Audit Report

OIG-16-054

FINANCIAL MANAGEMENT

Report on the Bureau of the Fiscal Service Administrative Resource Center's Description of its Financial Management Services and the Suitability of the Design and Operating Effectiveness of its Controls for the Period July 1, 2015 to June 30, 2016

September 1, 2016

Office of Inspector General

Department of the Treasury

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**OFFICE OF
INSPECTOR GENERAL**

September 1, 2016

**MEMORANDUM FOR SHERYL MORROW, COMMISSIONER
BUREAU OF THE FISCAL SERVICE**

FROM: James Hodge
                Director, Financial Audit

SUBJECT: Report on the Bureau of the Fiscal Service Administrative
                Resource Center's Description of its Financial Management
                Services and the Suitability of the Design and Operating
                Effectiveness of its Controls for the Period July 1, 2015
                to June 30, 2016

I am pleased to transmit the attached subject report. Under a contract monitored by
our office, KPMG LLP (KPMG), an independent certified public accounting firm,
examined the Bureau of the Fiscal Service Administrative Resource Center's (ARC)
description of its accounting and procurement processing, and general computer
controls (financial management services); and the suitability of the design and
operating effectiveness of these controls. This report includes management's
description of ARC's system, management's written assertion, and KPMG's
independent service auditor's report. The contract required that the examination be
performed in accordance with generally accepted government auditing standards and
the American Institute of Certified Public Accountants' Statement on Standards for
Attestation Engagements Number 16, *Reporting on Controls at a Service
Organization*.

In its examination, KPMG found in all material respects:

- the description fairly presents the financial management services that were
  designed and implemented throughout the period July 1, 2015 to June 30,
  2016;

- the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period July 1, 2015 to June 30, 2016, and customer agencies applied the complementary customer agency controls and sub-service organizations applied the controls contemplated in the design of ARC's controls throughout the period July 1, 2015 to June 30, 2016; and
- the controls tested, which together with the complementary customer agency controls and sub-service organizations' controls, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the description were achieved, operated effectively throughout the period July 1, 2015 to June 30, 2016.

In connection with the contract, we reviewed KPMG's report and related documentation and inquired of its representatives. Our review, as differentiated from an examination in accordance with generally accepted government auditing standards, was not intended to enable us to express, and we do not express, an opinion on ARC's description of controls, the suitability of the design of these controls and the operating effectiveness of controls tested. KPMG is responsible for the attached independent service auditors' report dated August 30, 2016, and the conclusions expressed therein. However, our review disclosed no instances where KPMG did not comply, in all material respects, with generally accepted government auditing standards.

Should you have any questions, please contact me at (202) 927-0009, or a member of your staff may contact Mark S. Levitt, Manager, Financial Audit, at (202) 927-5076.

Attachment

U.S. Department of the Treasury
Bureau of the Fiscal Service

Administrative Resource Center
Financial Management Services
Accounting and Procurement Processing and
General Computer Controls

Report on Administrative Resource Center's Description of Its Financial
Management Services and the Suitability of the Design and Operating
Effectiveness of Its Controls
For the Period July 1, 2015 to June 30, 2016

U.S. DEPARTMENT OF THE TREASURY
BUREAU OF THE FISCAL SERVICE
ADMINISTRATIVE RESOURCE CENTER
FINANCIAL MANAGEMENT SERVICES

REPORT ON ADMINISTRATIVE RESOURCE CENTER'S DESCRIPTION OF ITS
FINANCIAL MANAGEMENT SERVICES AND THE SUITABILITY OF THE DESIGN AND
OPERATING EFFECTIVENESS OF ITS CONTROLS

Table of Contents

**I. INDEPENDENT SERVICE AUDITORS' REPORT
PROVIDED BY KPMG LLP**

Independent Service Auditors' Report

Inspector General, U.S. Department of the Treasury
Deputy Commissioner, Fiscal Accounting and Shared Services

Scope
We have examined the Bureau of the Fiscal Service's (Fiscal Service's) Administrative Resource Center's (ARC's) description of its accounting and procurement processing, and general computer controls used for processing (financial management services) Customer Agencies' transactions throughout the period July 1, 2015 to June 30, 2016 (description) and the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description. The description indicates that certain control objectives specified in the description can be achieved only if complementary Customer Agency controls contemplated in the design of ARC's controls are suitably designed and operating effectively, along with related controls at the service organization. We have not evaluated the suitability of the design or the operating effectiveness of such complementary Customer Agency controls.

ARC uses external service organizations (sub-service organizations) for some of its application processing. The description in Sections III and IV includes only the control objectives and related controls of ARC and excludes the control objectives and related controls of the sub-service organizations. Our examination did not extend to controls of sub-service organizations.

The information in Section V of management's description of the service organization's system, "Other Information Provided by Administrative Resource Center," is presented by management of ARC to provide additional information and is not a part of ARC's description of its system made available to Customer Agencies during the period July 1, 2015 to June 30, 2016. Information in Section V has not been subjected to the procedures applied in the examination of the description of the system and of the suitability of the design and operating effectiveness of controls to achieve the related control objectives stated in the description of the system, and, accordingly, we express no opinion on it.

Service organization's responsibilities
In Section II, ARC has provided an assertion about the fairness of the presentation of the description, the suitability of the design and the operating effectiveness of the controls to achieve the related control objectives stated in the description. ARC is responsible for preparing the description and for the assertion, including the completeness, accuracy, and method of presentation of the description and the assertion, providing the services covered by the description, specifying the control objectives and stating them in the description, identifying the risks that threaten the achievement of the control objectives, selecting and using suitable criteria, and designing, implementing, and documenting controls to achieve the related control objectives stated in the description.

Service auditors' responsibilities
Our responsibility is to express an opinion on the fairness of the presentation of the description, the suitability of the design and the operating effectiveness of the controls to achieve the related control objectives stated in the description, based on our examination. We conducted our examination in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform our examination to obtain reasonable assurance about whether, in all material respects, the description is fairly presented, the controls were suitably designed and the controls were operating effectively

to achieve the related control objectives stated in the description throughout the period July 1, 2015 to June 30, 2016.

An examination of a description of a service organization's system and the suitability of the design and operating effectiveness of the service organization's controls to achieve the related control objectives stated in the description involves performing procedures to obtain evidence about the fairness of the presentation of the description and the suitability of the design and the operating effectiveness of those controls to achieve the related control objectives stated in the description. Our procedures included assessing the risks that the description is not fairly presented and that the controls were not suitably designed or operating effectively to achieve the related control objectives stated in the description. Our procedures also included testing the operating effectiveness of those controls that we consider necessary to provide reasonable assurance that the related control objectives stated in the description were achieved. An examination engagement of this type also includes evaluating the overall presentation of the description and the suitability of the control objectives stated therein, and the suitability of the criteria specified by the service organization and described in management's assertion. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our opinion.

Inherent limitations
Because of their nature, controls at a service organization may not prevent, or detect and correct, all errors or omissions in processing or reporting transactions. Also, the projection to the future of any evaluation of the fairness of the presentation of the description, or conclusions about the suitability of the design or operating effectiveness of the controls to achieve the related control objectives is subject to the risk that controls at a service organization may become inadequate or fail.

Opinion
In our opinion, in all material respects, based on the criteria described in ARC's assertion, (1) the description fairly presents the financial management services that were designed and implemented throughout the period July 1, 2015 to June 30, 2016, (2) the controls related to the control objectives stated in the description were suitably designed to provide reasonable assurance that the control objectives would be achieved if the controls operated effectively throughout the period July 1, 2015 to June 30, 2016, and Customer Agencies applied the complementary Customer Agency controls contemplated in the design of ARC's controls throughout the period July 1, 2015 to June 30, 2016, and (3) the controls tested, which together with the complementary Customer Agency controls referred to in the scope paragraph of this report, if operating effectively, were those necessary to provide reasonable assurance that the control objectives stated in the description in Section IV were achieved, operated effectively throughout the period July 1, 2015 to June 30, 2016.

Description of tests of controls
The specific controls and the nature, timing, extent, and results of the tests are listed in Section IV.

Restricted use

This report, including the description of tests of controls and results thereof in Section IV, is intended solely for the information and use of the management of ARC, Customer Agencies of ARC's financial management services during some or all of the period July 1, 2015 to June 30, 2016, the U.S. Department of the Treasury Office of Inspector General, the Office of Management and Budget, the Government Accountability Office, the U.S. Congress, and the Independent Auditors of ARC's Customer Agencies, who have a sufficient understanding to consider it, along with other information including information about controls implemented by Customer Agencies themselves, when assessing the risks of material misstatements of Customer Agencies' financial statements. This report is not intended to be and should not be used by anyone other than these specified parties.

KPMG LLP

August 30, 2016
McLean, Virginia

II. MANAGEMENT'S ASSERTION

Administrative Resource Center's Assertion

August 30, 2016

We have prepared the description of the Administrative Resource Center 's (ARC) Financial Management Services (accounting and procurement processing and general computer controls) for user entities of the system during some or all of the period July 1, 2015 to June 30, 2016, and their user auditors who have a sufficient understanding to consider the description, along with other information, including information about controls operated by user entities of the system themselves, when obtaining an understanding of user entities' information and communication systems relevant to financial reporting. We confirm, to the best of our knowledge and belief, that:

a. The accompanying description in Sections III and IV, fairly presents the ARC system made available to user entities of the system during some or all of the July 1, 2015 to June 30, 2016 for processing their transactions in the ARC financial management systems.

ARC uses external service organizations (sub-service organizations). A list of these sub service organizations is provided in Section III. The description in Sections III and IV includes only the control objectives and related controls of ARC and excludes the control objectives and related controls of the sub-service organizations.

The description in Sections III and IV includes only the controls and related control objectives of ARC and excludes the control objectives and related controls of the services listed above from the respective sub-service organizations. The criteria we used in making this assertion were that the accompanying description:

   i. Presents how the systems made available to user entities of the system was designed and implemented to process relevant transactions, including:
   1. The types of services provided, including, as appropriate, the classes of transactions processed;
   2. The procedures, within both automated and manual systems, by which those transactions were initiated, authorized, recorded, processed, corrected as necessary, and transferred to the reports prepared for user entities;
   3. The related accounting records, supporting information, and specific accounts that were used to initiate, authorize, record, process, and report transactions; this includes the correction of incorrect information and how information was transferred to the reports prepared for user entities;
   4. How the systems captured and addressed significant events and conditions, other than transactions;
   5. The process used to prepare reports or other information for user entities;

6. Specified control objectives and controls designed to achieve those objectives;
7. Controls that we assumed, in the design of the system, would be implemented by user entities, and which, if necessary to achieve control objectives stated in the accompanying description, are identified in the description along with the specific control objectives that cannot be achieved solely by controls implemented by us; and
8. Other aspects of our control environment, risk assessment process, information and communication systems (including the related business processes), control activities, and monitoring controls that are relevant to processing and reporting transactions of user entities transactions.

ii. Does not omit or distort information relevant to the scope of the ARC's systems being described, while acknowledging that the description was prepared to meet the common needs of a broad range of user entities and their independent auditors and may not, therefore, include every aspect of the ARC's systems that each individual user entity may consider important in its own particular environment.

b. The description includes relevant details of changes to ARC's systems during the period covered by the descriptions.

c. The controls related to the control objectives stated in the description were suitably designed and operated effectively throughout the period July 1, 2015 to June 30, 2016 to achieve those control objectives. The criteria we used in making this assertion were that

i. The risks that threatened achievement of the control objectives stated in the description were identified;
ii. The identified controls would, if operated as described, provide reasonable assurance that those risks did not prevent the stated control objectives from being achieved;
iii. The controls were consistently applied as designed, including whether manual controls were applied by individuals who have the appropriate competence and authority; and
iv. Sub-service organizations applied the controls contemplated in the design of ARC's controls.

Sincerely,

Kimberly A. McCoy
Deputy Commissioner,
Fiscal Accounting and Shared Services

III. DESCRIPTION OF CONTROLS PROVIDED BY THE ADMINISTRATIVE RESOURCE CENTER

OVERVIEW OF OPERATIONS

The Administrative Resource Center (ARC) is component of the Bureau of Fiscal Service (Fiscal Service), which was created on October 7, 2012 as a result of the consolidation of two Treasury bureaus, the Financial Management Service (FMS) and the Bureau of the Public Debt (BPD). Fiscal Service's ARC has been a member of the Treasury Franchise Fund (TFF) since August 1998. The TFF was established by P.L. 104-208 and was made permanent by P.L. 108-447. ARC provides financial management and other administrative support services on a competitive, fee-for-service, and full-cost basis. ARC's mission is to aid in improving overall government effectiveness by delivering responsive and cost effective administrative support to its Customer Agencies; thereby, improving their ability to effectively discharge their mission.

As of June 30, 2016, ARC provided financial management services to approximately 75 Customer Agencies. Financial management services include accounting, budgeting, reporting, travel, procurement and systems support and platform services.

ARC divisions, branches, and the financial management services provide the following:

ARC Divisions	Services Provided
Transaction Management Division	
Accounts Payable Branch (APB)	Document Processing
Accounts Receivable Branch (ARB)	Document Processing
	Debt Collection Services
	Treasury Report on Receivables Reporting
Payroll, Vendors & Cards Branch (PVC)	Supplier Table Update and Maintenance
	Record and Reconcile Payroll
	1099 Reporting
	Purchase Card Processing
Funds Management Division	
Funds Management Branch	Provides Funds Management Services
Agency Cash Branch	Provides Cash Related Services for Customer Agencies
Budget Formulation Group	Accounting Services
	Reporting Services
Budget Execution Branch	Accounting Services
	Reporting Services
Special Assets and Liabilities Division	
Federal Investments & Borrowing Branch	Provides Federal Investments and Borrowings Programs Services
Special Investments Branch	Provides State and Local Government (SLG) and Other Book Entry Program Services
Pensions, Grants & Loans Branch	Provides Pension, Grants, and Loans Activity Services for Customer Agencies
Agency Intragovernmental Branch	Provides Intragovernmental Business Services for Customer Agencies
Central Intragovernmental Branch	Manages and verifies intragovernmental transactions for Federal Agencies

ARC Divisions	Services Provided
Financial Reporting & Analysis Division	
Summary Debt Accounting Branch	Accounts for and reports on the outstanding public debt of the United States and related interest expense.
Reporting Analysis Branch 1	Provides Reporting, Analysis, and Audit Support Services for Customer Agencies
Reporting Analysis Branch 2	Provides Reporting, Analysis, and Audit Support Services for Customer Agencies
Reporting Analysis Branch 3	Provides Reporting, Analysis, and Audit Support Services for Customer Agencies
Program Support Division	
Financial & Admin Support Branch	Provides Financial & Administrative Support Services for Fiscal Accounting
Audit, Planning, & Communications Branch	Provides Audit, Planning, and Communication Services for Fiscal Accounting
Accounting Support Branch	Provides Governance and Technical Support Services for Fiscal Accounting
Travel Services Division (TSD)	
Temporary Duty Services Branch (TDSB)	Operate/Maintain E-Gov Travel Services (ETS) systems: Concur Government Edition (CGE) Provide ETS Training Services Document Processing Transaction Processing
Relocation Services Branch (RSB)	Operate/Maintain moveLINQ Record and process relocations Tax Reporting Civilian & commissioned relocation services
Business Technology Division (BTD)	
Service Desk Branch (SDB)	Provides Financial Management System Support /Training
User Support Branch	Provides Financial Management System Support /Training
Operations Support Branch	Operate /Maintain Financial Management System Support
Project Support Branch	Provides Internal Project Support Services
Development Support Branch	Provides Application Development, Analysis, and Project Management Services
Security and Compliance Branch	Provides Security and Compliance Related Services

*Description of Controls Provided
by the Fiscal Service Administrative Resource Center*

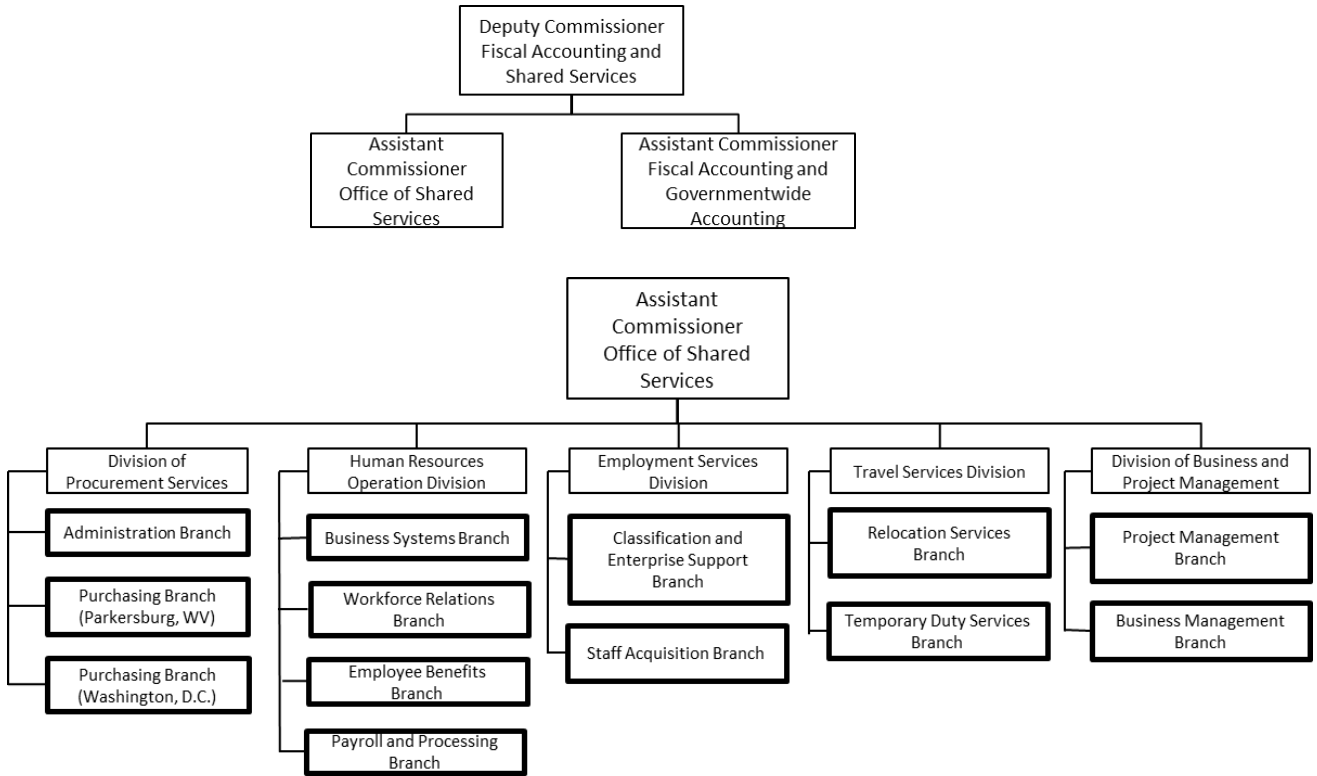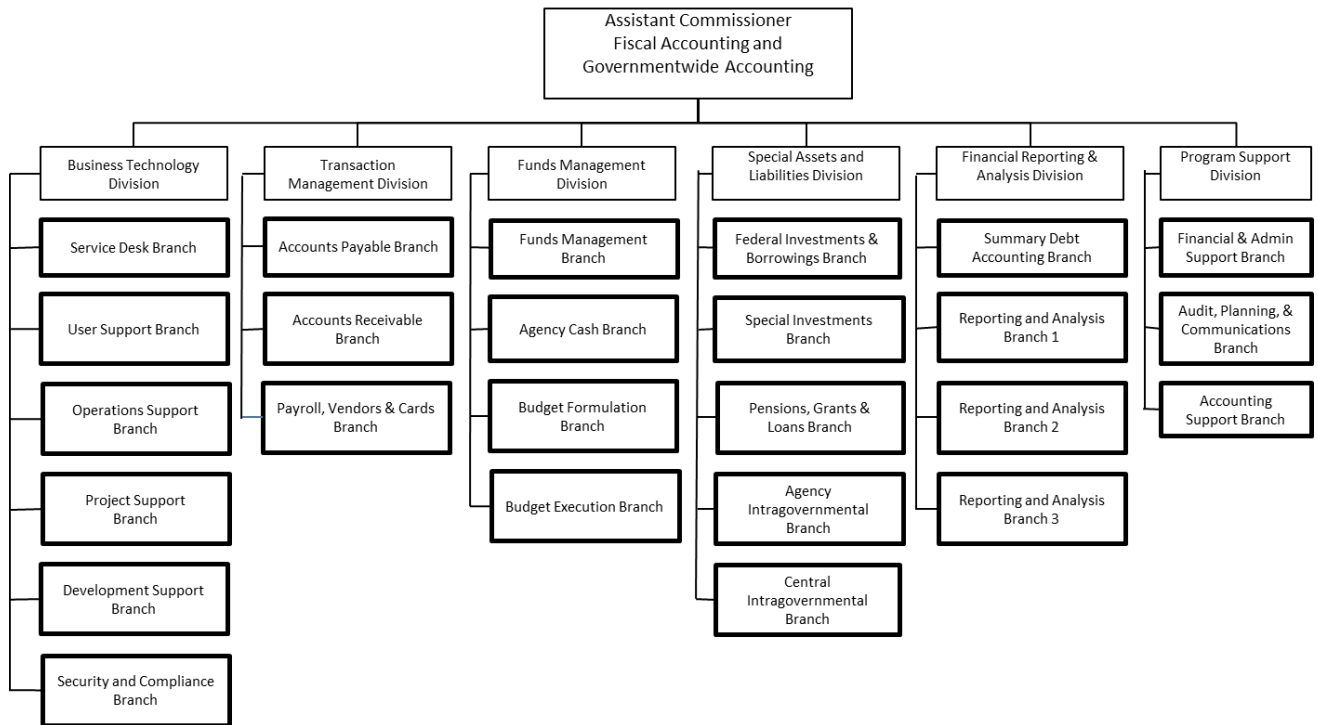| ARC Divisions	Services Provided
Human Resources Operations Division (HROD)	
Business System Branch	Provides HR Business System Support Services
Workforce Relations Branch	Provide Workforce Relations Services
Employee Benefits Branch	Provide Employee Benefit Services
Payroll and Processing Brach	Provide Payroll Processing Services
Employment Services Division	
Classification and Enterprise Support Branch	Provides Position Classification Services
Staff Acquisition Branch	Provides Staff Acquisition Services
Division of Procurement Services (DPS)	
Administration Branch	Acquisition Services
Purchasing Branch Parkersburg	Acquisition Services
Purchasing Branch Washington, DC	Acquisition Services
Division of Business and Project Management	
Project Management Branch	Provides Project Management Support to the office of Shared Services
Business Management Branch	Administrative franchise customer service liaison
	Negotiates Interagency Agreements

