

**Requirements Definition of the
Integrated Financial System**

August 2003

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DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

INSPECTOR GENERAL
for TAX
ADMINISTRATION

August 29, 2003

MEMORANDUM FOR ACTING CHIEF FINANCIAL OFFICER

A handwritten signature in cursive script that reads "Daniel R. Dublin".

FROM: for Gordon C. Milbourn III
Assistant Inspector General for Audit (Small Business and
Corporate Programs)

SUBJECT: Final Audit Report - Requirements Definition of the Integrated
Financial System (Audit # 200310006)

This report presents the results of our review of the Internal Revenue Service's (IRS) requirements definition for the Integrated Financial System (IFS). The overall objective of this review was to determine whether the IRS effectively ensured that all Federal Government financial management system requirements were defined and addressed in the planning for the IFS.

The implementation of the proposed IFS will greatly affect the way the IRS records and reports both administrative and custodial accounting transactions. The IFS represents a key element of the corrective actions being taken by the IRS to ensure its accounting system is in compliance with Joint Financial Management Improvement Program¹ (JFMIP) *Federal Financial Management System Requirements* and provides accurate and timely financial information for management decision making.

In summary, we found that the IRS established a framework to identify material administrative accounting requirements for inclusion in the IFS. However, we identified 64 JFMIP requirements that were not specifically or fully addressed in the IFS' System Requirements Report (SRR), which represents the detailed design of the IFS. Of these 64 requirements, 36 represented mandatory JFMIP requirements and 28 represented value-added requirements.

¹ The JFMIP is a joint undertaking of the United States Department of the Treasury, the General Accounting Office, the Office of Management and Budget, and the Office of Personnel Management, working in cooperation with each other and other agencies to improve financial management practices in the Federal Government.

We recommended that the Acting Chief Financial Officer (CFO), along with the IFS contractor, ensure that the identified JFMIP requirements are fully addressed and incorporated into the IFS' SRR. Further, the Acting CFO, as a key member of the IFS implementation team, should take a more active role to ensure that the contractor is meeting its responsibilities to deliver a JFMIP-compliant system.

Management's Response: IRS management agreed in principle with the recommendations presented in the report. CFO officials have assessed the missing or incomplete JFMIP requirements included in this report and have provided assurances that the requirements either are addressed through a collection of requirements in the SRR or will be addressed by ensuring that the requirements are included in future releases of the IFS. The Acting CFO has and will continue to conduct briefings with the IRS CFO project manager, meet weekly and monthly with the IFS contractor, and participate in weekly IFS Governance meetings to discuss project progress and address contractor issues. In addition, the Acting CFO will transmit all of our audit results and the CFO's responses to the IFS contractor, directing the contractor to address all mandatory requirements for Release 1 and to include the other mandatory and value-added requirements in future releases as needed. Management's complete response to the draft report is included as Appendix V.

Copies of this report are also being sent to the IRS managers who are affected by the report recommendations. Please contact me at (202) 622-6510 if you have questions or Daniel R. Devlin, Assistant Inspector General for Audit (Headquarters Operations and Exempt Organizations Programs), at (202) 622-8500.

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Requirements Definition of the Integrated Financial System

Background

The Internal Revenue Service (IRS) is in the midst of Business Systems Modernization (BSM), a major technological and business process transformation program. BSM will radically change the IRS' approach to satisfying its customers – the taxpayers.

The IRS-prepared document titled, "Case for Action," reported the need to improve the IRS' financial systems. It recommended implementing a Commercial-off-the-Shelf (COTS) software package as the most cost-effective alternative to achieve legislative compliance and provide the internal management data and services that the IRS needs to effectively manage its operations.

The Integrated Financial System (IFS), if implemented fully, will replace the IRS' Automated Financial System (AFS) and related feeder systems such as the Budget Formulation System, Integrated Procurement System, Request Tracking System, and Travel Reimbursement and Accounting System. In addition, the IFS will include a Cost Management System, which does not currently exist within the AFS framework.

As of July 2003, the IRS planned to implement the IFS project in at least four releases over a period of several years. Release 1, which was scheduled for October 1, 2003, will include the accounting functions of Accounts Payable, Accounts Receivable, General Ledger Management, Budget Execution, Cost Management, and Financial Reporting. Release 1.1, scheduled for January 2004, will include Cost Performance Measures and Budget Formulation. Release 2, scheduled for August 2005, will include Property Accounting/Management and a software and configuration upgrade to the COTS product. Release 3, scheduled for 2008, will include Procurement Management. A Release 4 is being contemplated to include the remaining functionality of the IFS.

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The IFS is to be compliant with the Joint Financial Management Improvement Program's (JFMIP)¹ *Core Financial System Requirements*. The JFMIP requirements are defined by the seven functions of Core Financial Systems Management, General Ledger Management, Funds Management, Payment Management, Receivable Management, Cost Management, and Reporting. The *Core Financial System Requirements* are further supplemented by more detailed JFMIP publications, such as the *Property Management System Requirements* and *Travel System Requirements*. Together, the core requirements and the supplemental requirements constitute the *Federal Financial Management System Requirements*. The Federal Financial Management Improvement Act of 1996 (FFMIA)² codified the JFMIP requirements as key requirements that Federal Government agency systems must meet to be substantially in compliance with the system requirements provisions of the FFMIA.

The General Accounting Office (GAO), in its November 2002 financial statement audit report,³ stated that the IRS' financial management systems did not substantially comply with the requirements of the FFMIA. The report went on to say that the IRS has acknowledged that its financial management systems do not comply with the FFMIA and that it needs to overhaul these systems as part of its broader systems modernization efforts.

The primary goals for the IFS are to:

- Improve the IRS' ability to meet all internal and external requirements related to management controls, performance measures, and reporting.

¹ The JFMIP is a joint undertaking of the United States Department of the Treasury, the General Accounting Office, the Office of Management and Budget, and the Office of Personnel Management, working in cooperation with each other and other agencies to improve financial management practices in the Federal Government.

² Federal Financial Management Improvement Act of 1996, Pub. L. No. 104-208, 110 Stat. 3009.

³ *Financial Audit: IRS's Fiscal Years 2002 and 2001 Financial Statements* (Reference Number GAO-03-243, dated November 2002).

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- Help the IRS sustain an unqualified audit opinion on its consolidated financial statements and improve compliance with numerous legislative directives.
- Improve the type, timeliness, and quality of administrative activity data provided to IRS executives and managers to support them in making sound business decisions to effectively manage the agency.
- Provide timely, detailed financial, cost accounting, property accounting, and procurement data to authorized users.
- Improve the timeliness and quality of administrative services provided to employees and the operating divisions and functions by reengineering processes and implementing best practices.

