



United States  
Department of  
Agriculture

# USDA FY 2002 Financial Management Status Report and 5-Year Plan



FY 2002 FINANCIAL MANAGEMENT STATUS REPORT  
AND 5-YEAR PLAN

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## I. INTRODUCTION

The approximately 1,800 employees of the Office of the Chief Financial Officer (OCFO) at headquarters and the National Finance Center (NFC) in New Orleans lead, direct, oversee, and administer financial management activities across the United States Department of Agriculture (USDA). In partnership with the program mission areas and USDA staff offices, OCFO prepares the Department's consolidated financial statements; monitors Department-wide audit findings and resolutions; administers debt-collection processes and policies; works with lending agencies to implement credit reform initiatives; coordinates the Department's strategic planning process; and establishes Department-wide skill-level standards for financial management personnel. OCFO also provides payroll and accounting services to USDA and other Federal Agencies; operates financial and administrative systems for USDA; and serves as the record keeper for the Federal Government's Thrift Savings Plan, a 401(k)-type retirement fund with three million participants.

The Secretary of Agriculture established the OCFO to comply with the Chief Financial Officers Act of 1990 (CFO Act) and to implement comprehensive reform of Federal financial operations, required long-range planning, audited financial statements, and accountability and measurement reporting mandated by this legislation.

### **Legislative Mandates**

Legislative mandates enacted over the last decade have significantly expanded the role of financial management in the operation of all Federal programs. Currently, 12 key Acts define the way OCFO carries out its responsibilities, including the Chief Financial Officer Act, the Federal Managers' Financial Integrity Act (FMFIA), the Federal Financial Management Improvement Act (FFMIA), the Government Performance and Results Act (GPRA), the Government Management Reform Act, the Clinger-Cohen Act, the Federal Credit Reform Act (FCRA), the Cash Management Improvement Act, the Prompt Payment Act, the Debt Collection Improvement Act, the Single Audit Act, and the Inspector General Act, as amended.

### **Partnerships and Coordination**

In carrying out its responsibilities, the Office of the Chief Financial Officer:

- Works closely with Departmental Administration, the Mission Areas and agencies, the Office of Budget and Program Analysis, the Office of Communications, the Office of General Counsel, the Office of the Inspector General (OIG), the Office of the Chief Information Officer, and other offices to coordinate services to all USDA agencies.
- Is a partner with its counterparts in other Federal Agencies through participation in intergovernmental councils and workgroups, such as the Chief Financial Officers' Council and the Joint Financial Management Improvement Program (JFMIP) to develop financial management standards, procedures, and operating practices.

- Works closely with oversight agencies, such as the Office of Management and Budget (OMB), the General Accounting Office (GAO), the General Services Administration, the Department of the Treasury, Office of Personnel Management, and others to formulate and implement policies and guidelines relating to financial and performance management.
- Contributes to public and private financial standard-setting organizations, such as the Federal Accounting Standards Advisory Board, the Financial Accounting Standards Board, the Governmental Accounting Standards Board, and the Private Sector Council, to aid in the development of sound financial policies. The development of such policies must be coordinated closely with USDA program agencies to ensure statutory requirements unique to USDA are considered and, further, that USDA's policies are consistent with Government-wide policy.

## II. MISSION AND VISION

### MISSION

The Office of the Chief Financial Officer will 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 decisions.

### VISION

Leading the way to fiscally sound, cost effective program delivery, supported by reliable financial management information and infrastructure.

### GUIDING PRINCIPLES

**Financial Management Accountability and Integrity:** As Federal stewards, we are committed to managing all of our programs through a system of internal control. We take responsibility for our actions and work to leverage limited resources to deliver the greatest value per tax dollar spent.

**Excellence:** We are a proactive organization that establishes and achieves meaningful goals, measures performance, and communicates results. We value individual excellence and collective success. We serve as the focal point for USDA financial management, embracing opportunities for change and improvement while being accurate and timely with our work.

**Customer Focus:** We value and maintain strong partnerships in achieving our goals. We reach out and listen to our customers to ensure that we are informed about their unique requirements, and they are informed about our capabilities as service providers. We are a customer-focused team, actively developing and providing products and services to meet customer requirements.

**Workforce:** We respect and value a highly skilled, enthusiastic, motivated, service-oriented and diverse workforce. We encourage innovation and risk taking. We invest in continuing professional development for all employees to ensure a technically competent and knowledgeable workforce.

### CHALLENGES AND OPPORTUNITIES

- Leveraging resources to accomplish the mission. This may require analyzing and/or re-engineering business processes; improving support systems and infrastructure; and utilizing interdisciplinary approaches and shared resources.
- Addressing changing expectations from the Congress, the administration, customers, and stakeholders.
- Responding to changing Government-wide requirements/priorities.

- Managing the information explosion by making financial information more useful and usable.
- Maintaining high quality customer service while keeping pace with technological change. This also requires determining how to better serve customers who might have unequal access to, and limited knowledge of, computers, and fostering creativity and innovation in customer service.

### III. IMPROVE FINANCIAL ACCOUNTABILITY

#### Major Financial Accountability Accomplishments for FY 2002

The Office of the Chief Financial (OCFO) has taken extraordinary strides in the past year to resolve longstanding deficiencies in financial management within the Department that have resulted in disclaimers of opinion on the USDA's consolidated financial statements. Initiatives consummated or in process include the following:

- Providing effective leadership and talent from OCFO to USDA's agencies and the National Finance Center (NFC) to capture break-through rather than incremental value from extensive changes in financial management accountability and accounting operations.
- Implementing effective operational accounting process within the branches of the NFC, problem agencies and OCFO while transferring knowledge through documentation and training.
- Successfully completing the implementation of a standard accounting system at USDA; renovating related corporate administrative systems during FY 2002 with focused, disciplined effective projects.
- Resolving Credit Reform deficiencies and maintaining improvements.
- Transforming the Forest Service into an effective, sustainable accountable, financial management function.
- Correcting real and personal property accounting and stewardship inadequacies.
- Developing cost accounting capabilities.
- Enhancing decision-making and cash management of USDA's Working Capital Fund.
- Providing guidance on USDA's lending function.
- Installing the leadership and management structure to support sustained excellence within USDA's financial management and accounting operations.

Although many of these have been completed, others await audit verification during the audit of the USDA's FY 2002 Consolidated Financial Statements.

Financial Management: OCFO developed a comprehensive project plan to assure that the Department meets the accelerated Government-wide financial report requirements and timeframes. The Chief Financial Officer met regularly with each USDA agency to discuss the specific actions that must be taken by agencies to achieve an unqualified audit opinion in

FY 2002. A detailed plan of action and milestones with crucial tasks and deadlines for the preparation and audit of USDA's FY 2002 Consolidated Financial Statements was provided to each agency and Mission Area. The timelines were updated continuously throughout the audit cycle in FY 2002. The OCFO provided oversight to USDA agencies to monitor abnormal balances, Fund Balance with Treasury, Property, Suspense, and Alternate Fund Codes to ensure that balances were promptly identified and corrected in a timely manner. The OCFO developed and implemented a web based Intradepartmental Transaction Reporting System for agencies to report intradepartmental balances and supporting detail, and reconcile reported amounts between trading partners.

Management Control: The OCFO has drafted a Management Controls Manual that will establish department-wide policy and detailed guidelines and procedures for all agencies and staff offices to improve the accountability and effectiveness of USDA's program and operations through processes of internal and management controls, and through compliance with laws and regulations. The manual is scheduled for implementation in October 2002.

Credit Reform: USDA's qualification on credit reform line items was lifted for the FY2001 financial statements by OIG. USDA established the credit reform working group that documented USDA credit program characteristics, developed new cash flow models, verified system data, and documented the process directing how these tools would be used in the estimation and reestimation processes. The working group is comprised of personnel from OMB, USDA agencies, and the IG, with GAO acting as an advisor.

The working group has continued to address credit reform issues to sustain our progress including strengthening controls over manual inputs in the reestimate process, reconciling reestimate data with the general ledger, resolving differences between the budget and financial statement reestimates of foreign loans, and addressing new requirements for accelerated and interim financial statements.

Property: During fiscal year 2002, significant corrective actions were taken to eliminate the internal control and stewardship weakness surrounding real and personal property for USDA. Physical inventories of real and personal property were conducted in accordance with regulations and brought current. Sound approaches were performed to derive reasonable, supportable, and auditable balances for real property. Accounting systems and processes were improved, including correction of feeds from subsidiary systems, system modifications to control access to real and personal property systems to prevent changes to fiscal fields in master the file records, the development of monthly account reconciliation, and the establishment of interim real property accounting systems for three agencies. Sensible and prudent changes to policies and practices were started including increasing the capitalization dollar threshold to \$25,000 and limiting the use of credit cards for capital purchases. Activities in fiscal year 2003 will concentrate on developing and refining sustainable processes to strengthen controls and stewardship over property. Concurrently, USDA will begin the process to replace the legacy property automated systems.



## **Major Financial Accountability Initiatives:**

### **Improve Financial Management:**

USDA intends to ensure that all funds we spend are properly accounted for to the taxpayers, the Congress, and the GAO. The Office of the Chief Financial Officer (OCFO) works to improve financial management, in partnership with the Chief Financial Officers of USDA agencies, as a core attribute of our operating culture. Owing to our recent efforts to improve financial management, we have received unqualified opinions on four out of five stand-alone audits. OCFO is working closely with USDA agencies to achieve a clean audit on the Consolidated USDA financial statements in FY 2002 and to eliminate all material weaknesses. Figure 1 outlines areas of focus for achieving a clean audit opinion for FY 2002. OCFO will provide oversight and work with agencies, OIG, and GAO to resolve issues that affect timely completion of planned actions to address material weaknesses.

The OCFO leads efforts to improve management information by helping USDA's agencies in crafting and accessing useful, timely information, such as monthly financial reports, on-line access to real-time information, and program cost reporting. By enhancing the integrity of financial and administrative data, we protect USDA corporate assets thus conserving scarce resources.

### **Performance Measures:**

Achieve an unqualified audit opinion on USDA Financial Statements.

*Baseline:* 2001 — Received a Disclaimer of Opinion on the annual financial audit.

*Target:* 2002 — Receive an Unqualified Audit Opinion and sustain it annually thereafter.

Eliminate all material weaknesses.

*Baseline:* 2001 — Reported 28 material weaknesses.

*Target:* 2004 — Will eliminate all material weaknesses.

Increase the Food Stamp payment accuracy rate.

*Baseline:* 2001 — 8.7% error rate in Food Stamp payments.

*Target:* 2004 — Reduce the Food Stamp error rate to 8.5% and maintain annually thereafter.

Decrease the estimated number of children certified for free school meals in excess of those eligible.

*Baseline:* 1999 — 27% of children certified for free school meals were ineligible.

*Target:* 2007 — Will reduce to 9% the children certified for free school meals who are ineligible.

**Figure 1. ACTIONS REQUIRED TO ACHIEVE A CLEAN AUDIT OPINION FOR USDA  
FY 2002**

<b>ISSUES</b>	<b>TASKS</b>
<b>Property:</b> Forest Service opinion on beginning balances for property. Real Property valuations Personal Property inventories and valuations	Conduct and certify property inventories - Completed. Provide complete and understandable documentation to support valuations for real and personal property – On going
<b>Abnormal Balances:</b> Prompt identification and timely correction of “abnormal” balances resulting from incorrect accounting treatments.	Explanations and causes of abnormal balances by fund and Treasury symbol and plan for correction of these abnormal balances to ACFO & OIG. – On going
<b>Timeline Compression:</b> Critical dates that must be met if OIG is to complete audit within required timeframes to issue favorable opinion.	Year-end closing - 10/15/02 – Completed Year-end data extracts to OIG as requested – Completed Documentation to support audit testing of samples as requested Initial financial statements to OIG - 11/22/02 OIG publishes Final audit report for standalones - 12/30/02 Draft final Performance and Accountability Report including adjusted consolidated financial statements and notes to OMB RMO – 12/17/02 OIG publishes final FY 2002 Consolidated audit report 1/7/03 FY 2002 Consolidated audit report to OMB and Congress 2/1/03
<b>Eliminations:</b> Financial Transactions with Other Federal Agencies – Identify all financial transactions with other federal entities – both internal to USDA and external	Reconcile with trading partners and positively confirm balances for period ended 9/30/01: Internal - Other USDA components – completed External – Other Federal Agencies – in process
<b>Anti-deficiency Act Violations</b>	Determinations on appropriate methodologies (budget and accounting) to prevent overexpenditures and violations
<b>Budgetary Data Agreement:</b> Financial Statements and Budgetary Data submitted to Treasury must be timely, accurate, and in agreement.	Work with OBPA to ensure that rescissions are recorded timely and accurately (with Treasury confirmation). Completed by 9/30/02. Budgetary reports (SF-133) and Statement of Budgetary Resources must agree.
<b>Cash Reconciliation:</b> Ensure reconciliations are performed timely and kept current.	Monthly reconciliation of statement of differences (FMS 6652) and Undisbursed Appropriation Account Ledger (FMS 6653) - On going
<b>Suspense Accounts:</b> improve the quality and reliability of financial data	Prompt identification and timely correction of amounts recorded in suspense accounts – On going
<b>Information Technology Security</b>	Physical security, Access controls, Intrusion controls, Configuration Management, Contingency plans – On going
<b>Material Weaknesses:</b> ensure timely resolution of material internal control weaknesses	Provide FMFIA Assurance Statement – Agency submissions complete. Resolve FFMIA system nonconformances – On going Complete planned corrective actions in timely manner - – On going
<b>Accountability Report:</b> integrating comparative financial and performance reporting	Provide valid measures of performance results. Report budget and performance information by account and performance goal in Annual Program Performance Report – 12/13/02 Certification and management representations on accuracy of data and disclosures – 12/17/02
<b>Credit Reform:</b> <ul style="list-style-type: none"> <li>• Reestimate process</li> <li>• Accelerated Financial Statement Issues</li> </ul>	Include complete housing data – On going Reduce input errors - On going Timeliness of reestimates – On going Earlier release of interest rates, OMB calculators, ICRAS grades – Completed Management of increased end-of-year cash balances resulting from accelerated Treasury deadlines – On going Use of single effective rate from most recent previous reestimate – On going

**Actionable Strategies:** We will sustain the consistent leadership and talent currently in place in the OCFO. We will fill open positions within the OCFO and USDA agencies with competent professionals who have the proper mix of skills, so that we may hold them individually and collectively accountable for sound financial management through performance evaluations. We will also need funding to complete renovations on our feeder systems. Future actions will include:

- Enhance internal control, data integrity, management information, and decision making as reflected by an unqualified audit opinion.
- Continue aggressive implementation of effective operational processes, correct deficiencies in problem agencies and transfer financial management knowledge through documentation and training.
- Renovate administrative feeder systems to streamline processing, reduce reconciliation, and improve data integrity.
- Work with States to reduce errors in Food Stamp benefit payments.
- Work with State agencies and local School Food Authorities to improve certification accuracy in school meals programs. Enlist the support of other users of school meals certification data to ensure that State and Federal resources can be properly targeted to those most in need.
- Increase training and technical assistance to improve State and local management in vulnerable programs.

