

DEPARTMENTAL REGULATION		Number: 2100-001
SUBJECT: Financial Management Systems	DATE: February 14, 1986	
	OPI: Office of Finance and Management	

1 PURPOSE

This regulation sets policies and procedures for evaluating and reporting on the USDA Financial Management System and its components.

2 POLICY

The USDA Financial Management System must meet the objectives set forth in section 6 of OMB Circular A-127. Agency components must integrate with the USDA Financial Management System.

The USDA Financial Management System and its components will be reviewed annually for conformity with the principles, standards, and requirements of the Comptroller General (CG) and related requirements issued by the Treasury Department and the Office of Management and Budget (OMB).

3 BACKGROUND

The USDA Financial Management System (FMS) is established to carry out Initiative I, Financial Management, of the Secretary's Five-Point Management Plan, and to meet the requirements of OMB Circular A-127.

FMS is an incorporation of USDA component financial management and accounting subsystems. A component may be made up of several subsystems, and includes both manual and automated systems for program and administrative financial management. Subsystems are used to collect, record, classify, analyze, and report data for financial decision making. They process, control, and account for financial transactions and resources, and are used for auditing, formulating, and executing budgets. These subsystems also generate financial management and accounting information to support agency and Departmental missions.

USDA Financial Management System components and subsystems are listed in the Appendix to this directive.

4 AUTHORITIES AND REFERENCES

- a 31 U.S.C 3512(a)-(c) (Accounting and Auditing Act of 1950, Federal Managers' Financial Integrity Act (FMFIA) of,1982)
- b Titles 2, 4, 5, 6, and 7 of GAO's Policies and Procedures Manual for Guidance of Federal Agencies
- c Treasury Financial Manual
- d OMB Circular A-127, Financial Management Systems
- e OMB Circular, A-11, Preparation and Submission of Budget Estimates
- f OMB Circular A-34, Budget Execution
- g OMB Circular A-123, Internal Controls
- h Financial Management and Accounting Objectives issued by OMB in March 1985
- i Guidelines for Evaluating Financial Management/Accounting Systems issued by OMB on May 20, 1985.

5 DEFINITIONS

- a Financial management information. All information on USDA spending, collections, assets, liabilities, equity, and related budgetary transactions and balances, including data to develop information regarding unit costs, average pay rates, and user charges for decision making.
- b Accounting system. A system for recording, classifying, and summarizing information on the financial position and the results of operations for any fund.
- c Subsystems. Agency financial subsystems, either manual or automated, used for planning, budget formulation and execution, program and administrative accounting, and audit; as well as all other systems for recording and classifying financial data and reporting financial management information, including purchasing, property, inventory, etc.
- d Component. The aggregate of all financial management and accounting subsystems operated by an agency.

e Limited review. A simple but structured procedure consisting of the use of a questionnaire, checklist, or similar methodology, to ascertain whether a system component or subsystem meets the objectives and requirements of OMB Circular A-127.

f Detailed evaluation. The substantive self-examination by component or subsystem managers, operators, and users of a system component or subsystem made through use of an evaluation program, including transaction testing of an operating system to determine compliance with OMB Circular A-127.

g Partial subsystem. A partial subsystem is one where data originates and receives partial processing. The data is then forwarded to another agency to complete processing. Feeder subsystems that transmit data to the various finance or processing centers are included in this group.

6 RESPONSIBILITIES

a The Secretary is responsible for ensuring that the planning, development, review, and reporting on the USDA Financial Management System and its components are in accordance with OMB Circular A-127.

b The Inspector General should provide technical assistance and advice in the USDA effort to review and improve the USDA Financial Management System. This is in addition to reviews of financial subsystems undertaken on the Inspector General's initiative or at the request of the Secretary, and the reports issued as a result of these reviews.

The Inspector General should advise the Secretary whether the annual reviews of the USDA Financial Management System and its components have been conducted in accordance with OMB guidelines. Performing the limited review required to provide this advice does not preclude the Inspector General from providing technical assistance in the USDA effort to evaluate and improve the USDA Financial Management System and its components, or otherwise limit the authority of the Inspector General. The extent of Inspector General involvement will be coordinated among the Secretary, the Inspector General, and the Director of the Office of Finance and Management.

c The Director of the Office of Finance and Management is responsible for operating the USDA Financial Management System, and for coordinating the overall USDA effort to review, improve, and report on the system and its subsystems in accordance with OMB Circular A-127.

d Component and subsystem managers are responsible for performing annual limited and detailed reviews, testing subsystems in operation, coordinating partial subsystems reviews with agency internal control staff, and issuing reports on the results of the reviews.

All component and subsystem managers must participate in planning and evaluating to ensure that component and subsystem user needs are met. Responsibility for performing component and subsystem reviews must be made an element of the managers' performance standards.

7 FINANCIAL MANAGEMENT SYSTEMS REVIEW PLAN

Each agency must prepare a systematic plan for conducting limited and detailed reviews of its Financial Management System component/ subsystems. The plan should be a product of the agency's strategy for completing an entire OMB Circular A-127 compliance review within the three-to-five year time frame.