Our online review was performed at the IRS National Headquarters in the office of the Chief Financial Officer (CFO) in Washington, D.C., from February through May 2003. The scope of this audit focused on requirements definitions for the administrative accounting activities of the IFS project. Specifically, in conducting our tests, we used the JFMIP *Federal Financial Management System Requirements* as the basis for our conclusions. During our testing, we also considered applicable Federal Accounting Standards Advisory Board-promulgated *Statements of Federal Financial Accounting Standards* and Office and Management and Budget (OMB) Bulletins and Circulars, to the extent that they were addressed by the JFMIP requirements.

We will conduct a follow-on audit to review the implementation of the administrative requirements, including an assessment of the impact of the missing or incomplete requirements described later in this report. We expect to complete this follow-on review and issue a report early in Fiscal Year 2004. Further, we are planning an additional audit that will include an analysis of the Custodial Accounting Project, which is the IRS' major systems modernization effort for its custodial accounting

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activities.⁴ In conducting this audit, it was not our intent to assess the IRS' compliance with systems development life cycle requirements. Our Information Systems Programs auditors are concurrently conducting a review of this type and scope and will issue a separate report.

This audit was conducted in accordance with *Government Auditing Standards*. Detailed information on our audit objective, scope, and methodology is presented in Appendix I. Major contributors to the report are listed in Appendix II.

Framework Established to Identify Material Administrative Accounting Requirements for Inclusion in the Integrated Financial System

The IRS, working through the PRIME Alliance,⁵ established a framework to identify material JFMIP administrative accounting requirements to be included in the IFS.

Examples of actions taken include:

- Assignment of subject matter experts to the individual project implementation teams.
- Participation in Customer Technical Reviews to identify accounting requirements specific to the IRS.
- Participation in system testing to ensure requirements are adequately addressed within specific test cases.

The IFS integration contractor also took steps to ensure applicable accounting requirements were met. As part of the Enterprise Life Cycle⁶ process, the contractor developed a System Requirements Report (SRR) that defined the IFS system requirements based in part on JFMIP-released *Federal Financial Management System Requirements* and the Federal Accounting Standards Advisory

⁴ IRS custodial accounting activities include the recording of financial transactions related to the collecting and refunding of Federal taxes.

⁵ The PRIME Alliance is a group of leading companies brought together by the Computer Sciences Corporation to provide the IRS with access to commercial best practices, guarantee access to viable alternative solutions, and streamline the acquisition process.

⁶ The Enterprise Life Cycle defines the processes, products, techniques, roles, responsibilities, policies, procedures, and standards associated with planning, executing, and managing business change. It includes redesign of business processes, transformation of the organization, and the development, integration, deployment, and maintenance of the related information technology applications and infrastructure.

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Not All Federal Financial Management System Requirements Addressed

Board-promulgated *Statements of Federal Financial Accounting Standards (SFFAS)*.

We believe that these core actions, when taken as a whole with other IFS implementation activities, represent sound planning activities taken on behalf of the IRS to ensure financial management requirements are addressed in the IFS.

Our review of over 850 JFMIP requirements identified 64 that were not specifically or fully addressed in the IFS' SRR. Of these 64 requirements, 36 represented mandatory JFMIP requirements and 28 represented value-added requirements.⁷

The nonaddressed requirements represented a wide range of accounting system elements: from the number of compound general ledger debit and credit entries that can be posted for a single transaction, which could adversely affect the accurate recording of transactions, to the recording of reason codes for lost discounts and late payments, which could affect the ability to collect and act on certain financial information. See Appendix IV for a complete list of the requirements that were not specifically or fully addressed.

We believe that, by not fully addressing JFMIP requirements, the SRR does not provide for an IFS that will be in compliance with the *Federal Financial Management System Requirements* or meet the IRS goals established for the IFS.

The IRS informed us that the requirements may not have been addressed because of a timing issue between the completion of the SRR and the issuance of final JFMIP requirements (i.e., due to the timing of events, some of the requirements used to build the IFS were based on requirements contained in an exposure draft document). We determined that this explanation pertained to 40 final core financial system requirements. Analysis of these 40 nonaddressed final requirements showed:

⁷ Agencies must use the mandatory (required) functional and technical requirements in planning their core financial system improvement projects. Value-added (optional) requirements should be used as needed by the agencies.

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- Thirteen were in the exposure draft.
- Sixteen were partially in the exposure draft.
- Eight were reworded from the exposure draft.
- Three were not in the exposure draft.

Notwithstanding the IRS' explanation, we believe that the timing of requirements issuance should not be an issue for ensuring that all mandatory JFMIP requirements are included in the SRR. The IRS addressed the risks of the JFMIP by making major additions/deletions to the requirements within the *Risk Management Plan* of the IFS *Project Management Plan*, dated April 9, 2002. The *Plan's* risk mitigation approach is for the contractor to monitor JFMIP activities and initiate change requests to the SRR any time during the project.

Further, the *Risk Management Plan* establishes that the vendor is responsible for JFMIP compliance. Therefore, we believe that all major changes to the JFMIP requirements resulting from the exposure draft process should be identified and, where appropriate, the SRR should be changed. In addition, although the monitoring activity discussed above is the responsibility of the contractor, we believe the IRS is responsible for actively administering this critical activity.

The other 24 requirements were identified from JFMIP requirement documents that were issued in final form before the SRR was released. We could not determine from our discussions with IFS project staff or reviews of available documentation whether these requirements were knowingly omitted from the SRR or were overlooked when the SRR was prepared.

Our tests also confirmed that the SRR sufficiently addressed relevant SFFAS and OMB guidance to the extent that such standards and guidance were included in the JFMIP requirements. We further confirmed that the SRR contained accounting requirements that addressed all open GAO financial statement administrative accounting recommendations.

The IRS is currently reviewing our list of missing or incomplete mandatory and value-added requirements to

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identify requirements that should be included in the IFS' SRR.

Recommendations

1. The Acting CFO, along with the IFS contractor, should ensure that the missing or incomplete JFMIP requirements are fully addressed, the mandatory requirements are included in the SRR, and the value-added requirements are properly evaluated to ensure compliance with the JFMIP. Further, the Acting CFO should ensure that compensating controls or procedures are defined for any mandatory or value-added requirements that are not specifically or fully included in the SRR.

Management's Response: CFO officials have assessed the missing or incomplete JFMIP requirements included in this report and have provided assurances that the requirements either are addressed through a collection of requirements in the SRR or will be addressed by ensuring that the requirements are included in future releases of the IFS.

2. The Acting CFO, as a key member of the IFS implementation team, should take a more active role to ensure that the contractor is meeting its responsibilities to deliver a JFMIP-compliant system.