**Key External Factors:** Some erroneous payment problems are related inherently to the legislatively mandated structure of these programs, which is intended to serve people in special circumstances and settings. Often, State and local governments bear direct responsibility for delivering the programs. Therefore, we must address erroneous payment problems through labor-intensive oversight, monitoring, and technical assistance. Adequate numbers of trained staff, supported by a modernized information technology infrastructure, are needed to ensure full compliance with national program standards, and prevent or minimize error, waste, and abuse.

### **Establish Budget and Performance Integration:**

USDA continues to improve how we integrate performance information into our budget decisions. In FY 2002, we began to develop a consistent way to integrate budget and performance at every stage, from the initial agency presentations, to our presentation to OMB, and eventually into the President's budget request to Congress. As part of this integration, USDA planning, evaluation, and budget staff work closely with USDA program managers and policy makers to set budget priorities based on our strategic goals and program performance data. Over the next few years, we will continue to improve our performance information and use program evaluations more effectively. We also will use OMB's Program Assessment Rating Tools

(PART) and other tools to judge program performance and management. We are working with OMB to develop common measures for performance in seven cross-cutting areas so as to compare selected programs that have similar goals.

### **Performance Measures:**

Provide a systematic means to review performance information during all stages of the budget process.

*Baseline:* 2001 - Drafted a budget and performance integration plan to identify ways to better present and use performance information during the budget decision-making process.

*Target:* 2006 - Will improve budget displays and procedures piloted and use results to make department-wide improvements.

Systematically evaluate programs and integrate the results of those evaluations into the budget decision-making process.

*Baseline:* 2002 - The Department currently conducts a wide variety of program evaluations, ranging from in depth, nationally representative program studies to cost-benefit and other analyses.

*Target:* 2007 - Participate with OMB to more systematically assess USDA programs using the PART and other tools.

Create budget line items and cost accounting systems that align with the department's goals and encourage effective management.

*Baseline:* 2002 - The Department's budget line items represent varying degrees of alignment with goals, and it is often difficult to determine full program costs using existing information systems and budget structures.

*Target:* 2007 - The Department will review budget line items and propose needed changes to OMB and Congress.

*Target:* 2007 - The Department will also develop cost accounting methodologies that can help budget and other decision-makers better understand program cost.

### **Actionable Strategies:**

We will need to continue to attract, develop, and retain personnel with skills such as financial management, cost accounting, budget analysis, and program analysis. Establishing cost accounting throughout USDA will require an upfront investment to develop and implement processes and tools conducted by additional staff proficient in cost accounting. Future actions will include:

#### *Budget & Performance*

- Ensure that the planning/evaluation and budget staff works with program managers to develop and implement budgets linked with program performance.
- Conduct annual Subcabinet meetings to develop budget requests in support of key outcomes based on program performance information.

- Produce budget requests with outcome and output measures clearly defined and linked with the key outcomes. Budget estimates will set forth outcome goals, output goals, and resources requested in the context of past results.
- Implement a quarterly reporting procedure to track progress in reaching performance goals during program implementation and budget execution.
- Facilitate changes in agencies' account structures necessary to achieve alignment of budget accounts and staff in support of performance targets.
- Define rules for allocating costs for program areas that contribute to more than one outcome goal.
- Use program evaluations to assess program effectiveness for use during budget decision-making.
- Collaborate in the implementation of external program analyses such as OMB's PART. Use the results of PART in budget decision-making.
- Test improvements in budget and performance integration in selected agencies and evaluate the effectiveness.
- Define and implement common performance measures with other Federal and non-Federal organizations.

#### *Personnel*

- Attract, develop, and retain personnel with skills such as financial management, cost accounting, budget analysis, and program analysis.
- Implement an SES performance appraisal system that will include standards/elements ensuring accountability for the effective implementation of budget and performance integration.
- Implement a program manager evaluation process that includes information about the individual's contribution for reaching strategic goals and key outcomes.

#### **Key External Factors:**

To reach the ultimate goal of making budget decisions based on program performance data requires Congressional acceptance and use of the data. Much of the performance information will come from outputs rather than program evaluations, because of the difficulty and cost of full-scale program evaluations. Relying on output data to supply the performance information may only reflect part of the program results; judgments of program success may remain open to differing interpretations. Finally, implementation of cost accounting will require additional upfront investment and hiring of personnel with cost accounting skills.

#### IV. IMPROVE FINANCIAL PERFORMANCE

The United States Department of Agriculture has had a major initiative in the financial performance area, namely the implementation of a corporate administrative financial management information system. This system is critical to providing a stable, integrated financial management environment, compliant with all applicable laws and regulations, for processing the administrative payments and a portion of the program data for the USDA. This initiative is also addressing the legacy financial management and mixed systems implemented at the Office of the Chief Financial Officer's National Finance Center.

The Foundation Financial Information System (FFIS) is the USDA corporate administrative financial management information system implemented by the Office of the Chief Financial Officer. The FFIS system includes a USDA-configured version of the commercial-off-the-shelf (COTS) Federal Financial System (FFS), a budget execution and accounting application that has been implemented in many other federal agencies. Further, it includes the Financial Data Warehouse (FDW) and the Financial Statements Data Warehouse (FSDW), the USDA financial reporting solutions, and the Automated Cash Reconciliation Worksheet System (ACRWS). ACRWS provides critical cash management and reconciliation capabilities to resolve the USDA's long-standing reconciliation issues. Together, FFIS and its reporting and reconciliation components provide a real-time tool for integrating accurate, timely, and reliable financial data necessary for financial and programmatic decision-making. The COTS software for FFIS was chosen in 1994 from the mandatory Financial Management System Software (FMSS) Multiple Award Schedule for vendors providing financial systems software. COTS software is required as specified in OMB Circular A-130, Management of Federal Information Resources. Implementation for all of USDA was completed on time and within budget on October 1, 2002.

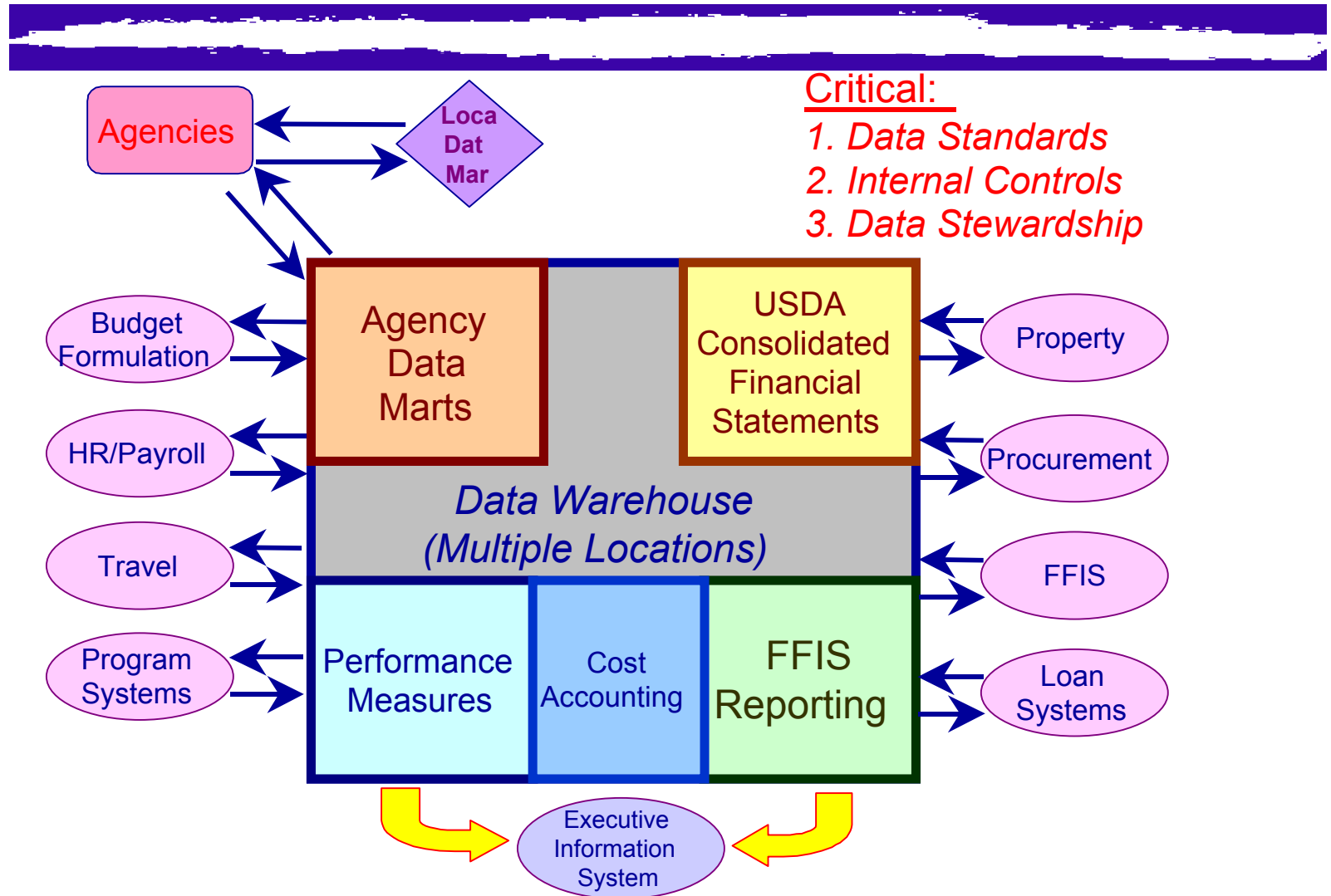
The implementation of FFIS serves as the corporate financial systems initiative for the Office of the Chief Financial Officer to achieve compliance with the CFO Act of 1990, provides the functionality to implement the U.S. Standard General Ledger, and addresses the Joint Financial Management Improvement Program system requirements and the consolidated reporting requirements for financial statements stated in OMB Circular A-127, "Financial Management Systems."

USDA intends to achieve compliance with the requirements of OMB Circular A-127 for an integrated financial management system across the Department through the Financial Data Warehouse (FDW). (Please refer to Figure 2 for a graphic of the USDA integrated financial management system.)

Figure 2.



# A View of the Vision



As of October 1, 2000, the Financial Data Warehouse implemented on-line analytic processing (OLAP) tool technology to empower the financial management users to create their own reports using the FFIS data in the warehouse. Additionally, the new technology provides web-enabled access to standardized reports. These efforts are ongoing to support the department's implementation of the improved corporate financial management information system, FFIS.

FFIS is the top priority of the Corporate Systems Strategy and leads the way to replace, reengineer and retire many of the stovepipe legacy systems used within the USDA financial management community. In Fiscal Year 2000, the Secretary appointed the top USDA administrative and financial leaders to the Corporate Administrative Systems Executive Committee and asked them to develop a systems strategy and plan. The Committee, after a rigorous internal analysis, identified FFIS as USDA's highest priority administrative/financial systems initiative. In September 2002, USDA submitted an updated corporate systems strategy and proposal to Office of Management and Budget (OMB) and the Appropriations Committees of the House and Senate. The plan to modernize USDA's corporate systems represents the Department's highest priority administrative, financial, and information technology infrastructure needs. The systems in the updated proposal include several functional areas: finance; information technology, including e-government; procurement; asset management; travel; human resources; and commodity purchasing and tracking critical to three program areas. The plan is built on our recent success in implementing FFIS for all USDA agencies on time and within budget. Building from FFIS, the corporate systems will provide the efficient and modern systems infrastructure and business practices required to effectively and efficiently operate USDA and report about performance and results.

The USDA corporate systems proposal, and the ability to use the unobligated balances funding authorized by the FY 2002 Agriculture Appropriations Act, is also one of the most important means by which USDA can continue meeting the President's goals for improving management and performance of the federal government as outlined in the President's Management Agenda. Modernizing the Department's financial, administrative, and IT infrastructure systems will directly improve USDA's financial performance, human capital management, electronic government services, and budget and performance integration.

**Objective: Implement the Foundation Financial Information System USDA-wide.**

USDA completed implementation of the Foundation Financial Information System (FFIS), which is a Joint Financial Management Improvement Program and U.S. Standard General Ledger compliant financial management information system, on October 1, 2002. This financial management system provides the integration and capabilities to improve the delivery of timely and meaningful financial management information, and will allow USDA to comply with external legislation including the CFO Act of 1990. Furthermore, the implementation of this information system will provide a reporting system to prepare the USDA Consolidated Financial Statements and to meet the



emerging requirements to provide more frequent USDA data for government-wide reporting.

**Major Financial Performance Accomplishments for 2002**

- Implemented Food and Nutrition Service, Agricultural Marketing Service, Economics Research Service, Cooperative State Research, Education, and Extension Service, National Agricultural Statistics Service, Agricultural Research Service, Office of the Inspector General and Departmental Administration and Staff Offices on October 1, 2001.
- Implemented Grain Inspection, Packers and Stockyards Administration and Foreign Agriculture Service on October 1, 2002
- Completed business case analysis for Corporate Asset Management solution
- Began participation in the government-wide etravel Presidential egovernment initiative
- On schedule to implement the Financial Statements Data Warehouse for consolidated and corporate reporting
- Retired one legacy administrative feeder system, Imprest fund system.

<b>Annual Performance Goals and Indicators</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>
Implement the Foundation Financial Information System USDA-wide: <ul style="list-style-type: none"> <li>• Percentage of total USDA workforce served (%).</li> <li>• Improve Corporate reporting, implement program data in the data warehouses</li> </ul> Administrative Systems Renovations <ul style="list-style-type: none"> <li>• Reengineer/retire/replace legacy feeders systems plan</li> <li>• Perform quick hit assessment for feeders</li> </ul>	Completed 1 <sup>st</sup> Qtr  98  Testing templates Prototype 4 <sup>th</sup> Qtr          Completed 2 <sup>nd</sup> Qtr  Completed 3 <sup>rd</sup> Qtr Retire 1	1 <sup>st</sup> Qtr  100  FDW platform change from mainframe to server, Integrate corporate data from subsidiary ( e.g. Travel) Implementation of Extract Transformation and Load tool, FACTS I and II reporting       IAS interface, TRAN integration, FEDS automation EDI, etravel plans, asset mgmt. plans by 4 <sup>th</sup> Qtr	Use the FDW/FSDW to provide corporate reporting capabilities.  Upgrade technology.       Etravel deploy, IAS interface	Continue interfacing to new corporate systems (e.g. asset mgmt. etc.)       Continue technology upgrades to expand functionality and meet increased utilization demand

**Strategies:**

- Configure the FFIS and Financial Data Warehouses to meet USDA agency financial processing requirements.

- Develop and implement data conversion methodologies to ensure that data converted from legacy systems is supportable and reconciled.
- Provide on-going financial management reviews to ensure compliance with government mandates and financial management best practices.
- Reengineer legacy financial and administrative processing systems to integrate and improve financial data.
- Provide and assure corporate administrative financial management infrastructure and security solutions to ensure and protect integrity and confidentiality of USDA financial management data.

The FFIS integrated accounting and budget application and the FDW are implemented on mainframe systems, geographically separated at NFC and National Information Technology Center (NITC). The Financial Statements Data Warehouse (FSDW) will be implemented on two tier systems, including a mainframe and web-servers. ACRWS is implemented on server systems. Implementing the server systems was designed to minimize configuration management and reduce the distribution of desktop software. By locating the FDW and ACRWS at NITC, the FFIS integrated accounting and budget application and the FSDW in NFC, the burden on the corporate telecommunications infrastructure is better balanced, the management and security of the corporate financial data is distributed, risk of service interruptions is reduced and application of technological improvements can be better managed and implemented with less impact on customers. With the installation of the high-speed, encrypted circuit between the two data centers, the data is secure, reliable and easily accessible.

