

UNNUMBERED LETTERS ISSUED FOR THE MONTH OF OCTOBER 2003

Dated	Subject	Distribution
10-14-03	Financial Management Division Review Guide Fiscal Year (FY) 2004	S/D
10-17-03	Interest Rate Changes for Housing Programs and Credit Sales (Nonprogram)	S/D, RDM, CDM
10-24-03	Program Loan Cost Expense Funds FY 2004 Allocations and Requirements Under the Credit Reform Act of 1990	S/D
10-27-03	Rural Development's Budget and Performance Integration Process	S/D
10-28-03	Commercial Printing Report	S/D
10-29-03	Fiscal Year 2004 State Internal Review Handbook Updates	S/D
10-31-03	Strategic Management for Performance Results Seminar	S/D
	Need for More Precise Documentation of Community Facilities Program Files	S/D
	Equal Opportunity (Program Compliance)	S/D

October 14, 2003

SUBJECT: Financial Management Division Review Guide  
Fiscal Year (FY) 2004

TO: Rural Development State Directors

ATTN: Administrative Program Directors and  
Management Control Officers

Attached is a copy of the Financial Management Division (FMD) control objectives and techniques (COTs) and review guide for FY 2004. The COTs contain the objectives and scope of the FMD reviews and the review guide contains the areas that will be reviewed.

Both the COTs and review guide contain four separate sections or areas that will be reviewed as part of the FMD review:

- Section 1: Audits, Investigations, and Hotlines
- Section 2: Collections
- Section 3: State Internal Reviews (SIRs)
- Section 4: Federal Managers= Financial Integrity Act  
(FMFIA) Implementation

The FY 2004 FMD review schedule was issued in an Unnumbered Letter dated July 1, 2003. States scheduled for review will receive advance notification prior to the review date. A confirmation memorandum will be provided approximately 30 days prior to the review date.

If there are any questions regarding the FMD reviews or the attached review guide, please contact the FMD, at 202-692-0080.

*(Signed/John M. Purcell)*

JOHN M. PURCELL  
Director  
Financial Management Division

Attachments

EXPIRATION DATE:  
September 30, 2004

FILING INSTRUCTIONS:  
Administrative/Other Programs

Sent by Electronic Mail 10/20/03 at 2:05p.m. by the FMD.

**FY 2004 FINANCIAL MANAGEMENT DIVISION REVIEW**  
**SECTION I: AUDITS, INVESTIGATIONS AND HOTLINES**

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
<p>Ensure mission area is in compliance with requirements of Departmental Regulation (DR) 1720-1 and RD Instructions 2012-A and B.</p>	<p>Violation of USDA and mission area regulations.</p>	<p>Keep RD Instructions 2012-A and B up-to-date to ensure compliance with USDA and mission area policies.</p> <p>Conduct training/teleconferences with Management Control Officers (MCOs) to discuss changes in policy, problem areas, and reinforce policy requirements.</p>
<p>Managers will promptly evaluate findings and recommendations reported by auditors; determine proper actions in response to audit, investigation, and hotline findings and recommendations; and complete responses and actions in a timely manner.</p>	<p>Risk of possible fraud, waste, abuse, and misuse of Government monies and assets.</p> <p>Negative publicity for mission area.</p> <p>Elevation of audit to higher level.</p> <p>Possibility of being reported to the President and Congress in the Office of the Chief Financial Officer's (OCFO's) Performance and Accountability Report.</p> <p>Hotline complaints are reported to the Under Secretary for Rural Development at Sub-Cabinet meetings until resolved.</p> <p>If investigations and hotline complaints are not resolved timely, there is a risk of adverse actions or possibility of violence in the workplace.</p>	<p>Require an automated tracking system within guidelines set forth in RD Instructions 2006-M, 2012-A, and 2012-B.</p> <p>Monitor for timely responses from managers utilizing the Automated Reports Tracking System (ARTS); advising managers of overdue responses and possible consequences.</p> <p>Review State Office (S/O) ARTS tracking of audit data for effective monitoring.</p> <p>Send copies of requests for audits and investigations to the Financial Management Division (FMD).</p> <p>Send copies of responses timely to FMD.</p> <p>Submit timely and complete responses to the OIG and OCFO.</p>

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
State Director (SD) will assure that the MCO is designated to monitor, track, and keep safe all requests for audits, investigations, and hotlines. Confidentiality will be maintained on a need to know basis.	Leaks of information to audited and investigated parties.  Lack of timely responses.  Risk of possible fraud, waste, abuse, and misuse of Government monies and assets.	Require MCO participation in all entrance and exit conferences.  Files will be maintained by the MCO.  Files will be checked out through the MCO on a need to know basis.  Files will be kept in a locked cabinet except when being used.  Confidentiality will be maintained at all times.
Ensure proper maintenance of audit, investigation, and hotline files in accordance with mission area regulations.	Violation of Rural Development regulations.  Lack of documentation for future reference.	Review filing system for maintenance requirements and required correspondence.
Ensure retention requirements are in compliance for files and automated records.	Lack of audit history.  Violation of Rural Development regulations.	Review files and automated tracking system to ensure compliance.
Ensure mission area awareness of audit findings and recommendations.	Offices not included in audit not informed of problems found in audit process and these offices may have similar problems.  Training not provided on areas where deficiencies are occurring.	Require an analysis of audit findings for National Office (N/O) and S/Os (RD 2012-A).  Require SD and MCO to inform offices within state of audit findings (RD 2012-A).  S/O managers should review findings and perform training on areas identified as problems in audits (RD 2012-A).
Ensure ARTS complies with RD Instructions 2006-M and 2012-A and B.	Lack of timely responses.  Inadequate or incorrect data.  Potential for loss to Government.  Violation of regulations.	Review screens for required components and data entry.  Periodically print and review reports to ensure data entered is correct and timely responses are received.

**FY 2004 FINANCIAL MANAGEMENT DIVISION REVIEW  
SECTION II - COLLECTIONS**

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
Ensure compliance with RD Instruction 1951-B and the Interim Procedures – Management Control and Review of Field Office Collection Activities (Interim Procedures Review Guide).	Possibility of theft.  Misuse of funds.	Conduct reviews of the state collection process in accordance with the Interim Procedures Review Guide.
Ensure the associated duties of receiving and processing collections are rotated at least semi-annually in all offices.	Possibility of theft.  Misuse of funds.  Common errors of misapplied payments.  Interest loss to the Government.	Rural Development Managers (RDMs) and/or S/O staff perform semi-annual reviews of the receiving and processing of collections (separation of duties) and document their findings.  Documentation of findings in the operational files should be sufficient enough for the reviewer to determine an audit trail.
Ensure S/O collection duties and activities comply with RD Instruction 1951-B and the Interim Procedures Review Guide.	Possibility of theft.  Misuse of funds.  Common errors of misapplied payments.  Interest loss to the Government.	Supervisor or designee will review collections on a daily basis and document findings.  Semi-annual review of the safeguarding and handling of collection activity in the S/O is conducted to determine that the associated duties are rotated at least semi-annually.  Annual oversight review of S/O collections is conducted using the Interim Procedures Review Guide.

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
<p>Ensure collection reviews are performed during State Internal Review (SIR).</p>	<p>Possibility of theft. Misuse of funds.  Common errors of misapplied payments.  Interest loss to the Government.</p>	<p>SIR team member will perform a collection review during the SIRs of Area Offices (A/O) and Local Offices (L/O).</p> <p>SIR team member will document their findings and include in the SIR written report to the SD, RDM, and Community Development Manager (CDM) as appropriate.</p> <p>Recommendations for corrective actions will be made and follow-up performed by the CDM and RDM as appropriate.</p> <p>The MCO will review RDM and CDM responses and make recommendations for closure or additional action.</p> <p>MCO responsible for tracking all corrective actions until closure by the SD.</p>
<p>Ensure the Interim Procedures Review Guide is completed monthly by the office supervisor and annually by the next level supervisor or designee. (CDMs review L/Os monthly and RDM reviews annually. RDM reviews A/Os monthly and S/O reviews annually.)</p>	<p>Possibility of theft. Misuse of funds.  Common errors of misapplied payments.  Interest loss to the Government.</p>	<p>The Interim Procedures Review Guide will be completed annually on S/O collections, with a copy maintained in the S/O operational file.</p> <p>The Interim Procedures Review Guide will be completed annually for all the L/Os and A/Os by RDMs for L/Os and either S/O or another A/O for all A/Os. A copy will be sent to the SD/MCO with a copy maintained by the L/O and A/O.</p> <p>The Interim Procedures Review Guide will be completed monthly for all A/Os and L/Os by the office supervisor and retained in the A/O and L/O operational files.</p> <p>The MCO will have a system to track and monitor to assure Interim Procedure Review Guides are completed in accordance with instructions for performing the reviews.</p>