Management's Response: The Acting CFO has and will continue to conduct briefings with the IRS CFO project manager, meet weekly and monthly with the IFS contractor, and participate in weekly IFS Governance meetings to discuss project progress and address contractor issues. In addition, the Acting CFO will transmit all of our audit results and the CFO's responses to the IFS contractor, directing the contractor to address all mandatory requirements for Release 1 and to include the other mandatory and value-added requirements in future releases as needed.

Detailed Objective, Scope, and Methodology

The overall objective of this review was to determine whether the Internal Revenue Service (IRS) effectively ensured that all Federal Government financial management system requirements were defined and addressed in the planning for the Integrated Financial System (IFS). To accomplish our objective, we:

- I. Gained an understanding of the planning, design, and implementation stages of the IFS project.
 - A. Discussed the various IFS stages with responsible IRS officials.
 - B. Obtained from the IRS' Business Systems Modernization Office web site and responsible IRS officials documentation of the planned implementation.
 - C. Identified the due dates of each phase of the project. Also identified inter-relationships between and among the phases (i.e., the impact of nonimplementation of one phase on the successful implementation of a subsequent phase).
 - D. Monitored the activities of the sub-Executive Steering Committee (ESC) responsible for the implementation of the IFS by attending its meetings and/or reviewing meeting minutes.
 - E. Reviewed the key points of the task orders to purchase and integrate the IFS and to monitor and test the IFS.
- II. Evaluated the IRS' process to ensure that the IFS meets Federal Government financial system requirements.
 - A. Interviewed key IRS officials who are responsible for IFS implementation to assess the overall implementation control environment.
 - B. Reviewed sub-ESC meeting minutes and status reports to identify the type of monitoring that was being performed and who was performing the monitoring.
 - C. Identified the work being performed by the contractor to ensure financial system requirements were identified, developed, and addressed during the requirement's definition process of the IFS.
- III. Determined whether the IFS' System Requirements Report (SRR) included all material Federal Government financial system requirements.

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- A. Traced the Joint Financial Management Improvement Program (JFMIP)¹ *Federal Financial Management System Requirements*, including the *Core Financial System Requirements* (dated November 2001), *Property Management System Requirements* (dated October 2000), *Seized Property and Forfeited Assets System Requirements* (dated December 1999), and *Travel System Requirements* (dated July 1999), to the IFS' SRR (dated November 29, 2001, and as revised on October 16, 2002).
- B. Identified relevant *Statements of Federal Financial Accounting Standards* and determined whether the standards were addressed in the JFMIP requirements and, therefore, included in our tracing to the IFS' SRR.
- C. Identified relevant Office of Management and Budget Bulletins or Circulars and determined whether the guidance was addressed in the JFMIP requirements and, therefore, included in our tracing to the IFS' SRR.
- D. Identified relevant General Accounting Office financial statement audit weaknesses/recommendations and determined whether the weaknesses/recommendations were addressed in the IFS' SRR.

¹ The JFMIP is a joint undertaking of the United States Department of the Treasury, the General Accounting Office, the Office of Management and Budget, and the Office of Personnel Management, working in cooperation with each other and other agencies to improve financial management practices in the Federal Government.

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**Joint Financial Management Improvement Program Requirements
Not Addressed**

The following requirements are from the related Joint Financial Management Improvement Program (JFMIP) publications. Listings with **Bolded** text represent requirements that were only partially addressed in the Integrated Financial System’s (IFS) System Requirements Report (SRR). The **Bolded** text represents the part of the requirement that was not addressed. The CATEGORY column designates the JFMIP requirement type. Federal Government agencies must use the mandatory (required) functional and technical requirements in planning their core financial system improvement projects. Value-added (optional) requirements should be used as needed by the agencies.

#	<u>JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM REQUIREMENT</u>	<u>CATEGORY</u>
	<i>CORE - Core Financial System Management</i>	
1	Provide an object class structure consistent with the standard object class codes contained in OMB Circular No. A-11. Provide flexibility to accommodate additional levels (lower) in the object class structure.	Mandatory
2	Allow the user to enter, edit, and store accounting classification table changes so that the changes automatically become effective at any future date determined by the user.	Mandatory
3	Reject or suspend interfaced transactions that contain accounting classification elements or domain values that have been deactivated or discontinued.	Mandatory
4	Validate all transactions involving Treasury and other disbursing centers for valid combinations of ALC and TAS/TAFS, as defined by the user.	Value-Added
5	Provide for an automated method to reclassify accounting data at the document level when a restructuring of the existing values pertaining to the mandatory accounting classification elements is needed. Maintain an audit trail from the original postings to the final posting.	Value-Added
6	Allow users to define and maintain standard rules that control general ledger account postings for all accounting events. The process of defining posting rules can be accomplished in a variety of ways, including (but not limited to) using: transaction codes, screen “templates,” derivation rules, and others.	Mandatory

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#	<u>JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM REQUIREMENT</u>	<u>CATEGORY</u>
7	Enable users to selectively require, omit, or set a default value for individual accounting classification elements. For example, a budget object class code value is not necessarily needed when recording depreciation expenses.	Mandatory
8	Define, generate and post compound general ledger debit and credit entries for a single transaction. Accommodate at least 10 debit and credit pairs or 20 accounts when defining and processing a single transaction.	Mandatory
9	Control the correction and reprocessing of all erroneous transactions through the use of error/suspense files . Erroneous transactions must be maintained until either corrected and posted or deleted at the specific request of a user.	Mandatory
10	Capture the six-digit trading partner code (as specified by Treasury) when processing all transactions that directly involve another Federal entity (i.e., both parties to a transaction are Federal entities).	Mandatory
<i>CORE - General Ledger Management</i>		
11	Prohibit new transactions from posting to general ledger accounts that have been deactivated.	Mandatory
12	Close an accounting period and prohibit subsequent postings to the closed period.	Mandatory
<i>CORE - Funds Management</i>		
13	Prepare operating/financial plans based on multiple measures, including obligations, costs, labor hours, and full-time equivalents.	Value-Added
14	Roll future plans into active budget plans based on future date or retrieval function.	Value-Added
15	Populate the budget formulation system with prior-year budgeted and actual amounts.	Value-Added
16	Perform projections of obligations, income, and expenditures at any level of the organizational structure (e.g., projecting obligations based on prior periods and applying these to a future period).	Value-Added
17	Request approval for reprogramming and request additional funds outside the periodic budget review process . Allow such requests to be submitted, reviewed, revised, and approved. Approval would update current operating budgets.	Value-Added