The FFIS is a major initiative in the Department to address critical financial management performance issues. This initiative was restructured in FY1999 to address program management issues experienced with the implementation of a large-scale system throughout the Department. The new program management approach has resulted in the acceleration of the FFIS implementation. As of October 1, 2002, 100% of the USDA agencies have been implemented on the system.

(Note: Appendix B contains USDA's FFMIA Remediation plans for all USDA systems that are non-compliant with the provisions of FFMIA.)

**Objective: Replace NFC legacy stovepipe processes with modern, integrated systems.**

A significant aspect of the Corporate Administrative Systems approach is the replacement of the NFC legacy administrative financial management and subsidiary systems. As discussed, the USDA undertook a major initiative to review the NFC legacy systems and to devise a strategy for the systems renovations.

In addition to the major corporate administrative systems, such as the Universal Telecommunications Network (UTN) and the Integrated Acquisition System (IAS) which will provide corporate telecommunications infrastructure and a procurement system to replace the Purchase Order System (PRCH), remediation is being done to address internal controls until replacements or integration can be accomplished for several of the NFC

feeder systems. Reconciliation processes between the feeders and the Foundation Financial Information System, have recently been reviewed by the Office of the Inspector General (OIG). The Office of the Chief Financial Officer is taking steps to strengthen the reconciliations, based upon the OIG review, and to ensure compliance with JFMIP processing paradigms for front-end or subsidiary systems. The NFC legacy administrative systems are undergoing renovation and improvements to ensure that these provide the internal controls and processes to ensure financial data integrity. OCFO is heading a Feeder Systems Renovation project to provide phased renovations and remediations of the feeders. Examples of the progress include the security updates to the property systems to lock down changes to valuation, useful life and depreciation, the work to prepare a business case and the OMB exhibit 300 for the proposed asset management investment, the retirement of the Imprest Fund system, the analysis of relocation and the viability of outsourcing, the analysis of the Telephone and Utilities Systems for the application of the Electronic Data Interchange protocol to improve throughput, reduce errors and provide detailed billing data for cost and usage analysis. The feeder systems renovation is placing emphasis on not only integration and renovation, but also review of the business processes to ensure we have process improvements and sustainability in addition to software changes. Additionally, USDA is working cooperatively with the Presidential egovernment initiatives, such as the etravel , to use that as the replacement system for the USDA legacy travel system.

### **Security:**

The initiatives undertaken and implemented by the OCFO address not only the issues in OMB Circular A-130, but also include the certification and accreditation processes discussed in FIPS 102, the security plan requirements presented in NIST 800-18, the C2 security level, discretionary access controls. The OCFO implemented the Resource Access Control Facility (RACF) software, in addition to the functions and features extant in the DB2 relational database for the reporting strategy warehouse. The OCFO has implemented reviews of on-line security logging tables and also has promulgated policies and requirements for quarterly reviews of user access profiles for certification of “need to know” by management. The FFIS suite contains sensitive but unclassified financial data for official use only.

Security risk assessments have been performed for the FFIS suite of systems, i.e., the FFIS integrated accounting and budget application, the FSDW, the reporting data warehouse (FDW), and the ACRWS in accordance with OMB A-130.

The OCFO works very closely with each agency to insure that adequate emphasis is placed on the agency's business requirements and their existing telecommunications infrastructure. An Infrastructure Impact Assessment is performed with each agency to assess the existing infrastructure's capabilities, determine what recommended actions are needed to address any uncovered issues and estimate any impact on the FDW or FSDW.

The OCFO has also entered into beneficial partnerships with the USDA Office of the Chief Information Officer (OCIO) on many levels and continues to be proactively

involved with agencies implemented on FFIS in their FFIS production operations. The OCIO reviews proposed infrastructure enhancements and requirements for FFIS cyber-security. Security enhancements are accredited and certified by the OCIO. The system and its architecture are reviewed at least annually as part of the IT Capital Investment review process chaired by the OCIO, in accordance with the Clinger-Cohen Act. The Associate Chief Financial Officer, Financial Systems (ACFO-FS) maintains a partnership arrangement with the OCIO and continues to work in consonance with the OCIO to develop and comply with Enterprise Architecture initiatives within USDA.

The OCIO has several initiatives to mitigate and address the overall security posture of the department, as reported in the FY2002 Federal Managers' Financial Integrity Act Report. These initiatives are part of the overall Cyber-Security Program implemented at the USDA during FY2000. (Refer to Appendix C for those initiatives.)

**Expanding Information and Cyber Security:**

The focus on homeland security in FY 2002, combined with expanded public access to more USDA online services, has increased the importance of our information security program. In FY 2002, USDA made considerable progress in this area.

*Analysis of Results.* We completed our USDA Risk Management Methodology that guides agencies through risk analysis and risk mitigation. This methodology includes training, standard forms and procedures, and business case development. USDA's Information Survivability Program designed and deployed a standard methodology and tool that agencies are using to develop and test disaster recovery and business

IT Security/Confidence Grew				
Trend	FY Actual			
	1999	2000	2001	2002
Implement a Risk Management Methodology (%).	N/A	10	25	100
Develop and implement information and telecommunications security architecture (%).	N/A	N/A	10	50
Develop and implement an Information Survivability Program (%).	N/A	N/A	5	20
Develop and implement a Sensitive System Certification Program (%).	N/A	N/A	5	20

resumption plans. USDA completed the first phases of the security architecture strategy, which included deploying appropriate security products and a methodology for matching controls to specific technical environments and business processes.

**USDA Corporate Systems Initiatives**

In addition to the FFIS administrative financial management system implementation there are two major corporate systems/infrastructure initiatives currently underway at USDA. These are discussed and their progress schedules delineated below:

**Integrated Acquisition System (IAS)**

USDA annually awards contracts valued at approximately \$1.07 billion for supplies, services, construction, and information technology. To acquire these goods and services,

agencies currently rely on a mix of several dozen stove-piped, legacy procurement systems. USDA has identified as one its highest priorities a corporate procurement system known as the Integrated Acquisition System (IAS). This system supports three major procurement processes: requisitioning; transacting purchase orders; and undertaking large contracts. It also will link to the USDA corporate accounting system, the Foundation Financial Information System (FFIS). With IAS implementation, the Department's managers will have access to all pertinent information about purchases, payments and vendors. By replacing its 30-year-old legacy procurement system with a modern integrated system, USDA can also take advantage of the tremendous potential savings of online purchasing (e-procurement). The implementation of IAS will provide USDA with its first true corporate automated procurement system. This system gives the procurement community the required level of functionality to support USDA mission delivery, while significantly reducing operating costs and acquisition lead times.

In FY 2002, the Department's Executive Information Technology Investment Review Board placed the IAS program in the control phase of the USDA investment portfolio. In addition, the IAS software solution, a commercial-off-the-shelf (COTS) solution, was competitively selected after extensive testing within the USDA environment. A pilot of the software, the training approach, and an evaluation of production results are underway at the Food and Nutrition Service (FNS) and Rural Development (RD).

Schedule	FY 2003	FY 2004	FY 2005	FY 2006
	<ul style="list-style-type: none"> <li>- Continue rollout to RD and FNS.</li> <li>- FS pilot and 2 additional agencies.</li> <li>- FFIS interface development/test.</li> <li>- Strategic sourcing analysis.</li> <li>- Additional capability</li> </ul>	<ul style="list-style-type: none"> <li>- FFIS interface deployment.</li> <li>- IAS rollout to additional agencies.</li> <li>- Electronic catalogs.</li> <li>- Additional IAS capability &amp; deployment.</li> <li>- Data warehouse</li> </ul>	<ul style="list-style-type: none"> <li>- Completion of IAS rollout to remaining agencies.</li> <li>- Supplier enablement and catalog development.</li> <li>- Additional IAS capability deployment.</li> <li>- Other legacy system interfaces (TBD).</li> </ul>	<ul style="list-style-type: none"> <li>- Additional catalog and ebusiness functionality developed and deployed to enterprise.</li> <li>- Interface with GSA eGov initiative for Integrated Acquisition Environment (IAE).</li> </ul>

**Universal Telecommunications Network:**

The Universal Telecommunications Network (UTN) Project will provide the fundamental network infrastructure necessary to enable superior USDA program performance. It will enable enterprise solutions under the President's Management Agenda and eGovernment initiatives, and support the requirements of the Freedom to E-File Act and Government Paperwork Elimination Act.

In September 2000, the Chief Information Officer (CIO) introduced the UTN Project to meet the Department’s need for a flexible telecommunications network that provides, scalable, reliable, secure, cost effective services, twenty-four hours a day, seven days a week, to enable USDA agencies to meet Departmental missions and goals for serving their customers. The Universal Telecommunications Network will result in the development and operation of a shared corporate telecommunications network consistent with the Department’s enterprise architecture. The Department will acquire world-class partners necessary to design, implement and operate the network throughout the program lifecycle.

The majority of USDA program initiatives are dependent on the enabling telecommunications infrastructure being in place prior to the implementation of new system initiatives. In September 2000, the Chief Information Officer introduced the UTN Project to analyze, plan and implement a new Internet access network for USDA. The project management office was formed in the summer of 2001, and has recently completed a collection and analysis of business driven telecommunications requirements. This information will be combined with findings of the existing Internet access network baseline study scheduled for completion the summer of 2002 to complete the UTN business case. In addition, the project team has several outreach programs underway including the establishment of several focus group sessions, engagement with federal government department and agencies and industry leaders to capture best practices, and partnerships with agencies to pilot services envisioned under the UTN. Development and analysis of approximately three alternative solutions that meet the established functional requirements of the UTN will be developed and analyzed.

<b>Annual Performance Goals and Indicators</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
	<p>Project planning, capture business driven telecommunications requirements, establish backbone network baseline, and begin pilot program partner-ships for service offerings.</p> <p>Develop functional requirements, evaluate and select design solution, develop acquisition strategy.</p> <p>Develop transition plan and integration testing plan.</p> <p>Initiate deployment of UTN Solution.</p>	<p>Implement transition plan and integration testing for UTN.</p> <p>Development of change management plan, configuration management, and integration testing.</p> <p>Complete architectural transition to UTN.</p>	<p>Full scale operation and management in use.</p>	<p>Full scale operation and management in use.</p>

## V. INVEST IN HUMAN CAPITAL

The U.S. Department of Agriculture (USDA) has significant numbers of personnel for whom financial management is a primary or corollary duty. Over the past four years, the implementation of the Foundation Financial Information System (FFIS) has provided an opportunity for the USDA Office of the Chief Financial Officer to take a leadership role in assessing many of the needs of the financial management community. With 17 FFIS applications, the cash reconciliation and data warehouse capabilities, the OCFO now has the opportunity to address numerous skills and competencies, which are required to perform government financial management.

Because the USDA has implemented a standard financial management system, this affords the opportunity to target additional skills and analytic capabilities, which were not previously required. This FFIS implementation has altered the emphasis and significance of financial management within the USDA agencies. Agencies have become accountable for their data and this responsibility requires a new look at the core competencies to perform these duties. Using a government complaint (JFMIP and SGL compliant) system requires a review of the skills required to perform the daily financial management tasks. With this in mind, the OCFO is taking the initiative to review the skills, knowledge and abilities required to improve the financial management analysis skills within the agencies.

### **Major Accomplishments in FY2002**

- Trained two implementing agencies in the use of the Foundation Financial Information System for accounting and budget execution;
- Delivered Vendor Coordinator training for 17 agencies
- Delivered Security Administrator training for 17 agencies
- Delivered Functional Administrator training for 17 agencies
- Delivered External Reports training to 17 agencies
- Conducted Financial Statements training for the USDA agencies
- Provided Year End Closing training
- Provided Standard General Ledger training for various USDA agencies
- Conducted BRIO and reports training for USDA agencies
- Completed and provided a daily, monthly and annual financial management “Cookbook” articulating the tasks and requiring certifications of the tasks from the CFOs
- Completed and published financial management milestones, a standard set of tasks and completion dates for USDA financial activities

The USDA OCFO led the effort to develop a “cookbook” approach to specifying the financial management tasks for daily, monthly and annual operations. This cookbook provides the foundation for improving the timeliness of financial management processes and greater understanding of how these processes relate to external reporting requirements. Having an adequately trained cadre of financial management experts in each agency is crucial to improving financial management at the USDA.

<b>Annual Performance Goals and Indicators</b>	<b>FY 2002</b>	<b>FY 2003</b>	<b>FY 2004</b>	<b>FY 2005 and FY 2006</b>
Train for the FFIS implementations	Completed			
Adopt the core competency requirements for accountants, financial management personnel (cookbook )	Completed			
Work with agencies to establish training activities for their financial management personnel with respect to financial management activities	Ongoing	Ongoing		
Training initiatives that reach all USDA financial management personnel to ensure skills are refreshed	Ongoing	Ongoing	Ongoing	Ongoing
Train financial management personnel in new reporting requirements	Ongoing	Ongoing	Ongoing	Ongoing
Participate in and conduct financial management forums, symposia and training sessions	Ongoing	Ongoing	Ongoing	Ongoing
Provide development for the financial management leaders of the future	Ongoing		Ongoing	Ongoing

There will continue to be ongoing needs for refresher and remedial training to ensure that the financial management communities become practitioners of best practices for financial management. Staying current with the government financial management initiatives will enable the USDA to continue the improvements in the financial health of the department. Because the FFIS Implementations are completed as of October 1, 2002 and all USDA agencies are using the same automated system, this will allow OCFO the capacity to perform refresher and remedial training to pinpoint specific skills which need improvement and update.

Ensuring that there are well-documented processes in place for recurrent training and skills improvements will sustain the USDA as the financial management community human capital retires and new financial management personnel begin their government careers. It is imperative that the Human Capital processes and employee development processes are in place to ensure that the financial management community at USDA is professionalized and can become the best in government. In order to retain financial management staffs of professional, adequate and continuing educational processes are required.



## **VI. MANAGE OBLIGATIONS TO THE FEDERAL GOVERNMENT**

### **Improving Management of Debts Owed the Government**

The Department of Agriculture is the Federal government's single largest provider of direct credit. Our \$103 billion in receivables as of June 30, 2002, represent 35 percent of the non-tax debt owed to the Federal government.

The Department of Agriculture has long used many available tools to collect delinquent debt. We have reduced our delinquent receivables by about 30 percent to a current \$6.1 billion from \$8.7 billion in 1996. This amount equates to a delinquency rate of about six percent, compared to the Government-wide average of about 21 percent. Of this \$6.1 billion, only 28 percent or \$1.7 billion is eligible for collection through Debt Collection Improvement Act tools. The remainder, about \$4.4 billion is precluded from these tools due to statutory or administrative requirements, such as bankruptcy, litigation, or debt owed by foreign and sovereign entities (of the \$4.4 billion, \$3.5 billion is foreign/sovereign debt).

As of the third quarter of Fiscal Year (FY) 2002, the Department of Agriculture agencies collected \$503 million using internal tools. Another \$334 million was collected using the Treasury Administrative Offset Program and other Debt Collection Improvement Act tools. Annual Department of Agriculture collections of delinquent debt using Debt Collection Improvement Act tools have more than quadrupled since 1996. These indicators are going in a favorable direction, which shows progress in managing and collecting debt.