**FY 2004 FINANCIAL MANAGEMENT DIVISION REVIEW  
SECTION III - STATE INTERNAL REVIEWS**

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
<p>Ensure mission area management control program is in compliance with the intent of the Federal Managers' Financial Integrity Act (FMFIA) and Office of Management and Budget (OMB) Circular A-123.</p>	<p>Lack of management controls within the mission area programs.</p> <p>Violation of Federal law.</p>	<p>FMD, with the Senior Management Control Council (SMCC), develops, implements, and administers management control policies for the mission area.</p> <p>Director, FMD, chairs Management Control Advisory Groups (MCAGs) to provide input and elevate management control issues to the Senior MCC.</p>
<p>Ensure mission area is in compliance with requirements of the RD Instruction 2006-M and DR 1110-2.</p>	<p>Violation of Department and mission area regulations.</p> <p>Lack of management controls within mission area programs.</p>	<p>Serve as the focal point for the mission area for all management control issues including audit, investigation, and hotline complaint inquiries/responses.</p> <p>Require that current RD Instruction 2006-M is used to ensure compliance with Department and mission area policies.</p> <p>Review State procedures and policies during reviews.</p> <p>Conduct regular regional teleconferences with MCOs to discuss changes in policy, problem areas, and reinforce policy requirements.</p>
<p>Ensure Management Control Reviews (MCRs) are conducted timely and properly, in accordance with the approved 5-year plan and RD Instruction 2006-M.</p>	<p>Possible fraud, waste, abuse, and misuse of Government monies and assets.</p> <p>Ineffective process with no follow-up.</p>	<p>Plan and coordinate all MCRs with program staff.</p> <p>Monitor status of corrective actions through ARTS.</p> <p>Conduct follow-up through closure of the report.</p> <p>Summarize findings for problem awareness, and identify material weaknesses for the annual FMFIA report.</p>

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
Ensure State's management control program is in compliance with RD Instruction 2006-M.	No consistency in management control programs nationwide.	<p>Conduct periodic review of the State's management control program.</p> <p>Provide training to all MCOs on all Federal, Department, and mission area requirements every 2 years.</p>
Ensure S/O is using the current RD Instruction 2006-M.	<p>Inconsistent policies carried out in field offices.</p> <p>Problems in SIR process not corrected timely - process ineffective.</p>	Require that State Instructions or other written policies and procedures regarding the State Internal Review (SIR) process are in accordance with current RD Instruction 2006-M.
Ensure adequate personnel are designated to assist the SD to carry out management control responsibilities.	<p>Lack of clear direction and awareness of responsibility could cause an ineffective management control program.</p> <p>Miscommunication and confusion among staff.</p>	<p>Require SD designate the MCO, State Senior Management (SSM) team, and SIR team members in writing to carry out responsibilities detailed in RD Instruction 2006-M.</p> <p>Require notification of MCO designation to all personnel within a state.</p> <p>Require MCO report directly to the State Director to keep them informed of all management control issues.</p> <p>Require updates and changes to MCO designation be submitted to the FMD.</p> <p>Require SIR team members to be knowledgeable S/O staff.</p> <p>Review performance plans for the MCO, SSM team, and SIR team members to determine if they accurately reflect management control responsibilities.</p>



<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
<p>Ensure 5-year SIR cycle is maintained.</p>	<p>Offices will not be reviewed on a rotational basis as required.</p> <p>All offices will not be reviewed.</p> <p>Some offices will be reviewed more than other offices without reason.</p> <p>Problems may not be detected and corrected for an extended period of time.</p> <p>Problems may escalate before being detected and corrected.</p>	<p>Require a log of SIRs to be performed on a fiscal year basis, scheduling all field offices and centralized program functions to assure rotation is accomplished on a minimum 5-year cycle.</p> <p>Require annual updates to the 5-year SIR schedule so that the current 5-year cycle is always reflected.</p> <p>Maintain a copy of planned and completed reviews documenting reasons for eliminating reviews or rescheduling in S/O 2006-M operational file.</p> <p>Require SSM team and MCO to select offices for SIRs/Mini-SIRs and establish the 5-year SIR schedule and subsequent updates.</p> <p>Obtain written waivers from FMD, if reviews are unable to be completed due to shortage of personnel, etc.</p>
<p>Ensure SIRs are coordinated and comprehensive.</p>	<p>Risk of possible fraud, waste, abuse, and misuse of Government monies and assets.</p> <p>Without team review, reviews are sporadic and not comprehensive.</p> <p>Disruption to reviewed offices not kept to a minimum.</p> <p>Lack of coordination effort may reduce impact and efficiency of review process.</p>	<p>Require reviews that are comprehensive in nature including all items in the SIR Handbook (at a minimum) and reviewers must document when questions are N/A.</p> <p>SIRs should be performed simultaneously by a joint team, with a SIR team coordinator, and SIR team members.</p> <p>Require MCO to serve as team coordinator for all SIRs.</p> <p>Require that appropriate external customers (borrowers, lenders, Realtors, etc.) are included in the SIR through documented interviews.</p> <p>Require that the appropriate number of dockets is reviewed and findings documented.</p>

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
<p>Ensure centralized program functions are properly reviewed and included in the SIR process.</p>	<p>Risk of possible fraud, waste, abuse, and misuse of Government monies and assets within a centralized program.</p> <p>Possibility of staffs reviewing their own work and not reporting findings or weaknesses within the programs.</p> <p>No review conducted of a centralized program.</p>	<p>Require the inclusion of centralized program functions in the 5-year SIR schedule.</p> <p>Require review from external resources.</p> <p>Review documentation of assistance received from external resources.</p>
<p>Ensure SIRs are conducted in accordance with RD Instruction 2006-M.</p>	<p>Risk untimely reports and responses.</p> <p>Possible confusion and inefficiency in the review process.</p> <p>Uninformed and/or misinformed staff.</p> <p>Negative impact on the SIR process, as well as working conditions.</p>	<p>Offices scheduled for review must be notified in writing at least 20 workdays in advance of the SIR.</p> <p>Require entrance conferences at the beginning of each SIR.</p> <p>Require exit conferences at the end of each SIR with all SIR team members, and staff from the reviewed office.</p> <p>Require SD, RDM, or their designees, and the MCO participation in all exit conferences.</p> <p>SIR team members to discuss tentative review findings with staff from the reviewed office at the exit conference and provide draft report.</p>

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
<p>Ensure final SIR report is issued timely.</p>	<p>Problems overlooked or not taken seriously if not identified in written SIR report.</p> <p>No accountability for managers if no report issued and corrective actions not required.</p> <p>Potential for fraud, waste and abuse of Government assets to continue unnecessarily.</p> <p>Lack of emphasis on review process and review findings if report is not issued timely.</p>	<p>SIR team members required to submit final written reports to the S/O, Attn: MCO, within 10 workdays of the exit conference.</p> <p>The reviewed office is required to respond in 10 workdays from exit conference with an action plan to correct deficiencies reported in the exit conference.</p> <p>MCO and SSM Team review findings and action plans.</p> <p>SIR team coordinator to issue final written report within 30 workdays of the exit conference under SD signature.</p> <p>Require report format and review for compliance.</p>
<p>Ensure final SIR reports are complete.</p>	<p>Missing information may cause confusion in responses and follow-up activities.</p> <p>Lack of documentation for future reference.</p> <p>Weaknesses/deficiencies may be overlooked.</p>	<p>Final SIR reports must be comprehensive and contain a cover sheet, executive summary, summaries by each program/administrative area, plans for implementation of corrective actions, timeframes for follow-up, and dates for the next SIR and any Mini-SIRs.</p> <p>Program/administrative summaries must identify strengths, weaknesses, recommendations for corrective actions, and target dates for completion.</p> <p>Each weakness in the report has a corresponding recommendation for corrective action with a target date for completion.</p>

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
<p>Ensure Mini-SIRs are conducted when required.</p>	<p>Problem areas continue to deteriorate without further attention and review.</p> <p>Non-compliance has no consequences and problems are recurring.</p>	<p>Compliance scores are to be calculated utilizing the SIR Handbook spreadsheets provided by FMD during each SIR.</p> <p>Program/administrative areas scoring less than 80% compliance require a Mini-SIR within 6 months of the SIR report.</p> <p>Mini-SIR reviewers must document findings in a final report to the State Director, with copies to RDM and reviewed office, as appropriate, within 10 workdays of the Mini-SIR.</p> <p>Mini-SIRs require the same tracking and monitoring as full SIRs until all corrective actions have been implemented and the report is closed.</p> <p>Require monitoring and tracking of all Mini-SIRs separate from the SIRs.</p>

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
<p>Ensure timely closure of SIR reports.</p>	<p>Reports closed without adequate review of responses and corrective actions may not have been performed.</p> <p>Inadequate responses and corrective actions performed.</p> <p>S/O management not working as a team to resolve problems identified.</p> <p>The same problems continue.</p> <p>Loss of funds or assets due to fraud, waste, and abuse not identified or corrected.</p>	<p>Require the use of ARTS to monitor follow-up activities that meet requirements of RD Instruction 2006-M.</p> <p>Report responses must be routed to S/O staff and SSM Team, and recommendations for closure are acted on timely by the SD.</p> <p>Appropriate RDMs and CDMs must take corrective action to resolve the weaknesses identified and report, in writing, within 60 workdays of the issuance of the final SIR report, through the RDM, to the SD.</p> <p>RDMs are responsible to see that their CDMs respond timely and they are accountable to see that corrective actions have been taken and there is an audit trail.</p> <p>SD to notify RDM and CDM if further action is required and give another 60 workdays to respond until all actions are acceptable.</p> <p>When all corrective actions have been performed satisfactorily, the SD issues a closure letter to the RDM and CDM stating no further action is required.</p> <p>MCO oversees this process in the S/O and assures that follow-up is monitored and tracked effectively and that a documented audit trail is available in the S/O operational files.</p>