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#	<u>JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM REQUIREMENT</u>	<u>CATEGORY</u>
	<i>CORE - Payment Management</i>	
18	Track and maintain a history of changes to the vendor file, including vendor additions and purges, and changes to vendor specific information such as payment address, bank account and routing information, and payment type. Maintain an audit trail of payments made to historical vendor information.	Mandatory
19	Capture, store, and process the following information for each vendor invoice, for audit trail, research and query purposes: Invoice number, Invoice date, Invoice receipt date, Invoice due date , Invoice amount, Unit price and quantity, Description, Discount terms, as applicable, Obligating document reference(s), Vendor identification number and address code.	Mandatory
20	Edit the TIN field to ensure that it is a nine-digit numeric field, does not include dashes, and is not all zeroes. Allow for override for agency specific requirements.	Mandatory
21	Record additional shipping and other charges to adjust the payment amount, if they are authorized and within variance tolerances.	Mandatory
22	Automatically apply interest and discount across multiple accounting lines on an invoice in the same rule used to apply the original payment.	Mandatory
23	Record reason codes for returned and adjusted invoices, lost discounts, and late payments.	Mandatory
24	Edit the ALC field to ensure it is an eight-digit numeric field. Allow for override (e.g., by agencies that have their own disbursing authority).	Mandatory
25	Automatically generate transactions to reflect disbursement activity initiated by other agencies and recorded in Central agency electronic systems (such as OPAC/IPAC). Capture related information required by the Central agency system for each transaction (e.g., purchase order number, reimbursable agreement number, ALC).	Mandatory
26	Allow for the exclusion of payments from agency offset based on user-defined criteria including funding source, object class, vendor type, and vendor number.	Mandatory
27	On each payment schedule/file, report totals by TAS/TAFS.	Mandatory
28	For each payment made by the Core financial system, maintain a history of the following information: Vendor Invoice number, Invoice amount , Vendor identification number, Vendor name, Payment address or banking information, Payment amount , Interest paid, when applicable, Discount taken, when	Mandatory

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#	<u>JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM REQUIREMENT</u>	<u>CATEGORY</u>
	applicable, Offset made, when applicable, Payment method (e.g., check, EFT), Referenced obligation number, and, Appropriation charged.	
29	Automatically liquidate the in-transit amount and reclassify budgetary accounts from unpaid to paid when the payment confirmation updates the system.	Mandatory
30	Record more than one check range for a payment schedule, along with a break in check numbers.	Mandatory
31	Produce IRS-1099s (such as 1099-INT, 1099-MISC, 1099-C and 1099-G) in accordance with IRS regulations and current IRS acceptable format, including hard copy and electronic form. For example, when payment to a sole proprietor for services performed (not including cost of merchandise) exceeds a specified dollar amount (e.g., \$600) produce a 1099-M.	Mandatory
	<i>CORE - Receivable Management</i>	
32	Maintain customer information to support receivable management processes, including, at a minimum: Customer name, Customer ID number, Customer type (federal agency, state/local government, commercial entity, individual, employee), Taxpayer Identification Number (TIN), Customer address, Contact names, Contact telephone number, Federal vs. Non-Federal indicator , Six-digit Trading Partner codes, ALC number (for Federal customers), Internal Revenue Service (IRS) 1099 indicator, Comment field, Date of last update, User ID of last update , DUNS number.	Mandatory
33	Maintain customer account information for audit trail purposes and to support billing, reporting, and research activities, including: Account number, Account balance, Associated Customer ID number , Date due and age of accounts receivable , Reimbursable order number, travel order number , etc., where applicable.	Mandatory
34	Generate monthly statements to customers showing account activity.	Mandatory
35	Update each customer account when: billing documents are generated; collections are received; interest, penalty, or administrative fees are applied, and when amounts are written-off or offset.	Mandatory
36	Automatically calculate interest charges using the appropriate Treasury Late Payment Charge rate and user-defined criteria (e.g., customer, customer type). Automatically generate a separate line item for interest charges on the customer bill.	Mandatory
37	Allow the user to specify administrative and penalty amounts and record these amounts to different accounting classification elements for which the	Mandatory

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#	<u>JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM REQUIREMENT</u>	<u>CATEGORY</u>
	principle amount is recorded. Automatically apply these charges to customer accounts and generate separate line items for the charges on the customer bills.	
38	Automatically create files of delinquent accounts for electronic submission to collection agencies and appropriate governmental organizations.	Mandatory
39	Track and report on the date and nature of a change in the status of an accounts receivable, including the following: In Forbearance or in Formal Appeals Process, In Foreclosure, In Wage Garnishment, Rescheduled, Waived/unwaived, Eligible for Referral to Treasury for Offset, Referred to Treasury for Offset, Eligible for Internal Offset, Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-servicing, Referred to Treasury for cross-servicing, Referred to private collection agency, Referred to Department of Justice, Offset, Suspended, Compromised, Written-off, Closed Out.	Mandatory
	<i>CORE – Reports</i>	
40	Provide the following ad hoc query interface features: Graphical display of data sources, the ability to “point and click” on selectable table, data, and link objects for inclusion in a custom query, an active data dictionary to provide users with object definitions, the ability to share user developed query scripts with other authorized agency users, query optimization, and On-line help.	Value-Added
	<i>Property Management</i>	
41	Provide an audit trail for entries to a property record, including the identification of the individual(s) entering or approving the information and/or data.	Mandatory
42	Aggregate relatively homogenous assets into asset pools. All assets in the asset pools have the same estimated useful life and the acquisition cost of each item in the asset pool would be the average cost of all items in the pool. However, each item in the asset pool must have a separate property record and a separate agency-unique identification number.	Value-Added
	<i>Travel Requirements</i>	
43	Maintain adequate separation of duties (e.g., trip approval, travel voucher approval, and travel voucher payment).	Mandatory

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#	<u>JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM REQUIREMENT</u>	<u>CATEGORY</u>
44	Allow information in the system to be queried by field and viewed on-line to present specific data as requested.	Value-Added
45	Provide the capability to interface with the agency's Travel Management Center (TMC) or appropriate Commercial Reservation System (CRS), effective January 1, 2001.	Mandatory
46	Provide interface to electronic routing or mail system.	Value-Added
47	Provide for on-line funds validation.	Value-Added
48	Provide the capability to modify "HELP" facilities to meet specific requirements of the agency.	Value-Added
49	Provide for administering required access controls and security.	Mandatory
	<i>Seized Property Management</i>	
50	Calculate the time elapsed from petition receipt to petition ruling.	Value-Added
51	Calculate the time elapsed from seizure to forfeiture.	Value-Added
52	Calculate the time elapsed from forfeiture to disposal.	Value-Added
53	Calculate the time elapsed from equitable sharing request to sharing decision.	Value-Added
54	Calculate the time elapsed from forfeiture to equitable sharing disbursement.	Value-Added
55	Periodic calculation of trends in the ratio of property management and disposal costs to gross sales proceeds for all assets sold and comparisons of results to established management goals.	Value-Added
56	Periodic assessment of management control structure to ensure, to the extent possible, that seized property and forfeited assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements.	Value-Added
57	The system should provide the flexibility to accept data input from multiple media that recognize user agencies' unique data input requirements.	Value-Added
58	The system should provide the capability to customize data input, processing rules, and edit criteria and to give agencies flexibility in defining internal operational procedures and supporting agency requirements.	Value-Added