While USDA uses several tools to collect delinquencies, we continue to work with Treasury and the Office of Management and Budget to make sure we expand the use of Debt Collection Improvement Act tools.

### **Treasury's Administrative Offset Program**

The Treasury Offset Program has been an excellent collection tool for the Department of Agriculture. As of the third quarter of FY 2002, 95 percent of the eligible debt had been referred to Treasury.

The Department of Agriculture's National Finance Center worked closely with Treasury in the development of the government-wide centralized salary offset process for collecting delinquent employee debt for Federal agencies. During FY 2000, the first salary offset was completed. The National Finance Center was the first payroll office in the Federal government to interface with the Treasury Salary Offset Agency Process application.

### **Cross-Servicing of Delinquent Debt**

The Department of Agriculture continues to implement Treasury Cross-Servicing program. Substantial progress is expected as various Department of Agriculture agency issues continue to be resolved one by one this calendar year.

Each Department of Agriculture agency has targets to refer debts to meet the 180 day goal depending on program servicing requirements. Agencies are encouraged to refer debts to the Treasury Offset and Cross Servicing programs as soon as practical. For example, the Forest Service targets referral of delinquent debts to cross-servicing at 60 days. OCFO is coordinating the development of an automated interface for referring eligible FFIS debt to Treasury.

Due to statute-of-limitation issues that had to be resolved between Treasury and Farm Service Agency, a backlog of cross-servicing referrals occurred in fiscal year 2001. These issues have been resolved and the eligible backlog is scheduled for referral in the fourth quarter of FY 2002. In the past, the Farm Service Agency referred the vast majority of eligible debts on an annual basis, which corresponds with their current system capability and the Internal Revenue Service tax refund cycle. The Farm Service Agency will implement automated quarterly referrals during the first quarter of FY 2003.

OCFO is revising Departmental regulations to adopt the Federal Claims Collection Standards and establish Administrative Wage Garnishment hearing procedures.

### **Credit Bureaus Reporting/Barring Delinquent Debtors**

The Department of Agriculture agencies use a variety of screening tools to identify and bar delinquent debtors from receiving additional Federal assistance. These tools include credit reports, financial reports, debt certification statements, debarment and suspension certificates, and reporting of delinquent debtors to credit bureaus. The Department of Agriculture continues to believe that one of the most effective tools for barring delinquent debtors from receiving additional Federal assistance would be for Federal agencies to gain access to a centralized government database that contains a complete universe of debtors.

**OBJECTIVE:** Increase the collection of USDA outstanding delinquent debts using Debt Management Improvement Act (DCIA) of 1996 (PL 104-134) tools.

#### **Performance Goal:**

- Refer all eligible debts to the Department of the Treasury Offset and Cross Servicing Programs.
- Increase the collection of eligible delinquencies by DCIA tools.

## **Improving Management of Electronic Transactions**

The OCFO provides direction and guidance to USDA agencies in use of electronic collection and payment mechanisms for their customers. USDA continues to expand the use of EFT mechanisms such as Automated Clearing House, Fedwire, Plastic Card Collection Network, Purchase Card, Travel Card, and Fleet Card. OCFO efforts are focused on providing guidance and assisting USDA agencies in (1) expanding the use of EFT payment mechanisms in place of cash or checks, (2) moving to more efficient EFT collection mechanisms, and (3) reducing and eliminating imprest funds.

Currently, OCFO is studying options for increasing vendor payments made by EFT. The initiative will be a joint effort with the USDA Procurement Policy organization and the Department of Treasury. The initiative will address reporting issues, system issues, and education of internal and external parties. OCFO continues working with Treasury to develop requirements for and perform collection cash flow reviews. Also, OCFO is coordinating efforts to identify alternatives for reimbursing international imprest funds by convenience checks.

**OBJECTIVE:** Increase the use of Electronic Funds Transfer (EFT) for payments and collections.

### **Performance Goal:**

- Increase percentage of collections by EFT.
- Increase percentage of payments made by EFT.

## **VII. IMPROVE ADMINISTRATION OF FEDERAL GRANT PROGRAMS**

USDA is committed to the successful implementation of Public Law 106-107. The goal is to develop simplified processes and data standards to be used in awarding Federal financial aid.

Despite the growing integration of computing services into daily business processes in many industries, Federal financial assistance processes remain primarily paper based. This is particularly true for the processes that confront customers, such as Federal financial assistance application, which puts a heavy burden on applicant organizations and USDA agencies alike. Compounding this antiquated mode of doing business are the disparate processes, forms, and certifications required by the agencies. Early in March, 2000, USDA initiated internal efforts to implement the Act.

By allowing applicants to apply for Federal financial assistance through simplified, unified systems, Federal financial assistance management will be simplified and will eliminate redundancies in the same way as the single procurement system will simplify purchasing. The implementation of PL 106-107 will make transactions with the government for obtaining financial assistance easier, cheaper, quicker, and more comprehensible.

On March 27, 2000, the Secretary designated the Chief Financial Officer (CFO) as the "lead agency official" for implementing the Act. This designation was required by the Act (section 5 (a)(4)). The Office of the Chief Financial Officer (OCFO) has been responsible for overall coordination within USDA and for coordination between USDA and any other Federal and non-Federal entities.

OCFO organized an initial USDA project coordination committee, with an initial coordination meeting on March 22, 2000. The purpose of the committee was to develop a plan and provide guidance for the implementation of PL 106-107 within USDA. Twenty-eight senior level USDA employees were in attendance representing fourteen agencies, two staff offices and one mission area. The initial meetings identified areas of concern.

The implementation of the act is to be accomplished through a variety of changes to the way USDA conducts business with the public and public entities.

### **USDA EFFORTS**

Despite the growing integration of computing services into daily business processes in industry today, many federal grants processes remain paper based. This is particularly true for the processes that confront applicants for Federal financial aid. These antiquated processes put a burden not only on the applicant organizations but also on federal agencies to process the mountains of paperwork. Compounding this antiquated mode of doing business are the disparate processes, forms, reports, and certifications required by USDA agency programs.

USDA agencies, offices, and programs reflect a great diversity of purposes and functions. The importance of Federal assistance within a particular agency or office varies significantly in USDA. For some agencies, Federal financial assistance is the primary function; for others, Federal financial assistance plays only a minor or supplementary role. This adds complexity in terms of USDA participation in a common electronic assistance application and reporting system. The use of such a system requires significant investment by the agency in an infrastructure to receive and transmit applications, reports, and other relevant information electronically. The following text highlights USDA progress toward implementation of PL 106-107.

### **Electronic Processes:**

USDA has been heavily involved with eGrants initiative since its inception and has created a USDA working committee with representatives from almost all agencies. USDA is also working closely with eLoans and has representation at all levels of the eLoan initiatives.

USDA is also involved in eFile, which is the effort to better serve USDA customers through the use of computer technology and the internet. eFile gives customers, producers, partners and others access to forms and account information related to USDA programs and allows them to fill out and submit documents electronically via USDA's eGovernment website, <http://www.sc.egov.usda.gov>. By phasing in computer-based operations and reducing paper usage, USDA is improving the speed and quality of service it provides to customers across the country.

eGrants project will:

- Produce a simple, unified “storefront” for all customers of federal grants to electronically find opportunities, apply, and manage grants.
- Facilitate the quality, coordination, effectiveness, and efficiency of operations for grant makers and grant recipients.

eGrants goals:

- Eliminate the burden of redundant or disparate electronic and paper-based data collection requirements.
- Define and implement simplified standard processes and standard data definitions for Federal grant customer interactions.
- Protect the confidentiality, availability, and integrity of data.
- Standardize the collection of financial and progress report data in support of audit and performance measurement activities.

### **Funding Announcements:**

To provide a central source for information about Federal grant opportunities, the Pre-Award Work Group and eGrants Program Office are working with General Services Administration (GSA) on a new segment of the GSA's FedBizOpps Internet site ([www.fedbizopps.gov](http://www.fedbizopps.gov)). Federal agencies currently post synopses of their acquisition opportunities at FedBizOpps and the new segment will display their grant opportunities.

The proposed announcements and common data elements were reviewed by USDA agencies and responses were sent to GSA. When this new site is operational, the public will have access at that one location to summary information on all agencies' grant funding opportunities.

### **Mandatory Programs Work Group:**

USDA has been designated to chair the Mandatory Programs Work Group effort to streamline and improve the effectiveness and performance of mandatory Federal financial assistance programs. This is an interagency workgroup and part of the Pre-Award Committee. The Work Group has developed a definition and has come up with a template to collect and analyze information

### **USDA Forms Streamlining:**

As of October 19, 2001, the Office of the Chief Financial Officer (OCFO) initiated a request to USDA agencies for inventory data on financial assistance forms, application kits, and websites. USDA defined Federal financial assistance to mean assistance that non-Federal entities receive or administer in the form of grants, loans, loan guarantees, property, cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, or other assistance. The total number of Federal financial assistance forms reported used by USDA agencies is 640. Currently 6 USDA agencies have websites with information relating to their Federal financial aid programs. The Federal Financial Assistance Committee (FFAC) has put this issue on the agenda as an action item.

Currently OCFO is in the process of an analysis of USDA forms. The forms are being analyzed for commonality of function and common data elements to determine if the forms can be streamlined for use by multiple agencies and programs.

### **Non-Procurement Debarment and Suspension:**

Two government-wide common rules are currently being updated, the rule on Non-Procurement Debarment and Suspension and the Drug Free Workplace requirements. The Debarment and Suspension rule helps to prevent poor performance, waste, fraud and abuse in Federal programs by ensuring that Federally funded activities are conducted with responsible entities. The Drug-Free Workplace rule implements the Drug-Free Workplace Act of 1988, as it applies to grants.

The objectives of the updating effort are to provide better protection for Federal programs and to streamline and simplify the rules by making them clearer and easier to use and by reducing unnecessary requirements for applicants and recipients. USDA contributed to the writing of the proposed rule on Debarment and Suspension and Drug-Free Workplace. The proposed rules were circulated to all USDA agencies for review and comment. The comments were collated and forwarded to the Interagency Debarment and

Suspension Committee for inclusion in the final rule. USDA is fully committed to the revision of the common rules and is takes an integral part in the committee activities.

One of the accomplishments of the non-procurement Debarment and Suspension would allow agencies the use of assurances of compliance in lieu of certifications and obtain them periodically from recipients on an institutional basis. This streamlines the current requirement to obtain a certification from each applicant with each application it submits, whether the application is ultimately successful or unsuccessful.

### **Federal Financial Assistance Committee (FFAC):**

A significant component of PL 106-107 implementation is the fostering of communication among Federal financial assistance granting agencies in the effort to achieve consensus on simplified grant processes and standardized data requirements. This communication will take the form of agency interaction, collection of data requirements, promoting agency comment on proposed standards, and preparation of the Federal financial assistance granting agencies for the changes that PL 106-107 will bring about. USDA is in the process of reorganizing the FFAC in order to pass along a collective awareness of PL 106-107 interagency efforts and a consensus regarding the applicability and effectiveness of PL 106-107 solutions and implementations. The purpose of this committee is:

- To ensure that up-to-date information about PL 106-107 implementation is received by the USDA organizations that provide Federal financial aid.
- Provide information to the agencies quickly on new processes and ideas.
- Provide a platform where current implementation issues can be discussed.
- Provide oversight of FedBizOpps postings.
- Develop recommendations for USDA representatives to the interagency workgroups and committees.
- Prepare annual PL 106-107 report to Congress.

### **USDA Federal financial assistance internal Website:**

OCFO's Federal financial assistance team is piloting an internal website where members of the USDA FFAC can view, review, comment on and post documents. This website [http://165.221.5.200/QuickPlace/usda\\_ffa/Main.nsf](http://165.221.5.200/QuickPlace/usda_ffa/Main.nsf) contains grants related issues. It is in a pilot stage, but is used by the FFAC and serves as a repository for all Federal Financial Assistance issues. OCFO hopes to roll the site out for use by other committees and develop a forum for grants-related issues. The new internal website will:

- Easily create team spaces on the web for use by individual committee work groups. Allow committee users to work from a browser with no client installation required.
- Allow secure work between organizations
- Provide collaboration on topics, projects and issues.
- Provide a shared sense of time through shared tasks and milestones, committee news and a committee calendar.

- Provide shared content through discussion forums, document libraries, folders and rooms.
- Provide a one stop USDA PL 106-107 implementation center giving users the latest information. This information will be updated regularly.

**Accomplishments:**

USDA’s accomplishments to date have been made in joint and cooperative efforts on committees and work groups, as well as Department-wide efforts.

- Conducted consultation meetings with State, local and tribal governments; and nonprofit organizations getting feedback on customers needs and requirements.
- Circulated for review and comment, and approved the proposed common rule on Debarment and Suspension and Drugs in the Workplace.
- Initiated the conversion of agencies to use of one of three Chief Financial Officers Council-designated payment systems.
- Circulated for review and comment, and approved the proposed program announcement of common data elements. The standard data associated with announcements, applications, and reports will present a simplified, unified view of Federal grants to the many and varied organizations that apply for and are awarded grants.
- In the process of developing a Federal financial aid internal website for sharing of information and collaboration between USDA agencies.
- Developed eGrants business case and have made significant strides in eGov initiatives with the mandates of PL 106-107 fully integrated into the plan.
- eGrants agreed on a single identifier using current DUNS listing
  - Agreed on use of Form SF-424 standards and data elements in the 194 standard to provide core data elements for eGrants applications.
  - Developed a pilot program which is a simple, unified way to find federal grant opportunities via the web.
  - Completed an evaluation of the use or expansion of interagency and agency specific capabilities for discretionary grant program.

Below is a table that links the purpose and goals of PL 106-107 to the progress made so far and plans for the near future.