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
<p>Ensure mission area awareness of SIR findings and recommendations.</p>	<p>States/Offices not reviewed are not informed of problems found in SIR process and these offices may continue making the same errors.</p> <p>Training not provided in areas where deficiencies are occurring.</p>	<p>Require annual summary of SIR findings to FMD by December 31 each year.</p> <p>Require S/O managers review findings and perform training in areas identified as problems.</p> <p>Require that SD share summary of SIR findings with all employees within their State for problem awareness.</p> <p>Require nationwide compilation and analysis by FMD of all annual SIR summaries distributed nationwide for problem awareness.</p>

**FY 2004 FINANCIAL MANAGEMENT DIVISION REVIEW  
SECTION IV - FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT IMPLEMENTATION**

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
<p>Ensure compliance with RD Instructions 2060-A, Exhibit B and 2006-M; and FMFIA requirements.</p>	<p>Potential for waste, fraud, and abuse of Government assets and funds.</p> <p>Lack of management controls allows problems to escalate without being detected and corrected.</p> <p>Inability to report reasonable assurance for Section 2 in the FMFIA year-end report.</p>	<p>Conduct periodic reviews of the State's management control program.</p> <p>Keep RD Instructions current.</p> <p>Conduct training and teleconferences.</p>
<p>Establish a central person in each State to fulfill the requirements of FMFIA and provide guidance to the designated Deputy MCO (the SD).</p>	<p>No implementation of FMFIA within the State.</p> <p>Some controls in place in State but no central contact person, lack of continuity, and no follow-up to assure changes are made.</p> <p>Large losses of Government monies and assets, due to fraud, waste, and abuse.</p>	<p>SD designates a central contact person as the MCO for the State in writing to the individual and all State employees.</p> <p>Place MCO duties in the individual's position description and establish some form of measurable criteria in their performance plan.</p>
<p>Assure that the MCO has management controls as a critical element in their performance plan and has adequate time to perform the duties assigned.</p>	<p>If not a critical element, the management control work may become low priority.</p> <p>Not having one person in control for early detection of potential risk areas within the State.</p>	<p>Management control responsibilities (Program/Resource Management or clarifying language to include management control responsibilities) are a critical element in the MCO's performance plan.</p> <p>Notify FMD when changes take place in MCO, so no lapse of time takes place and arrangements for training can be made.</p>

<b>CONTROL OBJECTIVE</b>	<b>POTENTIAL RISK</b>	<b>CONTROL TECHNIQUE</b>
<p>Meet the requirements of the law, FMFIA, DR 1110-2, and OMB Circular A-123, that all managers must comply with management controls and assure to the best of their ability that they are doing all within their power to prevent losses due to fraud, waste, and abuse.</p>	<p>Violation of the law, potential administrative action may be taken.</p> <p>Potential for waste, fraud, and abuse of Government assets and funds.</p>	<p>Ensure that management controls (Resource Management or clarifying language to include management control responsibilities) are a critical element in all managers' performance plans with specific criteria for evaluation of the job done.</p> <p>Provide periodic training in the area of management controls to managers and employees to keep them apprised of their responsibilities.</p>



**FINANCIAL MANAGEMENT DIVISION  
REVIEW**

**FY 2004**

<b>STATE NAME</b>
<b>REVIEW DATE</b>
<b>REVIEWER</b>
<b>INTERVIEWEES</b>

**SECTION I  
AUDITS, INVESTIGATIONS, AND HOTLINES**

**FY 2004 FMD REVIEW GUIDE**

<b>SECTION I.</b>				
<b>AUDITS, INVESTIGATIONS, AND HOTLINES</b>				
1.	Are all audits and related materials kept in a locked cabinet or other locked repository? [RD Instruction 2012-A, 2012.32(b)]	YES _____	NO _____	N/A _____
	Are the audits and related materials maintained by the MCO?	YES _____	NO _____	N/A _____
If no to any of the above, explain.				
2.	Are audit recommendations tracked and monitored in the Automated Reports Tracking System (ARTS) for follow-up in accordance with RD Instructions 2006-M and 2012-A? [RD Instructions 2012-A, 2012.31 & 2006-M, Exhibit D II (c)] <b>Obtain a copy of State Office tracking system for documentation.</b>	YES _____	NO _____	N/A _____
If no, explain.				
3.	Are Multi-State OIG audits being tracked and monitored in ARTS by the MCO? (Check to ensure the MCO is adding their 2-digit state postal code abbreviation to the end of the audit number, e.g. 04099-001-CH-WI.)	YES _____	NO _____	N/A _____
If no, explain.				

**FY 2004 FMD REVIEW GUIDE**

<p>4. Does the MCO attend all OIG and GAO entrance and exit conferences? [RD AN No. 3820 (2006-M and 2012-A)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>5. Are copies of all State responses to audits routed through the MCO for tracking in ARTS and distribution purposes? [RD Instruction 2012-A, 2012.12(e)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>6. Are copies of all correspondence that pertains to audits forwarded to the Financial Management Division (FMD)? [RD Instruction 2012-A, 2012.24(e)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>7. Are responses to open Audit Reports complete and submitted in a timely manner? [RD Instruction 2012-A, 2012.12(e)(3)] (This information is provided to the reviewer by Audit Liaison prior to review.)</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			

**FY 2004 FMD REVIEW GUIDE**

<p>8. Are any audits open without management decision over 90 days from release date?</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>If yes, has the MCO notified FMD of possible elevation to the National Office? [RD Instruction 2012-A, 2012.12(e)(10)]</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>9. Are any audits open with management decision but without final action?</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>If yes, which ones and how long have they been open?</p>			
<p>10. Are any audits being reported to the President and Congress in the Office of the Chief Financial Officer's (OCFO) Performance and Accountability Report? (This information is provided to the reviewer by audit staff prior to review.)</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>11. Are audit findings and recommendations shared within the State? [RD Instruction 2012-A, 2012.12(e)(11)]</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>

**FY 2004 FMD REVIEW GUIDE**

<p>12. Are OIG investigations and related materials kept in a locked cabinet or other locked repository? [RD Instruction 2012-B, 2012.60(b)]</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>Maintained by the MCO?</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>If no, explain.</p>			
<p>13. Are investigation reports tracked in ARTS and monitored for follow-up in accordance with RD Instructions 2006-M and 2012-B? [RD Instruction 2012-B, 2012.59(a) and 2006-M, Exhibit D II (c)] <b>Obtain a copy of State Office tracking system for documentation.</b></p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>14. Are copies of all State responses to investigations routed through the MCO for tracking and monitoring purposes? [RD Instruction 2012-B, 2012.59(b)]</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>If no, explain.</p>			
<p>15. Are copies of the required correspondence that pertains to investigations forwarded to FMD as required by RD Instruction 2012-B? [RD Instruction 2012-B, 2012.56(b)(2)]</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>16. Are responses to investigations submitted in a timely manner? [RD Instruction 2012-B, 2012.59(b)]</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>

**FY 2004 FMD REVIEW GUIDE**

<p>17. Are OIG hotline complaints and related materials kept in a locked cabinet or other locked repository? [RD Instruction 2012-B, 2012.64(c)]</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>Maintained by the MCO?</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>If no, explain.</p>			
<p>18. Are hotline/whistleblower reports tracked in ARTS and monitored for follow-up in accordance with RD Instructions 2006-M and 2012-B? [RD Instruction 2012-B, 2012.59(b)] <b>Obtain a copy of State Office tracking system for documentation.</b></p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>If no, explain.</p>			
<p>19. Are copies of all State responses to hotlines routed through the MCO for tracking and distribution purposes? [RD Instruction 2012-B, 2012.59 and 2012.64(b)]</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>If no, explain.</p>			

**FY 2004 FMD REVIEW GUIDE**

20. Are responses to hotlines submitted in a timely manner to FMD as requested? [30 to 45 days to FMD] [RD Instruction 2012-B, 2012.64 (b)]	YES _____	NO _____	N/A _____
If no, explain.			
21. Does ARTS contain all data required by RD Instructions 2012-A and B? [RD Instruction 2012-A, 2012.12 and 2012.31 and 2012-B, 2012.59]	YES _____	NO _____	N/A _____
22. Are OIG audits and related correspondence retained for 8 FYs, investigation and related correspondence for 10 FYs, and hotlines and related correspondence for 10 FYs after closure date as required by RD Instructions 2012-A and B? [RD Instruction 2012-B, 2012.60(a) {investigations}; 2012.64(c) {hotlines}; and 2012-A, 2012.32(a) {audits}]	YES _____	NO _____	N/A _____
NOTES:			

**FINANCIAL MANAGEMENT DIVISION  
REVIEW**

**FY 2004**

<b>STATE NAME</b>
<b>REVIEW DATE</b>
<b>REVIEWER</b>
<b>INTERVIEWEES</b>

**SECTION II  
COLLECTIONS**



**FY 2004 FMD REVIEW GUIDE**

<b>SECTION II.</b>				
<b>COLLECTIONS</b>				
1.	Do SIR teams review collections during reviews of the Local and Area Offices; documenting their findings, including corrective actions, in a written report to the SD, RDM, and CDM?	YES _____	NO _____	N/A _____
2.	Has action been taken by the RDMs and the CDMs on recommendations made by the SIR teams?	YES _____	NO _____	N/A _____
If yes, explain.				
3.	For annual oversight reviews, are copies of the completed Interim Procedures Review Guide sent to the SD/MCO, Area Office Supervisor, and the Local Office Supervisor for each office reviewed?	YES _____	NO _____	N/A _____
Who conducts these annual oversight reviews?				
4.	Are monthly collection reviews being monitored for all offices processing collections?	YES _____	NO _____	N/A _____
If yes, explain how.				