Current ARC Organization Chart

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                    ┌─────────────────────┐
                    │ Deputy Commissioner │
                    │ Fiscal Accounting and│
                    │   Shared Services   │
                    └─────────────────────┘
                 ┌──────────────┴──────────────┐
      ┌──────────────────┐        ┌──────────────────────┐
      │    Assistant     │        │ Assistant Commissioner│
      │   Commissioner   │        │  Fiscal Accounting and│
      │ Office of Shared │        │    Governmentwide     │
      │     Services     │        │      Accounting       │
      └──────────────────┘        └──────────────────────┘

                    ┌─────────────────────┐
                    │     Assistant       │
                    │    Commissioner     │
                    │  Office of Shared   │
                    │      Services       │
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Division of Procurement Services	Human Resources Operation Division	Employment Services Division	Travel Services Division	Division of Business and Project Management
Administration Branch	Business Systems Branch	Classification and Enterprise Support Branch	Relocation Services Branch	Project Management Branch
Purchasing Branch (Parkersburg, WV)	Workforce Relations Branch	Staff Acquisition Branch	Temporary Duty Services Branch	Business Management Branch
Purchasing Branch (Washington, D.C.)	Employee Benefits Branch			
	Payroll and Processing Branch			

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                          ┌─────────────────────────┐
                          │ Assistant Commissioner  │
                          │   Fiscal Accounting and │
                          │ Governmentwide Accounting│
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Business Technology Division	Transaction Management Division	Funds Management Division	Special Assets and Liabilities Division	Financial Reporting & Analysis Division	Program Support Division
Service Desk Branch	Accounts Payable Branch	Funds Management Branch	Federal Investments & Borrowings Branch	Summary Debt Accounting Branch	Financial & Admin Support Branch
User Support Branch	Accounts Receivable Branch	Agency Cash Branch	Special Investments Branch	Reporting and Analysis Branch 1	Audit, Planning, & Communications Branch
Operations Support Branch	Payroll, Vendors & Cards Branch	Budget Formulation Branch	Pensions, Grants & Loans Branch	Reporting and Analysis Branch 2	Accounting Support Branch
Project Support Branch		Budget Execution Branch	Agency Intragovernmental Branch	Reporting and Analysis Branch 3	
Development Support Branch			Central Intragovernmental Branch		
Security and Compliance Branch					

Accounting Services (provided by Transaction Management Division, Funds Management Division, and Financial Reporting and Analysis Division)
Accounting Services consists of the following:
- Recording financial transactions in Oracle Federal Financials (Oracle), including appropriation, apportionment, allocations, revenue agreements, accounts receivable, collections, commitments, obligations, accruals, accounts payable, disbursements, and journal entries.
- Examining and processing vendor and other employee payments.
- Examining and processing revenue and other collections.
- Managing and verifying general ledger transactions in the core accounting system.

To maximize efficiencies and enhance Customer satisfaction, ARC has developed financial management service guidelines for Customer Agencies. The guidelines are available to customers via ARC's customer websites. The guidelines provide accounting service overviews, links to regulations and data submission requirements for the various types of services and accounting transactions that ARC processes.

Prior to providing accounting services, ARC meets with Customer Agencies to learn and understand the authorizing legislation and mission. This enables ARC to assist agencies in defining their accounting needs and to ensure that the accounting services provided comply with applicable regulations and are able to meet their internal and external reporting needs.

ARC's automated accounting systems provide for budgeting and funds control at various organizational and spending levels. The levels used are established based on the Customer Agency's authorizing legislation, apportionment level, or their request to control at a lower level than required by law.

ARC offers commitment accounting to Customer Agencies to better enable them to monitor and control their funds availability. When applicable, ARC sets aside funds that are available for obligation based on an approved purchase requisition (PR). In the event that the actual order amount is greater than the approved purchase request amount, a modification to the PR is required unless overage tolerances have been pre-approved by the customer agency.

ARC records obligations based on fully executed purchase orders, contracts, training orders or interagency agreements. Recording the obligations in the accounting system sets aside funds to ensure that funds are available to pay for the goods or services when provided and billed by suppliers. All obligations must be approved for funds availability prior to issuance. This is generally done through processing a PR, but is the responsibility of the Customer Agency if they elect not to have commitment accounting services. In the event that the invoice amount is greater than the obligated amount, a modification is required unless overage tolerances have been pre-approved by the Customer Agency.

Customer Agencies are required to notify ARC when goods/services have been received but not invoiced by the supplier at the end of a reporting period. Based on the information received, ARC records expense accruals in the accounting system. The notification process is established at the Customer Agency level and can include submitting receiving reports or schedules that detail the items to be accrued.

ARC processes and/or records all Customer Agency disbursements. These include supplier invoices, purchase card payments, Intra-governmental Payment and Collection (IPAC) transactions, employee travel reimbursements, and employee payroll.

The preferred approach for payment of qualifying supplier goods/services is the government's purchase card program. Customer Agencies are encouraged to obtain and use a government purchase card to the greatest extent possible and they are encouraged to participate in ARC's purchase card program and use Citibank's CitiDirect system. CitiDirect allows Customer Agency cardholders and certifying officers to electronically reconcile, route, approve, and submit the purchase card statement to ARC for payment.

Generally, ARC Customer Agencies use three methods of receiving and monitoring the status of supplier invoices. The preferred method, due to efficiencies in processing and approvals from electronic workflow, requires that supplier invoices be submitted via the Invoice Processing Platform (IPP). The vendor submits' an invoice through IPP and the invoice is routed to the invoice approver designated on the purchase order. In the second method, when invoices are submitted directly to ARC, ARC has controls that ensure that all invoices are logged with the date received, are forwarded to the Customer Agency staff designated on the obligating document for review and approval, and are monitored to ensure that invoices are returned to ARC for processing in accordance with the Prompt Payment Act. The third method (under unique circumstances) requires that supplier invoices be sent directly to the Customer Agency. When using this method, the Customer Agency is required to establish controls to ensure that all invoices are stamped with the date received, reviewed, certified by the staff member designated on the obligation document, and submitted to ARC for processing in accordance with the Prompt Payment Act.

All invoices are examined by ARC or Customer Agency staff to ensure that they are proper, as defined by the Prompt Payment Act. In addition, invoices are matched to the obligating documents and receiving reports (when applicable) and are certified by invoice approvers. If receiving reports are not submitted, the invoice approver certifies that the invoice is in accordance with the terms of the order, and provides the dates the goods/services were received and accepted.

After the invoice approver certifies the invoice, it is submitted to ARC to process the payment to the supplier. The Customer Agency is responsible for ensuring that invoices are submitted in time to receive discounts, if applicable, and to pay the invoice prior to the Prompt Payment Act due date. Upon receipt of manual invoices, ARC reviews the invoice for proper certification, accuracy and completeness and either schedules the payment in accordance with the terms of the order, the Prompt Pay Act and Electronic Funds Transfer (EFT) Rules or returns the invoice to the customer for clarification or additional information. Invoices processed via IPP are subject to a post payment audit.

ARC transmits EFT and check payment files to the U.S. Department of the Treasury using Treasury's Secure Payment System (SPS). In addition, ARC processes most intra-governmental payments using Treasury's IPAC system. ARC obtains Customer Agency approval prior to initiating an IPAC payment to another federal agency. ARC also monitors IPAC activity initiated against the Customer Agency by another federal agency and forwards all IPAC payments to the appropriate approving official for approval. ARC records most IPAC payments in the accounting period the IPAC was accomplished.

Third-party payroll processors provide ARC with a file of payroll data at least bi-weekly (weekly if payroll adjustment files are applicable) to interface into the accounting system. ARC reconciles all payroll transactions recorded to disbursements reported by the third-party processor. ARC records payroll accruals on a monthly basis and reverses the accrual in the subsequent accounting period. The payroll accrual is a prorated calculation performed by the accounting system that is based on the most recent payroll disbursement data available.

ARC processes revenue and collection related transactions (i.e., unfilled customer orders, receivables, and cash receipts) with Customer Agency approval. Customer Agencies either forward to ARC approved source documents or a summary of their transactions. ARC records IPAC transactions in the period in which they are processed in Fiscal Service's IPAC System. Check deposits are made by ARC or the Customer Agency. When checks are deposited by customers, the Standard Form (SF) 215 deposit ticket is forwarded to ARC. In addition, all deposits require the Customer Agencies to provide the accounting information necessary to record the cash receipt.

ARC records proprietary and budgetary accounting entries using the United States Standard General Ledger (USSGL) and Treasury approved budget object codes at the transaction level. In addition, ARC reconciles general ledger accounts to ensure transactions are posted to the appropriate accounts.

ARC utilizes Autonomy, a software application managed by Fiscal Service's Office of Management Services' (OMS), Program, Administrative, and Training Group (PAT) to store hardcopy and electronic data records. Autonomy stores the metadata of the hardcopy document, but the digital document is stored on the storage area network (SAN) to allow access to users of the document. ARC generates labels, which are printed and placed on boxes that are to be stored in Fiscal Service's warehouse. The information recorded on the label is entered into Autonomy so that the boxes can subsequently be requested by ARC personnel, as they are needed. Once the data is recorded in Autonomy, Fiscal Service warehouse personnel either pick up the box to be placed in storage or return the box to ARC, as applicable.

ARC works with Customer Agencies to develop and implement processes to ensure the accuracy of their accounting information. This includes reviewing open commitment, obligation, expense accrual, customer agreement, and open billing document reports for completeness, accuracy, and

validity. This review is conducted by Customer Agencies to determine what action(s) is/are needed to adjust or remove any invalid items in ARC's accounting records.

Budget Services (provided by Funds Management Division)
ARC enters the Customer Agency's budget authority in the accounting system based on the supporting documentation, which may include enacted legislation, anticipated resources, Treasury warrants or transfer documents, an Apportionment and Reapportionment Schedule (SF 132), the Customer Agency's budget plan or recorded reimbursable activity. The budget process makes funds available for commitment, obligation, and/or expenditure, and with controls in place, the automated accounting system checks for sufficient funds in the Customer Agency's budget at the specified control levels.

Reporting Services (provided by Financial Reporting and Analysis Division)
ARC performs all required external reporting for Customer Agencies, including the following reports: Statement of Transactions (Formerly FMS 224), Government-Wide Treasury Account Symbol Adjusted Trial Balance System (GTAS), Treasury Report on Receivables, Treasury Information Executive Repository (TIER), and quarterly and year-end financial statements. In addition, ARC has created a standard suite of management and external reports that are available to all Customer Agencies. ARC reconciles certain general ledger accounts on a monthly basis and ensures that proprietary and budgetary general ledger account relationships are maintained and accurate.

Temporary Duty Travel Services (provided by the Travel Services Division)
Travel Services consist of the following:
- Operating and maintaining the ETS systems (CGE) in compliance with the Federal Travel Regulations (FTR) for all ARC Customer Agencies
- Researching and implementing the FTR and Agency/Bureau travel policies
- System Administration
- Providing customer service and training to system users
- Evaluating, recommending, and implementing approved changes to existing systems and/or new systems, including working with the E-Gov Travel vendor and the General Services Administration (GSA) on system enhancements and deficiencies
- Processing employee reimbursements via interface to Oracle

Travel documents (authorizations and vouchers) and miscellaneous employee reimbursements are entered by Customer Agencies into CGE and are electronically routed to an Approving Official for review and approval. The Approving Official electronically signs the documents with a status of "approved." All "approved" documents are interfaced and reconciled to Oracle daily. CGE contains system audits that prohibit documents that do not meet certain Federal Travel Regulations or do not contain the required accounting information from being approved and therefore will not interface to Oracle.

Relocation Services (provided by Travel Services Division)
Relocation Services consist of the following:
- Operating and maintaining moveLINQ, a government relocation expense management system in compliance with the Federal Travel Regulations (FTR), Department of State Standardized Regulations (DSSR), and Joint Federal Travel Regulations (JFTR) to record and process Permanent Change of Station (PCS), Temporary Change of Station (TCS) and special entitlements such as Home Leave, Evacuation, Medical Evacuation, Rest and Recuperation and Education Travel for Customer Agencies

- Researching and implementing relocation regulations and Agency/Bureau relocation travel policies
- System Administration
- Providing customer service
- Providing system support and training to internal users
- Evaluating, recommending, and implementing approved changes to the existing system, including working with the moveLINQ vendor, mLINQS, on system enhancements and deficiencies
- Processing relocations through the moveLINQ system
- Processing obligations and disbursements via interface to Oracle
- Tax Reporting

Relocation travel documents (authorizations, amendments, advances, and vouchers) are entered by ARC into moveLINQ. Prior to being submitted in moveLINQ, the vouchers are reviewed for accuracy by a second ARC employee. Completed documents are e-mailed to the traveler and/or approving official for review and approval, as appropriate. For customers that we process payments, approved documents are interfaced and reconciled to Oracle daily.

Procurement Services (provided by the Division of Procurement Services)
Procurement Services consist of the following:
- Awarding contracts and purchase orders in accordance with Federal Acquisition Regulations, Treasury Acquisition Regulations and, Customer Agencies Regulations as applicable
- Contract Administration
- Purchase Card Administration

Requests for procurement actions are initiated by customers through requisitions. The requisitions contain a performance work statement or requirements document, estimated dollar amount for the goods or service, validation that funds are available and approval from an authorized official. Requisitions may be sent electronically through PRISM or manually.

Upon receipt of a completed requisition, ARC procurement personnel will develop an acquisition strategy based upon the item or service being purchased and the expected dollar amount of the purchase. Using information from the requisition, ARC personnel will develop and publicize the solicitation requesting proposals. ARC personnel will conduct the evaluation of the proposals with technical team of experts from our Customer Agencies. With input from the technical team, an ARC contracting officer will select the vendor that best meets the customer's requirements.

Following award of the contract, ARC personnel will provide contract administration services. This includes executing approved and authorized contract modification, resolving issues that arise during the life of the contract, monitoring delivery schedules and closing out the contract at completion.

System Platform Services (provided by the Business Technology Division)
ARC maintains system support staff who provide customer services and training activities. Customer support is provided via phone or e-mail. ARC maintains a training course curriculum that is generally provided in a hands-on classroom environment.

Description of Controls Provided
by the Fiscal Service Administrative Resource Center

ARC performs all system access activities in accordance with established procedures for granting, changing, and removing user access. Included in these procedures are independent reviews of system access activity and user inactivity.

ARC performs all system change activities in accordance with established procedures for evaluating, authorizing, and implementing. To this end, ARC maintains responsibility for System Integration Testing, providing customers an opportunity to perform User Acceptance Testing, and approving production changes.

RELEVANT ASPECTS OF THE CONTROL ENVIRONMENT, RISK ASSESSMENT, AND MONITORING

Control Environment

ARC Financial Management Service operations are under the direction of the Deputy Commissioner of Fiscal Accounting and Shared Services. ARC's mission is to aid in improving overall government effectiveness by delivering responsive and cost effective administrative support to its Customer Agencies; thereby, improving their ability to effectively discharge their mission.

ARC employees and contractors working at ARC are responsible for processing and reporting accounting activity, providing system support and development services, procurement, and travel services for its Customer Agencies. ARC holds management meetings on a regular basis to discuss special processing requests, operational performance, and the development and maintenance of projects in process. Written position descriptions for employees are maintained. The descriptions are inspected and revised as necessary.

References are sought and background, credit, and security checks are conducted for all Fiscal Service personnel when they are hired. Additional background, credit, and security checks are performed every three to five years. The confidentiality of user-organization information is stressed during the new employee orientation program and is emphasized in the personnel manual issued to each employee. Fiscal Service provides a mandatory orientation program to all full time employees and encourages employees to attend other formal outside training. Training available to Fiscal Service employees with related work responsibilities includes, but is not limited to: Prompt Pay and Voucher Examination, Appropriation Law, Federal Acquisition Regulations, Federal Travel Regulations, Reconciling with and Reporting to Treasury, Dollars & Sense, Federal Accounting Fundamentals, USSGL Practical Applications, Budgeting and Accounting – Making the Connection and Computer Security Training Awareness.

All Fiscal Service employees receive an annual written performance evaluation and salary review. These reviews are based on goals and objectives that are established and reviewed during meetings between the employee and the employee's supervisor. Completed appraisals are reviewed by senior management and become a permanent part of the employee's personnel file.

Risk Assessment

Fiscal Service has placed into operation a risk assessment process to identify and manage risks that could affect ARC's ability to provide reliable accounting and reporting, system platform and travel services for Customer Agencies. This process requires management to identify significant risks in their areas of responsibility and to implement appropriate measures and controls to manage these risks.

Monitoring

Fiscal Service management and supervisory personnel monitor the quality of internal control performance as a normal part of their activities. Management and supervisory personnel inquire of staff and/or review data to ensure that transactions are processed within an effective internal control environment. An example of a key monitoring control is that ARC's Transaction Maintenance and Verification Division and Compilation and Analysis Division, Manager and/or Supervisors review reconciliations from Oracle sub

ledgers to the related general ledger accounts. ARC prepares budgetary to proprietary account relationship reconciliations on a monthly basis. In addition, ARC prepares and reconciles the GTAS submitted reports to the trial balance and statement of budgetary resources each time the GTAS file is submitted. ARC also uses the results of the annual Statements on Standards for Attestation Engagements (SSAE 16) examination as a tool for identifying opportunities to strengthen controls.

INFORMATION AND COMMUNICATION

Information Systems

Oracle Federal Financials (Oracle) and Discoverer
Oracle E-Business Suite Managed Cloud Services operates Oracle R12 and Oracle 11g database in a Linux operating system environment. Oracle uses a two-tier web-based infrastructure with a front-end Internet user interface and a database residing on the secure network. The application accesses the database IP to IP on a specified port that was defined in the Access Control List. Only select Internet Protocol (IP) addresses that are defined in the Access Control List are permitted to connect to the database IP. Internet access is via a 128-bit Transport Layer Security (TLS) encrypted connection. The application is compliant with Section 508 of the Rehabilitation Act Amendment for 1998 for Americans with Disabilities (ADA). Functions of Oracle include budget execution, general ledger, purchasing, accounts payable, accounts receivable, project accounting, fixed assets, and manufacturing. ARC also uses a report writer package called Discoverer that provides users with the ability to create their own ad hoc reports for query purposes. Discoverer is an intuitive ad-hoc query, reporting, analysis, and Web-publishing tool that empowers business users at all levels of the organization to gain immediate access to the Oracle operational database. The information from Discoverer is obtained directly from the Oracle tables.

Procurement Request Information System Management (PRISM)
On May 21, 2016, Oracle Managed Cloud Services, which operates PRISM version 7.1, migrated from Windows Server 2003 to the Windows Server 2012 operating system, and the application was fully disabled on all old Windows 2003 servers. PRISM uses an Oracle 11g database running in a Linux operating system environment. PRISM uses a two-tier web-based infrastructure with a front-end Internet user interface using Windows as its operating system and a database residing on the secure Oracle Managed Cloud Services network. The application accesses the database on a specified port that is defined in the Access Control List. Only select Internet Protocol (IP) addresses that are defined in the Access Control List are permitted to connect to the database IP. Internet access is via a 128-bit TLS encrypted connection. Transactions entered through PRISM interface real-time with Oracle.