<b>Annual Performance Goals and Indicators</b>	FY 2003	FY 2004	FY 2005	FY2006
<p>Improve the effectiveness and performance of Federal financial assistance programs,</p> <p>Facilitate greater coordination among those responsible for delivering the services.</p> <p>Uniform administrative rules for Federal financial assistance programs.</p>	<ul style="list-style-type: none"> <li>- Improvements to Federal Audit Clearinghouse</li> <li>- Conversion of agencies to use of 1 of 3 CFO Council-designated payment systems</li> <li>- Draft new Department-Wide non-assistance cooperative agreement Rule</li> </ul>	Standardization of funding opportunity announcements		
<b>FedBizOpps (FBO):</b> Common Federal storefront and portal for an organization to electronically interact with Federal agencies regarding grants and cooperative agreements.	<p><b>1<sup>st</sup> Quarter:</b></p> <ul style="list-style-type: none"> <li>• Post a representative sample of discretionary grants to FBO.</li> </ul> <p><b>2<sup>nd</sup> Quarter:</b></p> <ul style="list-style-type: none"> <li>• Post all funding announcements to FBO.</li> <li>• Issue FBO guidance</li> </ul>	<p>FBO posting oversight</p> <p>A single, simplified, unified mechanism to apply for <i>application-based</i> grants and cooperative agreements</p>	<ul style="list-style-type: none"> <li>• FBO posting oversight</li> </ul>	<ul style="list-style-type: none"> <li>• FBO posting oversight</li> </ul>
<b>Mandatory Programs Work Group</b>	Collaborate on interagency work group products to streamline grant process.	Ongoing	Ongoing	Ongoing
<b>Non-Procurement Debarment and Suspension (D&amp;S):</b> Forum for current D&S issue can be discussed	Finalize CFR 3017 and 3021			
<b>Federal Financial Assistance Committee (FFAC)</b>	<p><b>2<sup>nd</sup> Quarter:</b></p> <ul style="list-style-type: none"> <li>• Report to Congress</li> <li>• Develop requirements for a single USDA grants information web site</li> <li>• Ensure full posting of USDA</li> </ul> <p><b>3<sup>rd</sup> Quarter:</b></p> <ul style="list-style-type: none"> <li>• Launch web site pilot announcements to FedBizOpps</li> <li>• Develop guidance for posting to FedBizOpps site</li> </ul>	<p><b>2<sup>nd</sup> Quarter:</b></p> <ul style="list-style-type: none"> <li>• Report to Congress</li> </ul>	<p><b>2<sup>nd</sup> Quarter:</b></p> <ul style="list-style-type: none"> <li>• Report to Congress</li> </ul>	<p><b>2<sup>nd</sup> Quarter:</b></p> <ul style="list-style-type: none"> <li>• Report to Congress</li> </ul>
<b>USDA Federal financial assistance internal Website</b> Provide collaboration on topics, projects and issues.	<ul style="list-style-type: none"> <li>• Post Updates to grants info</li> </ul>	<ul style="list-style-type: none"> <li>• Post Updates to grants info</li> </ul>	<ul style="list-style-type: none"> <li>• Post Updates to grants info</li> </ul>	<ul style="list-style-type: none"> <li>• Post Updates to grants info</li> </ul>

## **APPENDIX A:**

### **USDA FINANCIAL MANAGEMENT SYSTEMS INVENTORY\***

\* (Note: Included in the Financial Management Systems Inventory are those USDA operational systems, applications being phased in, and systems and applications under development meeting the criteria specified in OMB Circular A-11 Section 52. Not all systems included on the inventory would be considered part of the USDA integrated financial management system.)

# USDA FINANCIAL MANAGEMENT SYSTEMS INVENTORY

## OPERATIONAL SYSTEMS

<u>RESPONSIBLE AGENCY &amp; SYSTEM NAME</u>	<u>APPLICATION NAME</u>	<u>APPLICATION TYPE</u>	<u>APPLICATION DESCRIPTION</u>	<u>END-LIFE</u>	<u>PLANNED REPLACEMENT</u>
<b>Agricultural Research Service:</b>					
Annual Resource Management Planning System	Annual Resource Mgmt. Planning Sys.	Other	Used to plan management units of resources for the upcoming FY	2005	
Location Obligation Tracking System	Location Obligation Tracking System	Other	Provides up-to-date status of funds by fundholder	2003	FFIS
<b>Animal &amp; Plant Health Inspection Service:</b>					
Integrated Financial Management Info. System	Agreement Tracking System	Other	Tracks and maintains status on agreements	2006	
User Fee Operations	User Fee Operations	Other	Maintains statistical information on user fees collected for APHIS	2012	
<b>Commodity Credit Corporation:</b>					
AgCredit	AgCredit	Loan	Processing/tracking of delinquent farm loans	2005	MAC
Assessment/Promotion Fees System	Assessment/Promotion Fees System	Loan	Processes assessment and promotion fees	2004	
Automated Collection Application System	Automated Collection Application System	Other	Maintains current status information on past due debt	2007	
Automated Cotton Reporting System	Automated Cotton Reporting System	Loan	Processing price support loan transactions from Cotton Mktg. Assoc.	2005	COPS
Automated PL 480 Umbrella System	Automated PL 480 Umbrella System	Loan	Accounts for Public Law 480 Title I and II programs	2008	
Cash Data Base System	Cash Data Base System	Revenue	Reconciles batch and deposit information	2005	FMIS
CCC Budget System	CCC Budget System	Budget Form.	Formulates CCC budget using a LAN spreadsheet	2005	
CCC Concentration Banking System	CCC Concentration Banking System	Revenue	Wire transfer of county office daily collection through local depository	2010	
CCC CORE Accounting System	CCC CORE Accounting System	Core Fin.	Financial Accounting System	2019	
Central Claims Data Base System	Central Claims Data Base System	Other	Manages CCC & FSA debt (claims)	2007	FMIS
Centralized Disbursement System	Centralized Disbursement System	Other	Issues checks and ACH disbursements	2005	FMIS
Check Accounting System	Check Accounting System	Other	Maintains file of issued checks and reconciles with KC-FRB	2005	FMIS
Conservation Progress Reporting System	Conservation Progress Reporting System	Ex. Info. Sys.	Controls funds for conservation programs	2005	
Cotton User Mktg. Cert. Pay. Sys.	Cotton User Mktg. Cert. Pay. Sys.	Other	Issues cash and certification payments to domestic cotton users	2005	
County Office Admin. Expense System	County Office Admin. Expense System	Pers./Pay.-Civ.	Processes payroll and expenses for FSA county offices	2005	
Data Warehouse Infor. Sys./Fin. Mgmt. Rptg. Sys.	Data Warehouse Infor. Sys./Fin. Mgmt. Rptg. Sys.	Ex. Info. Sys.	Data Warehouse Information/ Data Warehouse Reporting	2020	
Export Tracking System	Export Tracking System	Other	Accounts receivable subsidiary system for ocean marine debt	2007	
Grain Inventory Management System	Grain Inventory Management System	Inv./Property	Accounting for CCC grain inventory	2005	

<u>RESPONSIBLE AGENCY &amp; SYSTEM NAME</u>	<u>APPLICATION NAME</u>	<u>APPLICATION TYPE</u>	<u>APPLICATION DESCRIPTION</u>	<u>END-LIFE</u>	<u>PLANNED REPLACEMENT</u>
<b>Commodity Credit Corporation: cont'd</b>					
GSM 102/103 Export Credit Guar. Program Sys.	GSM 102/103 Export Credit Guar. Program Sys.	Other	Tracks guaranteed loans to exporter of commodities in GSM programs	2004	NGSM
IRS 1099-A Reporting	IRS 1099-A Reporting	Other	Provides 1099-A data to IRS	2005	
Office Econ. Oppority./Fed. Asst. Award	Office Econ. Oppority./FAADS Rptg.	Ex. Info. Sys.	Records FSA/CCC outlays for Federal domestic assistance	2005	
Payment Control System	Payment Control System	Core Fin.	Controls/monitors county office direct deposit payments	2005	
Peanut Loan System	Peanut Accounting System	Loan	Provides acctg. data for peanut loans, inventories, and assessments	2003	
Peanut Marketing Assessment System	Peanut Marketing Assessment System	Revenue	Collects and reports peanut marketing assessments	2010	
Processed Commodity Inv. Mgmt. Sys.	Processed Commodity Inv. Mgmt. Sys.	Inv./Property	Controls processed commodity inventory used by FSA, FNS, FAS and AMS	2005	
Producer Payments Reporting System	Producer Payments Reporting System	Other	Maintains records of producer payments and reports to IRS and others	2005	
Property Management Inventory System	Property Management Inventory System	Inv./Property	Maintains records and provides reports on FSA and CCC owned property	2005	
Service Center Financial System	Assignment & Joint Payment System	Other	Maintains assignments and joint payment authorizations	2005	AS/400
	Automated Claims System	Core Fin.	State and county office debt accounting and processing system	2004	AS/400
	Cash Receipts System	Core Fin.	Collection, deposits, and recording for county office cash receipts	2005	
	Check Writing System	Core Fin.	Prints checks and records disbursements at State and County levels	2005	AS/400
	Common Receivable System	Core Fin.	Establishes and collects state and county receivables	2005	AS/400
Service Center Program System	County Office Direct Deposit System	Revenue	Maintains file of ACH payment records & reconciles with KC-FRB	2005	AS/400
	Data Control System	Core Fin.	Controls the state and county office applications interfacing	2005	SCAS
	IRS 1099-A Reporting	Other	Prepares 1099-As for producers & generates file for processing to IRS	2015	
	Agricultural Marketing Transition Act	Other	Calculates advance & final payments under the production adjustment	2005	
	Automated Price Support System	Loan	Processes price support loans for producers	2005	AS/400
Tobacco Import Assessment System	Conservation Programs	Other	Maintains data on allocations & obligations for conservation	2005	
	County Office Admin. Expense System	Pers./Pay.-Civ.	Provides support for county office expense and payroll	2003	
	Disaster	Other	Provides disaster benefits and calculates the eligible payments	2005	
Tobacco Loan Accounting Automation System	Tobacco Loan Accounting Automation System	Revenue	Accounts for tobacco marketing assessment on imported tobacco	2010	
Tobacco Servicing Agent Bank System	Tobacco Servicing Agent Bank System	Loan	Provides accounting data for tobacco loans and related assessments	2010	
Washington Office Disbursement System	Washington Office Disbursement System	Loan	Subsidiary ledger for tobacco price support loans	2003	COTS
		Other	Washington DC miscellaneous disbursements	2005	

<u>RESPONSIBLE AGENCY &amp; SYSTEM NAME</u>	<u>APPLICATION NAME</u>	<u>APPLICATION TYPE</u>	<u>APPLICATION DESCRIPTION</u>	<u>END-LIFE</u>	<u>PLANNED REPLACEMENT</u>
<b>Farm Service Agency:</b>					
Debt and Loan Restructuring System	Debt and Loan Restructuring System	Loan	Assists the controller in determining debt restructuring options	2005	
Farm and Home Plan	Farm and Home Plan	Loan	Loan making/servicing decision tool	2005	
FSA CORE Accounting System	FSA CORE Accounting System	Core Fin.	Financial accounting system	2019	
Management of Agricultural Credit (MAC) System	Management of Agricultural Credit System	Loan	Assist management of loan making/servicing capabilities & database	2005	
Program Loan Accounting System	Program Loan Accounting System	Loan	Official system for direct loans programs except multifamily	2005	
<b>Food and Nutrition Service:</b>					
Account Management Agent	Account Management Agent	Other	Analyzes food stamp EBT activity & draw down requests	2010	
Integrated Program Accounting System	Integrated Program Accounting System	Core Fin.	CORE Accounting System: G/L, A/P, and Letter of Credit	2010	
Software Renewal Program	Food Stamp Program Integrated Info. Sys.	Other	Provides program reporting data on the food stamp programs	2003	
	Special Nutrition Prog. Integrated Info. Sys.	Other	Provides program reporting data on the special nutrition programs	2003	
	Store Tracking and Redemption Subsystem	Other	Tracks stores that redeem food stamp coupons	2005	STARS II
<b>Foreign Agricultural Service:</b>					
New FAS Financial Management System	Financial Accounting and Reporting	Core Fin.	Provides internal users with summary information	2006	
<b>Forest Service:</b>					
All Service Receipts	All Service Receipts	Revenue	Tracks collections by unit and computes revenue sharing payments to states	2005	
Automated Timber Sales Accounting System	Automated Timber Sales Accounting System	Revenue	Tracks timber contracts and discloses account balances	2005	
Budget Formulation and Execution System	Budget Formulation and Execution System	Budget Form.	Supports information requirements for the budget process	2005	
Enterprise Data Warehouse	Enterprise Data Warehouse	Ex. Info. Sys.	Database	2005	
IBM General Travel System	IBM General Travel System	Travel	Front end system used to electronically process and approve travel vouchers.	2003	
Infrastructure Mgt. & Information	Infrastructure Mgt. & Information	Inv./Property	Tracks information to manage land, facilities, roads, and trails	2005	
Project Work Planning System	Project Work Planning System	Other	Used to create acctg codes; plan & manage work activity budgets	2005	
<b>Natural Resources Conservation Service:</b>					
Financial Management Information System/MIDAS	Financial Management Info. System/MIDAS	Other	Provides funds control and mgmt. information for decisionmaking	2005	

<u>RESPONSIBLE AGENCY &amp; SYSTEM NAME</u>	<u>APPLICATION NAME</u>	<u>APPLICATION TYPE</u>	<u>APPLICATION DESCRIPTION</u>	<u>END-LIFE</u>	<u>PLANNED REPLACEMENT</u>
<b>Office of the Chief Financial Officer, NFC:</b>					
Administrative Payments System	Casual Employees Time Reports Sys. Disbursing	Acquisition Other	Processes time documents for Forest Service firefighters Collects payments, creates checks, and EFT files for transmission	2010 2004	FFIS
	Fed. Standards Requisitioning & Issu.	Acquisition	Pays GSA, VA, and DOD bills	2004	
	Federal Telephone System Payments	Acquisition	Pays FTS bills	2004	FFIS
	Government Transportation System	Travel	Pays travel management centers	2004	
	Miscellaneous Income - 1099	Other	Reports miscellaneous income on IRS form 1099	2010	
	Miscellaneous Payments System	Acquisition	Pays miscellaneous charges not processed by other systems	2004	FFIS
	Motor Pool System	Acquisition	Pays GSA motor pool charges	2004	
	Purchase Card Management System	Acquisition	Tracks, reconciles, and pays Government credit card purchases	2015	
	Purchase Order System	Acquisition	Pays vendor bills resulting from purchases	2004	IAS
	Telephone Vendors Payment System	Acquisition	Pays commercial telephone bills	2004	
	Travel System	Travel	Pays for travel	2005	
	Uniform Allowance Payment System	Acquisition	Pays for employee uniforms for Forest Service	2010	
	Utility Vendors Payment System	Acquisition	Pays utility bills	2009	
	Central Accounting System	Budget and Operating Plans System	Core Fin.	Used to budget appropriated money	2004
Budget Cost System		Core Fin.	Captures accounting data and produces financial reports	2010	
Central Accounting Control System		Core Fin.	Accounting updates for budget cost, general ledger, & TSP	2010	
Central Accounting Data Base Inquiry		Core Fin.	Provides the agencies with on-line financial information	2010	
Central Accounting Interface System		Core Fin.	Provides cross-serviced clients with agency financial information	2010	
Departmentwide Fin. Info. Sys.		Core Fin.	Consolidates administrative and program accounting	2003	FFIS
Federal Assistance Award Data Sys.		Core Fin.	Collects & summarizes data pertaining to Federal financial assistance	2010	
General Ledger Interactive Description System		Core Fin.	Produce acctg. entries from the feeder systems to central acct. sys.	2010	
Management Account Structure Codes		Core Fin.	Validates accounting used by all other applications	2010	
Standard Chart Adjustment System		Core Fin.	Supports the general ledger accounting system	2010	
Standard Chart Reconciliation System		Core Fin.	Reconciles the ledger to the budget cost & other systems	2010	
Direct Premium Remittance System	Standard General Ledger System	Core Fin.	Provides financial management information to all levels	2010	
	Direct Premium Remittance System	Gov.Info.Proc.Sys	Bills & collects for health ins. prem. for former emp. & surv. spouses	2010	
Foundation Financial Information System	Foundation Financial Information System	Core Fin.	Department's Core financial system Reporting system to meet internal agency reporting requirements.	2010	
	Financial Data Warehouse	Other		2009	
	Automated Cash Reconciliation Worksheet System	Other	Automated 6652 Reconciliation Tool	2009	

