIG Position:**

OIG concurs with the management decision.

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**RECOMMENDATION NO. 13**

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Ensure that all agencies use the same research and reporting tool for FFIS.

**Agency Response:**

OCFO agrees that the Forest Service (FS) needs a modern tool to provide the “ad hoc” reporting capability for the Financial Data Warehouse (FDW). However, OCFO is concerned that FS volume may preclude the use of BRIO (the tool used by other agencies) and therefore does not agree that all agencies will use the same tool. To ensure the appropriate method of report delivery is selected, an analysis of available tools will be conducted.

**OIG Position:**

OIG concurs with the management decision; however, we strongly encourage the OCFO to expedite the implementation of a reporting tool for Forest Service.

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**FINDING NO. 4**  
**INCONSISTENT IMPLEMENTATION**  
**OF FFIS BETWEEN AGENCIES**

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FFIS applications were not implemented using consistent accounting processes among agencies. As a result, different accounting processes could affect consolidated financial data, and produce inconsistent financial statements. This was caused by OCFO not establishing Department-wide standards, for

tables that agencies control, that address configuration settings on some key FFIS tables and because they did not sufficiently monitor agency implementations. Details follow:

Transaction Category Table (TCAT)

The TCAT<sup>14</sup> is an important part of an agency’s FFIS configuration since it contains 23 options that can affect the processing of FFIS disbursements, accounts receivable documents, etc., (e.g., TCAT settings designate whether or not document referencing is required on a document). Document referencing is a key control in the spending chain that assures, among other things, funds control. For example, our audit found that the eight agencies tested were not consistently using document referencing. The chart below shows the results of our reviews:

Trans Code	Referencing Required							
	RMA	FS	FSIS	OCFO	RD	FSA	NRCS	APHIS
RC <sup>15</sup>	Y	N	Y	Y	Y	N	Y	N
PV <sup>16</sup>	Y	N	Y	Y	Y	Y	Y	Y
MO <sup>17</sup>	N	N	N	N	Y	N	N	N
DD <sup>18</sup>	Y	N	N	N	N	N	N	N
NC <sup>19</sup>	N	Y	N	Y	Y	N	Y	N
CR <sup>20</sup>	N	N	Y	N	N	N	N	N
WR <sup>21</sup>	N	Y	Y	N	Y	Y	Y	N

System Control Options Table (SOPT)

The SOPT designates how FFIS will perform edits when processing data. We analyzed this table to determine whether edits were being applied consistently across the eight USDA agencies. We found that 24 percent of the edits were not consistently applied. The inconsistencies related to budgetary controls, audit trail, and other key areas. For example, one agency had an incorrect setting for whether the cash receipts or billing document would update the budgetary tables.

<sup>14</sup> This table is used to indicate options for documents, such as, prompt pay, document tracking, posting of documents to future accounting periods, etc.

<sup>15</sup> RC, receiver document is used to record the receipt and/or acceptance of goods previously ordered.

<sup>16</sup> PV, payment voucher is used when recording payments to vendors.

<sup>17</sup> MO, miscellaneous order is used to record non-commodity obligations, contracts, and interagency agreements. MOs also record obligations prior to the point at which the goods are received or services rendered.

<sup>18</sup> DD, direct disbursement is used when recording payments from one agency to another agency.

<sup>19</sup> NC, no check disbursement is used when recording disbursements that do not require a check to be issued.

<sup>20</sup> CR, cash receipt document is used to record the collection of funds and the receipt of payment from a debtor.

<sup>21</sup> WR, write-off trans code document is used to write-off accounts receivable that are no longer deemed collectible.

### Disbursing Options Table (DOPT)

The DOPT specifies system-wide processes relating to disbursements. We found that 23 percent of the configuration settings were inconsistent among the agencies. For example, the current value of funds interest rate which is used to determine if agencies should take discounts was not established consistently among the agencies. When determining if a discount should be taken, FFIS compares the annualized discount rate from the bill to the current value of funds rate. If the annualized discount rate is greater than or equal to the current value of funds rate, the discount is taken. The rates were set as follows: four agencies had 6.375 percent, one had 7.250 percent, one had 6.000 percent, and two had 5.875 percent. The correct rate as set by Treasury was 6.000 percent for this period.

