

CARE FUNCTIONAL REVIEW BUDGET AND FISCAL

For information on the interpretation or clarification on the functional questions in the following section, please contact Lisa Baldus on 301-504-1300.

6.0 Budget and Fiscal (General)

In the interview process, determine whether Location management officials (LC, RL's and LAO/T) believe that adequate support (e.g., guidance/instructions/ Agency P&P issuances, financial reviews for dealing with problems or issues, etc.) is given from ARS Headquarters and the Area Office to manage and control Agency programs, assets, and resources.

Ensure that all recommendations from recent audits and reviews (including CARE reviews, and financial reviews) have been resolved, and appropriate corrective action taken. If not, explain.

6.01 CRIS Accountability

Verify that RL's understand and correctly interpret the Agency's Current Research Information System (CRIS) accountability policy, and that they are spending dollars by CRIS in accordance with the Budget and Program Management Staff (BPMS) approved allocation.

In order to do so, review the Location's most current CRIS Activities Module (CAM) report. Determine whether there are deviations in planned versus actual expenditures of more than plus or minus 5% or \$50,000, whichever is less. If so, determine whether approvals were obtained for these expenditure variances. If approvals were not obtained, cite what CRIS is not in compliance, and the percentage or amount in variance. (Policy and Procedure Number 315.0)

Determine if obligations in Location Obligation Tracking System (LOTS) status of funds reports appear to be made to the benefiting CRIS.

In order to do so, review a representative sample of large obligation transactions and attempt to determine whether the obligations are consistent with the type of research conducted in the CRIS (i.e., it would not be consistent for a human nutrition related CRIS to purchase a tractor.) If obligations do not appear to be charged to the benefiting CRIS, explain.

6.02 Research Cost

6.02-1 Indirect Research Costs (IRC) and Shared Research Costs (SRC)

Determine whether each CRIS was assessed for IRC or SRC and "All Other" fixed costs according to established Agency policy.

In order to do so, examine the ARMP CRIS Allocation Schedules (CRAS) and supporting worksheets or other documentation developed for the last ARMP. Wherever possible, costs should be assigned based on actual usage of resources. Cost accounting prorations based on FTE, SY's or dollars are acceptable but should only be used after ruling out other more, precise methods of assigning common support costs (i.e., space occupied, number of telephones, etc.) (The ARMS manual; P&P 329.5) If IRC and SRC worksheets or other documentation are not available to support the assessment methodologies used, explain.

Does the Location have the latest ARMPS instructions? Do they feel the instructions are clear, concise, timely, and easy to understand?

6.03 ARMPS Preparation/Implementation

Inquire whether the ARMP process adequately allows the Location to prepare and update a comprehensive detailed annual operating plan for spending funds and accomplishing program objectives. Document any suggestions for improvement.

Ensure that the Location is planning at least 4 percent of base funds on R&M as required by ARMP policy contained in the ARMS manual (unless the Location has been granted a documented exception to the policy).

In order to verify that at least 4% of base funds is planned for R&M spending, add amounts in object class 2530 on the Location's ARMP Annual Operating Plans (AOP's) and compare that total to the total base funds for the Location. If the total object class 2530 amount is less than 4%, determine what other budgeted amounts the Location considers to be R&M, and explain.

6.04 Allocations

Ensure that official allocations are adhered to in establishing LOTS financial plans at the Management Unit level and for CRIS subaccounts.

In order to do so, compare LOTS financial plans to the budget documentation provided by the ABFO. MU totals can be verified against FFIS records.

6.05 Salary Estimates/Tracking

Make sure employee salaries are being charged to CRIS subaccounts as planned on the approved ARMP. In order to do so, compare the ARMPS CRIS Resource Allocation Schedules with the SAMS.

Determine if any problems are encountered by the Location in using SAMS to account for salaries. If so, explain.

6.05-1 Salary Lapse Reporting

Review salary lapse reports to determine if they accurately reflect the amount of lapse to the CRIS level. Review offsets on specific positions to validate that the offsets were appropriate (Reference Ground Rules to Salary Lapse). Ensure that the appropriate amounts are reflected on the LOTS Financial Plan.

6.06 Period-End Estimates

Determine whether the Location fully understands ARS Year-end Closing Instructions and Procedures, including preparation of period-end estimates. Inquire whether the Location has any ideas on improving the year-end instructions and procedures.