FY 2004 FMD REVIEW GUIDE

5. Does the MCO monitor to ensure that all offices receiving and processing collections rotate the associated duties semi-annually?	YES —	NO —	N/A —
If yes, explain how.			
NOTES:			

**FINANCIAL MANAGEMENT DIVISION  
REVIEW**

**FY 2004**

<b>STATE NAME</b>
<b>REVIEW DATE</b>
<b>REVIEWER</b>
<b>INTERVIEWEES</b>

**SECTION III  
STATE INTERNAL REVIEWS (SIRs)**

**FY 2004 FMD REVIEW GUIDE**

<b>SECTION III.</b>				
<b>STATE INTERNAL REVIEWS</b>				
1.	Are current State Instructions or other written policies and procedures regarding the State Internal Review (SIR) process in accordance with RD Instruction 2006-M?	YES _____	NO _____	N/A _____
2.	Has the State Director (SD) designated the Management Control Officer (MCO) in writing to have the oversight responsibility in implementing and maintaining the SIR process? [RD Instruction 2006-M, 2006.605 (f)(1)]	YES _____	NO _____	N/A _____
3.	Have all personnel within the State been notified of the MCO designation? [RD Instruction 2006-M, 2006.605 (f)(1)]	YES _____	NO _____	N/A _____
4.	Have any changes in the MCO designation, or changes in the current MCO's phone number or address, been submitted to the FMD? [RD Instruction 2006-M, 2006.605 (f)(1)]	YES _____	NO _____	N/A _____
5.	Does the MCO report directly to the SD? [RD Instruction 2006-M, 2006.605 (h)(1) ]	YES _____	NO _____	N/A _____
6.	Has a State Senior Management (SSM) team been designated in writing for the State to assist the MCO with the planning and closing of SIRs? [RD Instruction 2006-M, 2006.605 (f)(2) and 2006.605(g)]	YES _____	NO _____	N/A _____

**FY 2004 FMD REVIEW GUIDE**

<p>7. Do the SSM team and MCO determine the 5-year SIR schedule annually? [RD Instruction 2006-M, 2006.605 (g)(1) and (h)(3)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>How is this accomplished?</p>			
<p>8. Do the SSM team and MCO utilize various reports (e.g., management, financial office, FOCUS, etc.) in planning the 5-year SIR schedule? [RD Instruction 2006-M, 2006.605 (g)(2)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, what information is used?</p>			
<p>9. Does the State maintain a log that shows SIRs were planned and performed on a minimum 5-year rotational basis? [RD Instruction 2006-M, 2006.605 (f)(5)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, have measures been taken to document the reasons for not meeting Agency Instructions and policies?</p>			
<p>If yes, who is responsible?</p>			
<p>10. Is the SIR log in the operational files?</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>

**FY 2004 FMD REVIEW GUIDE**

<p>11. Does the State maintain a separate log for Mini-SIRs that are required after SIRs are completed? [RD Instruction 2006-M, 2006.605 (h)(4)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>12. Is the MCO utilizing the Automated Reports Tracking System (ARTS) for SIRs/Mini-SIRs, which meets the requirements of RD Instruction 2006-M? [RD Instruction 2006-M, 2006.605 (h)(10)] <b>Obtain a copy of State Office tracking system for documentation.</b></p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>13. Is the MCO effectively monitoring ARTS for SIRs/Mini-SIRs and keeping the SD informed of problems?</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>14. Have the correct number of SIRs been scheduled on a minimum 5-year cycle? [RD Instruction 2006-M, 2006.605 (h)(4)] <b>Obtain a copy of the State's 5-year plan for documentation.</b></p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, has a waiver from the FMD been obtained? If no, explain.</p>			
<p>15. Have annual updates been made to the 5-year SIR schedule/plan so that the current 5-year period is reflected? [RD Instruction 2006-M, 2006.605 (f)(5) and (h)(3)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>16. Have revisions to the 5-year SIR schedule/plan, annual and otherwise, been submitted to the FMD? [RD Instruction 2006-M, 2006.605 (f)(5) and (h)(3)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>

**FY 2004 FMD REVIEW GUIDE**

<p>17. Have more than the required number of reviews been accomplished or is the review cycle other than the required minimum 5-year cycle? Obtain a copy of the State Office 5-year plan for documentation.</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If yes, explain.</p>			
<p>18. Are centralized program functions included on the State's 5-year SIR schedule/plan? [RD Instruction 2006-M, 2006.605 (f)(5) and (h)(3), and 2006.607(c)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>19. Have any centralized program functions been reviewed since the last review?</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If yes, answer questions 20-23.  If no, mark questions 20-23 "N/A" and go to question 24.</p>			
<p>20. If assistance from another state was requested to conduct the SIR of the centralized program function, was a written request made to the other SD? [RD Instruction 2006-M, Exhibit B IV (d)(1)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>21. If assistance from another state was provided, did the requesting SD provide a written designation of the SIR team member from the other State? [RD Instruction 2006-M, Exhibit B IV (d)(2)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>

**FY 2004 FMD REVIEW GUIDE**

<p>22. When a state is providing assistance in conducting a SIR of another state's centralized program function, were copies of all correspondence routed through the MCOs for both states for coordination of the SIR, and copies provided to the designated SIR team members and their supervisors? [RD Instruction 2006-M, Exhibit B IV (d)(3)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>23. If assistance was requested from the FMD, was the request in writing and did it provide justification for the assistance? [RD Instruction 2006-M, Exhibit B IV (e)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>24. Have SIR team members been designated in writing by the SD? [RD Instruction 2006-M, 2006.605 (f)(3)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>25. Is the SIR team comprised of State Office staff knowledgeable of the area being reviewed? [RD Instruction 2006-M, Exhibit B IV (c)(2)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>26. Are SIR team members not reviewing their own work? [RD Instruction 2006-M, Exhibit B IV (c)(3)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>27. Is the MCO the team coordinator for each review? [RD Instruction 2006-M, 2006.605 (h)(2) and Exhibit B IV (c)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			



**FY 2004 FMD REVIEW GUIDE**

<p>28. Do State Office operational files provide an audit trail which clearly indicates field offices/ centralized program functions were notified 20 work days prior to any SIR/Mini-SIR taking place? [RD Instruction 2006-M, 2006.605 (h)(5) and Exhibit B V (c)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>29. Are SIRs performed simultaneously by a joint team with a SIR team coordinator and SIR team members?</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>30. Does the SIR team conduct a brief entrance conference with the reviewed office at the beginning of the SIR to discuss its purpose and scope? [RD Instruction 2006-M, Exhibit B V (d)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>31. Are reviews of field offices/centralized program functions comprehensive in nature, including administrative and program areas? [RD Instruction 2006-M, Exhibit B V (b)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain. Are any specific areas being left out? Why?</p>			
<p>32. Are the current SIR Handbook review guides used to conduct the review? [RD Instruction 2006-M, Exhibit B V (b)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>

**FY 2004 FMD REVIEW GUIDE**

<p>33. Has the State made revisions to the SIR Handbook?</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If yes, what revisions were made?</p> <p><b>Obtain copies for documentation.</b></p>			
<p>34. Are reviewers indicating when items are "N/A" on the review guide? [RD Instruction 2006-M, Exhibit B V (b)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>35. Are Agency office employees, lenders, borrowers, and organizations that routinely deal with the public, interviewed and the interviews documented in the SIR report? [RD Instruction 2006-M, Exhibit B V (e)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>36. For individual-type loans are at least 10 docket being reviewed by reviewers in each program area, and a representative sample of docket for group-type loans? [RD Instruction 2006-M, Exhibit B V (e)(3)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			

**FY 2004 FMD REVIEW GUIDE**

<p>37. Did review of loan docket include loans recently closed, borrowers with servicing problems, guaranteed loans, direct loans, inventory property, and rejected/withdrawn applicants? [RD Instruction 2006-M, Exhibit B V (e)(3)(i)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>38. Are docket reviewed as part of the SIR noted as being reviewed with the review date and signature of the reviewer? [RD Instruction 2006-M, Exhibit B V (e)(3)(ii)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>39. Are SIR exit conferences held with the staff of the field office/centralized program function being reviewed? [RD Instruction 2006-M, Exhibit B V (f)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p align="center">If no, explain.</p>			
<p>40. Are the SD and Rural Development Manager (RDM), or their designees, and the MCO participating (either in person or by teleconference), in the SIR exit conference? [RD Instruction 2006-M, 2006.605 (f)(4) and Exhibit B V (g) and RD AN No. 3820 (2006-M and 2012-A)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p align="center">If no, explain.</p>			