<u>RESPONSIBLE AGENCY &amp; SYSTEM NAME</u>	<u>APPLICATION NAME</u>	<u>APPLICATION TYPE</u>	<u>APPLICATION DESCRIPTION</u>	<u>END-LIFE</u>	<u>PLANNED REPLACEMENT</u>
<b>Office of the Chief Financial Officer, NFC: Cont'd.</b>					
NFC Debt Management System	Administrative Billings and Collections Sys.	Revenue	Bills and collects for commercial, government, and employee debts	2010	
	Program Billings and Collections System	Revenue	Bills and collects user fees charged by four USDA agencies	2003	FFIS
	Biweekly Examination and Analysis	Pers./Pay.-Civ.	Updates not-to-exceed dates, within-grade increases, and personnel	2007	
	Earnings and Leave Statements	Pers./Pay.-Civ.	Processes biweekly earnings & leave stmts. and accum. tax year to date	2010	
	Entry Processing, Inq. and Correction	Pers./Pay.-Civ.	Front-end to personnel system	2010	
	Payroll Accounting System	Pers./Pay.-Civ.	Collects and reports financial management data relating to payroll	2010	
	Payroll Processing System	Pers./Pay.-Civ.	Processes payroll	2010	
	Personal Statement of Benefits System	Pers./Pay.-Civ.	Processes statement of benefits coverages, cost, & total compensation	2010	
	Personnel Input and Edit System	Pers./Pay.-Civ.	Validates personnel and payroll-related data	2007	
	Personnel Processing System	Pers./Pay.-Civ.	Updates personnel and payroll-related data in the database	2007	
	Retirement Processing	Per./Pay.-Other	Maintains service history & pay history	2010	
	Time and Attendance System	Pers./Pay.-Civ.	Processes and validates biweekly time and attendance data	2010	
	Unemployment Compensation - Federal Employee	Per./Pay.-Other	Provides immediate access to payroll and personnel data	2010	
	W-2 Processing and Reporting System	Pers./Pay.-Civ.	Produces W-2's, W-2C's, reports, tapes, etc.	2010	
Property Management Information System	Equipment Management Info. System	Inv./Property	Provides motor vehicle accountability and monthly operation	2010	
	Personal Property System	Inv./Property	Integrates fiscal accounting with property accountability	2010	
	Supply/Property Inventory System	Inv./Property	Provides inventory control of supplies	2010	
Thrift Saving Plan System	Thrift Savings Plan System	Gov.Info.Proc.Sys	Maintains accounts and processes transactions for TSP participants	2004	TSPS

<u>RESPONSIBLE AGENCY &amp; SYSTEM NAME</u>	<u>APPLICATION NAME</u>	<u>APPLICATION TYPE</u>	<u>APPLICATION DESCRIPTION</u>	<u>END-LIFE</u>	<u>PLANNED REPLACEMENT</u>
<b>Risk Management Agency:</b>					
Corporate Insurance Information System	Data Acceptance System	Other	Edits, stores, and traffics program and accounting data	007	
Financial Management System	Accounting Reports System	Core Fin.	Reports and reconciles program data with accounting data	2005	RAS
	Corporate General Ledger	Core Fin.	Generation of consolidated Treasury, OMB and Financial Reports	2007	
	Dairy Option Pilot Program	Other	Subsidizes market trades and broker fees for dairy farmers	2003	
	Data Acceptance System	Other	Edits, stores, and traffics program and accounting data	2007	SDAS
	Debt Management System	Other	Report, track and reduce debt, interface with TOP and other debt systems.	2007	
	Escrow System	Core Fin.	Reconciles and makes escrow payments to private industry	2007	
	Ineligible Tracking System	Other	Tracks and rejects select producers from the crop insurance program	2007	
	Payments and Receipts System	Core Fin.	Reconciles pymts. & receipts between RMA & insurance companies	2007	
	Plan of Operations	Other	Electronic storage of the contract with private insurance companies	2007	
	Reconciliation System	Other	Reconciles private industry accounts to Government book of business	2007	
	Year End Audit	Core Fin.	Year end reporting for USDA OMB OIG and independent auditors	2007	
<b>Rural Development:</b>					
Automated Multihousing Accounting System	Automated Multihousing Accounting System	Loan	Official acctg. sys. for direct multifamily housing program	2005	
Dedicated Loan Origination and Servicing Sys.	Dedicated Loan Origination and Servicing Sys.	Loan	Official acctg. sys. for single family housing programs	2006	
Guaranteed Loan Accounting System	Guaranteed Loan Accounting System	Loan	Official accounting system for guaranteed loans for all programs	2010	NGLS
Multiple Housing Tenant File System	Multiple Housing Tenant File System	Other	Supports interest credit and rental assistance programs	2003	
RUS Loan Accounting System	RUS Loan Accounting System	Loan	Official accounting system for electric and telephone programs	2004	RULSS



# USDA FINANCIAL MANAGEMENT SYSTEMS INVENTORY

## APPLICATIONS BEING PHASED IN

<u>RESPONSIBLE AGENCY &amp; SYSTEM NAME</u>	<u>APPLICATION NAME</u>	<u>APPLICATION TYPE</u>	<u>APPLICATION DESCRIPTION</u>	<u>END-LIFE</u>
<b>Commodity Credit Corporation:</b>				
Cotton On Line Processing System	Cotton On Line Processing System	Loan	Processes CCC/FSA Cotton Program Transactions	2010
Financing & Acctg. Info. & Reporting Syst	Financing & Acctg. Info. & Reporting Syst	Core Fin.	Financial Accounting System	2010
<b>Food and Nutrition Service:</b>				
Software Renewal Program	Food Program Reporting System	Other	Provides program reporting data on the Food Stamp and Special	2012
<b>Forest Service:</b>				
Enterprise-Wide Data Warehouse	Enterprise-Wide Data Warehouse	Ex. Info. Sys.	Database that combines financial and performance data to provide	2005
<b>Office of the Chief Financial Officer, NFC:</b>				
Foundation Financial Information System	Foundation Financial Information System	Core Fin.	Department's Core financial system	2010
	Financial Statement Data Warehouse	Other	Report preparation system used to prepare Department level reports	2010
Payroll/Personnel System	Special Payroll Processing System	Pers./Pay.-Civ.	Automation of manually related payroll processing	2010
<b>Risk Management Agency:</b>				
Financial Management System	Reinsurance Accounting System	Core Fin.	Reads and interprets program data to ascertain payments due	2009

# USDA FINANCIAL MANAGEMENT SYSTEMS INVENTORY

## SYSTEMS AND APPLICATIONS UNDER DEVELOPMENT

<u>RESPONSIBLE AGENCY &amp; SYSTEM NAME</u>	<u>APPLICATION NAME</u>	<u>APPLICATION TYPE</u>	<u>APPLICATION DESCRIPTION</u>	<u>END-LIFE</u>
<b>Farm Service Agency::</b>				
Program Fund Control System	Program Fund Control System	Core Fin	Control of funds for USDA loan and grant programs	2013
<b>Food and Nutrition Service:</b>				
Software Renewal Program	Store Tracking and Redemption Subsystem II	Other	Tracks stores that redeem food stamp benefits	2012
<b>Forest Service:</b>				
Project Work Planning System	Project Work Planning System	Other	Field units create accounting codes, plan, & manage work activity budgets	2005
<b>Rural Development:</b>				
Rural Utilities Loan Servicing System	Rural Utilities Loan Servicing System	Loan	Accounting system for approving, tracking, & advancing loans & grants	2010
<b>Office of Procurement Property Management:</b>				
Integrated Acquisition System	Integrated Acquisition System	Acquisition	e-procurement and contract management tool	2012

## **APPENDIX B:**

### **FFMIA REMEDIATION PLANS**

**AS OF SEPTEMBER 30, 2002**

Includes:

1. Summary FFMIA Update Chart
2. Remediation Plans for:
  - Commodity Credit Corporation
  - Rural Development
  - Forest Service
  - NFC – Central Accounting System  
(FFIS is the replacement for this system)

**U.S. Department of Agriculture**  
**Federal Financial Management Improvement Act Update**

**Section 1 - Financial System Requirements**

<b>Agency</b>	<b>Non-Compliant</b>	<b>Corrected</b>	<b>Remaining</b>	<b>Remaining Noncompliance(s) Description</b>	<b>Estimated Completion Date</b>
Forest Service	8	6	2	1. Internal controls over data entry, transaction processing and reporting shall be applied consistently throughout the system to ensure the validity of information and the protection of Federal government resources. 2. Adequate training and user support shall be provided to the users of financial management systems.	December 31, 2002  December 31, 2002
Commodity Credit Corporation	4	2	2	1. OMB Circular A-127 - Foreign program feeder systems. 2. OMB Circular A-127 - All Commodity Credit Corporation mixed and financial systems.	October 2003  September 2004*
National Finance Center	9	9	0		
Rural Development	2	0	2	1. Ensure that the direct loan accounting systems adequately sustain the current organization missions and substantially comply with OMB Circular A-127. Specifically, Rural Utilities Service (RUS) direct loan servicing legacy systems.	September 2003

Agency	Non-Compliant	Corrected	Remaining	Remaining Noncompliance(s) Description	Estimated Completion Date
				2. Ensure substantial compliance with OMB Circular A-130. Specifically, All Financial Management Systems: Program Loan Accounting System (PLAS), Guaranteed Loan Systems, Automated Multi-housing Accounting System (AMAS), Dedicated Loan Origination and Servicing (DLOS) System, and RUS legacy systems.	September 2006*

\*Working with the agency to accelerate compliance.

### Section 2 - Accounting Standards

Agency	Non-Compliant	Corrected	Remaining	Remaining Noncompliance(s) Description	Estimated Completion Date
Forest Service	1	1	0		
Commodity Credit Corporation	2	1	1	Accounting for Selected Assets and Liabilities - Reimbursement of Claims not made for Excess Ocean Freight Payments. Unclaimed cargo preference reimbursements for costs incurred under the PL 480 food assistance programs administered by the Agency for International Development.	December 31, 2002
National Finance Center	1	1	0		
Rural	1	1	0		

Agency	Non-Compliant	Corrected	Remaining	Remaining Noncompliance(s) Description	Estimated Completion Date
Development					

**Section 3 - Standard General Ledger at the Transaction Level – all compliant**

Agency	Non-Compliant	Corrected	Remaining	Remaining Noncompliance(s) Description	Estimated Completion Date
Forest Service	0		0		
Commodity Credit Corporation	0		0		
National Finance Center	1	1	0		
Rural Development	0		0		

Summary of Noncompliant areas

Agency	Non-Compliant	Corrected	Remaining
Forest Service	9	7	2
Commodity Credit Corporation	6	3	3
National Finance Center	11	11	0
Rural Development	3	1	2

**Commodity Credit Corporation  
FFMIA Remediation Plan  
As of September 30, 2002**

**Section 1 – Financial System Requirements**

Substantial Compliance: **No**

<b>Areas of Noncompliance</b>		
<b>No.</b>	<b>Requirements</b>	<b>Systems</b>
1.1	OMB Circular A-127	Foreign Program Feeder Systems
1.2	OMB Circular A-127	All CCC Mixed and Financial Systems
1.3	OMB Circular A-130	Core Accounting System
1.4	OMB Circular A-123	All CCC Mixed and Financial Systems

<b>Corrective Actions Planned</b>			
<b>Detailed Steps</b>		<b>Target Dates</b>	<b>Actual Dates</b>
1.1.1	Prepare FY 2001 financial statements according to applicable accounting standards and time frames in effect for the period covered by the financial statements.	12/2001	<b>Completed 2/2002.</b> The delay was caused by the auditors who could not satisfy themselves as to the accuracy of the budgetary data. CCC now verifies budgetary data monthly.
1.1.2	Complete implementation of new GSM system to be interfaced directly to CORE general ledger.	3/2003 Revised Date 10/2003	<p><b>Phase 1</b> (Modules 1, Announcement; 2, Registration; &amp; 3, Evidence of Export) has been delayed from the original 10/2001 target date. Data migration was completed in 08/2002. Parallel testing started in 08/2002 and will continue through 10/2002. This phase will be put into production on 11/1/2002.</p> <p><b>Phase 2</b> (Module 4, Claims) integration testing is complete. Round 1 of acceptance testing was completed in 08/2002. Round 2 of acceptance testing will be completed after data migration is completed. Data migration has been delayed because the data extract has not been finalized and related tasks should take about 4 months. New target dates are being determined.</p> <p><b>Phase 3</b> (Module 5, Rescheduling) has been significantly delayed. The Requirements Analysis Phase was completed in 08/2002. The 6 month slippage in part is due to IT resources needed to complete Phases 1 and 2, and in part due to user resources working on other priorities.</p>

Corrective Actions Planned			
Detailed Steps		Target Dates	Actual Dates
1.1.3	Replace the former FMS accounting structure in the APLUS system with the CORE accounting structure.	3/2003 Revised Date 10/2003	This project has been delayed due to FMD resource priorities (delays in completing the new GSM system requirements, which is using the same staffing). This project has not started. The impact of this project's delay in implementation will be that accounting entries will continue to use current manual processes during FY's 2002 and 2003.
1.1.4	Prepare FY 2002 financial statements according to applicable accounting standards and time frames in effect for the period covered by the financial statements.	12/2002	Actions are on target for completion.
1.2.1	Ensure substantial compliance with applicable Joint Financial Management Improvement Program systems requirements, particularly those pertaining to the capture of information for preparing financial statements. To accomplish this CCC needs to develop a plan to review all CCC financial systems.	9/2004	This action covers detailed reviews of all key financial systems. OIG has agreed to the schedule of reviews. CCC is reviewing the schedule to determine if the final reviews in FY 2004 can be completed in FY 2003.
1.3.1	Completed the CORE system security certification according to OMB Circular A-130 and Departmental Regulations. This documentation was submitted to OIG.	4/2001	<b>Completed 4/2001</b>
1.3.2	Perform security assessments and certify the adequacy of security safeguards of each sensitive operational computer application system according to OMB Circular A-130.	Assess 3/2002	<b>Completed 3/2002.</b> The assessment process was completed in 3/2002.
		Certify 9/2002	<b>Completed 9/2002.</b> The Farm Service Agency Security Officer certified the assessment process in 9/2002.
1.3.3	Include the CORE system in the Hot-site effort to test disaster recovery and contingency planning.	7/2002 Revised 11/2002	Conducted Hot-site Disaster Recovery Exercise for CORE in 04/2002 and 08/2002. The three databases were restored but the online software was not successfully working until 15 minutes prior to the end of the test timeframe. No batch was executed satisfactorily. CORE will be re-tested during the next Hot Site testing window in 11/2002.



<b>Corrective Actions Planned</b>			
<b>Detailed Steps</b>		<b>Target Dates</b>	<b>Actual Dates</b>
1.4.1	Develop a daily funds tracking report and release it to program managers.	3/2002	<b>Completed 3/2002</b> The daily funds report is provided to program and Agency managers. As new programs with funding limitations are funded, they are included in the report.
1.4.2	Develop an authorized payment process for National Program managers to use to authorize payments when funds are within the 15 percent threshold.	5/2002	<b>Completed 4/2002</b> This authorized payment process is expanded to any program that reaches the 15 percent threshold and still has payments due. It allows program managers to specifically identify where the remaining funds are being expended.
1.4.3	Develop guidelines for a manually based stopgap funds control process.	3/2002	<b>Completed 3/3002</b> The letter was signed on 03/22/02 by the Administrator implementing these guidelines.
1.4.4	Develop and implement an interim automated "e-Funds Control System."	9/2002 Revised 11/2002	Target completion date was delayed to 11/2002 to resolve infrastructure issues and allow for the determination of the actual FY 2003 beginning fund balances for the Conservation Programs starting under the new "e-Funds Control System."