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#	<u>JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM REQUIREMENT</u>	<u>CATEGORY</u>
59	The system should provide the capability, if necessary, to identify and process transactions from other systems that enter and update the standard seized property and forfeited assets system.	Value-Added
60	The system should provide the capability to subject all transactions from interfacing systems to the standard seized property and forfeited assets system edits, validations, and error-correction procedures.	Value-Added
61	The system should provide the capability to upload and download data in an interface environment.	Value-Added
62	The system should provide the flexibility to provide multiple-media output reports and recognize user agencies' unique data output requirements.	Value-Added
63	The system should provide the capability to allow users to customize output for reporting and providing interfaces to other systems necessary to link financial and program results and meet agency requirements for external processing (e.g., general ledger posting, budget reconciliation and execution, cost accumulation).	Value-Added
64	The system should provide the capability to transmit information on the results of seizure transactions and forfeiture transactions to the core financial system requirements itemized in the Core Financial System Requirements for such purposes as generating requests for disbursements, updating the standard general ledger, generating obligation records, generating requests for funds transfer, and updating funds controls.	Value-Added

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Appendix V

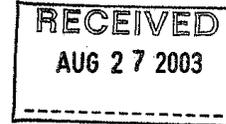
Management's Response to the Draft Report



CHIEF FINANCIAL OFFICER

DEPARTMENT OF THE TREASURY
INTERNAL REVENUE SERVICE
WASHINGTON, D.C. 20224

August 26, 2003



MEMORANDUM FOR ASSISTANT INSPECTOR GENERAL FOR AUDIT
(SMALL BUSINESS AND CORPORATE PROGRAMS)

FROM:

Eileen T. Powell
Eileen T. Powell
Acting Chief Financial Officer

SUBJECT:

Draft Audit Report – Requirements Definition of the
Integrated Financial System (Audit # 200310006)

While we agree with your recommendations in principle and have provided corrective actions to support them, we believe that there are factors and information that may not have been taken into consideration. We have addressed these in our response and attachment. I would like to assure you that our IFS team continues to work actively with the contractor, PRIME Alliance, in meeting its responsibility to deliver a Joint Financial Management Improvement Program (JFMIP) compliant system.

I attached a separate response addressing each of the specific report findings for the 64 JFMIP requirements identified as either not specifically or fully addressed in the IFS Systems Requirement Report (SRR). Our response to your specific recommendations are as follows:

RECOMMENDATION 1: The Acting CFO, along with the IFS contractor, should ensure that the missing or incomplete JFMIP requirements are fully addressed, the mandatory requirements are included in the SRR, and the value-added requirements are properly evaluated to ensure compliance with the JFMIP. Further, the Acting CFO should ensure that compensating controls or procedures are defined for any mandatory or value-added requirements that are not specifically or fully included in the SRR.

CORRECTIVE ACTION

We have conducted an assessment of the requirements reported as missing or incomplete and have addressed them as follows.

We did not address the two mandatory requirements relating to disbursement since the IRS does not have disbursing authority.

Your report mentioned 30 mandatory and eight value-added requirements that specifically relate to Release 1 of IFS. We can assure you that all material requirements, applicable to the IRS, are addressed through a collection of

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requirements in the SRR, and/or through appropriate configuration of the IFS system. In some cases the PRIME contractor developed compensatory workarounds to ensure that IFS meets the requirements. In the attachment, we provided references to demonstrate that each requirement was met. We will continue to work with the PRIME Alliance, as needed, to change or include missed wording in the requirements statements; however, IFS has been designed and configured to meet JFMIP requirements.

Based on the IRS Enterprise Life Cycle methodology, we will ensure the PRIME contractor includes or identifies the remaining four mandatory and 20 value-added requirements in the revalidated SRR during Milestone 2/3 of each of the appropriate future releases (Property and Travel). We are renegotiating the specific dates for the finalization of these future SRRs.

The Joint Financial Management Improvement Program (JFMIP) manages the core federal financial system qualification process. As part of the process, JFMIP develops and administers a qualification test to prospective software vendors. Our Systems Applications Program (SAP) system was certified through this process.

As JFMIP completes the final stages of 2003 testing, the JFMIP staff is planning for the next version of the qualification test. On August 15, the IFS project team forwarded, for inclusion in a Treasury response to JFMIP, detailed comments on functional gaps and non-compliance identified in the software. Our goal is to ensure that future software releases meet all JFMIP and federal financial system requirements. We have taken additional steps to ensure system compliance by identifying gaps and loopholes in the requirements or delivered functionality. We will continue to notify JFMIP and the Office of Management and Budget (OMB) of gaps as they are identified so that JFMIP can implement appropriate changes in requirements and testing procedures.

IMPLEMENTATION DATE

August 11, 2003	Analysis of the Release 1 SRR to determine status of missing requirements.
August 15, 2003	Communication with the JFMIP

RESPONSIBLE OFFICIAL(S)

Director, IFS Project

CORRECTIVE ACTION(S) MONITORING PLAN

We will continue to monitor the SRR to ensure that all mandatory requirements are met and evaluate the applicability of value-added requirements to our current and future releases. The IFS project office will continue to document where the off-the-shelf SAP system falls short of JFMIP requirements and report these findings to the PRIME contractor, JFMIP, and OMB.

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RECOMMENDATION 2: The Acting CFO, as a key member of the IFS implementation team, should take a more active roll to ensure that the contractor is meeting its responsibilities to deliver a JFMIP-compliant system.

CORRECTIVE ACTION

I have been and will continue to play an active role to ensure that the contractor delivers a JFMIP-compliant system. I conduct ongoing one on one briefings and updates with the onsite IRS CFO project manager and respond immediately to identified gaps in requirements. We will continue weekly and monthly meetings with the Prime contractor. Additionally, significant CFO resources were identified to participate in Application Quality Testing and Systems Integration Testing to ensure that the system meets established requirements. I personally participate in weekly IFS Governance meetings to discuss project progress, address issues with the contractor, and address requirements compliance issues as they arise.

I will transmit all TIGTA audit results and our responses to the Prime Contractor and direct the PRIME to address all mandatory requirements in Release 1 and include mandatory and value added requirements in future releases, as needed.

IMPLEMENTATION DATE

Ongoing	Continued participation in briefings, meetings, etc.
August 29, 2003	Release of TIGTA audit and CFO response to Prime contractor

RESPONSIBLE OFFICIAL(S)

CFO

CORRECTIVE ACTION(S) MONITORING PLAN

We will ask the contractor to provide us with updates on inclusion and changes of the mandatory requirements for IFS Release 1. We will also review future releases to ensure the four mandatory requirements are included and the 20 value added requirements are evaluated for applicability.