### Accounts Receivable Control Options Table (AROP)

The AROP defines controls and processes within FFIS for accounts receivable processing. We found that 55 percent of the system settings for AROP were inconsistent between the eight agencies. The table on the following page illustrates the inconsistencies in the accounts receivable control options we tested.

FIELD	DESCRIPTION	AGENCY							
		RMA	FS	FSIS	OCFO	RD	FSA	NRCS	APHIS
Interest Rate	Interest rate to apply against delinquent receivables	6	6	5	6.375	5	5	5	5
Admin Charges Amount	Administrative charges amount to be applied against an overdue receivable	30	25	0	30	30	25	25	0
Admin Charges Days	Number of days from the last collection due date or from the last administrative charges apply date to determine if administrative charges should be applied	30	30	730	30	30	30	30	90
Initial Penalty Days	Number of days from the collection due date to determine when penalties should be applied to the receivable for the first time	30	90	30	30	90	90	90	90
Subsequent Penalty Days	Number of days from the last penalty apply date to determine if penalties should be applied to the receivable after initial penalties have already been charged	60	30	60	60	120	30	30	30
CR Posting Order	Posting order used to clear a receivable when a Cash Receipt document is entered	I <sup>a</sup>	P <sup>b</sup>	I <sup>a</sup>	I <sup>a</sup>	P <sup>b</sup>	P <sup>b</sup>	P <sup>b</sup>	P <sup>b</sup>
Write-Off Threshold Amt	Maximum amount a receivable should be to determine if it should be selected for write-off	25,000	0	0	25,000	25,000	100,000	.01	100,000
Write-Off Threshold Days	Number of days a receivable should be overdue to determine if it should be selected for write-off	90	120	730	90	730	730	730	180
Debt Appeal Days	Number of days that the bill print program should use to calculate the default debt appeal expiration date when a bill is initially printed	0	0	30	0	0	30	60	60

<sup>a</sup> Interest charges will be cleared first, then administrative charges, then penalty charges, and then outstanding principal.

<sup>b</sup> Penalty charges will be cleared first, then administrative charges, then interest charges, and then outstanding principal.

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**RECOMMENDATION NO. 14**

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Issue “corporate level” guidance to the agencies establishing accounting and internal control processes that conform with Government-wide financial management requirements and ensure

they are promptly implemented.

**Agency Response:**

We concur with the recommendation. The OCFO will develop a “corporate level” internal controls manual for agency use. Agencies will establish their own procedures and processes based on the guidance in this manual.

**OIG Position:**

OIG concurs with the planned action and timeframe established to complete the planned action.

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**FINDING NO. 5****ACTION NEEDS TO BE TAKEN TO  
ADDRESS FEEDER SYSTEM TO  
FFIS DEFICIENCIES**

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Over the past several years OIG and independent contractors have reported that “feeder system” control and processing problems have frequently caused material financial errors and severe operating inefficiencies. These OCFO/NFC legacy “feeder systems” processed over \$40 billion (minus FFIS disbursements) in payments during

FY 2001. Although several studies have been performed addressing this issue, limited action has been taken to date.

There are currently 28 systems that “feed” agency data to the FFIS. This data is processed into FFIS as each agency runs their processing cycles. There are currently 16 separate applications, which must run each of the 28 interfaces, resulting in a very complex process. JFMIP Core Financial System Requirements state that, “Interfaces, where one system feeds data to another system following normal business/transaction cycles, may be acceptable as long as the supporting detail is maintained and accessible. Easy and timely reconciliations between systems, where interface linkages are appropriate, must be maintained to ensure accuracy of data.” In order to assure the “accuracy of the data” as required by JFMIP, reconciliations must assure “feeder” transactions post properly in FFIS, and that subsidiary records and/or related financial information remains balanced with FFIS. We reported in Audit Report No. 11401-7-FM, “Fiscal Year 2000 National Finance Center Review of Internal Controls,” dated June 2001, that the reconciliation process, as currently designed, does not meet this JFMIP requirement.