**FY 2004 FMD REVIEW GUIDE**

<p>41. Are tentative findings - strengths and weaknesses, discussed by SIR team members with the field office/centralized program function reviewed? [RD Instruction 2006-M, Exhibit B V (f)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain what is discussed.</p>			
<p>42. Are SIR team members' final reports sent to the SD, Attention: MCO, within 10 workdays of the SIR exit conference? [RD Instruction 2006-M, Exhibit B VI (a)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>43. Did the reviewed field office/centralized program function respond to the findings from the exit conference with an action plan to correct deficiencies within 10 workdays from the date of the SIR exit conference? [RD Instruction 2006-M, Exhibit B VI (b)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			

**FY 2004 FMD REVIEW GUIDE**

<p>44. Did the SSM team assist the MCO with the review of the SIR team findings and the reviewed offices' action plans, and is this documented? [RD Instruction 2006-M, Exhibit B VI (c)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>45. Was the final SIR report issued within 30 workdays from the exit conference? [RD Instruction 2006-M, Exhibit B VI (e)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>46. Was the final report issued under SD's signature? [RD Instruction 2006-M, 2006.605 (h)(6) and Exhibit B VI (e)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>47. Did the final report contain all the required components? (Cover sheet, executive summary, summaries by program/administrative area, corrective actions, target dates, dates for written follow-up response, dates for next SIR/Mini-SIR). [RD Instruction 2006-M, 2006.605 (h)(6) and Exhibit B VI (d)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, which components were missing?</p>			

**FY 2004 FMD REVIEW GUIDE**

<p>48. Is Exhibit C of RD Instruction 2006-M, or a similar format with the same information, used as the cover sheet for the final report? [RD Instruction 2006-M, Exhibit B VI (d)(1)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>49. Do summaries of findings by program and function area identify strengths, weaknesses, and recommendations? [RD Instruction 2006-M, Exhibit B VI (d)(3)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>50. Does each weakness have a corresponding recommended corrective action and target date for completion? [RD Instruction 2006-M, Exhibit B VI (d)(4)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>51. Does the official SIR file contain all the supporting documentation (review guides, checklists, etc.) from the review? [RD Instruction 2006-M, Exhibit B VI (d)(7)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>52. Are compliance scores calculated for each area to determine if Mini-SIRs are required or not? [RD Instruction 2006-M, Exhibit B VIII and Exhibit D III (b)(1)(iv)(A)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p><b>If yes, attach documentation showing how it is calculated.</b> (If utilizing spreadsheets issued by FMD, copies of documentation not necessary.) If no, explain.</p>			

**FY 2004 FMD REVIEW GUIDE**

<p>53. If the compliance scores from the SIR are 80 percent or higher, has the SD required a Mini-SIR for other reasons? [RD Instruction 2006-M, Exhibit D III (b)(1)(iv)(B)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If yes, explain reasons.</p>			
<p>54. If Mini-SIRs are required, are tentative dates for such included in the final SIR report? [RD Instruction 2006-M, Exhibit B VI (d)(6)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>55. Are written status reports being provided from the responsible RDM/Community Development Manager (CDM) every 60 workdays until all corrective actions have been implemented and the report closed by the SD? [RD Instruction 2006-M, Exhibit D III (a)(1)(ii) and (v)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>56. Are the MCO and SSM team reviewing the status reports from the RDMs/CDMs and making recommendations for further action or closure to the SD within 10 workdays? [RD Instruction 2006-M, Exhibit D III (a)(1)(iv)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			

**FY 2004 FMD REVIEW GUIDE**

<p>57. Is there clear documentation (audit trail) of SSM team and MCO reviews and input in the State Office operational files? [RD Instruction 2006-M, §2006.605(g)(4), (h)(8), and (9); Exhibits B II(c)(5), IV(c)(4); VII(d); and Exhibit D III (a)(1)(iv)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>58. If Mini-SIRs are conducted, are the dockets with the deficiencies from the SIR reviewed again to ensure corrective actions have been implemented? [RD Instruction 2006-M, Exhibit D III (b)(1)(v)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>59. If Mini-SIRs are conducted, are new dockets reviewed to ensure the process has been corrected and new errors are not being made? [RD Instruction 2006-M, Exhibit D III (b)(1)(v)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>60. Are reviewers providing information, documentation, and specific dates that corrective actions are implemented to support the follow-up Mini-SIR? [RD Instruction 2006-M, Exhibit D III (b)(2)(ii)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>61. Are all SIRs/Mini-SIRs of Field Offices/centralized program functions closed by a SD memorandum? [RD Instruction 2006-M, 2006.605 (f)(7) and Exhibit D III (a)(1)(vii)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			



**FY 2004 FMD REVIEW GUIDE**

<p>62. If required, are Mini-SIRs completed within 6 months of the final SIR report? [RD Instruction 2006-M, Exhibit D III (b)(1)(iii)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>63. If Mini-SIRs are required, do reviewers document findings in a final report to the SD, with copies to the RDM and reviewed office, as appropriate, within 10 workdays of the Mini-SIR? [RD Instruction 2006-M, Exhibit D III (b)(2)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>64. If Mini-SIRs are required, are written status reports being provided from the responsible RDM/CDM every 60 workdays until all corrective actions have been implemented and the report closed by the SD? [RD Instruction 2006-M, Exhibit D III (a)(1)(ii), (iii), &amp; (v)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			

**FY 2004 FMD REVIEW GUIDE**

<p>65. Are the SIRs/Mini-SIRs summarized annually and a copy sent to the Deputy Under Secretary for Operations and Management, Attention: FMD, by December 31 of each year? [RD Instruction 2006-M, 2006.605 (f)(8) and (h)(11)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>66. Are SIR summaries shared with all offices for problem awareness? [RD Instruction 2006-M, 2006.605 (f)(8)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>67. Is the nationwide compilation of SIR/Mini-SIR findings or SIR Summary utilized by State Office managers when developing the State's Annual Training Plan? [RD Instruction 2006-M, 2006.605 (f)(9)]</p>	<p align="center">YES _____</p>	<p align="center">NO _____</p>	<p align="center">N/A _____</p>
<p>If no, explain.</p>			
<p>NOTES:</p>			

**FINANCIAL MANAGEMENT DIVISION  
REVIEW**

**FY 2004**

<b>STATE NAME</b>
<b>REVIEW DATE</b>
<b>REVIEWER</b>
<b>INTERVIEWEES</b>
<b>SECTION IV FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT (FMFIA) IMPLEMENTATION</b>

**SECTION IV.****FEDERAL MANAGERS' FINANCIAL INTEGRITY ACT IMPLEMENTATION**  
**(Note: All references to the MCO also include the Alternate MCO.)**

1.	Has the State Director (SD) designated, in writing, one person in the State as the Management Control Officer (MCO)? [RD Instruction 2006-M, 2006.605(f)(1)]	YES _____	NO _____	N/A _____
2.	Were all State employees notified, in writing, who their State MCO is? [RD Instruction 2006-M, 2006.605(f)(1)]	YES _____	NO _____	N/A _____
3.	Does the MCO's position description contain management control responsibilities as a collateral duty?	YES _____	NO _____	N/A _____
4.	Does the MCO's performance plan include criteria for evaluating management control responsibilities within the State?	YES _____	NO _____	N/A _____
5.	Are management controls (Program/Resource Management or clarification language to include management control responsibilities) a critical element in the MCO's performance plan?	YES _____	NO _____	N/A _____
6.	Have any changes been made in the last 5 years regarding who is the MCO? [RD Instruction 2006-M, 2006.605(f)(1)]	YES _____	NO _____	N/A _____

<p>7. If so, was a new designation made and the FMD notified timely? [RD Instruction 2006-M, 2006.605(f)(1)]</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>If no, explain.</p>			
<p>8. Has the current MCO had any management control training by FMD? [RD Instruction 2006-M, 2006.605(e)(3)]</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>If yes, please explain.</p>			
<p>9. Do all managers have management control responsibilities (Program/Resource Management or clarifying language to include management control responsibilities) as a critical element in their performance plans?</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>If no, list which managers do not have management control responsibilities (Program/Resource Management or clarifying language to include management control responsibilities) as a critical element in their performance plans.</p>			

<p>10. Has any management control training been provided to the State employees in the last 2 years?</p>	<p>YES _____</p>	<p>NO _____</p>	<p>N/A _____</p>
<p>If yes, please explain:          What training was provided,          When it was provided,          Who performed the training, and          To whom was it given?</p> <p>Obtain a copy of agendas, lesson plans, and/or other training materials, if available.</p>			
<p>NOTES:</p>			

October 17, 2003

**SUBJECT:** Interest Rate Changes for Housing Programs  
and Credit Sales (Nonprogram)

**TO:** Rural Development State Directors,  
Rural Development Managers,  
and Community Development Managers

**ATTN:** Rural Housing Program Director

The following interest rates, effective November 1, 2003, are changed as follows:

<b><u>Loan Type</u></b>	<b><u>Existing Rate</u></b>	<b><u>New Rate</u></b>
-------------------------	-----------------------------	------------------------

**ALL LOAN TYPES**

Treasury Judgement Rate	1.350	1.220%
-------------------------	-------	--------

The current rate shown above is as of the week ending 09/26/2003. The actual judgement rate that will be used will be the rate for the calendar week preceding the date the defendant becomes liable for interest. This rate may be found by going to the Federal Reserve web site for the weekly average 1-year CMT yield ([www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt](http://www.federalreserve.gov/releases/h15/data/wf/tcm1y.txt)).