Invoice Processing Platform (IPP)
ARC uses the Fiscal Service's IPP electronic invoice processing solution (mandated for all Treasury Bureaus by the Department of Treasury). IPP is a web-based electronic invoicing and payment information system that is hosted by the Federal Reserve Bank of Boston. Purchase orders are interfaced from Oracle to IPP. Invoices are submitted in IPP by either the vendor or ARC personnel and are routed to the customer for approval. Upon approval, the invoice interfaces from IPP to Oracle and the invoice is scheduled for payment. Remittance information then interfaces from one of the three Treasury Fiscal Service Regional Financial Centers (RFC) that provide payment services for federal agency sites. IPP users consist of invoice approvers, viewers and administrators.

webTA
ARC uses Kronos' webTA as its time and attendance system for most of its Customer Agencies whose payroll is processed by the NFC. Transactions that are entered in webTA interface with NFC, and NFC ultimately sends payroll data back to ARC for an interface into Oracle.

On May 21, 2016, ARC migrated the ARC operated webTA (non-HUD) version 3.8.15 from Windows Server 2003 to the Windows Server 2012 operating system, and the application was fully disabled on all old Windows 2003 servers. webTA uses the Oracle 11g database, which runs on the

Description of Controls Provided
by the Fiscal Service Administrative Resource Center

ARC subnet and accesses data in the ARC DMZ using Linux AS 2.1 as its operating system. Additionally, ARC operates webTA (HUD) version 3.8.15 on Windows 2008 R2 operating system, the web server is running IIS 7.5 and the application server is running Tomcat 6.1. Information and Security Services (ISS) serves as the webTA database administrator and provides primary support for tape backup and recovery. webTA uses a two-tier web-based infrastructure with a front-end Internet user interface and a database residing on the secure network. The application (web-applet) accesses the database on a specified port that is defined in the Access Control List. Only select IP addresses that are defined in the Access Control List are permitted to connect to the database IP. External Internet access is via 128-bit TLS encrypted connection. External security is provided by ISS through firewall rules and router access control lists.

Concur Government Edition (CGE)
ARC uses Concur Technologies' CGE travel system (system selected by the U.S. Department of the Treasury as its E-Gov Travel solution). Concur Technologies developed and hosts CGE. CGE is a web-based, self-service travel system that incorporates traditional reservation and fulfillment support and a fully-automated booking process. CGE uses system processes and audits to ensure compliance to the FTR and/or Agency policy. CGE is used to prepare, examine, route, approve, and record travel authorizations and vouchers. It is used to process all temporary duty location (TDY) authorizations, vouchers, local vouchers and miscellaneous employee reimbursements. Approved documents interface to Oracle for obligation or payment during a daily batch process. CGE users consist of travelers, document preparers, budget reviewers, approving officials and administrators.

moveLINQ
ARC uses mLINQS relocation expense management system, moveLINQ, to meet their relocation management program, payment system and reporting requirements. moveLINQ is an E-Gov Travel Services and Federal Travel Regulations, Chapter 302 compliant web-based system that automates relocation expense management processes, policy and entitlement for both domestic moves and international relocations. The application is used for household goods shipment and storage arrangements, employee travel arrangements, third party real estate payments and relocation tax administration, including W-2 preparation. Approved documents interface to Oracle for obligation or payment during a daily scheduled batch process. moveLINQ users consist of authorized TSD personnel. ISS hosts the moveLINQ system and serves as the Microsoft SQL database administrator and provides primary support for tape backup and recovery.

PRISM, IPP, CGE, moveLINQ, and E-Payroll to Oracle Reporting (EOR) are feeder systems that interface with Oracle. Oracle Managed Cloud Services hosts Oracle, PRISM and EOR, Concur Technologies hosts CGE, the Federal Reserve Bank of Boston hosts IPP, and ARC hosts moveLINQ. ARC performs application administration for all feeder systems.

Communication

Fiscal Service has implemented various methods of communication to ensure that all employees understand their individual roles and responsibilities over processing transactions and controls. These methods include orientation and training programs for newly hired employees, and use of electronic mail messages to communicate time sensitive messages and information. Managers also hold periodic staff meetings as appropriate. Every employee has a written position description that includes the responsibility to communicate significant issues and exceptions to an appropriate higher level within the organization in a timely manner. Managers also make an effort to address continuing education needs of all employees by identifying training opportunities made available through Fiscal Service's employee training and career development programs, internal training classes, and professional conferences.

Control Objectives and Related Controls

The Administrative Resource Center's control objectives and related controls are included in Section IV of this report, "Control Objectives, Related Controls, and Tests of Operating Effectiveness." Although the control objectives and related controls are included in Section IV, they are, nevertheless, an integral part of the ARC's description of controls.

COMPLEMENTARY CUSTOMER AGENCY CONTROLS

ARC's processing of transactions and the controls over the processing were designed with the assumption that certain complementary Customer Agency controls would be operating effectively at Customer Agencies. This section describes the complementary Customer Agency controls that are necessary to achieve the control objectives stated in the description of ARC's system and also identifies the control objectives to which the complementary Customer Agency controls relate.

Customer Agency auditors should determine whether Customer Agencies have established controls to provide reasonable assurance to:

- Approve and return relocation travel authorizations to RSB for processing in moveLINQ in a timely manner.
- Approve and send revenue and expense accruals to ARC in a timely manner.
- Approve invoices for payment and send approved invoices to ARC in a timely manner.
- Approve travel vouchers and accurately enter the vouchers into CGE in the proper period.
- Communicate Customer Agency required levels of budget and spending controls to ARC.
- Communicate OMB apportionment status to ARC.
- Compare actual spending results to budgeted amounts
- Ensure exiting employee timecards are coded "Final" as this will help ensure that HR staff deactivate the employee's webTA access.
- Ensure that invoices received at the Customer Agency properly reflect the invoice receipt date and provide correct received and acceptance dates for goods or services according to the Prompt Payment Act.
- Maintain and communicate to ARC a list of individuals authorized to submit manual journal entries that are initiated by the Customer Agency.
- Maintain and communicate to ARC, a list of individuals authorized to approve invoices and travel vouchers when it is not communicated in the authorizing agreement.
- Monitor and pursue collection of delinquent balances as applicable.
- Monitor usage of budget authority during periods of operation under a Continuing Resolution to ensure that OMB directed apportionment limits are not exceeded.
- Properly approve and accurately enter obligations into the procurement and travel systems in the proper period.
- Provide certification of GTAS to ARC prior to system certification.
- Provide investment guidance and make sure it is current.
- Review and approve listing of users with current Oracle, PRISM, IPP, webTA, and CGE access to ensure appropriateness.
- Review and approve the annual submission of the Treasury Report on Receivables and Debt Collection Activities (TROR).
- Review and approve, prior to submission, the financial reports prepared by ARC to ensure that all reports prepared for external use are complete, accurate, and submitted in a timely manner.
- Review open obligation and accrual reports for completeness, accuracy, and validity.
- Review the financial reports provided by ARC to ensure that budget entries are complete and accurate.
- Review the financial reports provided by ARC to ensure that disbursement transactions are complete and accurate.
- Review the financial reports provided by ARC to ensure that payroll accruals are complete and accurate.

- Review the financial reports provided by ARC to ensure that payroll disbursements are complete and accurate.
- Review unfilled customer orders, receivable and advance reports for completeness, accuracy, and validity.
- Send approved and accurate documentation of unfilled customer orders, receivables, and cash receipts transactions, to ARC in the proper period.
- Send approved budget plans to ARC in a timely manner.
- Send approved requests to record manual obligations to ARC in a timely manner
- Send valid and approved requests to record manual journal entries to ARC in a timely manner if they are initiated by the Customer Agency
- Verify that payroll processed by third-party providers is complete and accurate

Specific complementary Customer Agency controls are provided for Control Objectives 1, 2, 3, 5, 6, 7, 8, 9, 10, 11, 12, 13, and 17, in the Control Objectives, Related Controls, and Tests of Operating Effectiveness section of this report.

SUB-SERVICE ORGANIZATIONS

In order to provide financial management services, ARC relies on systems and services provided by other organizations external to ARC (sub-service organizations). The achievement of control objectives depends on whether controls at the sub-service organizations anticipated in the design of ARC's controls were implemented and operating effectively. These sub-service organizations were not subject to examination by KPMG LLP.

Name of Sub-service Organization	Name of System	Function/Responsibilities
Fiscal Service	Central Accounting and Reporting System (CARS)	Treasury's Fiscal Service provides reports to inform agencies of their Fund Balance With Treasury and to assist agencies in reconciling their general ledger balances to Fiscal Service balances. ARC uses account summary and transaction reports to perform reconciliations.
	Secure Payment System (SPS)	ARC uses SPS to process payments for invoices.
	CIR, CARS (Treasury Disbursing Offices) TDO Payments, Intragovernmental Payment and Collection transactions (IPACs)	ARC uses these applications to identify receivables and any cash differences (collections and disbursements).
	TROR, Fed Debt Systems	ARC uses Treasury Report on Receivables and Debt Collection Activities (TROR) as a primary means for collecting data on the status of non-tax debt portfolio. ARC uses FedDebt system to transfer debts for collection to Debt Management Services (DMS)
	OTCnet	Treasury's Over The Counter Channel Application (OTCnet) enable Federal Program Agency (FPA) users to report over-the-counter receipts in a secure, web-based system. In addition to the summary deposit information currently required on the paper SF 215, OTCnet collect sub-total accounting information that can feed the FPA's administrative accounting systems as well as the Treasury's central accounting system.

Name of Sub-service Organization	Name of System	Function/Responsibilities
	Government-Wide Treasury Account Symbol Adjusted Trial Balance System (GTAS)	GTAS is a web-based system implemented for use in Government-Wide reporting as the primary means of reporting agency trial balance data. This single data collection system is designed to pave the way for more consistent and complete financial data and will allow for better analytical reporting. ARC has customized programs in Oracle that extract the accounting and budgetary data in the required GTAS bulk file format. GTAS has a standardized chart of accounts that is compliant with USSGL guidance issued by the Department of the Treasury. Various edit checks are incorporated in the GTAS validation checks. After submitting the adjusted trial balances into GTAS, ARC accountants review the edit reports and resolve any invalid attributes or out-of-balance conditions.
	InvestOne	InvestOne accounting system--A vendor supplied transaction-based accounting system that is a subsystem of the Debt Information Management System (DIMS) used to record and report investment fund activity; it is interfaced with Oracle.
	FedInvest	FedInvest--Also a subsystem of DIMS, is a vendor-developed, web-based extension to the InvestOne accounting system that provides access to the federal investments information through the Internet.
Treasury	Treasury Information Executive Repository (TIER)	For ARC's Treasury and the Department of Homeland Security Customer Agencies, reporting requirements are met using TIER. TIER is Treasury's departmental data warehouse that receives monthly uploaded financial accounting and budgetary data from the Treasury and the Department of

Name of Sub-service Organization	Name of System	Function/Responsibilities
		Homeland Security bureaus and other reporting entities within the Department of the Treasury and the Department of Homeland Security in a standardized format. Data submitted to TIER by an ARC accountant is validated based on system-defined validation checks.

ARC has customized programs in Oracle that extract the accounting and budgetary data in the required TIER format. TIER has a standardized chart of accounts that is compliant with USSGL guidance issued by the Department of the Treasury. After submitting the adjusted trial balances into TIER, ARC accountants review the edit reports and resolve any invalid attributes or out-of-balance conditions. ARC accountants document this review by completing the TIER Submission Checklist, which is further reviewed by a supervisor. |
| | Financial Analysis and Reporting System (FARS) | Treasury's FARS produces financial statements using data bureaus have submitted to TIER. |
| Various third-party payroll processors | Various systems | Third-party payroll processors transmit payroll files to ARC after the end of a pay period. ARC uses these files for recording payroll disbursements. |
| Concur Technologies | Concur Government Edition (CGE) | Concur Technologies developed and hosts the CGE system, which is an E-Gov travel system. Concur Technologies is the vendor for E-Gov travel selected by the Department of the Treasury.

Concur Technologies maintains the data in their Business Data Warehouse for six years and three months. |
| General Services Administration (GSA) | System for Award Management (SAM), including the Central | Primary registrant database for the U.S. Federal Government; collects, validates, stores and disseminates |

*Description of Controls Provided
by the Fiscal Service Administrative Resource Center*

Name of Sub-service Organization	Name of System	Function/Responsibilities
	Contractor Registration (CCR) database of vendors.	data in the System for Award Management in support of Customer Agency acquisition missions.
Oracle Corporation	Oracle Managed Cloud Services	ARC's Oracle and PRISM applications are hosted at Oracle Managed Cloud Services. Fiscal Service retains application administration responsibilities and Oracle Managed Cloud Services provides the computer processing infrastructure and support thereto. Oracle Managed Cloud Services staff serve as the database and system administrators and provides backup and recovery services for Oracle and PRISM.
Iron Mountain		ARC uses Iron Mountain for off-site storage of backup tapes.
Federal Reserve Bank Boston	Invoice Processing Platform (IPP)	ARC uses IPP to electronically route invoices for approval and payment.

Description of Controls Provided
by the Fiscal Service Administrative Resource Center

**IV.   CONTROL OBJECTIVES, RELATED CONTROLS, AND
TESTS OF OPERATING EFFECTIVENESS**

ACCOUNTING PROCESSING CONTROLS

Control Objective 1 - Obligations

Controls provide reasonable assurance that obligations are authorized, reviewed, documented, and processed timely in accordance with Administrative Resource Center (ARC) policies and procedures.

Description of Controls

ARC has documented procedures for staff to follow for the processing of obligations.

PRISM System Interface
An obligation is created when a Customer Agency enters into a legally-binding contract with a vendor for goods or services. The obligation is entered into the accounting system through an interface between PRISM and Oracle. The interface changes the budget status from a commitment (if applicable) to an obligation in the general ledger and updates the corresponding system tables. The interface between the procurement and accounting systems is real-time. The procurement system has built-in controls that validate information provided by the Customer Agency and ensure proper authorization is granted prior to the interface into the accounting system. These include:
- Limited options based on roles;
- Field inputs limited to look-up tables;
- Data validations;
- Pre-populated fields for default or standard entries;
- Validation of funds availability; and
- Non-editable fields (i.e., total when amount is per unit).

The interface between PRISM and Oracle is monitored periodically throughout the day by systems analysts. The analysts periodically monitor a report that identifies transactions that have been in the Pending Financial Approval status for more than 15 minutes and a report that identifies transactions that were disapproved during the Pending Financial Approval status. The analysts monitor the reports to ensure transactions are processed timely and to identify and investigate any issues. Additionally, for transactions that terminate in Pending Financial Approval status, the report indicates that when Oracle attempted to insert the record into the general ledger database a successful message was not returned. The report lists all transactions currently in this state. The analyst investigates all transactions included in the report to resolve the issues and change the status accordingly.

Manually Recorded Obligations – Customer Agency Approval
For obligations not processed through the interface, Customer Agencies and/or Procurement sends ARC a signed copy of the agreement or Miscellaneous Obligation Form to obligate the funds. Upon receipt from the Customer Agency, the ARC technician responsible for processing the Customer Agency's accounting transactions reviews the documentation to ensure that adequate accounting information has been received, and manually enters the obligation into Oracle. Obligations that are posted in Oracle are available for both ARC and Customer Agency review through ad hoc Discoverer reports.

Temporary Duty Travel System Interface
Fiscal Service travelers and shared service travel customers enter travel authorizations into CGE and electronically route them to Approving Officials for review and approval. Approving Officials electronically sign the authorization with a status of "approved". All "approved" authorizations are interfaced daily via batch processing to Oracle which records an obligation in the general ledger.

Each day interface files are received from CGE which is used for processing, report generation, and identification of exceptions. The files are loaded into the Oracle interface and accepted records are added to Oracle as obligations in the general ledger. A Travel Order Status Report is generated and reviewed to identify and correct data interface errors and exceptions between CGE and Oracle. Transactions that are rejected in the interface are manually entered into the system. Approved authorizations in CGE are reconciled daily by an accounting technician with an Oracle generated report to ensure that all CGE authorizations have been interfaced and processed in Oracle. CGE prevents a user from both entering and approving travel authorizations unless they have authorized access.

Relocation Travel System Interface
The Relocation Services Branch (RSB) personnel enter PCS travel authorizations into moveLINQ, save as PDF and sends them to Approving Officials for review and approval. When the signed document is received by RSB, Relocation Coordinators stamp the document in moveLINQ with a status of "approved". All "approved" documents are interfaced daily via batch process to Oracle which records an obligation in the general ledger. Approved authorizations in moveLINQ are reconciled daily by an accounting technician with an Oracle generated report to ensure that all moveLINQ authorizations have been interfaced and processed in Oracle.

Budget Execution System Controls
Customer Agencies can establish and monitor both legally established and internally developed budget plans in Oracle to ensure obligations are authorized and recorded. Budget plans can be established at various accounting strings at the allocation levels.

Budget execution system controls can be set to prevent spending beyond the budget plan amount or allow spending over the budget plan amount at any level of the budget plan. Spending beyond the apportionment and appropriation levels (legal levels) is prohibited. System controls are designed to prevent the user from apportioning more than was appropriated and allocating more than was apportioned. Decisions on control settings that permit or prevent spending beyond other budget plan levels are determined by the Customer Agency. System controls are applied at the fund level after passage of appropriation legislation and a high-level budget is loaded at the appropriation level. Upon receipt and input of a detailed financial plan, controls are established at the allocation level when desired by the Customer Agency.

Budget execution settings are determined by the Customer Agency and set-up in Oracle by the Service Desk Branch (SDB) ARC Staff. System settings are reviewed with the Customer Agency on an annual basis.

Document Numbering
All accounting entries recorded into Oracle require a transaction or document identification number. System controls prohibit the use of duplicate document numbers on obligating documents. ARC has developed and implemented a standard document-numbering scheme to avoid duplicate document processing and to enable readers of ARC reports to better identify and/or determine the nature of transactions processed by ARC. When an ARC user attempts to enter a transaction identification number that already exists, Oracle issues an error message that alerts the user of the duplication.

Complementary Customer Agency Controls

Customer Agencies should establish controls to:
- Properly approve and accurately enter obligations into the procurement and travel systems in the proper period.
- Send approved requests to record manual obligations to ARC in a timely manner.
- Review open obligation and accrual reports for completeness, accuracy, and validity.
- Review and approve listing of users with current Oracle, PRISM, IPP, webTA, and CGE access to ensure appropriateness.
- Approve and return relocation travel authorizations to RSB for processing in moveLINQ in a timely manner.
- Communicate Customer Agency required levels of budget and spending controls to ARC.
- Compare actual spending results to budgeted amounts.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures for the processing of obligations and determined the procedures were formally documented for the processing of obligations.

2. Observed the validation tables in PRISM and noted the system was configured to validate obligation document types, and ensure the accuracy and completeness of the data interfaced from PRISM to Oracle.

3. Observed the PRISM Support Desk Staff monitoring the "Pending Financial Approval" and "Disapproved during Pending Financial Approval" reports and noted the reports appeared to be monitored, there were not any backlogs building up, and any issues noted were investigated and resolved.

4. For a selection of manually entered obligations, inspected evidence of Customer Agency approval and determined manually entered obligations were approved prior to being entered into Oracle by ARC Staff.

5. Observed the daily Concur interface and noted approved travel authorizations interfaced into Oracle and recorded as an obligation.

6. For a selection of dates, inspected Concur to Oracle interface reconciliations and determined daily reconciliations were performed to ensure that data from the Concur system interfaced to Oracle.

7. Observed an ARC staff member entering travel vouchers into Concur and noted the system required the travel vouchers to be routed to an approving official.

8. Observed an approving official attempt to enter and approve travel authorizations and noted Concur prevented a user from both entering and approving travel authorizations.

9. Observed the daily interface and noted approved relocation authorizations were interfaced into Oracle and recorded as an obligation.

10. For a selection of days, inspected the reconciliation of authorization from moveLINQ to the Oracle System and determined the interface activity was reconciled to ensure all approved authorizations were completely and accurately interfaced to the Oracle System.

11. For a selection of Customer Agencies, inspected the budget plan instructions and determined they specified their budget controls for the year, the instructions were input by Service Desk Branch (SDB) staff, and then reviewed by a supervisor for completeness and accuracy.

12. Observed an ARC staff member attempt to enter a transaction into Oracle with a document number that has already been entered into Oracle and noted Oracle automatically rejected the entry of a duplicate document number.

No exceptions noted.

Control Objective 2 - Disbursements

Controls provide reasonable assurance that the disbursement of invoices and vouchers is authorized, reviewed, processed timely, reconciled, and properly documented in accordance with ARC policies and procedures.

Description of Controls

ARC has documented procedures for staff to follow for the processing of disbursements.

Customer Agency Invoice Approvals
ARC only processes disbursements for invoices with Customer Agency approval. Vendors can submit invoices through the Invoice Processing Platform (IPP) or send invoices to the Customer Agency or ARC, depending on the instructions in the purchase order.

In order to submit an invoice directly into IPP, the vendor must have an IPP collector account. ARC transmits Oracle supplier table information to the Federal Reserve Bank of Boston (FRBB) in order to create the collector account or the vendor can contact FRBB and supply the necessary information themselves. The vendor must include contact information for the government agency they are doing business with, if they initiate enrollment. When an agency uploads their supplier info to IPP they must also match each record to the corresponding collector account. The purchase orders loaded for each supplier are also tied to the collector account. This limits the purchase orders the vendor can view and invoice against. Current IPP configuration requires all invoices reference an approved purchase order.