The plan must include:

- a an inventory of subsystems with dates of completed or scheduled reviews
- b an identification of the requirements that govern the design and operation of each subsystem
- c a description of the procedures to be used for each limited and detailed review, including a separate description for partial subsystems
- d a copy of summary component flow chart(s)

Agencies must submit the financial management systems review plan to the Office of Finance and Management on January 15 of each year.

8 REVIEWS

Limited reviews should be performed annually with a projected completion of 3 to 5 years. The review should identify the subsystems and related specific requirements and encompass a high-level, structured review procedure designed to indicate whether or not the subsystems meet the objectives and requirements of OMB Circular A-127.

Detailed reviews, including transaction testing, must be performed on each subsystem at least every 3 to 5 years. The review must build on the results of the limited review as well as other data known about each subsystem.

Each partial subsystem must be included in the review process. However, where internal control procedures overlap the OMB Circular A-127 review process, the component or subsystem manager may rely on the results from the OMB Circular A-123.

The general guidance provided in Chapters IV and V of the Guidelines for Evaluating Financial Management/Accounting Systems issued by OMB in May 1985 may be used to structure these reviews.

Documentation of the review process must detail the steps taken and include the date and initials of an official who reviews for accuracy, completeness, and quality. The component or subsystem manager must review and approve the final report. All working papers must be made available for final review by the Office of Finance and Management, and must be retained for 6 years.

9 USE OF EVALUATIONS

Information obtained from evaluating the results of reviews should be used to prepare the agency's Financial Management System (FMS) Five-Year Plan and the report required by 31 U.S.C. 3512 (section 4, Federal Managers' Financial Integrity Act (FMFIA)).

10 FINANCIAL MANAGEMENT SYSTEM FIVE-YEAR PLAN

a Agencies must submit to OFM by September 15 of each year an FMS Five-Year Plan showing:

- (1) annual obligation and outlay estimates for the current, budget, and four succeeding years
- (2) subsystems not in conformance with Circular A-127 and the principal nonconforming characteristics reported in the most current FMFIA reports
- (3) improvements required to achieve OMB Circular A-127 policy and objectives, with related obligation and outlay estimates, milestones, and anticipated benefits

b Guidance for preparing the plan is set forth in Chapter VI and Appendix F of the OMB Guidelines for Evaluating Financial Management/Accounting Systems and the annual budget call letter. The required format is contained in Appendix F.

The plan must be developed jointly among the component or subsystem managers, agency budget staff, and information resources staff.

Agency FMS plans will be consolidated by OFM to produce the USDA submission required by OMB Circular A-127.

c The following Appendix F data must be included with the agency's plan:

- (1) total Part I obligations must be less than or equal to the total obligations for Schedule 43B
- (2) Part I obligations must be included with the Schedule 43B, Class 2, for related items
- (3) Part III obligations must be included with the Schedule 43B, Class 1, for related items

11 ANNUAL REPORTING

31 U.S.C. 3512(c)(2)(B) (section 4 of the FMFIA) requires each executive agency head to report annually to the President and Congress on whether the agency's accounting

system conforms to the principles, standards, and requirements prescribed by the Comptroller General.

Each agency must prepare a report to the Secretary as to whether the agency component of the USDA Financial Management System conforms to the Comptroller General's principles, standards and requirements. The report must contain the following information:

- a a description of the financial management and accounting subsystem review process, including the organization used to carry out the review process, the method used to select subsystems, the results of the reviews, and actions taken to address deviations
- b the description of each financial management or accounting subsystem
- c the status of deviations and enhancements identified in prior reports
- d an action plan for needed changes that were identified in the current year

12 ANNUAL REPORT DEADLINES

- a By October 31 of each year, agency heads must submit the annual report to their Under Secretary or Assistant Secretary.
- b By November 15 of each year, Under Secretaries and Assistant Secretaries must submit agency reports to the Assistant Secretary for Administration with a cover memorandum indicating approval of the reports. The memorandum should be addressed to the Secretary. Three copies of the memorandum and the agency's report must be sent to the Program Development Staff of OFM.
- c By December 15 of each year, the Assistant Secretary for Administration will submit a composite report to the Secretary.
- d By December 31 of each year, the Secretary will submit the report to the President and Congress.

13 INQUIRIES

Inquiries should be directed to the Office of Finance and Management, Program Development Staff, 382-1213.