In the September 1999, Evaluation Report No. 50801-7-FM, "Effective Implementation of FFIS Will Reduce USDA's Many Financial Management System Problems," we reported that many of the "feeder systems," which are poorly documented, operationally complex, deficient in appropriate control processes, and costly to maintain, remain in place. We recommended that OCFO develop a long range plan to (1) perform an independent analysis of each "feeder system," (2) ascertain, on a departmental level, the need for the system, and (3) consolidate, integrate, and/or reengineer the "feeder systems" as appropriate. As a result of that recommendation, OCFO contracted to evaluate 8 of the 28 "feeder systems." The contractor recommended that the OCFO eliminate six of the eight systems evaluated. As of October 1, 2001, none of the "feeder systems" had been eliminated. The OCFO has recently established another panel to review all "feeder systems;" however, the panel has not begun its analysis.

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**RECOMMENDATION NO. 15**

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Establish a goal in the Government Performance Results Act Annual Performance Plan to reduce the number of "feeder systems" and develop an appropriate measure to be used

in assessing progress towards achieving the goal.

**Agency Response:**

We concur with the recommendation. OCFO will ensure a goal, with appropriate measures, is included in the Government Performance Results Act (GPRA) Annual Performance Plan to reduce the number of "feeder systems".

**OIG Position:**

OIG concurs with the management decision.

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## EXHIBIT A – AGENCY’S RESPONSE TO DRAFT REPORT



United States  
Department of  
Agriculture

Office of the Chief  
Financial Officer

1400 Independence  
Avenue, SW

Washington, DC  
20250

TO: Joyce N. Fleishman  
Acting Inspector General

FROM: Edward R. McPherson  
Chief Financial Officer

A handwritten signature in black ink that reads "Edward R. McPherson".

MAY 20 2002

SUBJECT: Audit of Selected Foundation Financial Information System Operations,  
Audit Report No. 50401-42-FM

Our responses to the recommendations contained in the draft Audit Report No. 50401-42-FM, along with the associated corrective action plans and proposed completion dates are attached.

Should have you any questions, please contact me at (202)720-5539 or have a member of your staff contact Kathy Donaldson, Audit Liaison Officer at (202) 720-1893.

Attachment

AN EQUAL OPPORTUNITY EMPLOYER



**Audit of Selected Foundation Financial Information System Operations**  
**Audit Report No. 50401-42-FM**  
**Management Responses**

**Audit Recommendation No 1:** Ensure agencies immediately review FFIS accesses and eliminate unauthorized or unnecessary accesses identified, and have them provide the results of these reviews to the OCFO. In addition, ensure that the agencies perform the quarterly reviews of the FFIS access.

**Management Response:** We concur with the recommendation. The Office of the Chief Financial Officer (OCFO) will issue a memorandum to agency Chief Financial Officers (CFOs) requiring the immediate review of security access to the Foundation Financial Information System (FFIS). The memorandum will also remind CFOs of the requirement to perform quarterly reviews.

**Date Corrective Action will be Completed:** June 30, 2002.

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Pauline Myrick (202-619-7637)

**Audit Recommendation No 2:** Establish a process and ensure agencies link a unique identifier to lock FFIS user IDs so that an automated process, similar to that followed by NFC, can be implemented to identify and remove personnel that should no longer be authorized to access FFIS.

**Management Response:** We concur with the recommendation. The OCFO will design and implement an enhancement to the Foundation Financial Information System (FFIS) to add employee Social Security Number (SSN) to the Security Table (STAB). The enhancement will also include an automated process to “match” FFIS user employee records in the Payroll System. The level of effort to design and implement this change is significant. It is included in the FY 2003 FFIS budget submission. This enhancement will follow the requirements of the Software Development Life Cycle (SDLC).

In the interim, the OCFO will issue periodic reminders regarding the requirement to complete the quarterly security verification.

**Date Corrective Action will be Completed:** October 1, 2003

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Deborah VanArsdale (504-255-6178)

**Audit Recommendation No 3:** Ensure agency heads periodically certify that they are in compliance with the Standard Security Profiles, and other OCFO issued guidance, or submit waivers with sufficient supporting documentation to the OCFO for its concurrence.