IPP system validations prevent invoices from being submitted for amounts that exceed the purchase order amount authorized by the Contracting Officer. In addition, it requires invoice service periods to fall within the period of performance on the purchase order.

If the vendor submits the invoice through IPP it is automatically routed to the invoice approver designated on the purchase order. This designation is made by the Contracting Officer on the purchase order, which is interfaced to Oracle and then on to IPP. Purchase orders manually entered into Oracle and not processed in PRISM include the invoice approver in Oracle per the supporting documentation. An agency invoice approver can only approve an invoice in IPP if it is routed to them, which requires they have an active IPP user account. In order to gain access to IPP, the approver must complete and submit a user access form and a certificate of completion for the required Invoice Approver Training. Customer users do not have the ability to approve an invoice unless it is routed to them in IPP. Nor do they have the ability to route invoices to other users for approval. Only IPP invoices that were approved by the invoice approver or Contracting Officer for the purchase order are interfaced to Oracle for payment. Contracting officers may request invoices for their purchase orders be routed to them in IPP by ARC IPP administrators, in an approver's absence for example.

The banking information used for the disbursement is housed in Oracle not IPP. A DUNS number is assigned to the purchase order at time of award. The banking information for the assigned DUNS is interfaced from SAM to Oracle.

A daily reconciliation is performed in order to ensure that all approved IPP invoices are successfully interfaced to Oracle and to ensure that new purchase orders or modifications to purchase orders for IPP vendors are successfully interfaced to IPP.

If invoices are sent to the Customer Agency, the Customer Agency reviews and approves the invoice and forwards the invoice and documentation of Customer Agency approval to ARC. If invoices are sent to ARC, Customer Agency approval is given through an executed receiving document, via IPP workflow or ARC submits the invoice to an authorized Customer Agency contact for approval. Appropriate contacts are either specified in the purchase order or are communicated to ARC by the Customer Agency. Intra-governmental Payment and Collection transactions (IPACs) which decrease an ARC Customer Agency's Fund Balance with Treasury (FBWT) must be approved in advance by the Customer Agency, unless the IPAC was initiated against the Customer Agency by another federal agency. To ensure that IPAC transactions initiated against the Customer Agency by another federal agency are posted in the proper accounting period, ARC may obtain Customer Agency approval after the IPAC has been recorded. Disbursement may also occur with information from feeder systems (PRISM, CGE, and moveLINQ).

Sampling of Invoices
All invoices are subject to ARC internal review.

Non-IPP
System controls set at the user identification and/or vendor level ensure that payment of non-IPP invoices greater than or equal to $2,500 which are processed by an accounting technician must be reviewed and approved by a lead accounting technician or an accountant prior to disbursement. Non-IPP invoices less than $2,500 are subject to monthly post payment random sampling. System user access profiles restrict accounting technicians' ability to process documents that require review and approval by a lead technician or accountant and ensure proper segregation of duties is maintained. A 100% post audit management review is conducted monthly on all invoices greater than $2,500 that are both processed and approved by the same individual.

IPP
All invoices processed by IPP are subject to post payment random sampling. ARC reviews 10% of all invoices processed by IPP for each customer on a monthly basis. Results are provided to each customer agency. In addition to providing customer agency management feedback of invoice approver performance, the random sampling verifies that the invoice approver or contracting officer on the referenced purchase order approved the invoice in IPP. Sampling also verifies that the invoice submitted by the vendor did not exceed the amount authorized by the contracting officer on the purchase order and that the services provided were within the period of performance authorized by the contract.

Temporary Duty Travel Vouchers
The Fiscal Service and Customer Agencies enter temporary duty travel vouchers into CGE and electronically route them to Approving Officials for review and approval. Approving Officials electronically sign the voucher with a status of "approved". All "approved" travel vouchers are interfaced daily via batch processing to Oracle which records a disbursement in the general ledger. Daily interface files are received from CGE which is used for processing, report generation, and identification of exceptions. The files are loaded into the Oracle interface and accepted records are added to Oracle as disbursements in the general ledger. The travel voucher is then matched against an existing authorization. A Travel Voucher Status Report is generated and reviewed to identify and correct data interface errors and exceptions between CGE and Oracle. Rejected transactions are manually entered into the system. Approved vouchers in CGE are reconciled daily by an accounting technician with an Oracle generated report to ensure that all CGE vouchers have been interfaced and processed in Oracle. CGE prevents a user from both entering and approving travel vouchers.

Control Objectives, Related Controls, and
Tests of Operating Effectiveness

Statistical Sampling of Temporary Duty Travel Vouchers
Temporary Duty Services Branch (TDSB) staff completes post-payment audit reviews of Temporary Duty Travel (TDY) vouchers to verify the accuracy of the interfaced data and compliance with Federal Travel Regulations (FTR), using statistical sampling procedures to select documents less than $2,500, based on the Customer Agency's travel policy (FTR or FTR/ARC). A 100% post payment audit review is conducted on all documents $2,500 or greater. Errors are sent via e-mail to the traveler or document preparer and approving official to review and/or take action. Billing documents are created for amounts owed by a traveler, resulting from an overpayment in which the Customer Agency has declared the overpayment a debt of the United States Government. The traveler sends a check to cover the overpayment, or seeks waiver per agency policy.

Relocation Services Travel Vouchers
RSB personnel enter and audit each PCS travel voucher in moveLINQ, save as PDF and then send them to Employee/Approving Officials for review and approval. When the signed document is received by RSB, Relocation Technicians stamp the document in moveLINQ with a status of "approved". All "approved" documents are interfaced daily via batch processing to Oracle which records a disbursement in the general ledger. Approved vouchers in moveLINQ are reconciled daily by an Accounting Technician with an Oracle generated report to ensure that all moveLINQ vouchers have been processed in Oracle.

Payment Date Calculations
Based on the Customer Agency's contracts with its suppliers, ARC staff enters the later of the invoice receipt date, or the earlier of the formal or constructive acceptance dates in Oracle based on the supporting documentation from the Customer Agency or it interfaces to Oracle based on dates provided by the Customer Agency's approver in IPP. IPP controls prevent the vendor from back dating the IPP invoice receipt date, which is the date that the invoice was successfully created in IPP. The invoice date is entered into Oracle by ARC staff or interfaces from the IPP Invoice. On a daily basis, Oracle selects invoices that are due for payment and creates files for manual uploading into Treasury's Secure Payment System (SPS). The ARC SPS certifying officer compares the number and dollar amount of payments from the SPS generated schedule to the payment files generated by Oracle to ensure all payment files have been uploaded to Treasury. For invoices that are subject to the Prompt Payment Act, Oracle schedules payments to disburse 30 days after the later of the invoice receipt date and the earlier of the date of formal or constructive acceptance (unless the supplier's contract or invoice states otherwise). All vendor invoices are scheduled for payment as soon as approved. Any payments that are subject to the Prompt Payment Act that are paid after their Oracle scheduled due date are subject to prompt pay interest to cover the period the payment was due but not paid. Oracle automatically determines if interest is due based on the dates in the accounting system. If interest is due, Oracle calculates interest and generates an interest payment to the vendor, provided the total interest is one dollar or more.

Reconciliation – Fund Balance With Treasury Activity
Treasury provides the following reports to inform agencies of their FBWT activity and balances and to assist agencies in reconciling their FBWT general ledger balances to Treasury's balances:

- CARS Account Statement (Transactions) provides increases and decreases to balances, detailed at the submitting ALC levels by Treasury Account Symbol (TAS).
- CARS Account Statement (Account Summary) provides beginning balance, current month net activity and ending balance.

ARC accountants reduce the probability of month-end differences relating to disbursements by comparing preliminary CARS Statements of Transactions disbursement data to month-to-date data obtained from Treasury's disbursement systems.

ARC accountants perform reconciliations of CARS Account Statement balances to general ledger FBWT balances which are reviewed by ARC Staff other than the individual performing the reconciliation. If differences are identified during the reconciliations, ARC accountants determine the cause of the difference and the action, if any, that is needed to resolve the discrepancy. If the difference requires correction, an entry is posted in the accounting system by an accounting technician or another accountant who neither prepared nor reviewed the FBWT reconciliation.

Budget Execution System Controls
Customer Agencies can establish and monitor both legally established and internally developed budget plans in Oracle to ensure obligations are authorized and recorded. Budget plans can be established at various accounting strings at the allocation levels.

Budget execution system controls can be set to prevent spending beyond the budget plan amount or allow spending over the budget plan amount at any level of the budget plan. Spending beyond the apportionment and appropriation levels (legal levels) is prohibited. System controls are designed to prevent the user from apportioning more than was appropriated and allocating more than was apportioned. Decisions on control settings that permit or prevent spending beyond other budget plan levels are determined by the Customer Agency. System controls are applied at the fund level after passage of appropriation legislation and a high-level budget is loaded at the appropriation level. Upon receipt and input of a detailed financial plan, controls are established at the allocation level when desired by the Customer Agency.

Budget execution settings are determined by the Customer Agency and set-up in Oracle by the Service Desk Branch (SDB). System settings are reviewed with the Customer Agency on an annual basis. .

Intra-governmental Transactions
ARC adheres to applicable intra-governmental elimination guidance in the Treasury Financial Manual (TFM). This involves recording transactions at a level that allows for identification of its governmental trading partners and for reconciling the transactions/balances with trading partners on a quarterly basis in GTAS. For the non-fiduciary transactions of its Treasury Customer Agencies, ARC accountants prepare and submit confirmations to the appropriate trading partners in accordance with the elimination reconciliation guidance. Upon submitting the confirmations to the trading partners, ARC works with the trading partners to reconcile transactions/balances and identify and record any necessary adjustments. For Non-Treasury customers, if there are any elimination differences that require an explanation, an accountant will enter the explanation in the module and an ARC Supervisor or an Agency designee will certify the explanation in GTAS. For Treasury customers, the eliminations reporting is handled through the TIER reporting process.

Document Numbering
All accounting entries recorded into Oracle require a transaction or document identification number. System controls prohibit the use of duplicate document numbers for the same vendor site on accounts payable transactions. ARC has developed and implemented a standard document-numbering scheme to avoid duplicate document processing and to enable readers of ARC reports to better identify and/or determine the nature of transactions processed by ARC. When an ARC user attempts to enter a transaction identification number that already exists, Oracle issues an error message that alerts the user of the duplication.

Complementary Customer Agency Controls

Customer Agencies should establish controls to:
- Review the financial reports provided by ARC to ensure that disbursement transactions are complete and accurate.
- Approve invoices for payment and send approved invoices to ARC in a timely manner.
- Ensure that invoices received at the Customer Agency properly reflect the invoice receipt date and provide correct received and acceptance dates for goods or services according to the Prompt Payment Act.
- Approve travel vouchers and accurately enter the vouchers into CGE in the proper period.
- Approve and return relocation travel vouchers to RSB for processing in moveLINQ in a timely manner.
- Maintain and communicate to ARC, a list of individuals authorized to approve invoices and travel vouchers when it is not communicated in the authorizing agreement.
- Communicate Customer Agency required levels of budget and spending controls to ARC.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures for the processing of disbursements and determined the procedures were formally documented for the processing of disbursements.

2. For a selection of invoices, inspected documentation of Customer Agency authorization and related general ledger entries and determined disbursements were authorized and processed timely.

3. For a selection of Intergovernmental Payment and Collection transactions, inspected documentation of Customer Agency authorization and related general ledger entries and determined disbursements were authorized and processed timely.

4. For a selection of days, inspected approved IPP invoices and determined the invoices were successfully interfaced with Oracle, and new purchase orders for IPP vendors were successfully interfaced with IPP.

5. Observed an accountant process an invoice over $2,500, and noted the system automatically routed the invoice to a secondary lead accounting technician or an accountant for review and approval.

6. For a selection of months, inspected evidence of the review of invoices, including IPP invoices less than $2,500, and determined the review performed was subject to random sampling by a lead accounting technician or an accountant.

7. For a selection of months, inspected evidence of the 100% post audit management review conducted monthly on all invoices greater than $2,500, which were both processed and approved by the same individual, and determined the review was performed appropriately.

8. For a selection of months, for a selection of customers, inspected evidence of ARC's review of 10% of all processed invoices by IPP and determined the review was performed appropriately.

9. Observed the daily Concur interface and noted that approved travel authorizations interfaced into Oracle and were recorded as an obligation.

10. For a selection of days, inspected Concur voucher reconciliations, and determined approved vouchers in Concur were reconciled to Oracle daily by an accounting technician.

11. Observed a user in Concur attempting to approve their own travel voucher and noted the system automatically prevented the user from approving their own travel voucher.

12. For a selection of months, inspected evidence of the review of invoices less than $2,500, and determined the review performed was subject to random sampling by a lead accounting technician or an accountant.

13. Observed relocation vouchers interfaced into Oracle and noted approved vouchers were interfaced via automated batch process.

14. For a selection of days, inspected moveLINQ vouchers and determined the vouchers were reconciled daily by an Accounting Technician with an Oracle generated report.

15. For a selection of days, inspected evidence that the ARC SPS certifying officer compared the number and dollar amount of payments, and determined the review was completed daily to ensure interfaces were uploaded completely.

16. For a selection of invoices subject to the Prompt Payment Act, inspected documentation and determined an accountant scheduled payments to disburse 30 days after the later of the invoice receipt date, and the earlier of the date of formal or constructive acceptance (unless the supplier's contract or invoice states otherwise).

17. For a selection of late payments, inspected evidence, and determined proper interest was calculated and paid based on the number of days the payment was late.

18. For an example of a late payment, recalculated the interest owed, and determined Oracle calculates interest, and generated an interest payment to the vendor.

19. For a selection of months, for a selection of Customer Agencies, inspected reconciliations and determined accountants reconciled CARS Account Statement balances to general ledger FBWT balances, and supervisory review was completed.

20. For a selection of Customer Agencies, inspected budget plan instructions, and determined Customer Agencies specified their budget controls for the year, the instructions were input by Service Desk Branch (SDB) staff, and then reviewed by a supervisor for completeness and accuracy.

21. Inspected a quarterly selection of intra-governmental confirmations and reconciliations, and determined confirmations were sent, reconciliations were documented, and trading partners identified.

22. Inspected a quarterly selection of non-Treasury and non-Homeland Security customer agency intra-governmental Fiduciary Confirmation System balances, and determined fiduciary account balances were reconciled with trading partner balances.

23. Inspected a selection of non-fiduciary transaction confirmations of ARC Customer Agencies, and determined ARC accountants prepare and submit confirmations to the appropriate trading partners in accordance with the elimination reconciliation guidance.

24. Inspected a selection of transaction(s)/balance(s) reconciliations, and determined upon submitting the confirmations to the trading partners, ARC worked with the trading partners to reconcile transactions/balances and identify and record any necessary adjustments.

25. Inspected a selection of reconciliations, and determined confirmations were performed for non-Treasury and non-Homeland Security Customer Agencies.

26. Observed an ARC staff member attempt to enter a transaction with a document number that had already been entered into Oracle and noted Oracle automatically rejected the entry of a duplicate document number.

No exceptions noted.

Control Objective 3 – Unfilled Customer Orders, Receivables, and Cash Receipts

Controls provide reasonable assurance that unfilled customer orders, receivables, and cash receipts are reconciled and properly documented in accordance with ARC policies and procedures.

Description of Controls

ARC has documented procedures for staff to follow for the processing of unfilled customer orders, receivables, and cash receipts.

Customer Agency Approval
ARC only processes unfilled customer orders, receivables, and cash receipts with Customer Agency approval. No approval is required for checks received for deposit directly by ARC on the customer's behalf to satisfy accounts receivable invoices, accounts payable invoice refunds of overpayments and/or vendor rebates. Customer Agencies either send signed source documents or provide a summary of their transactions via fax or e-mail. ARC enters all transactions into Oracle, which is available for review through reporting systems. To help ensure that cash receipts are posted in the proper accounting period, ARC may obtain Customer Agency approval after the cash receipt has been recorded.

Reconciliation – Fund Balance With Treasury Activity
Treasury provides the following reports to inform agencies of their FBWT activity and balances and to assist agencies in reconciling their FBWT general ledger balances to Treasury's balances:

- CARS Account Statement (Transactions) provides increases and decreases to balances, detailed at the submitting Agency Location Code (ALC) levels by Treasury Account Symbol (TAS).
- CARS Account Statement (Account Summary) provides beginning balance, current month net activity and ending balance.

ARC accountants reduce the probability of month-end differences relating to disbursements by comparing preliminary CARS Statements of Transactions disbursement data to month-to-date data obtained from Treasury's disbursement systems.

ARC accountants perform reconciliations of CARS Account Statement balances to general ledger FBWT balances which are reviewed by ARC Staff other than the individual performing the reconciliation. If differences are identified during the reconciliations, ARC accountants determine the cause of the difference and the action, if any, that is needed to resolve the discrepancy. If the difference requires correction, an entry is posted in the accounting system by an accounting technician or another accountant who neither prepared nor reviewed the FBWT reconciliation.

Reporting - Receivables
ARC accountants prepare and submit a quarterly *Treasury Report on Receivables and Debt Collection Activities* (TROR) for all Customer Agencies. This report requires agencies to track the collection of receivables and report on the status of delinquent balances according to an aging schedule. Accountants that are responsible for preparing the *Treasury Report on Receivables and Debt Collection Activities* review and reconcile all activity (i.e., new receivables, revenue accruals, collections, adjustments and write-offs) with the public on a quarterly basis. An ARC supervisory accountant reviews the report. As applicable, ARC monitors and pursues collection of delinquent balances. On an annual basis, the Customer Agency's Chief Financial Officer must certify that the report submitted to the Department of the Treasury is accurate and consistent with agency accounting systems.

<u>Intra-governmental Transactions</u>
ARC adheres to applicable intra-governmental elimination guidance in the TFM. This involves recording transactions at a level that allows for identification of its governmental trading partners and for reconciling the transactions/balances with trading partners on a quarterly basis in GTAS. For the non-fiduciary transactions of its Treasury Customer Agencies, ARC accountants prepare and submit confirmations to the appropriate trading partners in accordance with the elimination reconciliation guidance. Upon submitting the confirmations to the trading partners, ARC works with the trading partners to reconcile transactions/balances and identify and record any necessary adjustments. For Non-Treasury customers, if there are any elimination differences that require an explanation, an accountant will enter the explanation in the module and an ARC Supervisor or an Agency designee will certify the explanation in GTAS. For Treasury customers, the eliminations reporting is handled through the TIER reporting process.

<u>Document Numbering</u> All accounting entries recorded in Oracle require a transaction or document identification number. ARC has developed and implemented a standard document-numbering scheme to avoid duplicate document processing and to enable readers of ARC reports to better identify and/or determine the nature of transactions processed by ARC.

Customer Agency Control Consideration

Customer Agencies should establish controls to:
- Send approved and accurate documentation of unfilled customer orders, receivables, and cash receipts transactions, to ARC in the proper period.
- Review unfilled customer orders, receivable and advance reports for completeness, accuracy, and validity.
- Monitor and pursue collection of delinquent balances as applicable.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures for the processing of unfilled customer orders, cash receipts, receivables, advances, and write-offs, and determined the procedures were formally documented.

2. For a selection of unfilled customer orders, inspected documentation of Customer Agency authorization, and determined transactions were authorized by Customer Agencies.

3. For a selection of receivables, inspected documentation of Customer Agency authorization, and determined transactions were authorized by Customer Agencies.

4. For a selection of cash receipts, inspected documentation of Customer Agency authorization, and determined transactions were authorized by Customer Agencies.

5. For a selection of months, for a selection of Customer Agencies, inspected reconciliations, and determined accountants reconciled CARS Account Statement balances to general ledger FBWT balances, and supervisory review was completed.

6. For a selection of quarters, inspected the Report on Receivables Due from the Public reconciliations, and determined reconciliations were documented.

7. For a selection of quarters, inspected the Reports on Receivables Due from the Public, and determined they were reviewed by an ARC supervisory accountant.

8. Inspected a selection of annual intra-governmental confirmations and reconciliations, and determined confirmations were sent, reconciliations were documented, and trading partners identified.

9. Inspected a quarterly selection of non-Treasury and non-Homeland Security customer agency intra-governmental Fiduciary Confirmation System balances, and determined fiduciary account balances were reconciled with trading partner balances.

10. Inspected a selection of non-fiduciary transaction confirmations of ARC Customer Agencies, and determined ARC accountants prepared and submitted confirmations to the appropriate trading partners in accordance with the elimination reconciliation guidance.

11. Inspected a selection of transaction(s)/balance(s) reconciliations, and determined upon submitting the confirmations to the trading partners, ARC worked with the trading partners to reconcile transactions/balances and identify and record any necessary adjustments.

12. Inspected a selection of reconciliations, and determined confirmations were performed for non-Treasury and non-Homeland Security Customer Agencies.

13. Observed an ARC staff member attempt to enter a transaction with a document number that had already been entered into Oracle and noted that Oracle automatically rejected the entry of a duplicate document number.

No exceptions noted.

Control Objective 4 – Deposits

Controls provide reasonable assurance that checks are secure and deposited timely by appropriate personnel and documented in accordance with ARC policies and procedures.

Description of Controls

ARC has documented procedures for the safeguarding and recording of deposits.