APPENDIX A

U.S. Department of Agriculture

FINANCIAL MANAGEMENT SYSTEM

COMPONENTS AND SUBSYSTEMS

USDA Financial Management System

John E. Carson, Director

Office of Finance and Management

447-8345

Agricultural Stabilization and Conservation Service Accounting and Review Administrative and Program Component, Angelena V. Bracht, Director, Fiscal Division, 447-6163

Accounting, Budgeting, and Reporting Subsystem - ASCS

Consolidated Property Inventory Subsystem

Conservation Reporting and Evaluation Subsystem

County Office Administrative Expense Subsystem

Check Accounting Subsystem

ASCS Claims and Receivables Subsystem

Farmers Home Administration Loan and Grant Accounting Program Component, Dwight Calhoun, Deputy Administrator for Financial and Administrative Operations, 447-7015

Federal Crop Insurance Corporation Program Accounting Component, Rob Brammer, Comptroller, 447-5183

Foreign Agricultural Service Component (Central Accounting Subsystem), Donald A. Peterman, Chief, Fiscal Operations Branch, 447-5281

Overseas Accounting Subsystem	Fund Control Subsystem
Detail Reconciliation Subsystem	Voucher Examination and Payments Subsystem

Food and Nutrition Service Fiscal Accounting and Reporting Program Component, Raymond A. Pugh, Deputy Administrator for Financial Management, 756-3046

Forest Service Program Accounting and Management Reporting Component, (Central Accounting Subsystem), Clarence E. Tipton, Director, Fiscal and Accounting Management, 235-8130

Collections and Accounts	Allocation Process
Receivable Subsystem	Subsystem
Payments Certified by OFM	Payments Certified by FS
Subsystem	Subsystem
Timber Sales Accounting	Personal Property
Subsystem	Management Information
Fire Time Payments Subsystem	Subsystem
Unpaid Obligations Subsystem	Working Capital Fund
Real Property Management	Subsystem
Imprest Fund Subsystem	

Office of Finance and Management's National Finance Center, Administrative Component, John E. Carson,
Director, 447-8345

Accounting and Reporting Subsystems

Accounting Internal (ACCT)

Agency Accounting/Reporting Subsystem (RPTG)

Billing Analysis Subsystem (BILL)

Planning and Tracking Subsystem (FIATS)

Employment Reporting Subsystem (MFR)

Central Accounting Data Base Inquiry (CADI)

Central Accounting Subsystem (CAS)

Budget Cost Subsystem (BUDG)(BCST)

Budget and Operating Plans (PLAN)

Centralized Accounting Reconciliation Subsystem (CARS)

Department-Wide Financial Information Subsystem

(DFIS)

Energy Travel Subsystem (EGTR)

Financial Analysis of Management Effectiveness

(FAME)

General Ledger Interactive Description Subsystem

(GLIDES)

General Ledger Subsystem (LEDG)

Management and Accounting Structure Codes

Subsystem (MASC)

Transaction Distribution Subsystem (DIST)

Miscellaneous Income Reporting Subsystem (MINC)

Working Capital Fund Subsidiary (WCFS)

NFC Administrative Systems

NFC Budget Subsystem

NFC Procurement Subsystem

Payments Subsystems

Casual, Employees Time Reports Subsystem (CETR)

Correction, Adjustment, (Manual) Payment Subsystem
(CAPS)

Disbursing Subsystem (DISB)

FEDSTRIP Subsystem (FEDS)

Federal Telephone System Payments (FTSP)

Gasoline Credit Card Subsystem (CRED)

Government Transportation Subsystem (GVTS)

Imprest Funds Subsystem (IMPF)

Miscellaneous Payments Subsystem (MISC)

Motor Pool Subsystem (MPOL)

Purchase Order/Invoice/Voucher Subsystem (PVIN)

Purchase Order Subsystem (PRCH)

Telephone Vendors Subsystem (TELE)

Transportation Subsystem (TRAN)

Travel Advance Subsystem (ADVN)

Travel Vouchers Subsystem (TVCH)

Uniform Allowances Subsystem (UNAL)

Utility Venders Subsystem (UTVN)

Payroll/Personnel Subsystem

Adjustment Processing Subsystem (ADJP)

Federal Employees Health Benefits Subsystem (FEHB)

Merit Pay Subsystem (MPAY)

Payday Interface to Centralized Accounting
Subsystem (PICA)

Payroll Accounting System (PACS)

Payroll Processing Subsystem (PAYE)

Personnel Processing Subsystem (PEPL)

Retirement Application Subsystem (RETM)

T&A Validation Subsystem (TIME)

Collection Subsystems

Billings and Collections - Administrative
Subsystem (BLAD)

Billings and Collections Subsystem (BLCO)

Property Subsystems

Equipment Management Information Subsystem (EMIS)

Personal Property Subsystem (PROP)

Supply/Property Inventory Subsystem (SPIN)

Office of International Cooperation and Development Component (Central Accounting Subsystem),
Charles H. Cook, Assistant Administrator for Administration, 475-5246

Fund Control and Reconciliation Foreign Participation

Subsystem

Allowance Subsystem

Invoice Examination and Payment

Subsystem

Rural Electrification Administration, Program Component and Central Accounting Subsystem, Robert D.
Ruddy, Director, Fiscal Accounting Division, 382-8823

Rural Electrification and Telephone Revolving Fund Program Accounting Subsystem

Advance Subsystem

Billing Subsystem

Collection Subsystem

Federal Financing Bank

Accounts Receivable Subsystem Guaranteed Loan Advances,
Billings, and Collections

Subsystem