6.07 Prior-Year Funding

Inquire whether the Location is aware of P&P's for prior-year fund approval requests. For requests of \$1,000 or under, the approval process is not required. For requests of \$1,001 or more, a Form ARS 323-8 (or an E-mail message containing the

same information as the form) must be completed and approved. For requests exceeding \$10,000, a certification of funds availability must be requested from the Financial Management Division--an e-mail message request is sufficient. (P&P 323.8, as amended.) For requests exceeding \$25,000, FMD approval is required.

6.08 Prompt Payment

Determine whether the Location management is aware and sensitive to the Prompt Payment Act (budget object code 4310) requirement that an interest penalty must be paid to the vendor, with the invoice amount, for invoices not paid 30 days after receipt (interest is charged directly to the fundholder's account). (Review the CARE characteristics package for information on recent interest amounts charged to the Location.)

NOTE: In the FFIS environment, the vendor record in VEND must reflect the appropriate payment terms. If there is excessive interest, determine whether correct information is obtained from the vendor and communicated to the vendor coordinator.

6.09 Claims for and Against the Government

Ensure that the Location has access to instructions for processing and disposition of claims (P&P 328.0 - Claims for the Government; P&P 227.1 - Claims against the Government).

6.10 Collections

In accordance with procedures in the FMM, Chapter 2600; P&P326.0; and Bulletin 02-314:

Ensure that a collections official has been properly designated by inspecting their letter of designation from the Area office. Ensure that they are aware of all responsibilities.

Ensure that all collections (cash, checks, etc.) received by the Location are properly secured and that they are promptly deposited/credited into the lock box to the proper miscellaneous receipt or appropriated fund account.

Ensure that proper vendor codes are being used.

6.11 Accounting/LOTS

Ensure that there is effective coordination/interface of LOTS with other Agency systems (e.g., ARMPS, FFIS, SAMS, ARIS, etc.). The Current Year column of the ARMP should be the initial financial plan amount in LOTS. LOTS must be reconciled with FFIS reports on a monthly basis. The "CAS Obligation" column in LOTS Status of Funds Report should be tied into the cumulative obligations of the FFIS OCA Report. Budget documentation provided by the ABFO must be used to update MU financial plans in LOTS. SAMS should be used to incorporate salary projections into LOTS.

Ensure that the information/data produced by LOTS is verifiable; i.e., that the information/data can be traced to the source documents.

In order to do so, review LOTS posted and unposted obligations on transaction listings. Select a random sample of transactions and verify that corresponding obligation documents are found in the Location files.

Ensure that Location funds control records are reconciled monthly with FFIS reports, and that unusual or unidentified items are followed up on with the ABFO. The local funds control records should be thought of as a "check book" and the

FFIS reports should be thought of as an "official bank statement." Transactions appearing in the FFIS reports must be "posted" in local funds control reports in order to maintain accurate account balances.

6.12 Status of Funds

Determine whether the Location uses the Automated LOTS Reporting Module (ALRM). ALRM provides enhanced reporting capabilities over LOTS. If the Location is not using ALRM, inquire why.

Ensure that fundholders receive monthly status of funds reports from LOTS and/or ALRM in accordance with Directive 325.1. Although not required, it is suggested that fundholders also receive SAMS "Liability to MU" reports.

Inquire whether the reports are adequate for the fundholder's needs. If not, explain.

Ensure that each fundholder reviews detailed financial transactions charged against their accounts from LOTS printouts, at least three times a year, to determine if the documents belong to the MU. If there have been invalidly charged obligations, explain.

6.12-1 CRIS Activities Module (CAM)

Determine if the Location encounters any difficulties in the use of CAM for downloading LOTS year-end planned versus actual CRIS subaccount data into special reports for BPMS. If so, determine the issues to be resolved, and explain.

6.12-2 Cuff Records

Determine if fundholders maintain any funds tracking records (cuff records) in addition to the LOTS reports maintained by the Location support staff. If yes, explain. As stated in ARS P&P 325.1, "LOTS will be used by employees throughout ARS as the only Location funds control system. No other system (either manual or automated) will be used or supported...Fundholders and their subordinates should generally not maintain any financial records, but should rely on the information produced by the LAO/T. The fundholder may maintain a simple pending file of outstanding documents, which could be totaled and deducted from the LOTS Status of Funds report. The maintenance of additional records by research scientists and research support personnel should be strongly discouraged."

6.13 Travel - For information on the interpretation or clarification on the functional questions in the following section, please contact Linda Mahoney on 301-504-1307.

Ensure that written policies and procedures relating to travel are readily available for access at the Location. These are available on the web at <http://www.afm.ars.usda.gov/fmd/issuances.htm#travel>.

Ensure that delegations of authority for approving travel are in writing, that they are accessible, and that responsibilities are effectively discharged. In order to do so, review the Location travel files.