Safeguarding Checks
Checks received by the mailroom are scanned individually with the supporting documentation that came with each check. Each check with the documentation is saved as a separate file in a central location. The checks, along with the original documentation, are sent to the A3F mail drop by the mail deliverer and signed for if delivery confirmation was requested. An ARC accounting technician (who does not have accounting system access to post accounts receivable transactions) receives, opens and logs all checks received in the ARC's check deposit log. The same technician retrieves the scanned images from a central location and saves each image in the appropriate folder. These scanned files are archived at the end of each month. For reconciliation purposes, the check total scanned by mail services is compared to the number received by placing a "yes" in the "check received?" column on each check log. This confirms that all checks scanned at mail services were received and logged by the technician.

Checks are to be deposited as soon as possible after the purpose and validity of the check's issuance are identified. The accounting technician is responsible for processing deposits, but the Customer Agency or its delegate is responsible for researching the check's purpose and validity. The checks are locked in a secure location until they are ready to be deposited.

Over the Counter Channel Application
Over the Counter Channel Application (OTCnet) is a web-based application that accommodates "check capture" and "deposit reporting and processing" using electronic collection mechanisms instead of paper based processing.

On the "check capture" side of OTCnet, checks are scanned for deposit and a batch list is created. The batch list is automatically saved temporarily to the server until it is transmitted to the Federal Reserve Bank (FRB) by the ARC accounting technician. Upon settlement with the FRB, the ARC accounting technician reconciles the batch list with the paper checks. After reconciliation, the checks are held awaiting confirmation of the deposit in the Treasury's deposit application. Upon confirmation, the ARC accounting technician destroys the checks. The cash receipt is recorded in Oracle by an ARC staff member other than the individual processing the deposit in OTCnet.

On the "deposit reporting and processing" side of OTCnet, an ARC accounting technician will manually enter the deposit information into the OTCnet system. A deposit ticket and the check(s) are sent in a locked money bag that is picked up by a mail clerk who then delivers it to the local federal depository. A copy of the deposit ticket is retained by the ARC accounting technician for comparison with the deposit receipt from the bank teller and the confirmed deposit ticket from the OTCnet system. The money bag containing the bank teller's deposit receipt is returned to the branch office that processed the deposit. After the bank teller receipt and OTCnet confirmed deposit ticket are compared to the copy retained by the branch, the cash receipt is recorded in Oracle by an ARC accounting technician.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures for the safeguarding and recording of deposits, and determined ARC had documented procedures for the safeguarding and recording of deposits.

2. For a selection of days, inspected both the checks received by the mailroom, and the associated deposit check log, and determined the deposit check log agreed to the original checks.

3. Inspected a selection of check deposit logs and determined an ARC administrative staff member who did not have accounting system access to post account receivable transactions, received, opened, and logged all checks received in the branch's check deposit log.

4. Inspected a selection of check deposit records and check issuance attributes, and determined checks were posted in Oracle timely after the purpose and validity of the check's issuance were identified.

5. Inspected a selection of check deposits and the subsequent posting to Oracle of OTCnet confirmed deposit receipts to those retained by the ARC branch, and determined the total checks were posted completely and accurately to Oracle.

6. Inspected a selection of check deposits, and determined the deposit was recorded by an independent ARC accountant.

No exceptions noted.

Controls provide reasonable assurance that period-end payroll accruals are processed timely, reviewed, and properly documented in accordance with ARC policies and procedures.

Description of Controls

ARC has documented procedures for staff to follow for the processing of payroll accruals.

System Calculation of Accruals
Payroll accruals are recorded and reviewed on a monthly basis by an accountant and reversed in the subsequent accounting period. The payroll accrual is a prorated calculation performed by the accounting system that is based on the most recent payroll disbursement data available. To make its calculation, the accounting system requires a payroll accountant to enter specific parameters (e.g., number or percentage of workdays to accrue and the base pay period number).

Complementary Customer Agency Controls

Customer Agencies should establish controls to:
- Review the financial reports provided by ARC to ensure that payroll accruals are complete and accurate.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures for the processing of payroll accruals, and determined the procedures were formally documented for the processing of payroll accruals.

2. For a selection of months, inspected a selection of Customer Agencies payroll accrual invoices entered into the system, and determined payroll accruals were documented, entered timely and accurately and reviewed.

No exceptions noted.

Controls provide reasonable assurance that payroll disbursement data (disbursed by a third-party) is reviewed, reconciled, and properly documented in accordance with ARC policies and procedures.

Description of Controls

ARC has documented procedures for staff to follow for the processing of payroll disbursements.

Automated Payroll Posting Process
Third-party payroll processors transmit payroll files to ARC during the first and/or second weeks after the end of a pay period, depending on the payroll provider and the need to record payroll adjustments. Upon converting the data into a format that can be uploaded into Oracle, the ARC payroll accountant reconciles the converted data to the original raw data from the third-party processors. The ARC payroll accountant processes payroll entries using a batch interface that posts summary payroll data to Oracle. The payroll accountant reviews and corrects transactions that reject in the interface. A Discoverer report is used to identify those records that reject. The payroll accountant contacts the customer for resolution of erroneous accounting codes, funding issues, or other circumstances that would prevent the payroll from being recorded. Until the errors are cleared, the data is viewed as invalid and will not be able to be posted to the general ledger. If the third-party payroll processor provides adjustment files for additional transactions between main payroll files, the ARC payroll accountant follows the same procedure for processing these files.

Reconciliation – Payroll Activity
Each month, payroll accountants prepare, for supervisory review, a reconciliation of payroll disbursements recorded in Oracle and payroll disbursements as reflected in Treasury's cash systems. The payroll accountant investigates and resolves any differences identified. All those, that require corrections, are posted in either the current accounting period or in a subsequent accounting period.

Complementary Customer Agency Controls

Customer Agencies should establish controls to:

- Verify that payroll processed by third-party providers is complete and accurate.

- Review the financial reports provided by ARC to ensure that payroll disbursements are complete and accurate.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures for the processing of payroll disbursements, and determined the procedures were formally documented.

2. For a selection of months, inspected interface error reports, and determined interface input files were checked for errors and interface error reports were created if errors were identified.

3. For a selection of months, inspected payroll reconciliations, and determined reconciliations were performed, documented, reviewed, and that any exceptions were resolved.

No exceptions noted.

Control Objective 7 - USSGL

Controls provide reasonable assurance that transactions are processed in accordance with the U.S. Standard General Ledger (USSGL) and Treasury Financial Manual (TFM) guidance.

Description of Controls

ARC has documented procedures for processing transactions consistent with the USSGL.

Transaction Set-up Controls
ARC records proprietary and budgetary accounting entries using the USSGL at the transaction level. This is accomplished using a combination of transaction code, system setup, Sub-Ledger Accounting (SLA) and data entry in Oracle. In addition, Oracle cross-validation rules have been established to prevent transactions from being processed to inappropriate USSGL accounts.

ARC follows the TFM to establish accounting transaction posting models in Oracle. System administrators require authorization from a supervisor or manager to establish new posting models for transaction processing.

On an annual basis, ARC reviews the USSGL Board's proposed and approved additions, deletions and/or modifications to USSGL account titles and/or account descriptions to determine their applicability to ARC Customer Agencies. Once the changes to the USSGL are approved by Treasury and the new TFM guidance is issued (generally mid-summer), ARC USSGL Team will communicate the appropriate changes to system administrators to ensure the accounting transaction posting models are revised.

General Ledger Account Reconciliations
Accountants perform general ledger account reconciliations (utilizing accounting system sub ledgers or Excel spreadsheets when available) on balance sheet accounts to ensure related accounting transactions were posted to the appropriate general ledger accounts. Upon completion, the subledger reconciliations are reviewed by a supervisor. ARC accountants prepare budgetary to proprietary account relationship reconciliations on a monthly basis to ensure complete general ledger account posting for all recorded transactions. Upon completion, the budgetary to proprietary reconciliations are reviewed by a supervisor. If invalid relationships are identified an accounting technician or an accountant corrects the transaction or prepares an entry to resolve the invalid relationships.

GTAS Edit Checks
ARC submits the GTAS files for its non-Treasury customers, except for the Department of Homeland Security, using a bulk file upload. Accountants create the bulk file by running a job within the Oracle application. Oracle requires the data to pass several edit checks before it will create the bulk file. ARC manually uploads the GTAS files created from Oracle into the GTAS system. Treasury maintains the GTAS system. The GTAS system performs USSGL validations and edit checks and either rejects or fails any Treasury Appropriation Fund Symbol (TAFS) that fail the validations or edit checks. ARC investigates and resolves any TAFS rejected or failed by the GTAS system.

Treasury Information Executive Repository (TIER) Validation Checks
For ARC's Treasury and Department of Homeland Security Customer Agencies, GTAS reporting requirements are met using TIER. TIER is a departmental data warehouse that receives monthly uploaded financial accounting and budgetary data from the bureaus and other reporting entities in

Control Objectives, Related Controls, and Tests of Operating Effectiveness

a standardized format. Data submitted to TIER by an ARC accountant is validated based on system-defined validation checks.

ARC utilizes custom solutions that extract accounting and budgetary data from Oracle to generate necessary TIER data. TIER has a standardized chart of accounts that is compliant with USSGL guidance issued by the Department of the Treasury. GTAS edit checks are incorporated in the TIER validation checks. After submitting the adjusted trial balances into TIER, ARC accountants review the edit reports and resolve any invalid attributes or out-of-balance conditions. ARC accountants document this review by completing the TIER Submission Checklist, which is further reviewed by a supervisor.

Financial Statement Crosswalks
ARC accountants prepare a *Balance Sheet (BS), Statement of Net Cost (SNC)* and *Statement of Budgetary Resources (SBR)* for all Customer Agencies that are covered by the Chief Financial Officer Act and the Accountability of Tax Dollars Act of 2002. Additionally, ARC accountants prepare the *Statement of Changes in Net Position (SCNP),* and *Statement of Custodial Activity (SCA)* (when applicable) for all Customer Agencies. ARC accountants compare TFM financial statement crosswalks to ARC's internally prepared financial statements to ensure compliance with the Customer Agency's government wide reporting requirements. ARC investigates and resolves any differences between TFM financial statement crosswalks and ARC's internally prepared financial statements.

Financial Statement Review
For Department of Treasury and Department of Homeland Security Customer Agencies, quarterly financial statements are produced by departmental systems using the data submitted in TIER. Third and fourth quarter consolidated financial statements are submitted to the Director of OMB and the Congress by the Department. The SCNP and SCA are only submitted to the Director of the OMB and the Congress for the fourth quarter. ARC accountants compare the department's quarterly financial statements to ARC's internally prepared financial statements and resolve any differences. The comparison is reviewed by a supervisor.

If applicable for non-Treasury Customer Agencies ARC accountants prepare the *BS*, *SNC*, and *SBR* during the third and fourth quarters for review by a supervisor and submission to OMB. During the fourth quarter the *SCNP* and *SCA* may also be included in the supervisor review and submission to OMB.

Financial Statement Variance Analysis
For both Department of Treasury and Department of Homeland Security Customer Agencies, accountants prepare a quarterly financial statement variance analysis. Explanations for variances that exceed Department materiality thresholds must be provided to the Department. The Department submits a consolidated analysis to OMB. The bureau variance analysis is reviewed by an ARC supervisory accountant and approved by the bureau CFO or designee prior to submission to the Department. The Homeland Security bureau variance analysis is also certified by an ARC manager and the Homeland Security's CFO or designee also approves the variance analysis.

For non-Treasury and non-Homeland Security Customer Agencies, accountants prepare a third quarter financial statement variance analysis based on the guidance in OMB Circular A-136. The variance analysis is reviewed by an ARC supervisory accountant prior to submission to OMB.

Complementary Customer Agency Controls

Customer Agencies should establish controls to:
- Review and approve, prior to submission, the financial reports prepared by ARC to ensure that all reports prepared for external use are complete, accurate, and submitted in a timely manner.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures in the TFM for the processing of transactions consistent with the USSGL and determined procedures were documented.

2. Observed the processing of a transaction to an inappropriate USSGL account, and noted the existence of Oracle cross-validation rules.

3. Inspected a list of users with access to change posting models, and determined only system administrators had access to administer posting models.

4. For a selection of posting model changes and additions, inspected ARC supervisory approval of the changes, and inspected TFM/USSGL guidance and determined the changes and additions were authorized and they were in accordance with TFM/USSGL guidance.

5. Inspected evidence of the annual review of USSGL account titles and descriptions, and determined the annual review was performed by ARC supervisors and Managers.

6. For a selection of Customer Agencies, inspected monthly general ledger account reconciliations, and determined reconciliations were performed, any exceptions were resolved, and the reconciliations was reviewed by a supervisor.

7. Observed the staff run the Oracle job that created the GTAS bulk data upload file, and noted Oracle edit checks were applied to the data, and the ARC accountant resolved any exceptions.

8. Inspected a selection of TIER Submission Checklists, and determined TIER submissions were reviewed by a supervisor.

9. For a selection of quarters, for a selection of Customer Agencies, inspected ARC's comparison of TFM financial statement crosswalk with ARC's internally prepared financial statements, and determined ARC complied with reporting requirements.

10. Inspected the results of ARC's investigation of Treasury's financial statement crosswalk, and ARC's internally prepared financial statements, and determined ARC investigated and resolved any differences.

11. Inspected a quarterly selection of financial statement reviews and determined the reconciliations were reviewed and approved by a supervisor.

12. For a selection of quarters, inspected reconciliation of financial statements prepared by Treasury to internally prepared financial statements and determined reconciliations were performed, any exceptions were resolved, and they were reviewed by a supervisory accountant before submission.

No exceptions noted.

Control Objective 8 - Accruals

Controls provide reasonable assurance that the period-end accruals are authorized, processed timely, reviewed, reconciled, and properly documented in accordance with ARC policies and procedures.

Description of Controls

ARC has documented procedures for staff to follow for the processing of accruals.

Revenue and Expense Accruals
ARC Staff records period-end accruals for goods and services provided/received, but not billed/invoiced, in Oracle based on instruction provided from the Customer Agency. The amounts recorded are based on information provided by e-mail from the Customer Agency or obtained from a subsidiary system, and are recorded using two methods, the standard transaction processing, or by the automated journal entry process.

In the standard transaction processing method, ARC staff records accruals in the accounting system through standard accrual transactions.

In the automated journal entry process method, accruals are recorded by using the automated journal entry process. With this method, an ARC staff member enters information received from the Customer Agency into a spreadsheet template. An independent staff member reviews the spreadsheet and converts it into a data file that is automatically loaded into Oracle. The Oracle entry is reviewed and approved by a supervisory accountant.

Non-Invoice Accrual Reviews
Accountants record non-invoice related expense accruals, such as workers' compensation and leave liability in Oracle. The workers' compensation accruals are based on historical trend analysis and/or actual costs incurred. The leave liability accruals are based on data provided by the Customer Agency's payroll provider or Human Resources office. For applicable Customer Agencies, the ARC payroll accountant processes payroll leave accrual entries using a batch interface that posts summary payroll data to Oracle. For non-batch interfaced leave accruals, a supervisory accountant reviews the accrued employee benefits to determine that the accrual is processed and posted.

General Ledger to Subledger Reconciliation
On a monthly basis, ARC accountants prepare a reconciliation of revenue and expense accrual balances in the general ledger to the sub ledger detail, which is reviewed by a supervisor. Accountants reconcile only billed revenue accruals since unbilled revenue accruals are recorded directly in the general ledger. Any differences identified are corrected by an accounting technician or accountant in the subsequent accounting period.

Budget Execution System Controls
Customer Agencies can establish and monitor both legally established and internally developed budget plans in Oracle to ensure obligations are authorized and recorded. Budget plans can be established at the various accounting strings at the allocation levels.

Budget execution system controls can be set to prevent spending beyond the budget plan amount or allow spending over the budget plan amount at any level of the budget plan. Spending beyond the apportionment and appropriation levels (legal levels) is prohibited. System controls are designed to prevent the user from apportioning more than was appropriated and allocating more than was apportioned. Decisions on control settings that permit or prevent spending beyond other

budget plan levels are determined by the Customer Agency. System controls are applied at the fund level after passage of appropriation legislation and a high-level budget is loaded at the allocation level. Upon receipt and input of a detailed financial plan, controls are established at the allocation level when desired by the Customer Agency.

Budget execution settings are determined by the Customer Agency and set-up in Oracle by the Service Desk Branch (SDB). System settings are reviewed with the Customer Agency on an annual basis.

<u>Document Numbering</u>
All accounting entries recorded into Oracle require a transaction or document identification number. System controls prohibit the use of duplicate document numbers on revenue and expense accruals processed through standard accrual transactions. ARC has developed and implemented a standard document-numbering scheme to avoid duplicate document processing and to enable readers of ARC reports to better identify and/or determine the nature of transactions processed by ARC. When an ARC user attempts to enter a transaction identification number that already exists, Oracle issues an error message that alerts the user of the duplication.

Complementary Customer Agency Controls

Customer Agencies should establish controls to:
- Review open obligation and accrual reports for completeness, accuracy, and validity.
- Approve and send revenue and expense accruals to ARC in a timely manner.
- Communicate Customer Agency required levels of budget and spending controls to ARC.

Tests of Operating Effectiveness and Results of Testing

1. Inspected the written procedures for the processing of accruals and determined the procedures were formally documented.

2. For a selection of accruals, for a selection of Customer Agencies, inspected documentation and determined they were authorized, prepared, reviewed, and processed timely.

3. For a selection of months, for a selection of Customer Agencies, inspected non-invoice batch payroll leave accruals and determined the files were sent to ARC for processing and posting of summary payroll data to the core accounting system.

4. For a selection of quarters, for a selection of Customer Agencies, inspected non-invoice non-batch leave accruals and determined a supervisory accountant reviewed the manually calculated leave accruals to ensure they were properly calculated and input into Oracle.

5. For a selection of months, inspected reconciliation of revenue and expense accrual balances in the general ledger to the sub ledger detail and determined reconciliations were performed and if any exceptions were resolved.

6. For a selection of Customer Agencies, inspected the budget plan instructions and determined they specified their budget controls for the year, the instructions were input by Service Desk Branch (SDB) staff, and then reviewed by a supervisor for completeness and accuracy.

7. Observed an ARC staff member attempt to enter a transaction into Oracle with a document number that had already been entered into Oracle and noted that Oracle automatically rejected the entry of a duplicate document number.

No exceptions noted.

Control Objective 9 – Government-Wide Reporting

Controls provide reasonable assurance that Government-wide reporting is performed in accordance with ARC policies and procedures.

Description of Controls

ARC has documented procedures for staff to follow for the preparation of Government-wide reports.

GTAS
ARC policies require the submission of GTAS reports based on Fiscal Service's criteria for these applications. GTAS is a web-based system for use in the Government-wide reporting setting as the primary means of reporting agency trial balance and eliminations data. This single data collection system is designed to pave the way for more consistent and complete financial data and will allow for better analytical reporting. All submissions must pass all GTAS data validations and edit checks. For non-Treasury Customer Agencies, except the Department of Homeland Security, supervisory accountants review all submissions prepared by accountants and review all data to ensure all reporting deadlines are met. All fourth quarter GTAS submissions require certification by an ARC supervisor or manager, or other designated Customer Agency representative.

TIER
Generally, Treasury reporting entities are required to submit financial accounting and budgetary data each month to TIER, Treasury's data warehouse within Treasury's submission timeline. The Department of Homeland Security reporting entities are required to submit financial accounting and budgetary data each month to TIER, Homeland Security's data warehouse, within Homeland Security's submission timeline. To meet this requirement, ARC performs the Oracle month-end close processes on the second business day after the end of the month. Supervisory accountants validate the quality of TIER data to ensure reporting deadlines are met by reviewing an accountant-prepared TIER Submission Checklist. The TIER Submission Checklist consists of internally and Treasury department defined data quality standards.

Prompt Payment
ARC prepares monthly Prompt Payment reports for its customers following Treasury guidelines. Independent accountants or analysts review all reports.

Financial Statements Crosswalks
ARC accountants prepare a *BS, SNC* and *SBR* for all Customer Agencies that are covered by the Chief Financial Officer Act and the Accountability of Tax Dollars Act of 2002. Additionally, ARC accountants prepare the *SCNP* and *SCA* (when applicable) for all Customer Agencies. ARC accountants compare TFM financial statement crosswalks to ARC's internally prepared financial statements to ensure compliance with the reporting requirements. ARC investigates and resolves any differences between TFM financial statement crosswalks and ARC's internally prepared financial statements.

Financial Statement Review
For Department of Treasury and Department of Homeland Security Customer Agencies, quarterly financial statements are produced by departmental systems using the data submitted in TIER. Quarterly consolidated financial statements are submitted for the fourth quarter to the Director of OMB and the Congress by the Department. The SCNP and SCA are only submitted to the Director of the OMB and the Congress for the fourth quarter. ARC accountants compare the quarterly financial statements to ARC's internally prepared financial statements and resolve any differences. The comparison is reviewed by a supervisor.

If applicable for non-Treasury Customer Agencies ARC accountants prepare the *BS*, *SNC*, and *SBR* during the third and fourth quarters for review by a supervisor and submission to OMB. During the fourth quarter the *SCNP* and *SCA* may also be included in the supervisor review and submission to OMB.