**Management Response:** We concur with the recommendation. The OCFO will issue a FFIS Bulletin requiring certification of compliance with Standard Security models and/or submitting a waiver.

**Date Corrective Action will be Completed:** June 30, 2002.

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Pauline Myrick (202-619-7637)

**Audit Recommendation No 4:** Ensure agencies utilize the controls available in FFIS to their fullest extent, including establishing full control for all appropriated funds, and setting budgetary limits on all appropriated funds.

**Management Response:** We concur with the recommendation. FFIS restricts the processing of documents against a budget level (appropriation, apportionment, allocation, suballocation, allotment and suballotment) by using spending controls, which are defined on the Fund Options Table (FUN2). There are four controls that can be utilized in FFIS – Full, Presence, No, Ignore. The OCFO mandates only full control at the appropriation level. The OCFO will issue guidelines on “how to” optimize funds control in FFIS for all funds. The guidelines will also include recommended settings for each level.

**Date Corrective Action will be Completed:** June 30, 2002

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Geneva Jones (202-619-7647)

**Audit Recommendation No 5:** Eliminate the use of “unofficial suspense” funds without budgetary authority.

**Management Response:** We concur with the recommendation. The OCFO will:  
1) conduct a review of agencies use of “unofficial suspense” funds; 2) issue guidance on how to adjust balances in the “unofficial suspense” funds; and 3) issue guidance on the proper “use” of suspense funds.

**Date Corrective Action will be Completed:** October 1, 2002

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Dennis Secketa (504-255-6116)

**Audit Recommendation No 5:** Eliminate the use of “unofficial suspense” funds without budgetary authority.

**Management Response:** We concur with the recommendation. The OCFO will:  
1) conduct a review of agencies use of “unofficial suspense” funds; 2) issue guidance on how to adjust balances in the “unofficial suspense” funds; and 3) issue guidance on the proper “use” of suspense funds.

**Date Corrective Action will be Completed:** October 1, 2002

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Dennis Secketa (504-255-6116)

**Audit Recommendation No 6:** Establish procedures to ensure agencies periodically review obligations processed in the current year from prior year funds, and verify the use of the NO documents, and the override authority for processing obligations with prior year funds. Ensure that agencies require at least one level of approval to process an obligation against a prior year fund.

**Management Response:** We concur with the recommendation. The OCFO will:  
1) issue a policy requiring agencies to implement a review and approval process of obligations incurred in the current year using prior year funds; and 2) issue guidance on the proper use, i.e., when and how to process the NO (No Obligation Payment Voucher) document.

**Date Corrective Action will be Completed:** June 30, 2002.

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Kay Levy (202-619-7648) and Kevin Close (202-720-0990)

**Audit Recommendation No 7:** Ensure agencies research each potential Anti-Deficiency Act violation in APPENDIX B and determine whether a violation did, in fact occur. Ensure agencies that have committed Anti-Deficiency Act violations prepare required reports to Congress where warranted.

**Management Response:** We concur with the recommendation. The OCFO will issue a memorandum requiring agency Chief Financial Officers (CFOs) to review the violations outlined in APPENDIX B and take appropriate corrective actions. CFOs must certify to the OCFO that the review was completed and appropriate corrective actions undertaken.

**Date Corrective Action will be Completed:** June 30, 2002

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Lynn Moaney (202-619-7646)



**Audit Recommendation No 8:** Ensure agencies track and monitor overrides of FFIS edits or control processes, and take appropriate remedial action to address inappropriate overrides.

**Management Response:** We concur with the recommendation. The OCFO will issue policy requiring agencies implement a review and approval process for overrides. Guidance will also be issued to explain the override "levels" within FFIS.

**Date Corrective Action will be Completed:** October 1, 2002

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Deborah VanArsdale (504-255-6178)

**Audit Recommendation No 9:** Ensure agencies periodically review those funds shown with a negative status to ensure that potential Anti-Deficiency Act spending does not occur.

**Management Response:** We concur with the recommendation. The OCFO will issue guidance to agency Chief Financial Officers (CFOs) on “how to” review funds to eliminate potential Anti-Deficiency Act violations. Guidance will also include recommended timeframes for completing the review.