Determine if controls are in place to ensure that personal travel, when commingled with official travel, is not charged to the Government.

In order to do so, review travel authorizations and travel vouchers for cases of mixed travel and make sure days of personal expenses were not charged to the Government.

VERY IMPORTANT. In accordance with the General Records Schedule, paper copies of transmitted transactions (bearing the original signatures of all parties) and supporting documents (e.g., receipts) must be retained for a 6-year and 4-month period. Agency offices that use the online data entry component to enter travel transactions are the official record keepers of the original paper copies of the transmitted transactions. These offices must follow the record retention requirements established by the National Archives and Records Administration in the AGeneral Records Schedule@.

6.13-1 Travel Authorizations

Ensure that all travel orders are reviewed by properly authorized individuals, other than the traveler, to determine that travel is official in purpose and nature and clearly stated, absolutely necessary, consolidated with other trips if feasible, and amounts estimated are reasonable.

Ensure that the use of types B and N travel authorizations are limited only to individuals whose frequent, routine, repetitive travel requirements make individual trip authorizations (Type C) unrealistic and those positions have been pre-determined by the Administrator to be issued the type B or N travel authorization.

Determine if there were more than three instances during the last fiscal year of fund holders (or supervisors) post approving their subordinates' travel. (This procedure indicates a breakdown in the proper pre-approval process for authorizations) If yes, explain.

6.13-2 Travel Advances

Ensure that employees leaving the Agency have paid back any travel advance balances.

Ensure that travel advances are only issued in conjunction with an approved travel authorization; and returned promptly when a trip is completed, canceled, or delayed past a reasonable time (P&P 342.3). Emphasis should be made on travel advances open to non-Government persons traveling for the Government. NOTE TO CARE TEAM: The number of travel advances should have decreased with the use of the Automated Teller Machines under the Travel charge card program.

Ensure that managers are notified of outstanding travel advance balances at the Location on a regular basis. Employees performing the travel function at the Location should be performing this function. Inquire whether they are.

6.13-3 Travel Vouchers

Interview the employees performing the travel function to determine if the Location is experiencing any problems with processing travel vouchers. If so, explain. Review the travel files to ensure that vouchers are being prepared accurately and according to prior authorization.

6.13-4 Relocation Allowances

Ensure that obligations/adjustments are being properly accounted for. The authorized amount on the travel authorization appearing in TRVL must be deobligated, based on actual obligations and reflected in the Location's accounts maintenance records. There must be a review by accounts maintenance personnel to ensure that TRVL has properly deobligated relocation amounts.

6.13-5 Mandatory Use of Contract Travel Agencies

Ensure that all tickets are being purchased through a contracted travel management center.

Ensure that there are sufficient internal controls at the Location for safeguarding undistributed tickets. Determine if a safe or a suitable locked file cabinet is available to store the tickets. (P&P 343.4, Use of Contract Air Services.)

Determine if a review of travel authorization/itineraries is made before tickets are given to travelers. Inquire this of both travelers and employees performing the travel function at the Location.

Determine whether unused/partially used tickets are promptly returned for credit to the Government. Review procedures with employees performing the travel function at the Location.

6.13-6 Government Transportation Requests (GTR's)

Ensure that accountability is adequately maintained at the Location for maintenance and use of GTR's. Make sure that only the accountable employee has access to the book of GTR's assigned to them. Determine if the Location knows how to transfer accountability between employees by preparing an AD-497 request for TR Action to NFC. (NFC Voucher and Invoice Payments Manual - Title II, Chapter 2, Section 3)

Ensure that there are sufficient internal controls at the Location for safeguarding GTR's. Determine if a safe or a suitable locked file cabinet is available to store the GTR's.

6.13-7 Travel Charge Cards

Ensure that employees with travel charge cards are using them to pay for travel expenses only.

Ensure that employees leaving the Agency turn in their charge cards. In order to do so, request to see the Exit Clearance form and check list (in accordance with P&P 426.1, Employee Exit Clearance Procedures). If employee is going to another USDA agency, the travel charge card shall be transferred. If not, the card must be cancelled.

6.13-8 Foreign Travel - For information on this section, please contact Lisa Baldus on 301-504-1300.

Inquire whether the Location experiences any problems in processing foreign travel requests (e.g., HQ/Area approvals, passports, visas, etc.). If so, document the specific issues involved. (P&P 345.3)

Inquire whether the Location experiences any problems using the Foreign Travel Information System via ARIS. If so, document the problems.