Financial Statement Variance Analysis

For both Department of Treasury and Department of Homeland Security Customer Agencies, accountants prepare a quarterly financial statement variance analysis. Explanations for variances that exceed Department materiality thresholds must be provided to the Department. The Department submits a consolidated analysis to OMB. The bureau variance analysis is reviewed by an ARC supervisory accountant prior to submission to the Department.. The Homeland Security bureau variance analysis is also certified by an ARC manager and the Homeland Security's CFO or designee also approves the variance analysis.

For non-Treasury and non-Homeland Security Customer Agencies, accountants prepare a third quarter financial statement variance analysis based on the guidance in OMB Circular A-136. The variance analysis is reviewed by an ARC supervisory accountant prior to submission to OMB.

Receivables

ARC accountants prepare and submit a quarterly *Treasury Report on Receivables and Debt Collection Activities (TROR)* for all Customer Agencies. The report is reviewed by an ARC supervisory accountant prior to submission to Treasury. On an annual basis, the Customer Agency's Chief Financial Officer must certify that the report submitted to the Department of the Treasury is accurate and consistent with agency accounting systems.

Complementary Customer Agency Controls

Customer Agencies should establish controls to:

- Review and approve, prior to submission, the financial reports prepared by ARC to ensure that all reports prepared for external use are complete, accurate, and submitted in a timely manner.

- Review and approve the annual submission of the Treasury Report on Receivables and Debt Collection Activities (TROR).

- Provide certification of GTAS to ARC prior to system certification.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures and determined ARC had documented procedures for the preparation of government-wide reports.

2. For a selection of fourth quarter GTAS submissions, inspected evidence of management review and determined they were reviewed and certified.

3. For a selection of months, inspected TIER Submission Checklists for evidence of ARC supervisory review of TIER data and timeliness of submission and determined submissions had been reviewed.

4. For a selection of months, inspected scorecard documentation and determined the scorecards were maintained for supervisory review if necessary.

5. For a selection of months, inspected EFT and Prompt Payment reports and determined they were reviewed by a supervisory accountant before submission.

6. For a selection of quarters, inspected reconciliations of financial statements prepared by FARS to internally prepared financial statements and determined reconciliations were reviewed and any differences were resolved.

7. For a selection of months, for a selection of Customer Agencies, inspected reconciliation of financial statements prepared by FARS to internally prepared financial statements and determined reconciliations were performed, any exceptions were resolved, and were reviewed by a supervisory accountant before submission.

8. For a selection of quarters, inspected the Report on Receivables Due from the Public reconciliations and determined reconciliations were documented.

9. For a selection of quarters, inspected the Reports on Receivables Due from the Public and determined they were reviewed by an ARC supervisory accountant.

No exceptions noted.

Control Objectives, Related Controls, and
Tests of Operating Effectiveness

Control Objective 10 – Administrative Spending

Controls provide reasonable assurance that administrative spending controls are reviewed, reconciled, and documented in accordance with ARC policies and procedures.

Description of Controls

ARC has documented procedures related to administrative spending controls.

Budget Execution System Controls
Customer Agencies can establish and monitor both legally established and internally developed budget plans in Oracle to ensure obligations are authorized and recorded. Budget plans can be established at various accounting strings at the allocation levels.

Budget execution system controls can be set to prevent spending beyond the budget plan amount or allow spending over the budget plan amount at any level of the budget plan. Spending beyond the apportionment and appropriation levels (legal levels) is prohibited. System controls are designed to prevent the user from apportioning more than was appropriated and allocating more than was apportioned. Decisions on control settings that permit or prevent spending beyond other budget plan levels are determined by the Customer Agency. System controls are applied at the fund level after passage of appropriation legislation and a high-level budget is loaded at the appropriation level. Upon receipt and input of a detailed financial plan, controls are established at the allocation level when desired by the Customer Agency.

Budget execution settings are determined by the Customer agency and set-up in Oracle by the Service Desk Branch (SDB). System settings are reviewed with the Customer Agency on an annual basis.

Reconciliation – Budgetary and Proprietary Account Relationships
ARC accountants prepare budgetary to proprietary account relationship reconciliations on a monthly basis, for supervisory review, to ensure complete general ledger account posting for all recorded transactions. An accounting technician or an accountant corrects invalid out-of-balance relationships.

Reconciliation – Fund Balance With Treasury Activity
Treasury provides the following reports to inform agencies of their FBWT activity and balances and to assist agencies in reconciling their FBWT general ledger balances to Treasury's balances:

- CARS Account Statement (Transactions) provides increases and decreases to balances, detailed at the submitting ALC levels by Treasury Account Symbol (TAS).

- CARS Account Statement (Account Summary) provides beginning balance, current month net activity and ending balance.

ARC accountants reduce the probability of month-end differences relating to disbursements by comparing preliminary CARS Statements of Transactions disbursement data to month-to-date data obtained from Treasury's disbursement systems.

ARC accountants perform reconciliations of CARS Account Statement balances to general ledger FBWT balances which are reviewed by ARC Staff other than the individual performing the reconciliation. If differences are identified during the reconciliations, ARC accountants determine the cause of the difference and the action, if any, that is needed to resolve the discrepancy. If the

difference requires correction, an entry is posted in the accounting system by an accounting technician or another accountant who neither prepared nor reviewed the FBWT reconciliation.

Complementary Customer Agency Controls

Customer Agencies should establish controls to:

- Properly approve and accurately enter obligations into the procurement and travel systems in the proper period.

- Approve and return relocation travel vouchers to RSB for processing in moveLINQ in a timely manner.

- Send approved requests to record manual obligations to ARC in a timely manner.

- Review open obligation and accrual reports for completeness, accuracy, and validity

- Review and approve listing of users with current Oracle, PRISM, IPP, webTA, and CGE access to ensure appropriateness.

- Communicate Customer Agency required levels of budget and spending controls to ARC.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures related to administrative spending, reconciliations, and observed ARC staff process transactions, and determined processing was in accordance with the procedures.

2. For a selection of Customer Agencies, inspected the budget plan instructions and determined they specified their budget controls for the year, the instructions were input by Service Desk Branch (SDB) staff, and then reviewed by a supervisor for completeness and accuracy.

3. For a selection of Customer Agencies, inspected monthly general ledger account reconciliations and determined reconciliations were performed, any exceptions were resolved, and the reconciliations were reviewed by a supervisor.

4. For a selection of months, for a selection of Customer Agencies, inspected reconciliations and determined accountants reconciled CARS Account Statement balances to general ledger FBWT balances, and supervisory review was completed.

No exceptions noted.

Control Objective 11 – Budget

Controls provide reasonable assurance that budget entries are documented and processed in accordance with ARC policies and procedures.

Description of Controls

ARC has documented procedures for staff to follow for the processing of budget entries.

Budget Documentation
For Customer Agency appropriations subject to annual enactment, ARC enters an appropriation based on the amount approved in the annual appropriations process, as supported by the automatic amount calculated during a continuing resolution (CR), the enacted appropriation legislation, or Treasury documentation. ARC enters an apportionment in Oracle from the Customer Agency's SF 132, Apportionment and Reapportionment Schedule. Upon receipt of the Customer Agency's budget plan or reprogramming guidance, ARC allocates funding to the Customer Agency's accounting values according to the detail provided by the customer.

For Customer Agency sources of funds that are not subject to the annual appropriations process, such as reimbursable or revolving accounts, ARC enters an appropriation and apportionment based on the Customer Agency's SF 132 and recorded reimbursable activity for those accounts subject to the apportionment process. ARC allocates funding to the Customer Agency's accounting values based on the Customer Agency's budget plan or recorded reimbursable activity.

For sources of funds not subject to both the annual appropriations process and the apportionment process, ARC enters an appropriation and apportionment at the fund level and allocates funding to the Customer Agency's accounting values based on the Customer Agency's budget plan, recorded reimbursable activity, or reprogramming guidance.

Budget Execution System Controls
Customer Agencies can establish and monitor both legally established and internally developed budget plans in Oracle to ensure obligations are authorized and recorded. Budget plans can be established at various accounting strings at the allocation levels.

Budget execution system controls can be set to prevent spending beyond the budget plan amount or allow spending over the budget plan amount at any level of the budget plan. Spending beyond the apportionment and appropriation levels (legal levels) is prohibited. System controls are designed to prevent the user from apportioning more than was appropriated and allocating more than was apportioned. Decisions on control settings that permit or prevent spending beyond other budget plan levels are determined by the Customer Agency. System controls are applied at the fund level after passage of appropriation legislation and a high-level budget is loaded at the appropriation level. Upon receipt and input of a detailed financial plan, controls are established at the allocation level when desired by the Customer Agency.

Budget execution settings are determined by the Customer Agency and set-up in Oracle by the Service Desk Branch (SDB). System settings are reviewed with the Customer Agency on an annual basis.

Reconciliation – Budgetary and Proprietary Account Relationships
ARC accountants prepare budgetary to proprietary account relationship reconciliations on a monthly basis, for supervisory review, to ensure complete general ledger account posting for all

recorded transactions. An accounting technician or an accountant corrects invalid out-of-balance relationships.

Reconciliation – Fund Balance With Treasury Activity
Treasury provides the following reports to inform agencies of their FBWT activity and balances and to assist agencies in reconciling their FBWT general ledger balances to Treasury's balances:

- CARS Account Statement (Transactions) provides increases and decreases to balances, detailed at the submitting ALC levels by Treasury Account Symbol (TAS).

- CARS Account Statement (Account Summary) provides beginning balance, current month net activity and ending balance.

ARC accountants reduce the probability of month-end differences relating to disbursements by comparing preliminary CARS Statements of Transactions disbursement data to month-to-date data obtained from Treasury's disbursement systems.

ARC accountants perform reconciliations of CARS Account Statement balances to general ledger FBWT balances which are reviewed by ARC Staff other than the individual performing the reconciliation. If differences are identified during the reconciliations, ARC accountants determine the cause of the difference and the action, if any, that is needed to resolve the discrepancy. If the difference requires correction, an entry is posted in the accounting system by an accounting technician or another accountant who neither prepared nor reviewed the FBWT reconciliation.

Document Numbering
All accounting entries recorded into Oracle require a transaction or document identification number. System controls prohibit the use of duplicate document numbers on budget documents. ARC has developed and implemented a customer specific document-numbering scheme to avoid duplicate document processing and to enable readers of ARC reports to better identify and/or determine the nature of transactions processed by ARC. When an ARC user attempts to enter a transaction identification number that already exists, Oracle issues an error message that alerts the user of the duplication.

Complementary Customer Agency Controls

Customer Agencies should establish controls to:

- Review the financial reports provided by ARC to ensure that budget entries are complete and accurate.

- Send approved budget plans to ARC in a timely manner.

- Communicate Customer Agency required levels of budget and spending controls to ARC.

- Communicate OMB apportionment status to ARC.

- Monitor usage of budget authority during periods of operation under a Continuing Resolution to ensure that OMB directed apportionment limits are not exceeded.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures for budget entries and determined they were consistent with the control description.

2. For a selection of Customer Agencies, inspected the budget plan instructions and determined they specified their budget controls for the year, the instructions were input by Service Desk Branch (SDB) staff, and then reviewed by a supervisor for completeness and accuracy.

3. For a selection of months, for a selection of Customer Agencies, inspected reconciliations and determined accountants reconciled CARS Account Statement balances to general ledger FBWT balances, and supervisory review was completed.

4. Observed an ARC staff member attempt to enter a transaction into Oracle with a document number that had already been entered into Oracle and noted Oracle automatically rejected the entry of a duplicate document number.

No exceptions noted.

Control Objective 12 – Manual Journal Entries

Controls provide reasonable assurance that manual journal entries are properly documented and authorized.

Description of Controls

ARC has documented procedures for staff to follow for the processing of manual journal entries.

Journal Entry Approval
A user's profile in Oracle determines whether or not the user can prepare and/or approve a manual journal entry. Oracle system controls require that all manual journal entries be routed to an approver. Once a user has entered a journal entry, Oracle automatically routes the journal entry to an authorized approver's queue.

Document Numbering
Oracle assigns all manual journal entries a specific journal category and journal source and ARC follows a standard document numbering scheme. Documentation supporting the journal entry accompanies each request for approval. The approver compares the documentation to Oracle and approves the journal entry.

Complementary Customer Agency Controls

- Send valid and approved requests to record manual journal entries to ARC in a timely manner if they are initiated by the Customer Agency.

- Maintain and communicate to ARC a list of individuals authorized to submit manual journal entries that are initiated by the Customer Agency.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures for the processing of manual journal entries and determined procedures were documented.

2. Inspected the list of Oracle users with the ability to create manual journal entries and determined they were assigned a supervisor in Oracle and were subject to the automated approval work flow.

3. Inspected the list of Oracle users with the ability to approve manual journal entries and the list of users with the ability to enter manual journal entries and determined users without a specified supervisor did not have the ability to enter a manual journal entry.

4. For a selection of manual journal entries, inspected hardcopy supporting documentation and related Oracle journal entries and determined the manual journal entries had proper hardcopy documentation and were authorized.

No exceptions noted.

Control Objective 13 - Federal Investments

Controls provide reasonable assurance that Federal investments in Government Account Series (GAS) securities are authorized, reviewed, processed timely, reconciled, and properly documented in accordance with Customer Agency policies and procedures.

Description of Controls

ARC accountants process purchases of Federal investments in accordance with Customer Agency instruction. Instructions include the type and amount of securities to be purchased or the amount of residual cash to be retained. A review of the Investment purchases are reviewed by ARC Staff other than the individual processing the investment purchase.

All investment activity in GAS securities is recorded in the general ledger through a daily interface between the InvestOne accounting system, a subsystem of the Government Agency Investment Services System, and Oracle. Accountants reconcile investment general ledger accounts to the FedInvest application on a monthly basis to ensure all investment activity has been properly recorded. Investment account reconciliations are reviewed by ARC Staff other than the individual performing the reconciliation.

Complementary Customer Agency Controls

Customer Agencies should establish controls to:
- Provide investment guidance and make sure it is current.

Tests of Operating Effectiveness and Results of Testing

1. For a selection of Customer Agencies, inspected investment instructions and determined they were provided to ARC and defined the investment objectives for the agencies.

2. For a selection of investment purchases, inspected evidence and determined the investment were authorized, processed timely, documented, and an independent accountant reviewed the purchases.

3. Observed the daily Investment purchases interface and noted approved investment purchases were interfaced into the Oracle system and noted the interface activity was reconciled to ensure all approved investments were completely and accurately interfaced to the Oracle System.

4. For a selection of months, for a selection of Customer Agencies, inspected reconciliations and determined accountants reconciled investment general ledger accounts to the FedInvest application in a timely manner.

No exceptions noted.

Control Objective 14 – Supplier and Bank Record Changes

Controls provide reasonable assurance that changes made to Supplier and Bank records require appropriate system access and the changes are reviewed, approved, and documented in accordance with ARC policies and procedures.

Description of Controls

ARC has documented procedures related to Supplier and Bank record changes for staff to follow.

Segregation of Duties – Changes to Supplier and Bank Records
User profiles set by Oracle system administrators, as authorized by the user's supervisor or manager, ensure that only authorized employees are able to make changes to Supplier and Bank records. Authorized employees who have Supplier and Bank record change privileges do not have authorization to approve vendor payments in the accounting system allowing for proper segregation of duties.

Changes to Supplier and Bank records that include taxpayer identification number, address, or bank routing/account number require:

- A source document from System for Award Management (SAM) or a document supplied by a vendor or customer, when SAM is not applicable (i.e., grants and loans, payroll database, and/or e-mail, etc.), and

- Reviewed by ARC staff other than the individual performing the task.

Review – Changes to Supplier and Bank Records
Authorized employees review and process changes to Supplier and Bank records and maintain the supporting source documentation as described above.

A reviewing employee compares changes to Supplier and Bank records from the Oracle system to the change request documents and electronically signs the audit report indicating review. When errors are made, the reviewing employee provides a copy of the source document to an authorized employee for correction and subsequent review.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures and determined ARC has documented procedures for Suppliers and Banks record changes.

2. Inspected a list of users with access to update, modify, or delete Suppliers and Banks records and determined users had the appropriate privileges.

3. Inspected a list of users with access to process vendor payments and determined users had the appropriate privileges.

4. For a selection of changes to Suppliers and Banks records, inspected the reviewed report signed by the reviewing employee and determined the Suppliers and Banks record changes were reviewed and approved.

No exceptions noted.

PROCUREMENT PROCESSING CONTROLS

Control Objective 15 – Acquisitions and Contracts

Controls provide reasonable assurance that acquisitions are compliant with Federal procurement regulations and policies.

Description of Controls

All acquisitions at or below the simplified acquisition threshold ($150,000) awarded prior to 10/1/15 use the Simplified Acquisition Folder template. Per updated procurement policy/procedure effective 10/1/2015, acquisitions awarded as of 10/1/2015 and after use the Vendor Matrix and Award Summary template or include an Award Recommendation.

The documentation discussed in the above represent checklist items and supporting file documentation for simplified acquisition procurement actions. The applicable document(s) is reviewed by a warranted Contracting Officer. Signature by the Contracting Officer on the award document certifies the document(s) is accurate and that file contents meet legal and regulatory requirements.

All acquisitions over the simplified acquisition threshold contain a checklist (known as the Procurement Checklist as of 10/1/2015) of file contents completed by a Contract Specialist. Signature by the Contracting Officer on the award document certifies the checklist is accurate and that file contents meet legal and regulatory requirements.

Contracting Officers are warranted by Treasury at specified dollar approval thresholds based on experience and training. The automated contract writing system (PRISM) contains award approval limits for each Contracting Officer at their respective dollar approval threshold prohibiting approval of awards at dollar amounts above their authorized level. PRISM contains controls to ensure procurement awards are not made without sufficient funding provided by a funding document.

Tests of Operating Effectiveness and Results of Testing

1. Inspected a selection of awards using simplified acquisition procedures and determined the folders were completed.

2. Inspected a selection of commercial item and uniform contracts and determined completed checklists were signed off by the contracting officer.

3. Inspected the authorization levels in PRISM and determined Warranted Contracting Officers had specified dollar limits.

No exceptions noted.

Control Objective 16 – Sufficiently Funded Requisitions

Controls provide reasonable assurance that contract obligations are supported by approved requisitions.

Description of Controls

Contract officers are warranted by Treasury at specified dollar approval thresholds based on experience and training. The automated contract writing system (PRISM) contains award approval limits for each Warranted Contracting Officer at their respective approval dollar threshold prohibiting approval of awards at dollar amounts above their authorized level.

PRISM contains controls to ensure procurement awards are not made without sufficient funding provided by a funding document.

Tests of Operating Effectiveness and Results of Testing

1. Inspected award authorizations in PRISM and determined warranted contracting officers approved awards within specified dollar limits.

2. Inspected award authorizations in PRISM and determined approved awards contained sufficient funding on PRs in the system.

No exceptions noted.

GENERAL COMPUTER CONTROLS

Control Objective 17 – System Access

Controls provide reasonable assurance that systems are protected from unauthorized access in accordance with ARC policies and procedures.

Description of Controls

ARC follows Fiscal Service policies and procedures that were developed, documented, disseminated, and that are periodically reviewed and updated to facilitate the implementation of logical access controls. Additionally, procedures specific to Oracle, Discoverer, PRISM, webTA, CGE, moveLINQ, and IPP have been documented. The logical access controls are based on Treasury and Fiscal Service policies and standards (Treasury Information Technology Security Program TDP-85-01 Volume I), which, in turn, are based on the applicable Federal laws and regulations. These controls are the system-based mechanisms that are used to specify which individuals and/or processes are to have access to a specific system resource and the type of access that is to be permitted. These controls limit user access to information and restrict their system access to their designated level.

ARC uses Discoverer, within the controls, which provides the ability to create and develop ad hoc reports to query the Oracle database for the required information.

Oracle and Discoverer
Access to Oracle and Discoverer are restricted to users with a valid logon ID and password. Oracle and Discoverer logons/sessions are encrypted to protect the information, making it unintelligible to all but the intended users. Sessions are protected using 128-bit Transport Layer Security (TLS) encryption. Prospective Oracle and Discoverer users must complete sign and submit an approved *Administrative Resource Center System Access Form for End User Applications* to request access to Oracle. The end user's signature indicates that they are familiar with the Privacy Act information and security requirements and will comply with computer security requirements established by Fiscal Service and ARC. The form defines the user's access specifications, which will allow the user to perform his/her duties in Oracle and/or Discoverer. Changes to existing user profiles require an e-mail to be sent to the Oracle Support Team mailbox by an authorized individual requesting the change, and defining what access should be added/deleted/changed. In order to remove a user's access, Customer Agencies submit a request for account termination. At that time, the Oracle user access is end-dated in the system to remove their access. Additionally, each day the Service Desk Branch generates and reviews a Discoverer report listing Oracle/Discoverer user accounts that have been inactive for 80 days. An e-mail is sent to the user warning them that their account will be end-dated if they maintain an inactive status for 90 days. After 90 days of inactivity, the user's access will be end-dated. Annually, the ARC generates a Discoverer report listing system users for each Customer Agency for review. The Oracle Support Team updates the permissions for users based on the responses received from the Customer Agencies.