**Date Corrective Action will be Completed:** June 30, 2002

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Lynn Moaney (202-619-7646)

**Audit Recommendation No 10:** Strengthen the controls over rejected documents in FFIS to assure that only authorized personnel can correct documents, and require one level of approval for processing rejected “feeder system” documents from a rejected status.

**Management Response:** We concur with the recommendation. The OCFO will develop an enhancement to FFIS to require approvals on rejected “feeder system” documents.

This is significant enhancement to the processing paradigm, which will require the complete Software Development Life Cycle (SDLC) to implement.

**Date Corrective Action will be Completed:** June 1, 2003

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Deborah VanArsdale (504-255-6178)

**Audit Recommendation No 11:** Strengthen audit trails to ensure they are able to identify all parties who input, change, approve, override and/or delete a document.

**Management Response:** We agree with this recommendation. The OCFO implemented the FFIS Approval Log Table (ALOG) and Override Log Table (OLOG) processes on December 21, 2001. The ALOG table provides a more complete audit trail by retaining a table of the documents approved and the approving users. The OLOG table provides a log of the documents processed using the override feature and the users who applied the override to the documents.

All documents directly entered in FFIS do not exist until accepted, so an audit trail exists. With feeder documents it is not possible to capture all changes, only those changes made after they have been accepted in FFIS. OCFO will require approvals on all rejected "feeder system" documents. The level of effort to design and implement this change is significant.

This enhancement will follow the requirements of the Software Development Life Cycle (SDLC).

**Date Corrective Action will be Completed:** June 1, 2003

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Deborah VanArsdale (504-255-6178)

**Audit Recommendation No 12:** Ensure agencies update their CRDs so that they accurately reflect the FFIS configuration and controls. At least annually, each agency head should be requested to provide an updated, certified CRD to the Chief Financial Officer (CFO).

**Management Response:** We concur with the recommendation. The OCFO will issue guidance on 1) the requirement to review and update Configuration Requirements Documentation (CRD) annually; and 2) the requirement to certify completion of the review and revision of the CRD to the OCFO.

**Date Corrective Action will be Completed:** June 30, 2002

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Jeffery Boudreaux (202-619-7635)

**Audit Recommendation No 13:** Ensure that all agencies use the same research and reporting tool for FFIS.

**Management Response:** OCFO agrees that the Forest Service (FS) needs a modern tool to provide the “ad hoc” reporting capability for the Financial Data Warehouse (FDW). However, OCFO is concerned that FS volume may preclude the use of BRIO (the tool used by other agencies) and therefore, does not agree that all agencies will use the same tool. To ensure the appropriate method of report delivery is selected, an analysis of available tools will be conducted.

**Date Corrective Action will be Completed:**

Tool Analysis: January 31, 2003  
Implementation of Reporting Tool: October 1, 2003

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Alicia Bragg (504-255-4818)

**Audit Recommendation No 14:** Issue “corporate level” guidance to the agencies establishing accounting and internal control processes that conform with Government-wide financial management requirements and ensure they are promptly implemented.

**Management Response:** We concur with the recommendation. The OCFO will develop a “corporate level” internal controls manual for agency use. Agencies will establish their own procedures and processes based on the guidance in this manual.

**Date Corrective Action will be Completed:** October 1, 2002

**Responsible Organization:** Associate Chief Financial Officer for Policy and Planning

**Point of Contact:** Annie Walker-Bradley (202-720-9983)

**Audit Recommendation No 15:** Establish a goal in the Government Performance Results Act (GPRA) Annual Performance Plan to reduce the number of “feeder systems” and develop an appropriate measure to be used in assessing progress towards achieving the goal.

**Management Response:** We concur with the recommendation. The OCFO will ensure a goal, with appropriate measures, is included in the Government Performance Results Act (GPRA) Annual Performance Plan to reduce the number of “feeder systems”.