Under the pilot program for delegation and retention of official passports:

- Ensure that passport receipts and a passport log are maintained in accordance with Agency guidelines.
- Ensure that all passports and documentation are secured in a suitable locked fireproof cabinet/safe.

6.14 Utility Accounts

Ensure that the Location knows how to establish utility accounts with NFC through completion of the Form AD-474 Transmittal-Telephone and Utilities. Instructions are contained in the NFC Voucher and Invoice Payments Manual.

Determine if the Location is encountering any problems with utility payments or reconciliation of accounts. If so, explain.

Ensure that obligations for SIBAC, OPAC, Motor Pool, GPO, GSA, etc., are appearing on the Transaction Detail Listing (TDL). If not, determine if the Location is taking corrective action with NFC and/or the appropriate Government vendor agency.

6.15 Agreement Accounting

6.15-1 Research Support Agreement (RSA) Expenditure Tracking

Ensure that the ADODR or designee reconciles RSA cooperator billing data (i.e., the Monthly Management Reports or SF-1034 vouchers) with documentation submitted by the RL's (i.e., packing slips, delivery tickets, memoranda, etc.) to ensure receipt of goods and services billed for.

Ensure that the Location maintains an adequate tracking system for comparison of actual expenditures to the Task Order obligation(s). Some Locations use LOTS for this purpose; others use automated spreadsheets.

6.15-2 Trust Funds and Reimbursable Agreements

Refer to Bulletins 02-316 and 02-314.

Ensure that the Location waits for receipt of authorization from ABFO before initiating research activity for the cooperator. Trust fund agreements require an up-front payment from the cooperator before work may begin.

Ensure that the Location is aware of carry-over implications for multi-year appropriation authorities. When the ordering agency has statutory multi-year spending authority, funds provided by the agreement are available for obligation by ARS for the specified years, subject to limitations imposed by the ordering Agency. This will ordinarily result in carryover amounts from one fiscal year to another of any unobligated balance. The providing agency has the prerogative of stipulating the dollar amount that should be expended by fiscal year. (FMM Chapter 2400, Section 2415.1.2)

6.15-3 Sales/Exchange Funds

Ensure that the LAO/T and APO are following the required exchange/sale procedures. In the acquisition, sale, or exchange of property, both the item to be acquired and the item to be replaced must fall within a single category identified in the Federal Property Management Regulations. Proceeds from the exchange/sale of property are available for obligation to purchase replacement property during the year in which the property was sold plus one additional fiscal year. (FMM Chapter 2400, Section 2415.5) Separate accounts are established for suspense (sales proceeds) and reimbursement (repurchases) and are tracked by fiscal year of availability. (FMM Chapter 2400, and Section 2470). Review the Location files to determine if requirements for sale/exchange funds are being met. If not, explain.

6.15-4 Quarters

In accordance with the FMM, Chapter 2400, Section 2480:

Review Location files to ensure that employee quarters payments are made through proper coding of Time and Attendance reports to accomplish payroll deductions. (Collections that are not received through payroll deductions must be paid into the Treasury Miscellaneous Receipt Account) and thus are not available to the Location for obligation.)

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Review Location files to determine whether quarters rental receipts are used only for upkeep of the Government residences, as required. If not explain.

6.15-5 Revolving Fund

Determine if the Location has a university (or cooperator) administered "revolving fund" composed of proceeds from the sale of Location animals, crops, or related by-products. If yes, provide the dollar amount, and describe the record keeping responsibilities between ARS and the university (or cooperator).

Ensure that the anticipated funding amount is annotated on the ARMP.

Determine if ARS employees have the authority to authorize (or cause) expenditures to be made from this fund. If yes, explain if they are doing so according to the terms of the MOU or agreement. An ARS official may not, under any circumstances, approve by signatory authority any obligation documents covered under a revolving fund. Review the Location files to determine whether this may be happening. If so, explain.

6.16 Reference Manuals

Ensure that budget/fiscal external procedures (including ARS P&P's) are complete, readily accessible, up-to-date, and are being properly followed. Attach or reference any internal procedures developed by the Location.

Ensure that references are readily available for each of the following subject areas and that they are being fully utilized and understood: LOTS; ALRM; FFIS; FMM; SAMS; ARMPS; NFC Procedures Manuals; & Travel

6.17 Training

Through the interview and review process, determine whether employees are trained in budget/fiscal operations to perform their duties, and whether the Location has sufficient staff to carry out budget/fiscal functional responsibilities.

6.18 Budget/Fiscal Records Management

Ensure that budget/fiscal records are maintained and disposed of in accordance with P&P 251.8, which provides records distribution schedules for administrative and financial management files.