If you have any questions or need additional information, please contact me at (202) 622-6400 or Zoya Kaplan, Director, IFS Project at (301)731-2209.

Attachment

cc: Floyd L. Williams
Margaret Williams, Legislative Affairs

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DISCUSSION DRAFT

IRS RESPONSE

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#	<u>JOINT FINANCIAL MANAGEMENT IMPROVEMENT PROGRAM REQUIREMENT</u>	<u>CATEGORY</u>	<u>IFS RESPONSE</u>
<i>CORE - Core Financial System Management</i>			
1	Provide an object class structure consistent with the standard object class codes contained in OMB Circular No. A-11. Provide flexibility to accommodate additional levels (lower) in the object class structure.	Mandatory	The system is being configured with the proper object class codes contained in OMB Circular No. A-11
2	Allow the user to enter, edit and store accounting classification table changes so that the changes automatically become effective at any future date determined by the user.	Mandatory	Most of the classification elements are date defined. For the ones that aren't, the system is configured to ensure that postings will not happen outside of the effective dates of the classification elements.
3	Reject or suspend interfaced transactions that contain accounting classification elements or domain values that have been deactivated or discontinued.	Mandatory	The system has been configured to reject or suspend interfaced transactions that contain accounting classification elements or domain values that have been deactivated or discontinued.
4	Validate all transactions involving Treasury and other disbursing centers for valid combinations of ALC and TAS/TAFS, as defined by the user.	Value-Added	The system has been configured to ensure that the transactions involving Treasury for valid combinations of ALC and TAS/TASF as defined by the user.
5	Provide for an automated method to reclassify accounting data at the document level when a restructuring of the existing values pertaining to the mandatory accounting classification elements is needed. Maintain an audit trail from the original postings to the final posting.	Value-Added	The system will allow changes to be made to entries via correcting journal entries. This will automatically update the correct corresponding entries.
6	Allow users to define and maintain standard rules that control general ledger account postings for all	Mandatory	This requirement is met by IFS requirement CF-77, 78, 81, 83, 625,

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	that control general ledger account postings for all accounting events. The process of defining posting rules can be accomplished in a variety of ways, including (but not limited to) using: transaction codes, screen "templates," derivation rules, and others.		requirement CF-77, 78, 81,83, 625, 622 meets the part of the requirement related to standard rules. In addition, the selected package provides various ad hoc methods for defining and processing posting rules including posting models and derivation rules. The system has been configured to address this requirement as stated.
7	Enable users to selectively require, omit, or set a default value for individual accounting classification elements. For example, a budget object class code value is not necessarily needed when recording depreciation expenses.	Mandatory	The functionality to meet this requirement was delivered with the JFMIP certified package selected. The same functionality that satisfies IFS requirement CF-342 meets this requirement. However, the IRS does not want individual users to be able to selectively require, omit, or set default values for individual accounting classification elements. The IRS has configured required data fields for accounting classification elements for all transactions. Required elements are established in each module. The IRS has configured the system to capture required accounting elements for all transactions. The configuration established by the IRS will be controlled centrally, which provides for better controls over this area and ensures that all transactions have the proper coding.
8	Define, generate and post compound general ledger debit and credit entries for a single transaction. Accommodate at least 10 debit and credit pairs or 20 accounts when defining and processing a single transaction.	Mandatory	Requirement GL-7 requires at least six pairs. However, the IRS is implementing a JFMIP qualified package that supports over 60 debit and credit pairs in a single transaction.

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9	Control the correction and reprocessing of all erroneous transactions through the use of error/suspense files . Erroneous transactions must be maintained until either corrected and posted or deleted at the specific request of a user.	Mandatory	Requirements BE-110, AP-247 and AR-108 are some of the requirements which provide for correction and reprocessing of erroneous transactions through the use of suspense accounts / error files. However, the IRS wants to control the correction and reprocessing of data at the data entry point. Error/suspense files will be used when necessary; however, if data with problems is posted directly to these files without requesting the user correct the entry, it will become more difficult to correct the data.
10	Capture the six-digit trading partner code (as specified by Treasury) when processing all transactions that directly involve another Federal entity (I.e., both parties to a transaction are Federal entities).	Mandatory	Requirement CF-162 provides for a trading partner code. The IFS has been configured to support a six digit trading partner code. Had the length of the field not been sufficient to meet the new JFMIP requirement, CF-118 would have allowed the IRS to request a change during the configuration phase of the project..
CORE - General Ledger Management			
11	Prohibit new transactions from posting to general ledger accounts that have been deactivated.	Mandatory	With the use of derivation tables, the system is configured to prohibit posting of entries to general ledger accounts that have been deactivated. Requirement GL-11 had been developed to address this need. The end result is that system has been configured to prevent future postings to a deactivated general ledger account.
12	Close an accounting period and prohibit subsequent postings to the closed period.	Mandatory	IFS Requirement CF-650 addresses this requirement completely.

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CORE - Funds Management			
13	Prepare operating/financial plans based on multiple measures, including obligations, costs, labor hours, and full-time equivalents.	Value-Added	This requirement is met by IFS requirements FD-14, BE-5 and BF-174. These requirements collectively provide for plans to be developed at any stage in the Funds Management cycle.
14	Roll future plans into active budget plans based on future date or retrieval function.	Value-Added	This requirement is met by IFS requirement BF-122. The combined use of an SAP retractor (or another import method) along with the job scheduling functions of the selected package can be used by IRS users to meet these requirements.
15	Populate the budget formulation system with prior-year budgeted and actual amounts.	Value-Added	This requirement is met by IFS requirements BE-14, BE-25, FD-3 and FD-12., collectively.
16	Perform projections of obligations, income, and expenditures at any level of the organizational structure (e.g., projecting obligations based on prior periods and applying these to a future period).	Value-Added	This requirement is met by IFS requirements BE-51, BE-52 and BE-53. The system has been configured to meet this requirement.
17	Request approval for reprogramming and request additional funds outside the periodic budget review process . Allow such requests to be submitted, reviewed, revised, and approved. Approval would update current operating budgets.	Value-Added	While the IFS system provides for the processing of reprogramming in a current or future year, the approval portion of this requirement requires the use of SAP workflow or Status Tracker to be met. This functionality has been deferred to a future release . In the interim business processes have been developed to ensure proper approvals are obtained in an appropriate manner.
CORE - Payment Management			
18	Track and maintain a history of changes to the vendor file, including vendor additions and purges,	Mandatory	This requirement is met in part by IFS requirements AP-6 and AP-323.