**Date Corrective Action will be Completed:** May 31, 2002.

**Responsible Organization:** Associate Chief Financial Officer for Financial Systems

**Point of Contact:** Wendy Snow (202-619-7636)



## EXHIBIT B - SECURITY FINDINGS

### SUMMARY OF AGENCY SECURITY FINDINGS

Item	Item Description	RD	RMA	FS	NRCS	APHIS	FSIS	OCFO	FSA	Totals
1	User ID's assigned to persons no longer with the agency.	6	27	0	6	21	18	6	24	108
	Contractors no longer working on the USDA project (access no longer needed)	0	0	0	0	0	0	78	0	78
	Total USDA and contractors access not needed	6	27	0	6	21	18	84	24	186
2	Users that we could not determine were USDA employees based on information in FFIS.	61	20	1	23	27	15	9	16	172
3	Users with access to payment documents which did not require approvals.	335	11	2,335	0	0	27	0	18	2,726
4	User ID's with *ALL Authority.	2	14	2	0	0	0	6	7	31
5	Users with update access to payment documents and vendor/payee information.	280	3	1	0	32	15	0	0	331
6	Security Administrator user ID's with access to Payment Documents.	3	1	0	0	3	0	0	0	7
	Functional Administrator user ID's with access to Payment Documents.	0	9	2	4	9	0	6	7	37
7	User ID's of other than SA's and FA's with access to security or control tables.	0	32	1	0	0	5	0	34	72
8	User ID's with access to both billing and cash receipt Documents .	281	46	3,185	53	87	79	68	71	3,870
9	User ID's with WR access requiring insufficient approvals.	0	46	0	49	0	0	68	60	223
	User ID's requiring insufficient approvals for JV Documents.	157	18	0	2	2	8	0	4	191
	Total user ID's with access requiring insufficient approvals.	157	64	0	51	2	8	68	64	414
10	Total user ID's with inappropriate access to a "feeder system" reserved for certain OCFO/NFC personnel only. (Total adjusted for NFC user ID's with multi-agency access.)	226	11	45	0	0	38	8	23	328
11	User ID's with edit Override Levels 5 thru 9.	83	74	2,362	279	148	37	65	94	3,142
12	Total, by agency. of OCFO/NFC user ID's with access to agency data (same user could be in each agency, so no totals).	265	278	277	251	275	254	N/A	302	N/A
13	Users with more than one user ID.	23	13	39	3	11	4	6	11	110
14	Agency user ID's with access to "feeder system" Documents.	263	94	3,161	172	264	70	N/A	29	4,053

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## EXHIBIT C - FUNDS CONTROL DETAILS

### SUMMARY OF NEGATIVE AVAILABLE AMOUNTS FOR FUNDS CONTROL

APPROPRIATION		
AGENCY	FUND COUNT	TOTAL NEGATIVE AMT
APHIS	52	(\$100,936,519.65)
FS	165	(\$1,102,246,776.33)
FSA	3	(\$16,939.16)
FSIS	13	(\$46,233,563.61)
NRCS	76	(\$22,533,039.38)
OCFO	3	(\$76,742.09)
RD	18	(\$19,590,597.62)
RMA	6	(\$72,221.90)
TOTAL	336	(\$1,291,706,399.74)

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## ABBREVIATIONS

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ALOG	Approvals Logging Table
APHIS	Animal and Plant Health Inspection Service
AROP	Accounts Receivable Control Options Table
CFO	Chief Financial Officer
CRD	Configuration Requirements Document
DOPT	Disbursing Options Table
FA	Functional Administrator
FFIS	Foundation Financial Information System
FOB	Financial Operations Branch
FS	Forest Service
FSA	Farm Service Agency
FSIS	Food Safety Inspection Service
FY	Fiscal Year
GPRA	Government Performance and Results Act
ID	Identification
JFMIP	Joint Financial Management Improvement Program
JV	Journal Voucher
NFC	National Finance Center
NO	No obligation document
NRCS	National Resource Conservation Service
OCFO	Office of Chief Financial Officer
OCFO/NFC	Office of the Chief Financial Officer/National Finance Center
OGC	Office of General Counsel
OIG	Office of Inspector General
OLOG	Override Log
OMB	Office of Management and Budget
RD	Rural Development
RMA	Risk Management Agency
SA	Security Administrator
SAH	Security Administrators Handbook
SOPT	System Control Options Table
TCAT	Transaction Category Table
USDA	United States Department of Agriculture