With Oracle R12, responsibilities are assigned to specific Multi-Org Access Control (MOAC) groups, in which case, the MOAC group determines which data can be accessed by users. Data entry is also restricted, allowing only values within the MOAC group to be selected for transaction processing. A MOAC group can be comprised of one operating unit (ledger) or multiple ones.

Only the SYSADMIN account controlled by Oracle Managed Cloud Services are assigned the System Administrator responsibility in the Oracle application. SDB and OSB staff are assigned ARC Application Administrator responsibility in the Oracle application. The employees with the

ARC Application Administrator responsibility have limited access to perform operational functions in Oracle, specifically limited to the month-end closing, during customer conversions (as directed by the functional teams) or emergency situations that can be approved by a supervisor or manager after the fact. Additionally, the individuals with Oracle ARC Application Administrator privileges perform multiple functions, including that of the Oracle Support team members. As a result, these individuals periodically require temporary access privileges of a functional user in order to address user inquiries. An edit check prevents an Oracle ARC Application Administrator from adding or removing any responsibilities from their own user ID.

The SDB/OSB/SDB/OSB/Project and Technical Services Development Support Branch (DSB) managers can be assigned the ARC Application Administrator responsibility in situations where the manager deems the access is required. This responsibility is granted on a temporary basis with the proper request and approval and will be end-dated once the access is no longer necessary.

Administrative access to the underlying Oracle servers and databases is limited to Oracle Managed Cloud Services server and database administrators.

User Identifications (IDs) are assigned to Fiscal Service employees consistent with their network logon ID. User IDs for Customer Agency staff are assigned by an ARC system administrator. A temporary password is assigned to all users by calling the Oracle Support Team. Oracle Support Team personnel are responsible for verifying the caller's identity. Once the user logs onto the accounting system, they must establish their own unique password. An Oracle/ Discoverer user's password must meet unique password configuration, password complexity and password expiration criteria to ensure strong password security.

Oracle/Discoverer access attempt logs are reviewed daily by the Service Desk Branch to identify if users attempted to unsuccessfully access the system five or more times in the day. When five or more unsuccessful access attempts were made, an e-mail is sent to the user indicating that the access attempts were noted and requesting that the user notify ARC if the attempts were not made by the user.

PRISM
Access to PRISM is restricted to users with a valid logon ID and password. PRISM logons/sessions are encrypted to protect the information, making it unintelligible to all but the intended users. Sessions are protected using 128-bit TLS encryption. Prospective PRISM users must complete, sign, and submit an approved *Administrative Resource Center System Access Form for End User Applications* to request access to PRISM. The end user's signature indicates that they are familiar with the Privacy Act information and security requirements and will comply with computer security requirements established by Fiscal Service and ARC. The form defines the user's access specifications, which will allow the user to perform his/her duties in PRISM. Changes to existing user profiles require an e-mail to be sent to the PRISM Support Team mailbox by an authorized individual at the Customer Agency, requesting the change, and defining what access should be added/deleted/changed. In order to remove a user's access, Customer Agencies submit a request for account termination. At that time, the PRISM user access is end-dated in the system to remove their access. Additionally, each day the Service Desk Branch generates and reviews a Discoverer report of PRISM user accounts that have been inactive for 80 days. An e-mail is sent to the user warning them that their account will be end-dated if they maintain an inactive status for 90 days. After 90 days of inactivity, the user's account will be end-dated. Annually, the ARC generates a Discoverer report listing users for each Customer Agency for review. Included for review are requisitioner and buyer approval limits by user. The PRISM Support Team updates the access according to the responses received from the Customer Agencies.

Control Objectives, Related Controls, and
                                   Tests of Operating Effectiveness

User access within PRISM is further limited by only allowing users to approve the addition or modification of records to the operating units they have been assigned in Oracle. PRISM utilizes the existing security features and functionality of Oracle. For example, new users are setup in Oracle and assigned appropriate PRISM responsibilities. Within Oracle, the responsibilities are mapped to PRISM security groups. The user and security groups then flow to PRISM. Within the PRISM application, users are assigned additional responsibilities as authorized on the access form.

Updates to a user's PRISM responsibilities are audited by independent employees within SDB. The changes to functional access privileges are reviewed and compared to the changes to the BTD's Team Responsibilities matrix to determine whether or not the access privileges are appropriate. Follow up is performed to validate the addition of any privileges that are not on the BTD's Team Responsibilities matrix.

The System Administrator responsibility in PRISM is limited to certain employees requiring the access for the performance of job duties. Administrative access to the underlying PRISM servers and databases is limited to Oracle Managed Cloud Services server and database administrators and specific BTD employees.

User IDs are assigned to Fiscal Service employees consistent with their network logon ID. User IDs for Customer Agency staff who utilize PRISM are assigned by an ARC system administrator. A temporary password is assigned to all users by calling the PRISM Support Team. PRISM Support Team personnel are responsible for verifying the caller's identity prior to establishing the user's password. Once the user logs onto the system, they must establish their own unique password. A user's password must meet unique password configuration, password complexity and password expiration criteria to ensure strong password security.

PRISM access attempt logs are reviewed daily by the Service Desk Branch to identify if users attempted to unsuccessfully access the system five or more times in the day. When five or more unsuccessful access attempts were made, an e-mail is sent to the user indicating that the access attempts were noted and requesting that the user notify ARC if the attempts were not made by the user.

webTA[1]
Access to webTA is restricted to users with a valid logon ID and password. Access to webTA is provided using 128-bit TLS encryption. All personnel require access to webTA in order to complete time and attendance submission. Users granted standard employee access privileges are not required to submit an access form. However, users that require elevated access privileges (e.g., timekeeper, supervisor) are added to the webTA system following receipt of a supervisor-approved *Administrative Resource Center System Access Form for End User Applications*. The end user's signature indicates they are familiar with the Privacy Act information and security requirements and will comply with computer security rules. The form defines the user's access specifications, which will allow the user to perform his/her duties in webTA. Changes to existing user profiles require a new access form to be submitted by the Customer Agency. Upon receipt of an *Administrative Resource Center System Access Form for End User Applications* requesting the deletion of a webTA user, email request from a supervisor or the Customer Agency's HR office, or a personnel action documenting a separated employee, an HR Administrator in the HR Systems Help Desk removes the assigned responsibilities. Annually, an HR Administrator sends out a list of timekeepers and supervisors to each Customer Agency for the agency to use in performing a periodic review of access. The list is limited to those timekeepers and supervisors who are not currently responsible for validating or approving time for an active employee at the Customer

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[1] The scope of the description of webTA controls applies only to full service webTA customers.

Agency. The review ensures that these employees who do not currently validate or approve time on a regular basis still require their role as a timekeeper or supervisor.

User access within webTA is further limited by the role the user is assigned in the system (i.e., Employee, Timekeeper, Supervisor, etc.). The System Administrator and HR Administrator roles in webTA are limited to certain employees, ensuring no one serves in both administrator roles. Periodically, there is a need for the System Administrator to research a problem in a production instance using an HR Role. When such an event arises, the System Administrator can be temporarily granted HR specific roles with supervisor approval. Administrative access to the underlying webTA servers and databases is limited to server and database administrators within the ISS.

A PLSB HR Administrator assigns user IDs to Fiscal Service employees consistent with their network logon ID. User IDs for Customer Agency staff who utilize webTA are also assigned by a PLSB HR Administrator. An initial temporary password is provided to the new users by their timekeepers or by the user contacting the HR Systems Help Desk. Once the user logs onto the system, they must establish their own unique password. A user's password must meet unique password configuration, password complexity and password expiration criteria to ensure strong password security.

CGE

Access to CGE is restricted to users with a valid logon ID and password or Single Sign On authentication. All users must complete the registration process. An email is forwarded to the user by the TSD helpdesk after the registration information is verified instructing the user to call the TSD helpdesk to activate their account. After verifying that the traveler is not already in CGE or set up in Oracle, TSD sends traveler a "CGE New User Registration Worksheet" to complete and return via email or fax. Budget Reviewers and Approving Officials must complete, sign, and submit an approved *Administrative Resource Center Online Applications Access Request* or have an approving official or agency travel contact authorize access via e-mail. The end user's signature indicates they are familiar with the Privacy Act information, security requirements, and will comply with computer security requirements established by Fiscal Service and ARC. The form defines the user's access specifications, which will allow the user to perform his/her duties in CGE. Changes to a user's identification (i.e., name change) or to the user's role in CGE require an *Administrative Resource Center (ARC) System Access Form* to be resubmitted or an e-mail from the user copying his/her approving official or agency travel contact. Upon receipt of an Exit Clearance form or e-mail request, a termination date is entered in the user's profile and CGE access is terminated. On an annual basis, TSD staff creates reports of CGE users and distributes the reports to Customer Agency Travel contacts for review and verification of the accounts.

CGE has user access levels that separate permissions from highest to lowest into these categories:
- System administrators (Concur Technologies, Inc. staff only) (FATA 9)
- Application administrators; Designated TDSB staff (FATA 8)
- Application administrators; Customer Service Help Desk Tier 2, Designated TDSB staff (FATA 7/FATA 6)
- Customer Service Help Desk Tier 1, Designated TDSB staff (FATA 5)
- Approving Officials and Budget Reviewers (FSTA role)
- User; Traveler and Document Preparer (FT role)
- Invitational Travelers/Auditor (FA role)
- Reports (Report Users role)

Access privileges are granted in accordance with the concept of least privilege required.

Control Objectives, Related Controls, and Tests of Operating Effectiveness

Users must establish their own unique CGE password. A user's password must meet unique password configuration, password complexity, and password expiration criteria to ensure strong password security.

moveLINQ

Access to moveLINQ is restricted to authorized TSD users with a valid logon ID and password. The process for requesting, establishing, issuing, and closing user accounts is controlled through the use of the moveLINQ Online Application Access Request Form which requires lead/supervisor approval. The form defines the user's access specifications, which will allow the user to perform his/her duties in moveLINQ. Changes to a user's identification (i.e., name change) or to the user's role in moveLINQ also require a moveLINQ Online Application Access Request Form. The user access list is reviewed by management every time a change is made or six months from the last review, whichever is longer.

User IDs are assigned to authorized TSD employees consistent with their network logon ID. A temporary password is assigned to moveLINQ users in person or by phone. Once the user logs onto moveLINQ, they must establish their own unique password which is encrypted. A user's password must meet unique password configuration, password complexity and password expiration criteria to ensure strong password security.

moveLINQ has user access roles that separate permissions from highest to lowest into these categories:
- Admin
- Admin Backup
- App_Helpdesk
- Emp_Type Admin
- Enhanced_RC
- Enhanced_VIP_Viewer
- HSS_Reviewer
- MGMT1
- MGMT2
- RC
- RC_HSS_Reviewer
- Tax_Prep
- Tech
- Viewer
- VIP Reviewer
- VIP Accting

Access privileges are granted in accordance with the concept of least privilege required.

See Control Objective 19 for further discussion of the physical access control process.

Invoice Processing Platform (IPP)

Access to IPP is restricted to users with a valid logon ID and password. Internal and external users must complete, sign, and submit an approved *Administrative Resource Center Online Applications Access Request form.* Customer users must submit a Certificate of Completion for the On-line Invoice Approver Training located on their ARC customer webpage, unless they are on the list of attendees that completed the training given during their customer conversion to IPP. The end user's signature indicates they are familiar with the Privacy Act information, security requirements, and will comply with computer security requirements established by Fiscal Service and ARC. The form defines the user's access specifications, which will allow the user to perform his/her duties in IPP. The user will receive an e-mail with a user id and one containing a temporary password from the Treasury UPS User Administration. Annually, FRB Boston sends a list of all IPP users in the Fiscal Service Admin Disburser Account for recertification. ARC reaches out to the customer agency IPP contact and returns the results to FRB Boston.

The IPP Fiscal Service Admin Disburser Account has user access levels that separate permissions into these categories from highest to lowest:

- Administrator
  - Administrator
  - Administrator II
- Approver
  - Approver
  - Approver SPE
  - Approver OST
  - Approver OMB
  - Approver CQE
- Processor
- Viewer
  - Viewer
  - ARC Viewer
  - Customer Viewer
  - APB Viewer
  - Viewer SPE
  - Viewer OST
  - Viewer OMB
  - Viewer CEQ

Access is in accordance with the concept of least privilege required.

Users must establish their own unique IPP password. A user's password must meet unique password configuration, password complexity and password expiration criteria to ensure strong password security that follow the configuration requirements established by Fiscal Service Treasury Web Applications Infrastructure (TWAI).

Complementary Customer Agency Controls

Customer Agencies should establish controls to:

- Review and approve listing of users with current Oracle, PRISM, IPP, webTA, and CGE access to ensure appropriateness.

- Ensure exiting employee timecards are coded "Final" as this will help ensure that HR staff deactivate the employee's webTA access.

Tests of Operating Effectiveness and Results of Testing

1. Inspected the Treasury Information Security Program TDP-85-01 Volume I and determined the security policies and procedures were documented.

2. Inspected the Oracle user account management procedures and password procedures and determined the security policies and procedures were documented for Oracle.

3. Inspected the PRISM user account management procedures and password procedures and determined security policies and procedures were documented for PRISM.

4. Inspected the webTA user account management procedures and password procedures and determined security policies and procedures were documented for webTA.

5. Inspected the Concur user account management procedures and password procedures and determined security policies and procedures were documented for Concur.

6. Inspected the moveLINQ user account management procedures and password procedures and determined security policies and procedures were documented for moveLINQ.

7. Inspected the IPP user account management procedures and password procedures and determined security policies and procedures were documented for IPP.

8. Inspected the Discoverer user account management procedures and password procedures and determined the security policies and procedures were documented for Discoverer.

9. Observed a logon session and noted Oracle users required a valid login ID and password, and logins/sessions were encrypted with 128-bit TLS encryption.

10. For a selection of new Oracle users, inspected user access request forms and determined the forms were completed, access was authorized, and employees signed that they understood the privacy act requirements.

11. For a selection of changes to Oracle user profiles, inspected authorizing documentation and determined updates to access rights were authorized.

12. Inspected a selection of requests for the termination of Customer Agencies employees' Oracle access, and evidence of when the account was end dated in Oracle and determined requests for termination of access from Customer Agencies were completed in a timely manner.

13. Inspected a list of separated Fiscal Service employees, and inspected a list of Oracle users and determined separated users did not retain access to Oracle.

14. For a selection of days, inspected the daily Oracle inactivity reports and determined the report was reviewed and warning emails were sent to inactive users.

15. For a selection of Customer Agencies, inspected evidence of the annual Oracle user access review and determined annual reviews were performed.

16. Inspected a listing of user accounts and access in Oracle and determined each user's access was restricted to distinct operating units or Customer Agencies.

17. Inspected the user roles assigned to the Oracle application administrators and compared them to the BTD Allowable Responsibilities Table and determined the functional user permissions were restricted commensurate with job responsibilities.

18. Observed an Oracle application administrator attempt to add responsibilities to their user ID and determined application administrators could not add responsibilities to their user IDs.

19. For a selection of occurrences, inspected documentation authorizing the use of temporary Admin Access and determined temporary Admin Access was documented, approved, and revoked when no longer needed.

20. Inspected the hosting contract and determined access to operating system and database administrative accounts were limited to Oracle staff.

21. Inspected the Oracle user list and determined accounts follow the naming convention.

22. Inspected Oracle profile options and determined Oracle was configured to disconnect sessions if they remained inactive for 15 minutes.

23. Inspected Oracle profile options and determined failed logins, password complexity, generation, and length requirements were configured in accordance with ARC password standards.

24. For a selection of Oracle application administrators and users, observed the password lifespan days established for the individual users and noted they were configured in accordance with ARC password standards.

25. For a selection of dates, inspected Oracle violation logs and evidence of review and determined violations logs were reviewed.

26. Observed a logon session and noted user ID and Password were required, and PRISM logins/sessions were encrypted with 128-bit TLS encryption.

27. For a selection of new PRISM users, inspected user access request forms and determined the forms were completed and access was authorized.

28. For a selection of changes to PRISM user accounts, inspected authorizing documentation and determined updates to the accounts were authorized.

29. Inspected a selection of requests for the termination of Customer Agencies employees' PRISM access and evidence of when the account was end dated in PRISM and determined requests for termination of access from Customer Agencies were completed in a timely manner.

30. Inspected a list of separated employees, and inspected a list of PRISM users and determined separated employees did not retain access to PRISM.

31. For a selection of days, inspected the daily PRISM inactivity reports and determined reviews were performed.

32. Inspected evidence of distribution of PRISM user lists for review and determined user account lists were distributed on an annual basis for review.

33. Observed the production PRISM system for a user and noted that the system was configured as defined in the control description and in the New User Setup document.

34. Inspected the changes to functional access privileges, which were reviewed and compared to the changes to the BTD's Team Responsibilities matrix and determined access privileges are appropriate.

35. Inspected the PRISM user list and determined accounts follow the naming convention, using first initial and second initial if necessary and last name.

36. Observed a PRISM Support Team member create a new account in the PRISM system and noted upon first login the user was immediately directed to reset their password.

37. Inspected PRISM password settings and determined failed logins, password complexity, aging, generation, and length requirements were configured in accordance with ARC password standards.

38. Inspected PRISM configuration settings and determined the PRISM sessions were configured to time-out if they remained inactive for 20 minutes.

39. For a selection of dates, inspected PRISM violation logs and evidence of review and determined violations logs were reviewed.

40. Observed a logon session and noted webTA logins/sessions require user name and password.

41. Observed a user log into webTA and noted connections to webTA were encrypted utilizing 256-bit TLS encryption.

42. For a selection of changes to webTA users with elevated privileges, inspected user access request forms and determined forms were completed and access was authorized.

43. Inspected a selection of webTA End User Application access removal requests and determined the Administrative Resource Center's HR Administrator in the HR Systems Help Desk removed the assigned responsibilities from the end user.

44. For a selection of Customer Agencies, inspected evidence of distribution of a list of webTA for supervisors and timekeepers and response to annual review of webTA user accounts and determined annual reviews of access were completed.

45. Inspected the Fiscal Service user privileges within webTA and determined users were assigned in a role based security configuration.

46. Inspected the Fiscal Service user privileges within webTA and determined users assigned HR Administrator did not have Administrator Access.

47. Inspected the Fiscal Service employee list for all webTA Administrators and determined users with Administrator access were restricted to employees in the BTD group.

48. Observed webTA for an initial login and noted the user was required to create a new password at first login.

49. Inspected webTA password settings and determined failed logins, password complexity, aging, generation, and length requirements were configured in accordance with ARC password standards.

50. Inspected webTA configuration settings and determined webTA sessions were configured to time-out if they remained inactive for 10 minutes.

51. Observe a user access the CGE system and noted that a user needed to be authenticated prior to accessing the system.

52. For a selection of new CGE users, inspected user access request forms or emails and determined the forms or emails were completed and access was authorized.

53. For a selection of changes to CGE users, inspected authorizing documentation and determined access changes were documented and access was authorized.

54. Inspected a list of separated employees, and inspected a list of CGE users and determined separated employees did not retain access to CGE.

55. Inspected a selection of Concur access removal requests and determined upon receipt of an Exit Clearance form or email request the user's access in Concur (CGE) was removed.

56. Inspected evidence of distribution of CGE user lists for review and determined user account lists were distributed on an annual basis for review.

57. Inspected user privileges with CGE and determined users were assigned in a role based security configuration from highest to lowest.

58. Observed a user attempting to change their CGE password to an invalid setting and noted the system automatically prevented the use of password that did not confirm to the requirements.

59. Observed a moveLINQ user log into the web based system and noted they were required to enter a valid user ID and password.

60. Inspected a selection of reviewed moveLINQ user access control logs and determined review of access changes was performed.

61. Inspected a selection of moveLINQ modification requests and determined the requests were documented and approved.

62. Inspected a selection of moveLINQ termination requests and determined the removal of access were documented and performed.

63. Inspected documentation for a selection of added moveLINQ users and determined the requests were documented and approved.

64. Inspected the current moveLINQ user list and determined accounts were assigned with a network IDs.

65. Observed and noted a moveLINQ user was required to reset their passwords upon initial login.

66. Observed a moveLINQ user enter the incorrect password 3 times and noted the system locked the user account.

67. Observed a moveLINQ user attempt to change their password to non-compliant passwords to test length and complexity requirements and noted the system prevented the changes.

68. Inspected the user roles with moveLINQ and determined users were assigned in a role based security configuration.

69. Observed an IPP user login to the system and noted they were required to enter a user id and password.

70. Inspected the annual account recertification supporting documentation and determined ARC contacted Customer Agencies and the results were returned to Federal Reserve Bank (FRB).

71. Inspected documentation for a selection of added IPP users and determined the requests were documented and approved.

72. Observed an IPP user attempt to change their password to non-compliant passwords to test length and complexity requirements and noted the system prevented the changes.

73. Inspected the user role with IPP and determined users were assigned in a role based security configuration.

No exceptions noted.

Control Objectives, Related Controls, and
Tests of Operating Effectiveness

Control Objective 18 – System Changes

Controls provide reasonable assurance that system software and application changes are tested, approved, and documented in accordance with ARC policies and procedures.