<b>Resources Needed</b>		
<b>Fiscal Year</b>	<b>FTEs</b>	<b>Dollars</b>
FY 2002	22.75 (est.)	\$4.175 million
FY 2003	9.75 (est.)	\$1.5 million (est.)
FY 2004	2 (est)	\$100K (est.)

## **Section 2 – Accounting Standards**

Substantial Compliance: **No**

<b>Areas of Noncompliance</b>		
<b>No.</b>	<b>Standard</b>	<b>Financial Event</b>
2.1	SFFAS No. 1, Accounting for Selected Assets and Liabilities	Reimbursement of Claims not made for Excess Ocean Freight Payments - Unclaimed cargo preference reimbursements for costs incurred under the PL 480 food assistance programs administered by the Agency for International Development.
2.2	SFFAS No. 1, Accounting for Selected Assets and Liabilities	Reconcile the Funds Balance with Treasury general ledger account and Treasury accounts to facilitate the clear identification of differences occurring due to timing or errors.

Corrective Actions Planned			
Detailed steps	Target Dates	Actual Dates	
2.1.1	CCC will request MARAD's reimbursements indicating the payments by program for the 20 percent excess freight. This procedure is currently being used for incremental OFD invoices and payments.	08/2002 Revised date 12/2002	CCC has halted billings on the 20 percent excess freight until an issue regarding inland shipping can be resolved. MARAD will not pay for inland shipping costs above the cost of the commodity. Meetings and discussions on outstanding issues are ongoing with key parties involved in the program.
2.1.2	CCC will send bills to MARAD for: a) CPY 98-99, amended quarters 1 <sup>st</sup> through 4 <sup>th</sup> b) CPY 99-00, amended quarters 1 <sup>st</sup> through 4 <sup>th</sup> c) CPY 01-02, 1 <sup>st</sup> quarter.	08/2002 Revised date 12/2002	a) The bills have been delayed because an issue has been raised concerning the rates used to calculate Ocean Freight Differential on foreign flagships. Meetings and discussions on outstanding issues are ongoing with key parties involved in the program. b) See explanation in a. c) See explanation in a.
2.1.3	CCC will send bills to MARAD for: a) CPY 00-01, amended quarters 1 <sup>st</sup> through 4 <sup>th</sup> b) CPY 01-02, 3 <sup>rd</sup> quarter c) 20 percent excess freight for FY 2001	08/2002 Revised date 12/2002	a) Bills have been submitted for the first 3 quarters of CPY 00-01. The 4 <sup>th</sup> quarter is pending agreement of the first 3 quarters billed. b) See explanation in 2.1.2 a. c) See explanation in 2.1.1 concerning billings on the 20 percent excess freight.
2.1.4	CCC will send bills to MARAD for CPY 01-02, 4 <sup>th</sup> quarter	08/2002 Revised date 12/2002	See the explanation in 2.1.2 a on amended billings for shipments.
2.1.5	CCC will submit semi-annual apportionment requests to Office of Management and Budget (OMB) based on written requests, in excess of \$1 million dollars, from USAID. This change in procedures will be coordinated with USAID.	6/2002	<b>Completed 7/2002.</b> USAID provides the Budget Division with an email supporting their semi-annual apportionment request. Budget Division uses that email as the written request to support the request to OMB.

<b>Corrective Actions Planned</b>		
<b>Detailed steps</b>	<b>Target Dates</b>	<b>Actual Dates</b>
2.2.1	CCC will establish a task force to develop and implement reconciliation procedures.	9/2002 <b>Completed 9/2002.</b> A new monthly report provides management review and oversight of the reconciliation process. CCC's reconciliation process is presented in a clear, consistent, and concise manner together with the supporting documentation.
2.2.2	CCC will begin reconciling on a monthly basis.	3/2002 <b>Completed 3/2002.</b> 01/2002 activity was reconciled in 03/2002 and monthly thereafter.

<b>Resources Needed</b>		
<b>Fiscal Year</b>	<b>FTE's</b>	<b>Dollars</b>
FY 2002	3.5 FTE	-
FY 2003	1.0 FTE	-
FY 2004	-	-

### **Section 3 – Standard General Ledger at the Transaction Level**

Substantial Compliance: **Yes**

### **Section 4**

<b>Official(s) Responsible for Corrective Actions</b>		
<b>Name</b>	<b>Title</b>	<b>Phone No.</b>
Kristine M. Chadwick	Controller, CCC	703 305-1386

**Rural Development  
Remediation Plan  
As of September 30, 2002**

**Section 1 – Financial System Requirements**

Substantial Compliance: No

<b>Areas of Noncompliance</b>		
<b>No.</b>	<b>Requirements</b>	<b>Systems</b>
1.1	Ensure that the direct loan accounting systems adequately sustain the current organization missions and substantially comply with OMB Circular A-127.	Rural Utilities Service (RUS) direct loan servicing legacy systems.
1.2	Ensure substantial compliance with OMB Circular A-130.	All Financial Management Systems: Program Loan Accounting System (PLAS), Guaranteed Loan Systems, Automated Multi-housing Accounting System (AMAS), Dedicated Loan Origination and Servicing (DLOS) System, and RUS legacy systems.

<b>Corrective Actions</b>		
<b>Detailed Steps</b>	<b>Target Dates</b>	<b>Actual Dates</b>
1.1.1 Complete the incremental implementation of the Rural Utilities Loan Servicing System (RULSS) to replace RUS legacy loan systems. <ul style="list-style-type: none"> <li>Implement the Borrower Directory Management System.</li> <li>Develop and implement the primary loan making and servicing functionality, e.g., obligations, disbursements, and loan closings.</li> <li>Implement the remaining loan servicing and management information requirements, e.g., rollovers, mergers, risk analysis tools, and financial analysis tools.</li> </ul>	09/2003  09/2002  03/2003  09/2003	   10/3/2002
1.2.1 Complete system certification and accreditation requirements to be in compliance with OMB Circular A-130. <ul style="list-style-type: none"> <li>Develop corrective action plan.</li> <li>Incremental implementation of the corrective action plan.</li> </ul>	09/2003  09/2002 09/2003	  9/30/2002

<b>Resources Needed*</b>		
<b>Fiscal Year</b>	<b>FTEs</b>	<b>Dollars</b>
2002	15	0
2003	15	4,313,000

\*The above resources are associated with the development of RULSS. Resources needed to comply with OMB Circular A-130 are to be determined.

## Section 2 – Accounting Standards

Substantial Compliance: No

<b>Areas of Noncompliance</b>		
<b>No.</b>	<b>Standards</b>	<b>Financial Event</b>
2.1	Prepare financial statements in accordance with Credit Reform requirements defined in SFFAS No. 2.	Improve controls for establishing and re-estimating loan subsidy costs.

<b>Corrective Actions</b>		
<b>Detailed Steps</b>	<b>Target Dates</b>	<b>Actual Dates</b>
2.1.1 Complete Credit Reform model for direct single family housing (SFH) and multifamily housing (MFH) budget formulation.	09/2001	<b>Completed</b> 09/2001
2.1.2 Complete testing of Credit Reform reestimation process for SFH and MFH models and begin data validation.	10/2001	<b>Completed</b> 10/2001
2.1.3 Obtain OIG approval of SFH and MFH models by audit of fiscal year 2001 financial statements.	04/2002	<b>Completed</b> 02/2002
2.1.4 Complete enhancements to the Credit Reform subsidy models to estimate and re-estimate the costs of loans and loan guarantees (e.g., develop procedures for updating cash flow models and documentation, balance budget submission with general ledger, etc.)	09/2002	Pending audit confirmation. Estimated completion date 12/2002

<b>Resources Needed</b>		
<b>Fiscal Year</b>	<b>FTEs</b>	<b>Dollars</b>
<b>2002</b>	<b>4</b>	<b>0</b>

### Section 3 – Standard General Ledger at the Transaction Level

Substantial Compliance: Yes

### Section 4

<b>Official(s) Responsible for Corrective Actions</b>		
<b>Name</b>	<b>Title</b>	<b>Phone No.</b>
Christine C. Burgess	Deputy Chief Financial Officer	314-539-2360

**Forest Service  
FFMIA Remediation Plan  
As of September 30, 2002**

**Section 1 – Financial System Requirements**

<b>Areas of Noncompliance</b>		
<b>No.</b>	<b>Requirements</b>	<b>Instance</b>
1.1	All feeder systems are integrated or electronically interfaced with the core financial system.	INFRA Real Property sub-system is not interfaced with the Foundation Financial Information System (FFIS).
1.2	Internal controls over data entry, transaction processing and reporting shall be applied consistently throughout the system to ensure the validity of information and the protection of Federal government resources.	General ledger adjustments were made so that FFIS account balances would agree with Treasury records.
1.3	Internal controls over data entry, transaction processing and reporting shall be applied consistently throughout the system to ensure the validity of information and the protection of Federal government resources.	Inaccurate posting models, which were established by the USDA Office of the Chief Financial Officer Associate CFO for Financial Systems, resulted in erroneous general ledger account balances.
1.4	Internal controls over data entry, transaction processing and reporting shall be applied consistently throughout the system to ensure the validity of information and the protection of Federal government resources.	Invalid obligations and payables were entered into FFIS.
1.5	Internal controls over data entry, transaction processing and reporting shall be applied consistently throughout the system to ensure the validity of information and the protection of Federal government resources.	Audit trails and support for billings and receivables is inadequate. Field units did not obtain monthly listings to verify the accuracy and validity of accounts receivable. Amounts were reported as accounts receivable even though not valid. Some accounts receivable transactions were duplicated.
1.6	Agency financial management systems shall enable the agency to prepare, execute, and report on the agency's budget in accordance with OMB Circulars A-11, A-34, and other OMB circulars and bulletins.	Forest Service violated the Anti-Deficiency Act in FY 2000.

1.7	Adequate training and user support shall be provided to the users of financial management systems.	Forest Service users lacked specific training on setting up agreements in the Project Cost Accounting System and processing billings and advance liquidation documents.
1.8	Financial management systems shall provide financial reports in a timely and useful fashion.	Forest Service should develop and utilize monthly reports, which are more helpful to field units.

<b>Corrective Actions Planned</b>		
<b>Detailed Steps</b>	<b>Target Dates</b>	<b>Actual Dates</b>
<b>1.1.1 Provide proper accounting for real property assets.</b>	<b>12/31/2001</b>	<b>Completed 9/30/02</b>
1.1.2 Verify recorded balances in the INFRA Real Property subsidiary ledger.	11/30/2001	<b>Completed 9/30/02</b>
1.1.3 Develop internal controls to ensure that the subsidiary balances for real property are accurately transferred and reconciled to FFIS.	12/31/2001	<b>Completed 9/30/02</b>
<b>1.2.1 Improve the process used to make adjustments to the FFIS general ledger.</b>	<b>12/31/2001</b> revised to 12/31/2002	A reconciliation team will develop business processes, policies, procedures, and training to ensure that Forest Service and Treasury records are properly reconciled and that all adjustments are supportable. The revised target date is December 31, 2002. Note. The Forest Service is in the process of refining current processes, policies, and procedures to assure long-term sustainability.
1.2.2 Develop internal controls to ensure significant differences between FFIS and U.S. Treasury records are identified, researched, and reconciled.	12/31/2001	<b>Completed</b> A reconciliation team in conjunction with KPMG will determine the correct opening balance for FY 2002 and develop policies, procedures, and training to ensure that fund balances with Treasury are properly accounted for by August 31, 2002.  Opening balances determined and signed on October 23, 2002.



<b>1.3.1 Work with the USDA Office of the Chief Financial Officer (OCFO) to correct general ledger posting models.</b>	<b>4/30/2002</b>	<b>Completed 9/30/02</b>
1.3.2 Notify the USDA OCFO of payroll tax withholding posting model erroneously posting to the SF 224 Statement of Transactions collection cash account. Ensure posting model is corrected.	4/30/2001	<b>Completed 4/30/2001</b>
1.3.3 Notify the USDA OCFO of the travel system posting model issue as referenced in OIG audit report 50401-39-FM. Ensure posting model is corrected.	5/31/2001	<b>Completed 5/31/2001</b>
1.3.4 Review posting models used and coordinate corrective actions with the USDA OCFO.	4/30/2002	<b>Completed 9/30/02</b>
1.3.5 Revise general ledger account balances that were distorted by erroneous posting models.	4/30/2002	<b>Completed 9/30/02</b>
<b>1.4.1 Correct Invalid obligations and payables entered into FFIS.</b>	<b>10/15/2001</b>	<b>Completed 9/30/02</b>
1.4.2 Field managers certify that obligations, payables, receivables, and reimbursables have been reviewed and are valid, properly classified, and accurately represent the financial transactions and balances accounted for therein.	6/3/2001	<b>Completed 6/3/2001</b>
1.4.3 Deliver Field certifications to the Washington Office.	10/15/2001	<b>Completed 10/15/2001</b>
<b>1.5.1 Field units obtain monthly listings to verify the accuracy and validity of accounts receivable.</b>	<b>10/3/2001</b>	<b>Completed 10/3/2001</b>
1.5.2 Field managers review and make corrections to the FFIS open bills report to ensure the validity of receivable balances. Process lockbox transactions to “accept status” before accounting period 12 closes.	10/3/2001	<b>Completed 10/3/2001</b>

<b>1.6.1 Enter FY 2001 estimated obligations for agreements with States and other partners into FFIS.</b>	<b>8/31/2001</b>	<b>Completed 8/31/2001</b>
1.6.2 Require contractors to provide billings within 60 days of the date costs are incurred. Provide estimates of accounts payable by September 1 and update as necessary through year-end close of FFIS.	9/28/2001	<b>Completed 9/30/2001</b>
1.6.3 Identify and implement improvements in nightly cycle processing to maximize the number of hours that FFIS is available to users.	6/1/2001	<b>Completed 6/1/2001</b>
1.6.4 Establish process for monitoring transaction rejects and correcting errors to expedite the processing of obligations in FFIS.	6/1/2001	<b>Completed 6/1/2001</b>
1.6.5 Deliver training to FFIS users in order to reduce transaction rejects due to errors in processing transactions.	6/7/2002	<b>Completed 6/10-14/2002</b>
1.6.6 Change default accounting codes used by procurement personnel assigned to fire in USDA's Purchase Card Management System (PCMS) or provide dedicated purchase cards for fire suppression activities.	7/2/2001	<b>Completed 7/5/2001</b>
1.6.7 Provide fire suppression budget allocation to field units.	7/2/2001	We elected not do this because it is impossible to know in advance which field units will need the allocations. Distributing allocations to all units at the beginning of the year would result in fire funds not being readily available for the field units that need them.
1.6.8 Establish monthly report requesting current and projected fire suppression funding requirements.	7/2/2001	<b>Completed 7/15/2001</b>

1.6.9 Form team at the National Interagency Fire Center to monitor obligations and provide estimate of field budget requirements for the Washington Office.	7/2/2001	<b>Completed 7/5/2001</b>
1.6.10 Develop guide on reporting obligations for Incident Business personnel at fire camps.	6/1/2001	<b>Completed 6/1/2001</b>
1.6.11 Conduct a needs assessment of the emergency incident business cycle with the objective of leveraging technology improvements to ensure that all fire transactions are entered into FFIS in a timely and correct manner. (Contract awarded 9/28/01)	4/30/2002	<b>Completed</b> The needs assessment is complete and the final report was issued on April 30, 2002.
<b>1.7.1 Deliver training on setting up agreements in the Project Cost Accounting System (PCAS) and processing billings and advance liquidation documents.</b>	<b>1/15/2002</b>	<b>Completed 3/1/2002</b>
1.7.2 Resolve operational issues involving the PCAS module and issue a guide on accounting for agreements.	1/15/2002 revised to 12/31/02	To date we have issued four bulletins that serve to address resolution of operational issues. Further bulletins are forthcoming and the target date for full resolution has been revised to 12/31/2002.
1.7.3 Develop and deliver PCAS training courses to field units.	9/28/2001	<b>Completed 9/24/2001</b>
<b>1.8.1 Develop and utilize monthly reports, which are more helpful to field units.</b>	<b>3/31/2002</b>	<b>Completed 1/1/02</b>
1.8.2 Interview users of financial reports.	9/28/2001	<b>Completed 6/1/2001</b>
1.8.3 Implement new database for new reports.	3/31/2002	<b>Completed 1/1/02</b>

<b>Resources Needed</b>		
<b>Fiscal Year</b>	<b>FTEs</b>	<b>Dollars</b>
2002	7.3	\$9,212,000
2003	3.6	\$5,364,000

## Section 2 – Accounting Standards

<b>Areas of Noncompliance</b>		
<b>No.</b>	<b>Standards</b>	<b>Instance</b>
2.1	<b>SFFAS No. 1 Accounting for Selected Assets and Liabilities</b>	No systematic methodology to compute Allowance for Doubtful Accounts.