**RURAL HOUSING LOANS**

Rural Housing (RH) 502 Low or Moderate	6.375	6.375
Single Family Housing (SFH) Nonprogram	6.875	6.875

**EXPIRATION DATE:**  
November 30, 2003

**FILING INSTRUCTIONS:**  
Administrative/Other Programs

Rural Housing Site (RH-524), Non-Self-Help	6.375	6.375
Rural Rental Housing and Rural Cooperative Housing	6.375	6.375

Please notify appropriate personnel of these rates.

*(Signed by Arthur A. Garcia)*

ARTHUR A. GARCIA  
Administrator  
Rural Housing Service

Sent by Electronic Mail on 10-21-03 at 3:31 p.m. PAD.



October 24, 2003

TO: Rural Development  
State Directors

ATTENTION: Rural Housing Program Directors,  
Program Loan Cost Coordinators and  
Contract Program Managers

FROM: Arthur A. Garcia           *(Signed by Arthur A. Garcia)*  
Administrator  
Rural Housing Service

SUBJECT: Program Loan Cost Expense Funds  
FY 2004 Allocations and Requirements  
Under the Credit Reform Act of 1990

The Office of Management and Budget (OMB) has approved this year's apportionment of **recoverable** Direct Loan Financing and Liquidating Program Loan Cost Expense (PLCE) funds for the Rural Housing Service (RHS). Your State's **annual** FY 2004 PLCE fund allocations for the Direct Loan Financing and Liquidating Accounts are provided in Attachment 1. The Direct Loan Financing allocations include your **annual** funding for recoverable mortgage credit bureau reports. Your State's recoverable fund allocations are based on the number of existing 502 Direct loans and 515 projects in your State.

All PLCE funds required in the Community Facilities Program are held in the National Office. Funding for Community Facilities PLCEs should be requested by completing and faxing Attachment 2 to Robert Bogan at (202) 690-0471.

**Attachment 1 also lists your State's Salaries and Expense Account ("A" funds) initial allocation for FY 2004, under the current Continuing Resolution through October 31, 2003. We will advise you when additional funds in this Account have been authorized for your use. This year's non-recoverable PLCE funds are only authorized for infile credit bureau reports, Multi-Family Housing (MFH) appraisals, MFH cost**

EXPIRATION DATE: September 30, 2004

FILING INSTRUCTIONS:  
Administrative/Other Programs

**certifications, MFH market studies, Single-Family Housing (SFH) and MFH wage match, SFH bankruptcy fees, SFH mortgage releases, and SFH inventory property inspections and interpreter services. No other uses of non-recoverable PLCE funds are allowed without prior National Office permission. Your State's initial "A" funds provided in Attachment 1 should be used for emergency SFH needs only during the Continuing Resolution.**

**When additional "A" funds are authorized, we will be able to make a supplemental allocation for your State. To request funds for MFH appraisals or cost certifications that must be obligated immediately, contact Brett Morgan at (202) 720-1620. For all other emergency needs requiring "A" funds, contact Carl Muhlbauer at (202) 690-2141.**

**We will again need your cooperation in stretching our limited non-recoverable funding this year. Please check the accuracy of the Program Authority Codes (PACs) and Action Codes assigned to your State's PLCEs. Make sure you use the PAC charts in the current RD Instruction 2024-A, Exhibit D, effective April 17, 2002, to verify the recoverability of each charge you submit.**

Under provisions of the Credit Reform Act of 1990, each State has three non-transferable accounts to manage. The Direct Loan Financing Account, also referred to as the "R" Account, is used to pay PLCEs that are chargeable to a direct/insured borrower, property account, or subsidy funds in which the loan was obligated in FY 1992 or subsequent years. Mortgage credit bureau reports are charged against "R" funds. The Liquidating Account, also referred to as the "L" Account, is used to pay PLCEs that are chargeable to a direct/insured or guaranteed borrower or property account in which the loan was obligated prior to FY 1992. The oldest outstanding loan provides the basis for determining which recoverable ("L" or "R") Account to charge in the case of multiple loans. The non-recoverable Salaries and Expense ("A") Account is to be used to pay non-recoverable PLCEs that are not chargeable to a borrower, property account, or subsidy funds for all Housing and Community Facility programs.

Funding for PLCEs paid from cash proceeds from a sale and recoverable guaranteed loan expenses are not allocated. If you need to process a recoverable guaranteed program loan cost expense, please contact the Guaranteed Loan Branch of the Finance Office at (314) 539-6661 for instructions.

Program officials are the only staff authorized to certify PLCE funds availability. Administrative officials (Contract Program Managers, Contract Specialists, Budget Analysts, etc.) are not authorized to certify PLCE funds availability. The Program Loan Cost Coordinator is responsible for monitoring obligations/disbursements of PLCE allocations by account to avoid violation of the Anti-Deficiency Act. Specifically, your State Office Housing Program section is responsible for determining and documenting how

these funds will best be used to meet your program goals and objectives. It is also accountable for the proper use of these funds. State Offices are required to issue a State Administrative Notice identifying a methodology for controlling their funds, naming the program official designated to certify PLCE fund availability, and, if these funds are sub-allocated, distribute them by program and account. **A State should not request additional funding in any of its three PLCE accounts until it has obligated at least 90 percent of its current account funds.**

If field staff have any questions concerning this memorandum, they should contact their State Office. If State Office officials have questions concerning this memorandum, they should contact Carl Muhlbauer, Program Support Staff, at (202) 690-2141.

Attachments (2)

Sent via Facsimile on 10-24-03 at 10:00 a.m. by PSS. State Directors should notify other personnel as appropriate.

## PROGRAM LOAN COST EXPENSE FUNDS

## Housing Programs (RHIF) - FY 2004

State/Territory	Allocations		
	Salaries & Expense Account	Direct Loan Financing Account	Liquidating Account
Alabama	\$939	\$1,343,791	\$647,079
Alaska	\$136	\$112,218	\$53,558
Arizona	\$474	\$637,736	\$273,812
Arkansas	\$797	\$1,242,873	\$623,336
California	\$1,344	\$1,858,909	\$838,757
Colorado	\$304	\$318,447	\$162,989
Delaware	\$388	\$513,367	\$257,683
Florida	\$964	\$1,455,786	\$680,046
Georgia	\$1,130	\$1,486,525	\$695,634
Hawaii	\$170	\$203,245	\$87,518
Idaho	\$259	\$350,782	\$191,232
Illinois	\$656	\$704,306	\$461,291
Indiana	\$650	\$691,119	\$429,271
Iowa	\$460	\$529,321	\$409,556
Kansas	\$344	\$385,218	\$265,793
Kentucky	\$890	\$1,246,492	\$598,133
Louisiana	\$829	\$1,259,995	\$591,363
Maine	\$451	\$759,021	\$386,518
Massachusetts	\$390	\$575,113	\$259,403
Michigan	\$836	\$803,048	\$515,294
Minnesota	\$493	\$379,236	\$348,632
Mississippi	\$1,498	\$2,922,934	\$1,253,908
Missouri	\$729	\$828,261	\$578,905
Montana	\$202	\$244,440	\$141,053
Nebraska	\$236	\$250,677	\$177,440
Nevada	\$81	\$81,123	\$54,124
New Hampshire	\$188	\$233,558	\$114,711
New Jersey	\$246	\$433,937	\$192,423
New Mexico	\$373	\$472,982	\$208,971

<b>New York</b>	<b>\$837</b>	<b>\$880,113</b>	<b>\$468,994</b>
<b>North Carolina</b>	<b>\$1,549</b>	<b>\$2,060,717</b>	<b>\$948,363</b>
<b>North Dakota</b>	<b>\$151</b>	<b>\$217,975</b>	<b>\$158,411</b>
<b>Ohio</b>	<b>\$847</b>	<b>\$767,151</b>	<b>\$404,906</b>
<b>Oklahoma</b>	<b>\$601</b>	<b>\$792,832</b>	<b>\$384,845</b>
<b>Oregon</b>	<b>\$447</b>	<b>\$527,031</b>	<b>\$260,323</b>
<b>Pennsylvania</b>	<b>\$1,035</b>	<b>\$1,046,865</b>	<b>\$485,412</b>
<b>Puerto Rico</b>	<b>\$1,051</b>	<b>\$2,428,064</b>	<b>\$930,981</b>
<b>South Carolina</b>	<b>\$980</b>	<b>\$1,536,444</b>	<b>\$675,789</b>
<b>South Dakota</b>	<b>\$187</b>	<b>\$222,954</b>	<b>\$235,049</b>
<b>Tennessee</b>	<b>\$983</b>	<b>\$1,391,204</b>	<b>\$636,864</b>
<b>Texas</b>	<b>\$1,894</b>	<b>\$2,091,688</b>	<b>\$1,016,817</b>
<b>Utah</b>	<b>\$153</b>	<b>\$207,597</b>	<b>\$104,810</b>
<b>Vermont</b>	<b>\$187</b>	<b>\$267,015</b>	<b>\$142,766</b>
<b>Virgin Islands</b>	<b>\$83</b>	<b>\$133,882</b>	<b>\$55,537</b>
<b>Virginia</b>	<b>\$918</b>	<b>\$1,355,546</b>	<b>\$581,153</b>
<b>Washington</b>	<b>\$472</b>	<b>\$481,761</b>	<b>\$275,252</b>
<b>West Virginia</b>	<b>\$488</b>	<b>\$663,839</b>	<b>\$323,275</b>
<b>Wisconsin</b>	<b>\$561</b>	<b>\$448,539</b>	<b>\$335,653</b>
<b>Wyoming</b>	<b>\$117</b>	<b>\$154,324</b>	<b>\$76,365</b>
<b>Total</b>	<b>\$30,000</b>	<b>\$40,000,000</b>	<b>\$20,000,000</b>