Description of Controls

ARC has documented procedures for testing, approving, and documenting changes. ARC System Administrators are facilitators of the formal change management process via My Oracle Support, Oracle Managed Cloud Services' web-based service request system.

Oracle, Discoverer and PRISM
For Oracle, Discoverer and PRISM, ARC uses HPSM /My Oracle Support to document key steps for each change: including the initial request, approval, and implementation into production.

ARC processes standard software releases (i.e., patches) for Oracle, Discoverer and PRISM. Additionally, ARC processes customized application extension changes to Oracle. The ability to process and apply Oracle, Discoverer and PRISM changes is restricted to the database administrators under the coordination of Oracle Managed Cloud Services. Access to My Oracle support is monitored and reviewed biannually.

ARC Application Administrators, as designees of the system owner, serve as the primary initiators of change requests. The following is indicated in the request: all the affected parties, a description of the change, the applicable instance, and the requested date of the change. DSB staff develops customizations in separate development instances. OSB staff test changes by running test scripts and analyzing the results. Upon successful completion of testing, OSB staff approves the change request and forward it to the performer of the change, Oracle Managed Cloud Services database administrators. After the approved request has been completed, the performer updates the request in HPSM /My Oracle Support accordingly, and the request is then closed.

For emergency changes to a production instance of Oracle, Discoverer or PRISM, ARC requires verbal approval from a designated on-call manager (for all production instances). ARC Application Administrators document the emergency change in HPSM /My Oracle Support on the next business day.

webTA
ARC has a webTA maintenance agreement in place with immixTechnology, a vendor for Kronos' webTA product.

For webTA, ARC applies standard software releases (i.e., patches) only. Unlike Oracle, webTA does not have application extensions that are customizable by ARC.

When a new webTA release is received from Kronos (the developer of webTA), ARC OSB staff test the new release in a separate test instance by running test scripts and analyzing the results. Upon successful completion of customer acceptance testing, the OSB staff forward a request for applying the new webTA release to production to the appropriate parties for approval. The ability to apply webTA releases is restricted to the database administrators under the coordination of ISS. The new webTA release is not applied to production until it has been successfully tested and approved.

Control Objectives, Related Controls, and
Tests of Operating Effectiveness

CGE

CGE is hosted and maintained by Concur Technologies at their facility. The ETS vendor informs TSD of scheduled updated system releases and the changes contained therein. System changes are also initiated by TSD Analysts who make enhancement requests to the ETS vendors for changes to be included by the vendors in future scheduled release updates. TSD analysts test all applicable CGE changes in a CGE acceptance test environment. If any of the changes included in a scheduled CGE release update fail TSD's acceptance testing, the vendor may delay implementation of the release update. TSD has documented procedures for testing CGE changes. Guidance is provided to customer contacts on any changes.

moveLINQ

moveLINQ is hosted by ISS and maintained at Fiscal Service. mLINQS informs the RSB Manager and moveLINQ System Administrators of scheduled updated system releases and the changes contained therein. System changes are also initiated by moveLINQ System Administrators who make enhancement requests to mLINQS for changes to be included by mLINQS in future scheduled release updates. moveLINQ System Administrators and users test all moveLINQ changes in moveLINQ test environments. If any of the changes included in a scheduled moveLINQ release update fail the testing, RSB may delay implementation of the update until the release passes the testing. RSB has documented procedures for testing and implementing moveLINQ changes. RSB uses the Fiscal Service's HPSM to track changes to the system.

Invoice Processing Platform (IPP)

IPP is a web-based system hosted by the Federal Reserve Bank of Boston (FRBB). FRBB notifies all primary agency users in advance of any new IPP release and holds review/preview meetings to discuss all known changes as well as potential changes for the next release. During the "preview" section of the meeting, agencies can rank the proposed changes for the next release. In addition, FRBB publishes testing schedules and provides the agencies an opportunity to test the changes in a QA environment prior to deploying the code into IPP Production.

Tests of Operating Effectiveness and Results of Testing

1. Inspected written procedures and determined ARC had documented procedures for testing, approving, and documenting changes.

2. Observed the HP Service Manager (HPSM) and noted the system was designed to retain the necessary change management documentation.

3. Inspected a selection of changes processed in the HPSM/My Oracle Support and determined the changes were tested and approved prior to implementation to the production environment.

4. Inspected the Oracle on Demand contract and determined changes to Oracle and PRISM were coordinated with Oracle on Demand database administrators.

5. Inspected the Oracle on Demand maintenance agreement and determined the agreement contained system upgrade and maintenance provisions.

6. Inquired of management about the emergency change process and inspected HPSM and determined there were no emergency changes processed for Oracle and PRISM.

7. Inspected the webTA system maintenance agreement and determined it contained system maintenance provisions and that it was current.

8. Inspected a selection of webTA upgrades and emergency changes processed and determined documentation of testing and approval was completed.

9. Inspected the Concur system maintenance agreement and determined it contained system maintenance provisions and that it was current.

10. For a selection of Concur changes, inspected documentation of testing and determined changes were tested prior to implementation in production.

11. Inspected written procedures and determined testing Concur changes were in accordance with the procedures.

12. Inspected the moveLINQ system maintenance agreement and determined it contained system maintenance provisions and that it was current.

13. For a selection of moveLINQ changes, inspected documentation of testing and determined changes were tested prior to implementation in production.

14. Inspected written procedures and determined testing moveLINQ changes were in accordance with the procedures.

No exceptions noted.

Control Objective 19 – Non-interruptive System Service

Controls provide reasonable assurance that interruptions due to operational failures are appropriately limited.

Description of Controls

Fiscal Service has documented policies and procedures for controlling physical access to Fiscal Service buildings and to the data center. These include:

- Identification of sensitive/critical areas to which access needs to be restricted.
- Physical access controls designed to detect unauthorized access.
- Procedures for log reviews and investigation of violations.

Physical and environmental controls for the data centers that host Oracle, PRISM, CGE, and IPP are not covered in this report.

The Security Branch issues employee badges, after performing security background checks and fingerprinting.

Employees are required to have badges available at all times upon request.

Terminated employees are required to surrender identification badges and are removed from the Physical Access Control System (PACS) immediately.

The webTA, and moveLINQ servers reside in ISS's data center. Physical access to the ISS Data Center is restricted to authorized users only. An employee needing access to the data center must have his/her Branch Manager request access. The requests are made through HPSM, a workflow system that is used to approve data center access. After the Branch Manager completes and submits the HPSM request form, requests are forwarded to ISS's data center managers for approval in the HPSM. If ISS approves the request, the Fiscal Service Division of Security and Emergency Programs (DSEP) Security Branch grants access via PACS. Only designated DSEP specialists have access to PACS. Access to all sensitive areas requires use of a badge. The use of a badge provides an audit trail that is reviewed by ISS management monthly for potential access violations. Any unauthorized access attempts are followed-up on by contacting the individual's supervisor.

Individuals without badge access to the data center must be escorted to the command center and are required to sign in/out of a Visitor log to be issued a data center visitor badge. Visitor badges do not have access to the data center, but rather designate the individual as a visitor. This log is maintained at the main entrance to the data center.

Vendors that are authorized to have a badge are issued a one-day badge and must leave their access badge onsite following completion of work in the data center. A log of One-Day badges is maintained and reviewed daily.

ISS performs a monthly review and reconciliation of individuals with data center access to individuals authorized to have data center access. Additionally, ISS performs an annual review and recertification of individuals with access to the data center. If an individual is found to have unauthorized data center access, ISS will, based on the individual's need for access, make a decision whether to request that DSEP remove their data center access or whether to provide authorization for their access.

From Fiscal Service's location, web sites, FTP servers, web servers, and aspects of intrusion detection are monitored every ten minutes with a combination of software monitoring tools. The availability of network infrastructure, such as switches and firewalls are monitored with a

combination of software monitoring tools. ISS's data center is physically monitored by environmental monitoring software that provides continuous checking and alarming capabilities for temperature changes, water, and humidity threats. Fire detection and suppression systems are installed in the data center. Redundant battery-powered uninterruptible power supplies and a backup generator protect the data center from an unplanned loss of power. Redundant air conditioning systems protect data center computers from overheating in the event of air conditioning equipment failure. ISS provides operations, support, capacity planning, performance monitoring, networking, security monitoring, development, change management, back up, hardware acquisitions and maintenance, and installation support for ARC.

Oracle and Discoverer
System operations manuals are provided to each employee assigned system maintenance responsibilities. The Oracle Support Team, within SDB, is available for users to call if they are experiencing difficulties with the system. In addition, Oracle support personnel have access to internal application setup and security documentation, as well as various manuals and documentation produced by the Oracle Corporation.

PRISM
PRISM user manuals are provided to end users. The PRISM Support Team within SDB, is available for end users to call if they are experiencing difficulties with the system, and PRISM application administrators have access to internal application setup and security documentation, as well as various manuals and documentation produced by Compusearch.

webTA
webTA support personnel have access to online documentation produced by Kronos. The HR Systems Help Desk is available for users to call if they are experiencing difficulties with the system. OSB acts as a liaison between the HR Systems Help Desk and ISS to resolve system issues. ISS performs differential backups of the production system nightly and performs a full tape backup weekly. The monthly backup tapes are sent to a long-term offsite facility.

See Control Objective 20 for further discussion of the backup process.

CGE
ARC TSD staff investigates and attempts to resolve any system issues noticed by the ARC staff or reported to TSD by CGE users. When possible, TSD staff resolves CGE issues. If TSD staff cannot resolve an issue, the issue is escalated to Concur Technologies. TSD notifies system users of the length of the expected outage or malfunction and notifies them again when the issue is resolved.

moveLINQ
ARC purchases new license agreements annually from mLINQS, which include all upgrades and service packs, monthly per diem rates, Federal travel regulation updates, and unlimited technical support.

moveLINQ System Administrators investigate any system issues noticed by the ISS Database Administrators or reported to them by moveLINQ users. When possible, moveLINQ System Administrators resolve moveLINQ issues. If the administrator cannot resolve an issue, the issue is escalated to mLINQS, the vendor. The System Administrator notifies the users of the length of the expected problem and notifies them again when the issue is resolved.

ISS performs differential backups of the moveLINQ production database nightly and performs a full tape backup weekly. The nightly backups are kept on-site for four weeks. The monthly full backup tapes are sent to a long-term off-site facility for two years.

See Control Objective 20 for further discussion of the backup process.

RSB maintains the data in the moveLINQ system for six years and three months.

Invoice Processing Platform (IPP)
IPP is a web-based system hosted by the Federal Reserve Bank of Boston (FRBB). FRBB has a customer service center for both agencies and suppliers including a help desk phone line and e-mail address. When IPP system issues arise, Fiscal Service sends an e-mail to the IPP Customer Support Center at FRBB for investigation and resolution by FRBB.

Tests of Operating Effectiveness and Results of Testing

1. Inspected physical access policies and procedures for the data center and determined they were documented and included the identification of sensitive/critical areas to which access needed to be restricted, physical access controls designed to detect unauthorized access, and procedures for log reviews and investigation of violations.

2. Observed physical access controls of Fiscal Service buildings and the ISS data center and noted security guards, video cameras, badge readers, and locked doors were in place and in operation to restrict access.

3. Observed persons entering Fiscal Service buildings and noted people are required to place any materials, packages, bundles, etc. onto an x-ray machine, and additionally were required to pass through a walkthrough metal detector.

4. Observed persons entering Fiscal Service buildings and noted an activation of the walkthrough metal detector results in further screening by the security guard, utilizing a handheld metal detector to identify the source of activation.

5. Observed an entrant swipe their badge into the access control system and noted the access controls system granted access to authorized personnel.

6. For a selection of employees and contractors granted access to the data center and tape storage room, inspected the card security system (HPSM) record for granting access and determined that access was restricted to authorized individuals only.

7. For a selection of months, inspected the monthly access violation badge logs and determined logs were reviewed by ISS management monthly for potential access violations.

8. For a selection of dates, inspected visitor logs and determined visitor logs were used.

9. For a selection of dates, inspected the daily shift logs and determined an inventory for vendor badges was performed.

10. Inspected documentation of the monthly review of physical access privileges to the data center and determined access privileges were reviewed.

11. Inspected documentation of the annual recertification of physical access privileges to the data center and determined access privileges were recertified.

12. Observed Manage Engine OP Manager, HP Site Scope, NetIQ, and noted these applications were installed and in use by ISS staff.

13. Observed variance monitoring logs and noted they automatically generated alerts from HP's Site Scope and the application provided monitoring over websites, FTP servers, and web servers and that ISS staff reviews these logs and alerts.

14. Observed the Andover monitoring application and noted the application was installed and used to monitor ISS data center environmental conditions.

15. Observed the ISS data center and noted that sprinklers, hand-held fire extinguishers, and raised floors were present.

16. Inspected completed maintenance work orders and inspection reports for the uninterruptible power supply (UPS), and the emergency power generator and determined the generator and UPS were maintained.

17. Observed deployed environmental controls and noted environmental controls were present.

18. Observed Oracle operations manuals and noted the manuals were available to support personnel.

19. Observed internal application setup and security documentation, as well as various manuals and documentation produced by Oracle Corporation and determined Oracle support personnel have adequate access to materials.

20. Observed and inspected online support documentation for Oracle and determined users have adequate access to the materials, and determined the Oracle Support Team, within SDB is available for users to call if they are experiencing difficulties with the system.

21. Observed PRISM application setup and security documentation and system manuals and noted documentation was available to support personnel.

22. Observed the PRISM user manuals and determined the manuals were supplied to end users.

23. Observed and inspected online support documentation for PRISM and determined users have adequate access to the materials, and determined the Oracle Support Team, within SDB is available for users to call if they are experiencing difficulties with the system.

24. Observed online documentation produced by Kronos and noted webTA support personnel have adequate access to materials.

25. Observed and inspected online support documentation for webTA and determined users have adequate access to the materials, and determined the Human Resources Support Desk is available for users to call if they are experiencing difficulties with the system.

26. Inspected the backup configurations for webTA and determined they were scheduled for twice daily differential backups, weekly full backups and inspected the backup logs and determined the backups were performed.

27. Observed an IT specialist query the Iron Mountain SecureSync website and noted WebTA monthly backup tapes were sent to a long-term offsite facility

28. Inspected the Concur incident escalation procedures and determined the incident escalation procedures were documented and available to support ARC staff personnel in investigating and attempting to resolve system issues.

29. Inspected a sample Concur incident that TSD staff was unable to resolve and determined the issue was escalated to NGMS/Concur Technologies help desk for resolution.

30. Inspected ARC's maintenance agreement with moveLINQ and determined it required moveLINQ to provide software and technical support for moveLINQ.

31. Inspected a sample moveLINQ incident that the RSB Administrator was unable to resolve and determined the issue was escalated to the mLINQ help desk for resolution.

32. Inspected the agreement with the offsite storage vendor and determined a formal agreement was in place for the offsite storage of data in real time.

33. Inspected a yearly selection of moveLINQ Contingency server test documentation records and determined the server was tested as a part of the bureau-wide disaster recovery exercise.

34. For a selection of IPP system issues that required Fiscal Service to email the IPP Customer Service Center at FRBB, inspected documentation for evidence of investigation and resolution by FRBB.

No exceptions noted.

Control Objective 20 – Records Maintenance

Controls provide reasonable assurance that source document files are retained and safeguarded in accordance with ARC and Fiscal Service's Records Management Office policies and procedures.

Description of Controls

moveLINQ
When tapes are returned from the underground off-site storage facility, they are delivered to the Warehouse and Operations Center, located in Parkersburg, WV. Upon arrival Fiscal Service personnel verify the accuracy of the tapes on receipt.

On an annual basis, ISS performs a full physical inventory of all backup tapes that are in Fiscal Service's possession. Physical inventories are conducted at the 3rd Street Data Center in Parkersburg, West Virginia, the Warehouse and Operations Center, located in Parkersburg, WV, KROC Data Center located in Kansas City, MO and at the underground offsite storage facility location.

Network File Servers
Differential tape backups of network servers are created daily and retained for a period of 5 weeks in the backup library. On a weekly basis, ISS completes a full back up of all ARC shared network files to a data tape and they are retained for a 2 month period at the Warehouse and Operations Center, located in Parkersburg, WV. On a monthly basis, ISS complete a full backup of all ARC shared network files to a data tape and they are retained for a 2 year period at the underground offsite storage facility location.

Record Storage
Autonomy is a National Archives and Records Administration (NARA) approved records storage system used by ARC. Hard copy data records are kept in folders and/or binders on-site for one or two years. When hard copy data records are ready to be transferred off-site, they are either stored in boxes or they are scanned and stored electronically.

Data records that will be retained in hard copy are packed into boxes and sent to off-site storage. Prior to sending the boxes off-site, a description of the data being stored in the box, including the box's latest document date, and approved retention authority is entered into Autonomy. Fiscal Service's Records Management Office approves the box for storage and produces a label that is placed on the box. The label includes a unique box number, bar code and box description. The destruction date is calculated using the approved retention period and the latest document date.

Hard copy data records may also be scanned and metadata is recorded in Autonomy. Data records are stored in Autonomy folders based on the data's calculated destruction date using the approved retention period and the latest document date. This method provides for quicker access to archived data.

For relocation documents, active hard copy records are locked after hours. Inactive and closed hard copy records are maintained in a locked onsite storage room.

Tests of Operating Effectiveness and Results of Testing

1. Observed Operations Personnel step through the process of opening received packages of tapes from Iron Mountain and noted they compared the contents of the package to the tape management records.

2. Inspected full physical inventory documents of all backup tapes that were in Fiscal Service's possession and determined the annual tape inventory was performed.

3. For a selected network file server used by ARC, inspected system-generated backup schedules and backup logs and determined daily differential backups and weekly full backups of the file server were scheduled and successfully completed.

4. Observed the location of the on-site hard copy records and noted the hard copy records were stored on-site in folders for specified time period.

5. Inspected an example of label for a hard copy records box and determined appropriate descriptions are documented.

6. Inspected hard copy records destruction logs and determined the hard copy records were labeled and stored.

7. Inspected an example of hard copy records offsite shipment logs and determined the hard copy records were labeled and stored.

8. Observed the location of the active and inactive hard copy data records and noted the hard copy records were locked after hours.

9. Observed the location of the inactive hard copy data records and noted the hard copy records were stored in a locked onsite storage room.

10. Inspected the list of authorized individuals that have access to the onsite storage room and determined only authorized individuals have access.

No exceptions noted.

V. OTHER INFORMATION PROVIDED BY THE ADMINISTRATIVE RESOURCE CENTER

CONTINGENCY PLANNING

System Back Up
The Oracle Federal Financials (Oracle) accounting system has a contingency plan managed by the Administrative Resource Center (ARC). There is a formal ARC Business Continuity Plan (BCP), which was last updated in January 2013. All essential Oracle functions will be performed with the support of ARC employees. Full disaster recovery testing is performed on an annual basis in conjunction with the Bureau of the Fiscal Service's (Office of Information Technology and security services (ISS), Data Center's Disaster Recovery Plan (DRP). The Oracle primary database servers, located at Oracle Managed Cloud Services' primary site in Austin, TX, are replicated near real time using Data Guard to a contingency location. Oracle's Network File System (NFS) serves as the secondary back up of live data for the application. Data from the NFS is sent to tape back-up twice weekly and stored at an offsite location. These tapes serve as a tertiary back-up.

ISS performs differential backups of the moveLINQ production database nightly and performs a full tape backup weekly. The nightly backups are kept on-site for four weeks. The monthly full backup tapes are sent to a long-term off-site facility for two years. The moveLINQ application is tested annually using a table top exercise.

Concur Technologies, Inc. is responsible for system backup of CGE and maintains data for six years and three months.

Invoice Processing Platform (IPP) data is stored and backed-up on the storage area network (SAN) and replicates every 5 minutes between EROC (East Rutherford Operational Center) and Dallas. Federal Reserve Bank of Boston (FRBB) does a disaster recovery exercise for contingency planning, typically in February, to test the failover of IPP from their hosting facility in EROC to Dallas. The test ensures that the application successfully moved to Dallas, but does not require agencies to point to a different IP address in Dallas to submit a file due to its manually intensive nature.

Continuity of Operations
A fire alarm and sprinkler system that is managed, maintained, and tested by the building management protects ARC and ISS facilities. Alarms are active 24 hours a day, 7 days a week, and are tied to a local alarm services company for spontaneous notification. Sprinkler heads are located in the ceiling of each room of the buildings. This is a "wet pipe" (always charged with water) system with individual heads that discharge water.

In the event the main building becomes inoperable, network operations would be relocated to the Kansas City Regional Operations Center (KROC) facility in accordance with the ISS data center's DRP. This facility employs a "warm site" strategy for recovery of network operations.

As part of the ARC BCP, should ARC facilities become unavailable, essential ARC personnel will relocate to established telework locations to reestablish their essential functions.

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Treasury OIG Website

Access Treasury OIG reports and other information online:
http://www.treasury.gov/about/organizational-structure/ig/Pages/default.aspx

Report Waste, Fraud, and Abuse

OIG Hotline for Treasury Programs and Operations – Call toll free: 1-800-359-3898
Gulf Coast Restoration Hotline – Call toll free: 1-855-584.GULF (4853)
Email: Hotline@oig.treas.gov
Submit a complaint using our online form:
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