<b>Corrective Actions Planned</b>		
<b>Detailed Steps</b>	<b>Target Dates</b>	<b>Actual Dates</b>
2.1.1 Review and update the methodology for computing the Allowance for Doubtful Accounts.	10/30/2001	10/30/2001

<b>Resources Needed</b>		
<b>Fiscal Year</b>	<b>FTEs</b>	<b>Dollars</b>
<b>2002</b>	<b>0</b>	<b>\$0</b>

## Section 3 - Standard General Ledger at the Transaction Level

Compliant

<b>Official(s) Responsible for Corrective Actions</b>		
<b>Name</b>	<b>Title</b>	<b>Phone No.</b>
Karren Alexander	Director, Financial Management Systems	(703) 605-4895
Hank Kashdan	Director, Program Budget and Analysis	(202) 205-1123

**NFC - Central Accounting System  
FFMIA Remediation Plan  
As of September 30, 2002**

**Section 1 – Financial System Requirements**

<b>Areas of Noncompliance</b>		
<b>No.</b>	<b>Requirements</b>	<b>Instance</b>
1.1	Agency-wide financial information classification structure shall be consistent with the Standard General Ledger (SGL).	The general ledger does not conform to the U.S. Government Standard General Ledger (OIG Report 50401-17-FM, dated August 1997).
1.2	Agency-wide financial information classification structure shall ensure consistent data in budget accounting and financial reports.	Differences between Budget Cost System and General Ledger System exist (OIG Report 50401-24-FM, dated July 1998).
1.3	Integrated financial management systems shall establish common data elements (definitions and formats) to record financial events throughout the financial system and ensure it is collected, stored and retrieved in the common format.	USDA does not have a single integrated financial management system with standard data classifications (definition and format) established and used for recording financial events (OIG Report 50401-24-FM, dated July 1998).
1.4	Integrated financial management systems shall incorporate Government-wide standards and external reporting requirements into the standard data classification structure.	CAS provides for only summary, not detailed data needed to reconcile balances for elimination with other agencies (Letter to Intragovernmental Task Force on Issues and Problems with Identifying and Reconciling Intragovernmental Transactions, dated June 2000).
1.5	Integrated financial management systems shall consistently process common transactions throughout the financial system (manual and automated).	USDA does not have a single integrated financial management system with common processes used for processing similar kinds of transactions (OIG Report 50401-24-FM, dated July 1998).
1.6	Integrated financial management systems shall use and apply consistently internal controls throughout the financial system.	USDA does not have a single integrated financial management system with internal controls over data entry, transaction processing, and reporting that is applied consistently (OIG Report 50401-24-FM, dated July 1998).

1.7	Financial reporting shall comply with internal and external reporting requirements, including financial statement preparation.	The USDA financial management system does not meet OMB Circular 127 requirements which require systems to comply with internal and external reporting requirements, including as necessary, the requirement for financial statements (OIG Report 50401-24-FM, dated July 1998).
1.8	Budget reporting shall support budget formulation and execution functions.	The USDA financial management system does not meet OMB Circular 127 requirements that require systems to support budget execution (OIG Report 50401-24-FM, dated July 1998).
1.9	Shall ensure security over financial management information systems in accordance with OMB Circular A-130.	Overall, the OCFO/NFC CAS does not follow FFMSR that prescribe the functions that must be performed to capture information and security over financial information. OCFO/NFC had not performed certification and recertification reviews required by OMB Circular A-130; controlled access to online systems and data to minimize unauthorized access is weak, and modifications were made to application programs without adequate authorization and testing (OIG Report 50401-24-FM, dated July 1998).

## Section 2 – Accounting Standards

Areas of Noncompliance		
No.	Requirements	Instance
2.1	Agency's financial statements are compiled in accordance with the Federal accounting standards; and financial information used for internal management is accurate and consistent with applicable Federal accounting standards.	CAS does not provide reliable cost accounting data in accordance with SFFAS No. 4, Managerial Cost Accounting Concepts and Standards for the Federal Government (OIG Report 50801-5-FM, dated June 1998).

### Section 3 – Standard General Ledger at the Transaction Level

<b>Areas of Noncompliance</b>		
<b>No.</b>	<b>Requirements</b>	<b>Instance</b>
3.1	Transactions are recorded in full compliance with the SGL Chart of Account's description and posting models/attributes; reports produced by the systems provide financial information, whether used internally or externally, that can be traced directly to the SGL accounts; and transactions from feeder systems, which may be summarized and interfaced into the core financial system's general ledger, are posted following SGL requirements.	The general ledger does not conform to the U.S. Government Standard General Ledger (OIG Report 50401-17-FM, dated August 1997).

<b>Corrective Actions Planned</b>		
<b>Detailed Steps</b>	<b>Target Dates</b>	<b>Actual Dates</b>
Implement enhancement to automated cash reconciliation system.	6/2001	<b>Completed</b> 5/31/2001
Implement FFIS at Departmental Administration and staff offices, Working Capital Fund, Office of Inspector General, Food and Nutrition Service, Agricultural Marketing Service, Agricultural Research Service, Cooperative State Research, Education, and Extension Service, Economic Research Service, and National Agricultural Statistics Service:	10/2001	Implemented 10/01/2001
- Configuration	5/2001	Completed
- Infrastructure and security analysis	7/2001	Completed
- Testing	8/2001	Completed
- Training	9/2001	Completed
- Conversion	12/2001	Completed

Implement FFIS at the Foreign Agricultural Service and Grain Inspection, Packers, and Stockyards Administration:	10/2002	On target for implementation 10/1/2002
- Configuration	5/2002	Completed
- Infrastructure and security analysis	7/2002	Completed
- Testing	8/2002	Completed
- Training	9/2002	Completed
- Conversion	12/2002	On target to begin in Sept

<b>Resources Needed</b>		
<b>Fiscal Year</b>	<b>Full-Time Equivalentts</b>	<b>Dollars</b>
2002	12	\$5,759,000
2003	3	\$3,400,000

<b>Official(s) Responsible for Corrective Actions</b>		
<b>Name</b>	<b>Title</b>	<b>Phone No.</b>
Wendy E. Snow	Associate Chief Financial Officer for Financial Systems	(202) 619-7636



## **APPENDIX C**

### **USDA CYBER-SECURITY INITIATIVES \***

\* As reported in FY 2002 Federal Financial Managers' Financial Integrity Act Report

<b>Office of the Chief Information Officer</b>					
<b>Material Weakness Number</b>	<b>Material Weakness</b>	<b>Year Identified</b>	<b>Original Estimated Completion Date</b>	<b>Revised Estimated Completion Date</b>	<b>Source of Weakness Determination</b>
OCIO-00-01  Audits # 50099-50-FM 50099-27-FM AIMD-00-217	<b>USDA Information Security Weaknesses.</b> Weaknesses have been identified in the Department's ability to protect its assets from fraud, misuse, disclosure, and disruption.	FY 2000	FY 2002	FY 2003	GAO and OIG Audits, and OCIO and Agency Reviews

**FY 2002 Completed Corrective Actions**

- Performed on-site reviews for major computing center.
- Conducted Annual Agency Program and System Security Plan Reviews.
- Identified USDA Security Architecture Baseline.
- Developed and published physical security standard.
- Developed and published Configuration Management guidance.
- Issued policy to require access rules that prevent unauthorized access, including terminated employees.
- Implemented Internet Protocol address database.
- Developed a process for monitoring corrective actions on security weakness identified by OIG and agencies.
- Completed USDA cyber security risk management methodology
- Built on the previous year's work in the areas of risk management, security architecture development, internal oversight, and hands-on problem solving.

**FY 2003 Planned Corrective Actions**

Risk Assessment and Mitigation

The Department's FY 2002 Government Information Security Reform Act Report and associated Plan of Action and Milestones identify program and system level vulnerabilities and the steps necessary to mitigate. In FY 2003, the Department will:

- Improve the quality and process for managing USDA information security vulnerabilities and actions. (4<sup>th</sup> Qtr.)
- Complete vulnerability assessments of all mission-critical systems. (4<sup>th</sup> Qtr.)
- Work with agencies to strengthen their program and system security plans, which were reviewed in FY 2002. (4<sup>th</sup> Qtr.)

### Physical and Logical Access Controls

- Physical security policy and guidance have been drafted. Future OCIO activities will focus on facility review, oversight, counseling and training. (4<sup>th</sup> Qtr.)
- To date, 180 of USDA's 16,000 physical locations have been identified as USDA's highest priority physical facilities. Working with Departmental Administration, all high priority facilities will be reviewed. (4<sup>th</sup> Qtr.)
- Common logical security toolsets are being identified, purchased, and deployed. In addition, external expertise is engaged assisting USDA with the design and implementation of a USDA-wide technical security architecture. (4<sup>th</sup> Qtr.)

### Disaster Recovery and Contingency Planning

- Establish USDA information survivability program to guide agencies in the development and testing of disaster recovery and business resumption plans for USDA's highest priority mission critical systems. (4<sup>th</sup> Qtr.)

### Intrusion Detection and Response

- Install additional network sensors (4<sup>th</sup> Qtr.)
- Continue training USDA staff in network intrusion detection scanning and incident response. (4<sup>th</sup> Qtr.)

### Certification and Accreditation

- Establish Certification and Accreditation Program to evaluate the security features of new and existing information systems to ensure that the system adequately protects the use and delivery of programs. (4<sup>th</sup> Qtr.)

### Security Awareness

- Enhance Security Awareness Program to provide awareness to all USDA employees and contractors (4<sup>th</sup> Qtr.)

### **Strategic Plan and Annual Performance Plan Goal and Objective to Which the Corrective Actions Apply, If Applicable:**

*USDA Goal 1: Provide Effective Services to USDA Constituents with Decisions Based on the Best Available Science and Efficient Management, Key Outcome 1.3: Effectively Meet Responsibilities for Homeland Security, and*

*USDA Goal 2: Enhance the Integrated Operation of USDA Through Execution of the President's Management Agenda, Key Outcome 2.3: Expanding Electronic Government.*

<b>OFFICE OF THE CHIEF INFORMATION OFFICER</b>					
<b>Material Weakness Number</b>	<b>Material Weakness</b>	<b>Year Identified</b>	<b>Original Estimated Completion Date</b>	<b>Revised Estimated Completion Date</b>	<b>Source of Weakness Determination</b>
OCIO-01-01  Audit # 88099-3-FM	<b>Information Security Weaknesses at the National Information Technology Center:</b> Weakness in logical access controls, identifying vulnerabilities on systems, controlling access to its network from the Internet, and compliance with existing Federal security guidelines.	FY 2001	FY 2003	N/A	OIG audit

### **FY 2002 Completed Corrective Actions**

- Revised the NITC Administrative Directive on the non-concealable privilege to control access to critical datasets and formally documented requests and approvals.
- Developed and implemented controls to delete or disable unused user accounts.
- The Cyber-Security Program reviewed the FY 2001 NITC Security Plan to identify missing elements that were needed to comply with OMB Circular A-130.
- Established Mid Range, DMZ, Extranet and Test/Acceptance Firewall systems as part of Phase 2 of the Enterprise Cyber Security Project, to separate Public and Intranet traffic in accordance with USDA and Cyber Security policies.
- Installed both DMZ and Intranet Firewall systems at the GWCC establishing NITC services at the GWCC Computer Center.
- Installed Firewall system at the NITC Business Recovery Services (BRS) Disaster Recovery site.

### **FY 2003 Proposed Corrective Actions**

- Require that all new NITC resources or service deployed by customer agencies at NITC meet requirements prior to implementation (1<sup>st</sup> Qtr).
- Establish S/390 Firewall system as part of Phase 2 of the Enterprise Cyber Security Project, to separate Public and Intranet traffic in accordance with USDA and Cyber Security policies – Phase 2 (3rd Qtr).
- Identify NITC common resources requiring Public Internet access and migrate them to DMZ (4<sup>th</sup> Qtr).
- Encrypt all sensitive data transported in and out of the DMZ through secured services (4<sup>th</sup> Qtr).
- Assist customer agencies in identifying resources, other than NITC common resources, that are required by their applications, and define the actions needed to bring them into compliance with requirements (4<sup>th</sup> Qtr).

**Strategic Plan and Annual Performance Plan Goal and Objective to Which Corrective Actions Apply, if Applicable:**

*USDA Goal 1: Provide Effective Services to USDA Constituents with Decisions Based on the Best Available Science and Efficient Management, Key Outcome 1.3: Effectively Meet Responsibilities for Homeland Security, and*

*USDA Goal 2: Enhance the Integrated Operation of USDA Through Execution of the President's Management Agenda, Key Outcome 2.3: Expanding Electronic Government.*

OFFICE OF THE CHIEF INFORMATION OFFICER					
Material Weakness Number	Material Weakness	Year Identified	Original Estimated Completion Date	Revised Estimated Completion Date	Source of Weakness Determination
OCIO-02-01  Audit # 50601-4-HQ	Security Weaknesses in USDA's Controls over Website Content	FY 2002	FY 2003	N/A	OIG audit

### **FY 2002 Completed Corrective Actions**

- Directed all agencies to review website content in order to expunge all sensitive information.

### **FY 2003 Proposed Corrective Actions**

- Ensure agencies have complied with the Deputy Secretary's August 15, 2002 Memorandum regarding this issue. (2nd Qtr)
- Finalize our guidance defining sensitive data to be excluded from all USDA web content. (1st Qtr)
- Work with the OIG to address concerns regarding maintaining an inventory of agency websites. (3rd Qtr)

### **Strategic Plan and Annual Performance Plan Goal and Objective to Which Corrective Actions Apply, if Applicable:**

*USDA Goal 1:* Provide Effective Services to USDA Constituents with Decisions Based on the Best Available Science and Efficient Management, *Key Outcome 1.3:* Effectively Meet Responsibilities for Homeland Security, and

*USDA Goal 2:* Enhance the Integrated Operation of USDA Through Execution of the President's Management Agenda, *Key Outcome 2.3:* Expanding Electronic Government.