FISCAL YEAR PROGRAM LOAN COST EXPENSE
RURAL HOUSING SERVICE - COMMUNITY PROGRAMS

State: Account:
Contact Person: Fax No.:
Telephone Number:

Program Authority Code (PAC):
(Loan Program) (Program Activity)
(General Purpose) (Detail Description)

Program Authority Required: (Indicate Yes/No)
Recoverable Non-recoverable

Description of Request:

CONTRACTUAL

NONCONTRACTUAL

Inspections
Appraisals
Analysis and Audits
Information Services
Other Services
Maintenance & Management
Repair/Improvement
Exclusive Broker
Open Listing Broker
documents.
Environmental
Other Field Contracting
Credit Bureau Reports
TOTAL

Advertising
Real Estate Taxes
Insurance
(including flood)
Other (Explain)
Utilities \*
TOTAL

\* Attach copies of vouchers and/or

State Program Director

Concurrence: Date:
Associate Administrator/Deputy Administrator

**TO BE COMPLETED BY NATIONAL OFFICE:**

Account Balance after this obligation:

\_\_\_\_\_

Initials:

\_\_\_\_\_

Date:

\_\_\_\_\_

October 27, 2003

**TO:** State Directors  
Administrators  
Rural Development

**FROM:** Thomas C. Dorr  
Under Secretary  
Rural Development

**SUBJECT:** Rural Development's Budget and Performance Integration Process

Over the past several months, National Office staff have been working on the numerous stages of the Budget and Performance Integration process. This process includes meeting the requirements of the Budget, the Government Performance and Results Act (GPRA), OMB's Program Assessment Rating Tool (PART), the Annual Performance Plan, and the Rural Development Strategic Plan. Some of these elements require developing new performance measures, documents and formats, and data integration processes. For Fiscal Year (FY) 2005 submissions, many of these were developed under an extremely tight time-frame, driven by a number of outside factors. Next year we need to have a process well defined. I have given the Office of Community Development (OCD) the responsibility of coordinating these processes and ask that you participate fully. Further direction will be forthcoming from OCD.

All Rural Development agencies and offices will continue to provide and verify the information for their activities and programs. OCD will streamline and integrate the flow of information needed for the budget and performance integration process. OCD is also working with our programs to develop improved measures and indicators that will allow us to better assess their performance and impact on the quality of life in rural America. OCD will automate as much of this process as possible and is currently developing a single, web-based database to meet the needs of all our planning, reporting and program evaluation requirements. Better integration of our information systems will reduce some of the redundant data entry and ease the some of the workload for our employees.

I know you share my interest in moving Rural Development's performance measurement and budget process to a more integrated and meaningful process. This will help us implement one of the cornerstones of the President's Management Agenda, the evaluation of federal programs on the basis of performance. Please give OCD your fullest cooperation on this effort.

**EXPIRATION DATE:**  
October 31, 2004

**FILING INSTRUCTIONS:**  
Administrative/Other Programs



October 28, 2003

SUBJECT: Commercial Printing Report

TO: Rural Development State Directors

ATTN: Administrative Program Directors

This is a reminder that the Joint Committee on Printing (JCP) Fiscal Year 2003 April-September JCP Form No. 2, "Commercial Printing Report", is due on November 28, 2003. Please submit the following report no later than Monday, November 17, 2003:

The "Commercial Printing Report," JCP Form No. 2, is required to report all transactions concerning composition, printing, binding, and blank-book work which are procured direct from commercial sources. This report should include a signed statement certifying that all procurements were in compliance with the JCP regulations.

**Negative reports are not required.** Please fax your report to: Rural Development, Regulations and Paperwork Management Branch, Support Services Division, Attention: Renita Bolden on (202) 692-0034. If there are any questions concerning these reports, you may contact Renita Bolden on (202) 692-0035.

Your earliest response is appreciated.

*(Signed by SHERIE HINTON HENRY)*

SHERIE HINTON HENRY  
Deputy Administrator  
for Operations and Management

EXPIRATION DATE  
November 30, 2003

FILING INSTRUCTIONS:  
Administrative/Other Programs

Sent by Email 11-04-03 at 10:00 a.m. by SSD.

October 29, 2003

**SUBJECT:** Fiscal Year 2004 State Internal Review  
Handbook Updates

**TO:** Rural Development State Directors

**ATTN:** Administrative Programs Directors and  
Management Control Officers

The Financial Management Division (FMD) has been working closely with the Inter-Operability Lab and the Systems Integrity Management Branch (SIMB) of the Information Technology Division to update the Fiscal Year (FY) 2004 State Internal Review (SIR) Handbook review guides and corresponding spreadsheets for calculating compliance scores.

The Handbook updates have been made, the Inter-Operability Lab has certified the Handbook, and the SIMB has tested the software. In addition to the testing, the SIMB has loaded the updated SIR Handbook on the Internet; provided written installation and removal instructions; and notified the Information Resource Managers (IRMs) of this update and that it can be downloaded from the Internet.

The Management Control Officers should coordinate this effort with the IRMs to ensure they obtain the latest updates to the SIR Handbook.

Beginning with FY 2004 SIRs; the universe data on total subject reviewed (i.e., employees, files, offices, etc.) and those with deficiency findings will need to be captured and reported in the Automated Reports Tracking System.

**EXPIRATION DATE:**  
September 30, 2004

**FILING INSTRUCTIONS:**  
Administrative/Other Programs

If you have any questions, or need additional information, please contact Diana Wareham of FMD, at (202) 692-0044.

*(Signed by/SHERIE HINTON HENRY)*

SHERIE HINTON HENRY  
Deputy Administrator  
for Operations and Management

Sent by electronic mail on 10-29-03 at 2:10p.m. by FMD.

October 31, 2003

**TO:** State Directors  
Administrators  
Rural Development

**FROM:** Thomas C. Dorr      *(Signed by Thomas C. Dorr)*  
Under Secretary  
Rural Development

**SUBJECT:** Strategic Management for Performance Results Seminar

As you know from our meetings, I have repeatedly stressed the need to successfully integrate performance measurements into our programs and budgets. This process, known formally at USDA as Budget and Performance Integration (BPI), will be critical to Rural Development's success in the years ahead.

We are about to begin developing the Rural Development budget for Fiscal Year '06, using BPI principles. The Office of Community Development will once again coordinate the process. The first step will be to update our Strategic Plan, building on the work we have already done to position Rural Development as the venture capital firm for rural America and focusing on increasing economic opportunity, enhancing the quality of life and providing improved customer service. This will ensure the goals, objectives and performance measurements that flow from the strategic plan are consistent with the overall vision. The states will also develop state-level strategic plans to guide in the implementation of the national aims. This will be done using the input, help and involvement that you and your staff will provide. The outcome of this important work will depend on each of you, and I am asking you to help make this effort go smoothly.

The FY '05 budget process demonstrated the need to bring our associates up to speed on strategic planning and performance measurement concepts as they apply to federal budgets. Rural Development has therefore put together a customized, professionally run seminar on "Strategic Management for Performance Results" from December 2 – 4 at the Ritz-Carlton in Pentagon City, Arlington, Virginia. It is designed for senior-level National and State Office officials. If you are able to attend, I encourage you to do so. If for some reason you cannot, you may send appropriate staff who will be handling these issues for you. Tuition for the training will be covered, but you will be responsible for travel, lodging and expenses from your own budget. Barbara Nelson will e-mail you details, including hotel reservation information and agendas, as soon as they are available. The seminar will end at noon on December 4<sup>th</sup>.

**EXPIRATION DATE:**  
October 31, 2004

**FILING INSTRUCTIONS:**  
Administrative/Other Programs

In preparation for the work we are about to do for the FY '06 budget process, please:

- 1) Review the draft FY '05 version of Rural Development's Strategic Plan (attached). You will receive a proposed draft of the FY '06 plan from Rural Development's BPI team when it is available.
- 2) Identify your Strategic Planning/BPI coordinators. Please email their contact information by **November 5th** to the Office of Community Development at [bnelson@ocdx.usda.gov](mailto:bnelson@ocdx.usda.gov). Please include in your e-mail the names of those from your office who will be attending the December training and how many hotel rooms you will need, so we can set aside a large enough block of rooms.

This effort will go a long way toward accomplishing one of our primary goals. I look forward to your and your associates' input and involvement in this effort.

Attachments

Sent by electronic mail on 10/31/03 at 3:22 pm by OCD.

## VISION

To provide reasonable and cost-effective venture capital and technical assistance for rural America

## MISSION

- To increase economic opportunity in rural America;
- To improve the quality of life in rural America;
- To be responsive to customers' needs.