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	vendor file, including vendor additions and purges, and changes to vendor specific information such as payment address, bank account and routing information, and payment type. Maintain an audit trail of payments made to historical vendor information.		IFS requirements AP-6 and AP -323. However, IFS first release does not include procurement functionality. Due to conflicting CCR requirement the vendor file maintenance will occur in an interfacing procurement system, called RTS / IPS. RTS / IPS will maintain this information. IFS will receive updates via the interfaces with RTS / IPS to IFS on a daily basis.
19	Capture, store and process the following information for each vendor invoice, for audit trail, research and query purposes: Invoice number, Invoice date, Invoice receipt date, Invoice due date , Invoice amount, Unit price and quantity, Description, Discount terms, as applicable, Obligating document reference(s), Vendor identification number and address code.	Mandatory	This requirement is met by IFS requirements AP-37, AP-169, AP-125, AP-323, CF-144 and AP-41, collectively. The system has been configured to address this requirement as stated.
20	Edit the TIN field to ensure that it is a nine digit numeric field, does not include dashes, and is not all zeroes. Allow for override for agency specific requirements.	Mandatory	This requirement is covered by AP-201, but is not applicable to IRS. The TIN is stored as a nine-digit numeric field. There is no requirement for an agency specific requirement override. Therefore, the system, how it is configured and is set up with edit checks, is acceptable.
21	Record additional shipping and other charges to adjust the payment amount, if they are authorized and within variance tolerances.	Mandatory	This requirement is met by IFS requirements AP-45, AP-44, and BE-114, collectively. The system has been configured to address this requirement as stated.
22	Automatically apply interest and discount across multiple accounting lines on an invoice in the same rule used to apply the original payment.	Mandatory	This requirement is met by IFS requirements AP-182&183, collectively. The system has been configured to address this requirement as stated.
23	Record reason codes for returned and adjusted invoices, lost discounts, and late payments.	Mandatory	Requirement AP-186 covers this requirement. Reason codes for returned and adjusted invoices and

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			returned and adjusted invoices and late payments are part of IFS. Reason codes for lost discounts are not part of this release. At this time, it has been decided that lost discounts reason code can be worked around.
24	Edit the ALC field to ensure it is an eight digit numeric field. Allow for override (e.g., by agencies that have their own disbursing authority.)	Mandatory	Not applicable to IRS. The IRS does not have its own disbursing authority. The system is configured to ensure that the ALC is an eight-digit numeric field.
25	Automatically generate transactions to reflect disbursement activity initiated by other agencies and recorded in Central agency electronic systems (such as OPAC/IPAC). Capture related information required by the Central agency system for each transaction (e.g., purchase order number, reimbursable agreement number, ALC).	Mandatory	Not a valid requirement. Central Agency system requirements have not been finalized, and are not automated as of yet – BPN issues. When this is automated, IFS will evaluate the changes required to the interface.
26	Allow for the exclusion of payments from agency offset based on user-defined criteria including funding source, object class, vendor type and vendor number.	Mandatory	This requirement is met by IFS requirements AR-115, AP-369, AR-130, , collectively. The system has been configured to address this requirement as stated.
27	On each payment schedule/file, report totals by TAS/TAFS	Mandatory	This requirement is met by IFS requirements CF-13, BE-307, RP-108, AP-188, 380, RP-115 and RP-84, collectively. The system has been configured to address this requirement as stated.
28	For each payment made by the Core financial system, maintain a history of the following information: Vendor Invoice number, Invoice amount , Vendor identification number, Vendor name, Payment address or banking information, Payment amount , Interest paid, when applicable, Discount taken, when applicable, Offset made, when applicable , Payment method (e.g., check, EFT) , Referenced obligation number, and, Appropriation charged.	Mandatory	This requirement is met by IFS requirements AP-323, 384 and RP-113, collectively. The system has been configured to address this requirement as stated.

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29	Automatically liquidate the in-transit amount and reclassify budgetary accounts from unpaid to paid when the payment confirmation updates the system.	Mandatory	This requirement is partially met by IFS requirement AP-329. The system has been configured to address the bolded part of the requirement as stated.
30	Record more than one check range for a payment schedule, along with a break in check numbers.	Mandatory	This requirement is fully met by IFS requirement AP-33.
31	Produce IRS-1099s (such as 1099-INT, 1099-MISC, 1099-C and 1099-G) in accordance with IRS regulations and current IRS acceptable format, including hard copy and electronic form . For example, when payment to a sole proprietor for services performed (not including cost of merchandise) exceeds a specified dollar amount (e.g., \$600) produce a 1099-M.	Mandatory	In general, this requirement is met by IFS requirements TAX-1, TAX-4, TAX-27 and TAX-29, collectively. IFS will not issue 1099-G forms as the administrative accounting data does not contain 1099-G data. The system could have been configured to produce hard and soft copies of 1099-G had they been required. The system is being configured to meet the remainder of this requirement as stated.
<i>CORE - Receivable Management</i>			
32	Maintain customer information to support receivable management processes, including, at a minimum: Customer name, Customer ID number, Customer type (federal agency, state/local government, commercial entity, individual, employee), Taxpayer Identification Number (TIN), Customer address, Contact names, Contact telephone number, Federal vs. Non-Federal indicator , Six-digit Trading Partner codes, ALC number (for Federal customers), Internal Revenue Service (IRS) 1099 indicator, Comment field, Date of last update , User ID of last update , DUNS number.	Mandatory	This requirement is met by many different IFS requirements collectively including AR-63, AR-38, AR-62, 63. Date and user ID of last update are covered by the audit trail requirements and capabilities of the system. The system has been configured to address this requirement as stated.
33	Maintain customer account information for audit trail purposes and to support billing, reporting and research activities, including: Account number, Account balance, Associated Customer ID	Mandatory	This requirement is met by IFS requirements AR-72, AR-13, AR-62, and AR-63, CF-482 to 502 collectively. The system has been