## VALUES

In carrying out the goals of this plan, Rural Development will adhere to the key values articulated by President Bush (see Text Box). Rural Development employees will be guided by the following principles as they address challenges in rural business, housing, utility, and community development issues:

- Strong ethics
- Customer Service
- Team work
- Inclusive decision-making
- Performance accountability

To achieve Rural Development's goals, this plan emphasizes:

- development and use of performance measures
- an aggressive marketing and outreach effort
- use of cooperatives to develop the institutional framework to leverage rural America's assets
- reform of the Multi-family Housing program
- strengthening of the Single Family Housing Guarantee program
- use of the Rural Development Field Structure Consistency Plan to provide a better business model for our customers

President George W. Bush articulated this Administration's values to Federal employees on November 19, 2001, specifically:

- *"First, we must always maintain the highest ethical standards. In addition to asking, 'what is legal,' we must also ask, 'what is right.'*
- *We must confront the tough problems, not avoid them. We are here to serve the public's long-term interests, not just to apply quick, short-term fixes.*
- *We must remember that political and career employees are part of the same team. The American people do not distinguish between them and neither do I. The American people and I have high expectations for our entire Government. To meet those expectations we need to work together."*

We will demonstrate our effectiveness in serving our customers in accordance with the President's Management Agenda.

## **STRATEGIC PLAN FRAMEWORK**

The Rural Development program agencies have developed three strategic goals that promote the implementation of the mission and vision. Sound management practices, innovation, and the continued use of technology are integral to achieving these goals. This plan is prepared in conjunction and cooperation with separate management plans at the Department level for improving human capital, information technology and eGovernment, financial management, and budget and performance integration.

Performance measures will be used to track progress. Each measure specifies baseline information and a long-term performance target. Action-based strategies further specify steps needed to achieve the goals identified.

## **AUTHORIZING LEGISLATION**

The legislative authorities for the mission area programs are found in the Consolidated Farm and Rural Development Act, as amended; Title 5 of the Housing Act of 1949, as amended; the Cooperative Marketing Act of 1926, as amended; the Rural Electrification Act of 1936, as amended; and the Rural Development Acts of 1972 & 1980 (7 USC 2204); the Omnibus Budget Reconciliation Act of 1993; the Taxpayer Relief Act of 1997; and the Community Renewal Tax Relief Act of 2000. The mission area is also impacted by other legislation, such as the Food Security Act of 1985, as amended; the Federal Agricultural Improvement and Reform Act of 1996; the Telecommunications Act of 1996; and the Energy Policy Act of 1992. Each program has its own identified mission established in legislation. Certain programs are needs-based and may not compete with the private credit market (e.g. Direct Single Family Housing loans), while others are based on serving all rural residents and providing the foundation on which sustained economic development can occur in rural America (e.g. Guaranteed Business and Industry loans). Another legislative mandate is that, where appropriate, priority in the delivery of our programs should be given to the smallest and most needy communities.

## Strategic Goals and Key Outcomes

### Goal 1: Increase Economic Opportunity in Rural America.

*One of Rural Development's core missions is to ensure that rural Americans enjoy economic opportunities equivalent to those of other Americans. Rural Development accomplishes this by providing the credit and technical assistance needed to enhance the ability of rural economies to create jobs and produce incomes that will allow rural families to succeed and rural youth to remain in their communities as adults. Rural Development serves as a capital enhancement tool for rural America by fostering a good business climate and by investing in businesses and economic infrastructure. Recognizing the integrated nature of comprehensive community development and the need for sustainable economic growth, Rural Development also provides technical assistance to build leadership capacity and community-economic development skills.*

#### Objectives:

- 1.1 Enhance capital formation
  - Improved market efficiency
  - Ready access to capital
  - Increased number of jobs
  - Increased personal income
  - Reduced poverty levels
  - Wealth formation
- 1.2 Hasten the use of technology
  - Tools to promote a trained work force
  - Technical assistance for entrepreneurship and business operation
- 1.3 Strengthen infrastructure
  - Broadband internet access
  - Improved customer access to utilities
  - New or improved utility systems
  - Enhanced institutional infrastructure
- 1.4 Promote energy independence
  - Ventures that use renewable energy
  - Technical assistance for renewable energy projects
  - Funding for new or existing renewable energy projects



**Goal 2: Improve the Quality of Life in Rural America.**

*Rural communities must possess the amenities businesses require and employees desire if they are to encourage business growth and retain residents. These requirements include decent and safe housing, reliable utilities, and attractive sources of employment. Essential needs further include quality education, healthcare, day care and appropriate community facilities. Rural Development is an important source of credit and technical assistance that helps rural residents and communities improve their standard of living. Recognizing the integrated nature of comprehensive community development and the need for sustainable communities, Rural Development also provides technical assistance to build leadership capacity and community-economic development skills.*

**Objectives:**

- 2.1 Support basic needs - food, housing, water
  - Home ownership
  - Rental units
  - Home ownership training
  - Rural utility infrastructure
- 2.2 Address essential needs – education, healthcare
  - Educational and health care facilities
  - New or improved civic infrastructure
- 2.3 Meet necessary needs – access to cultural and recreational opportunities
  - New or improved community facilities
  - Technical assistance for community planning, non-profit boards, civic organizations
  - Planning grants, assistance with funding from other sources
  - Leveraging of funding from other sources

### **Goal 3: Be Responsive to Customers' Needs**

*Rural Development relies upon the ability and skills of its staff for the effective delivery of its programs. Consequently, Rural Development will maintain a well-trained staff. Rural Development will increasingly develop and use automated systems to help staff work more efficiently and effectively. Rural Development will also be innovative in identifying new ways of doing business while providing high quality service to its customers. Rural Development will implement a progressive management approach and maintain a workplace environment that values employees. This will ensure that all customers and employees are treated fairly, equitably, and with dignity and respect.*

#### **Objectives:**

- 3.1 Improve program delivery to customers
  - Give rural residents convenient and full access to all forms of Rural Development assistance through electronic media (eGov), and enhanced outreach, marketing, and partnering activities
  - Assess and make recommendations for improving Rural Development program delivery and impact through consistent, long-term performance measurement and tracking methodologies
  - Enhance the impact of Rural Development programs and increase leveraged resources through strategic comprehensive community planning
- 3.2 Increase efficiency of program management
  - Implement the President's Management Agenda (PART, budget and performance integration, A-76, etc.)
  - Develop information systems that support cost-effective delivery of programs and maximize the availability of information to all employees
  - Improve financial management to ensure fiscal accountability
  - Streamline the financial program application process and integrate with other Rural Development program processes, land use planning records, and other relevant data sources
- 3.3 Improve human capital management
  - Create and sustain a healthy work environment (one that develops and fosters partnerships, encourages cooperation, full and open communication, teamwork, mutual respect, and maximum individual development)
  - Increase cross-training opportunities to support effective delivery of Rural Development programs in a more coordinated manner

October 31, 2003

**TO:** State Directors  
Rural Development

**ATTN:** Rural Development Managers  
and Community Development Managers

**FROM:** Arthur A. Garcia     *(Signed by Arthur A. Garcia)*  
Administrator  
Rural Housing Service

**SUBJECT:** Need for More Precise Documentation of Community Facilities  
Program Files

The Fiscal Year 2001 Management Control Review of the Community Facilities direct loan and grant programs identified the need for more precise documentation in docket preparation. A number of dockets reviewed were found to be lacking a running record or specific documents or certifications required by Instructions. Please review this issue with your staff and emphasize the need to use your State's checklist as a guide to preparing complete dockets with items filed in the appropriate positions.

If you have questions about this issue, please contact Yoonie MacDonald at (202) 720-1501.

**EXPIRATION DATE:**  
October 31, 2004

**FILING INSTRUCTIONS:**  
Community/Business  
Programs

October 31, 2003

**TO:** State Directors  
Rural Development

**ATTN:** Rural Development Managers  
and Community Development Managers

**FROM:** Arthur A. Garcia                   *(Signed by Arthur A. Garcia)*  
Administrator  
Rural Housing Service

**SUBJECT:** Equal Opportunity (Program Compliance)

The Fiscal Year 2001 Management Control Review of the Community Facilities (CF) direct loan and grant programs identified weaknesses in two areas of accessibility. In the first instance, it appears that employees are not ensuring that facilities financed by these programs meet the accessibility requirements of Section 504 of the Rehabilitation Act of 1973. State Directors should require that, prior to loan approval or closing, all CF direct loans and grants must be reviewed by the CF Program Director, with the assistance of the State Architect and the State Civil Rights Coordinator, to ensure that the requirements of Section 504 of the Rehabilitation Act and the Uniform Federal Accessibility Standards are properly included in all plans and specifications.

The second area of concern lies in Rural Development Area Offices. While Area Offices appeared to be usable by individuals with disabilities, there is limited space inside to move around in a wheelchair. Also, handicapped parking spaces, signs, ramps, entrances, interior passages failed to meet Uniform Federal Accessibility Standards to varying degrees. State Directors should evaluate Rural Development offices to ensure accessibility and that there are no barriers to participation in Rural Development programs for applicants.

If you have questions about this issue, please contact Yoonie MacDonald at (202) 720-1501.

**EXPIRATION DATE:**  
October 31, 2004

**FILING INSTRUCTIONS:**  
Community/Business  
Programs