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	number , Date due and age of accounts receivable , Reimbursable order number, travel order number , etc., where applicable.		configured to address this requirement as stated.
34	Generate monthly statements to customers showing account activity.	Mandatory	This requirement is met by IFS requirements AR-77, 78 and AR-9, collectively. The system has been configured to generate monthly statements.
35	Update each customer account when: billing documents are generated; collections are received; interest, penalty or administrative fees are applied, and when amounts are written-off or offset.	Mandatory	This requirement is met by IFS requirements AR-13, and AR-66, 73, 76, collectively. The system has been configured to address this requirement as stated.
36	Automatically calculate interest charges using the appropriate Treasury Late Payment Charge rate and user-defined criteria (e.g., customer, customer type). Automatically generate a separate line item for interest charges on the customer bill.	Mandatory	This requirement is met by IFS requirements AP-184, AR-53, and CF-89, collectively. The system has been configured to address this requirement as stated.
37	Allow the user to specify administrative and penalty amounts and record these amounts to different accounting classification elements for which the principle amount is recorded. Automatically apply these charges to customer accounts and generate separate line items for the charges on the customer bills.	Mandatory	AR 73 and others cover the substance of this requirement. The administrative and penalty amounts are recorded in a notational account. IFS is working through the details of the data and the bills.
38	Automatically create files of delinquent accounts for electronic submission to collection agencies and appropriate governmental organizations.	Mandatory	This requirement is covered by AR-79,123,124,125.
39	Track and report on the date and nature of a change in the status of an accounts receivable, including the following: In Forbearance or in Formal Appeals Process, In Foreclosure , In Wage Garnishment , Rescheduled , Waived/unwaived, Eligible for Referral to Treasury for Offset , Referred to Treasury for Offset, Eligible for Internal Offset , Eligible for Referral to Treasury or a Designated Debt Collection Center for Cross-servicing , Referred to Treasury for cross-	Mandatory	This requirement is met by IFS requirements AR-127 and AR-122, as appropriate for this agency.

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	servicing, Referred to private collection agency, Referred to Department of Justice, Offset, Suspended, Compromised, Written-off, Closed Out.		
	<i>CORE – Reports</i>		
40	Provide the following ad hoc query interface features: Graphical display of data sources, The ability to “point and click” on selectable table, data, and link objects for inclusion in a custom query, An active data dictionary to provide users with object definitions, The ability to share user developed query scripts with other authorized agency users, query optimization, and On-line help	Value-Added	This requirement is partially met by IFS requirement RP 103, 104, 112, 377, 378, 379, 380, 381, 382, 367, 368, 369, 370, 371. IFS provides this functionality using a wide variety of methods including: ABAP Query, Report Painter, the Logistics Information System, the SAP Business Warehouse, and list forms with very flexible selection criteria.
	<i>Property Management</i>		
41	Provide an audit trail for entries to a property record, including the identification of the individual(s) entering or approving the information and/or data.	Mandatory	Not part of Release 1 – future release
42	Aggregate relatively homogenous assets into asset pools. All assets in the asset pools have the same estimated useful life and the acquisition cost of each item in the asset pool would be the average cost of all items in the pool. However, each item in the asset pool must have a separate property record and a separate agency-unique identification number.	Value-Added	Not part of Release 1 – future release
	<i>Travel Requirements</i>		
43	Maintain adequate separation of duties (e.g., trip approval, travel voucher approval, and travel voucher payment).	Mandatory	Not part of Release 1 – future release IFS has very limited Travel accounting functionality in its first release. Stand-alone systems for

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			release. Stand-alone systems for travel management and accounting and relocation (WebTRAS and RAPS) are maintaining an adequate separation of duties for the functions performed in these systems. IFS has been configured using SAP Workflow to maintain an adequate separation of duties for the manual transactions not received from the IFS interfaces with WebTRAS or RAPS.
44	Allow information in the system to be queried by field and viewed on-line to present specific data as requested.	Value-Added	Not part of Release 1 – future release
45	Provide the capability to interface with the agency's Travel Management Center (TMC) or appropriate Commercial Reservation System (CRS), effective January 1, 2001.	Mandatory	Not part of Release 1 – future release
46	Provide interface to electronic routing or mail system.	Value-Added	Not part of Release 1 – future release
47	Provide for on-line funds validation.	Value-Added	Not part of Release 1 – future release
48	Provide the capability to modify "HELP" facilities to meet specific requirements of the agency.	Value-Added	Not part of Release 1 – future release
49	Provide for administering required access controls and security.	Mandatory	Not part of Release 1 – future release The current travel system provides for the administration of required access controls and security. For the limited travel functionality being implemented in the first release of IFS, IFS also provides for the administration required for access controls and security. Once the WebTAS functions are brought in IFS in a future release, it is expected that IFS will be configured to meet fully this requirement alone.

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<i>Seized Property Management</i>			
50	Calculate the time elapsed from petition receipt to petition ruling.	Value-Added	Seized Property Management - not part of Release 1 – future release
51	Calculate the time elapsed from seizure to forfeiture.	Value-Added	Seized Property Management - not part of Release 1 – future release
52	Calculate the time elapsed from forfeiture to disposal.	Value-Added	Seized Property Management - not part of Release 1 – future release
53	Calculate the time elapsed from equitable sharing request to sharing decision.	Value-Added	Seized Property Management - not part of Release 1 – future release
54	Calculate the time elapsed from forfeiture to equitable sharing disbursement.	Value-Added	Seized Property Management - not part of Release 1 – future release
55	Periodic calculation of trends in the ratio of property management and disposal costs to gross sales proceeds for all assets sold and comparisons of results to established management goals.	Value-Added	Seized Property Management - not part of Release 1 – future release
56	Periodic assessment of management control structure to ensure, to the extent possible, that seized property and forfeited assets are safeguarded against loss from unauthorized use or disposition and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements.	Value-Added	Seized Property Management - not part of Release 1 – future release
57	The system should provide the flexibility to accept data input from multiple media that recognize user agencies' unique data input requirements.	Value-Added	Seized Property Management - not part of Release 1 – future release
58	The system should provide the capability to customize data input, processing rules, and edit criteria and to give agencies flexibility in defining internal operational procedures and supporting agency requirements.	Value-Added	Seized Property Management - not part of Release 1 – future release
59	The system should provide the capability, if necessary, to identify and process transactions from other systems that enter and update the standard seized property and forfeited assets system.	Value-Added	Seized Property Management - not part of Release 1 – future release

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60	The system should provide the capability to subject all transactions from interfacing systems to the standard seized property and forfeited assets system edits, validations, and error-correction procedures.	Value-Added	Seized Property Management - not part of Release 1 – future release
61	The system should provide the capability to upload and download data in an interface environment.	Value-Added	Seized Property Management - not part of Release 1 – future release
62	The system should provide the flexibility to provide multiple-media output reports and recognize user agencies' unique data output requirements.	Value-Added	Seized Property Management - not part of Release 1 – future release
63	The system should provide the capability to allow users to customize output for reporting and providing interfaces to other systems necessary to link financial and program results and meet agency requirements for external processing (e.g. general ledger posting, budget reconciliation and execution, cost accumulation).	Value-Added	Seized Property Management - not part of Release 1 – future release
64	The system should provide the capability to transmit information on the results of seizure transactions and forfeiture transactions to the core financial system requirements itemized in the Core Financial System Requirements for such purposes as generating requests for disbursements, updating the standard general ledger, generating obligation records, generating requests for funds transfer, and updating funds controls.	Value-Added	Seized Property Management - not part of Release 1 – future release