

GAO

# Exposure Draft

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August 1999

## CORE FINANCIAL SYSTEM REQUIREMENTS CHECKLIST

Systems Reviewed  
Under the Federal  
Financial Management  
Improvement Act of  
1996



G A O

Accountability \* Integrity \* Reliability

**Accounting and Information  
Management Division**

B-282975

August 1999

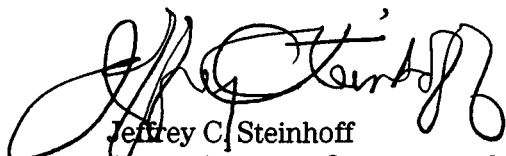
**HEADS OF DEPARTMENTS AND AGENCIES**

The Federal Financial Management Improvement Act (FFMIA) of 1996 requires, among other things, that agencies implement and maintain financial management systems that substantially comply with federal financial management systems requirements. These requirements are detailed in the Financial Management Systems Requirements series issued by the Joint Financial Management Improvement Program (JFMIP) and in Office of Management and Budget (OMB) guidance (Circular A-127 and September 9, 1997, implementation guidance). JFMIP intends for the requirements to promote understanding of key financial management systems concepts and requirements, to provide a framework for establishing integrated financial management systems to support program and financial managers, and to describe specific requirements of individual types of financial management systems.

We are issuing this checklist that reflects JFMIP's revised Core Financial System Requirements (February 1999) to assist (1) agencies in implementing and monitoring their core system and (2) management and auditors in reviewing their core systems to determine if they are in substantial compliance with FFMIA. This checklist is not required to be used in assessing the core system. It is provided as a tool for use by experienced staff. This checklist, the JFMIP source document, and the two previously mentioned OMB documents (Circular A-127 and the September 9, 1997, implementation guidance) should be used concurrently. Experienced judgment must be applied in the interpretation and application of this tool to enable users to consider the impact of the completed checklist on their entire core system and whether the system, as a whole, substantially complies with requirements.

Additional copies of the exposure draft can be obtained from Room 1100, 700 4th St. NW, U.S. General Accounting Office, Washington, D.C. 20548, or by calling (202) 512-6000, or TDD (202) 512-2537. This checklist, when implemented in final, will replace GAO's previously issued Core Financial System Checklist (May 1998) and will be available on the Internet on GAO's Home Page ([www.gao.gov](http://www.gao.gov)) under "Special Publications." Please send comments by October 29, 1999, to Robert W. Gramling, Director, Corporate Audits and Standards, Accounting and Information Management Division, at

U.S. General Accounting Office  
441 G Street NW, Room 5089  
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### Abbreviations

ABA	American Banking Association
ACH	automated clearing house
BPA	blanket purchase agreement
CFO	Chief Financial Officers
DUNS	data universal numbering system
EFT	electronic funds transfer
EIN	employer identification number
FASAB	Federal Accounting Standards Advisory Board
FAST	federal account symbols and titles
FFMIA	Federal Financial Management Improvement Act
FMFIA	Federal Managers' Financial Integrity Act
FMSS	Financial Management Systems Software
GPO	Government Printing Office
GSA	General Services Administration
ID	identification number
IRS	Internal Revenue Service

(continued)

JFMIP	Joint Financial Management Improvement Program
NARA	National Archives and Records Administration
OMB	Office of Management and Budget
PMO	Program Management Office
SGL	<u>Standard General Ledger</u>
SSN	social security number
TFM	<u>Treasury Financial Manual</u>
TIN	taxpayer identification number

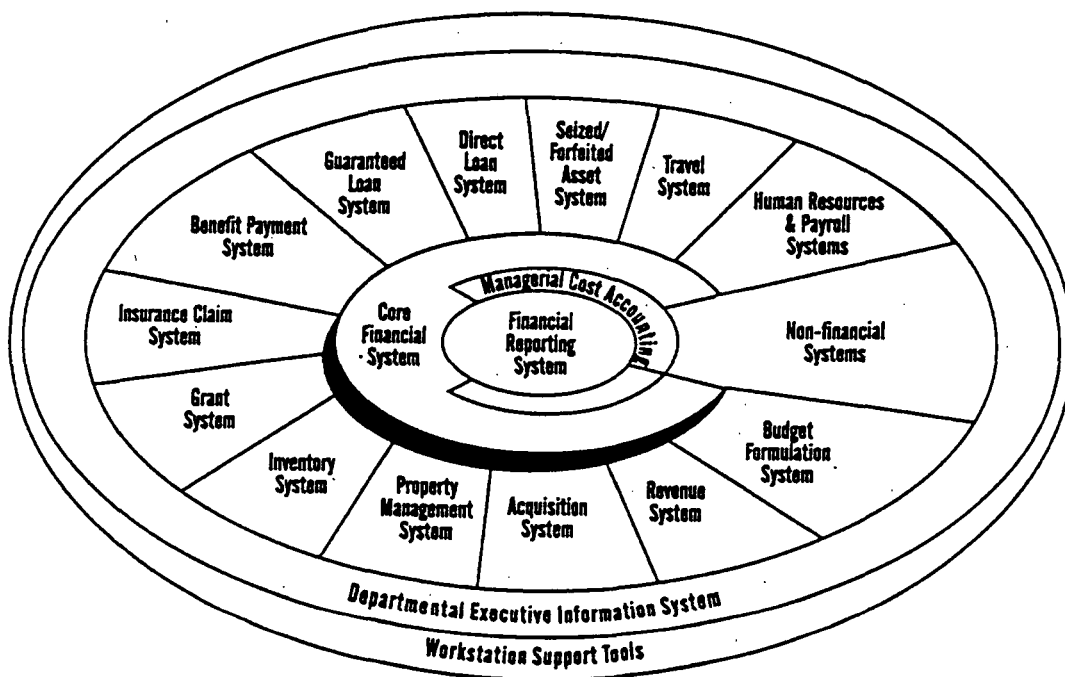
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## OVERVIEW

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The Federal Financial Management Improvement Act (FFMIA) of 1996 requires, among other things, that agencies implement and maintain financial management systems that substantially comply with federal financial management systems requirements. These system requirements are detailed in the Financial Management Systems Requirements series issued by the Joint Financial Management Improvement Program (JFMIP)<sup>1</sup> and Office of Management and Budget (OMB) Circular A-127, Financial Management Systems. JFMIP requirements documents identify (1) a framework for financial management systems, (2) core financial systems requirements, and (3) 16 other financial and mixed systems supporting agency operations, not all of which are applicable to all agencies. Figure 1 is the JFMIP model that illustrates how these systems interrelate in an agency's overall systems architecture.

Figure 1: Agency Systems Architecture



Source: All JFMIP Federal Financial Management System Requirements documents.

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<sup>1</sup> JFMIP is a joint cooperative undertaking of the Office of Management and Budget, the General Accounting Office, the Department of Treasury, and the Office of Personnel Management, working in cooperation with each other and with operating agencies to improve financial management practices throughout the government. The program was initiated in 1948 by the Secretary of the Treasury, the Director of the Bureau of the Budget (now OMB), and the Comptroller General and was given statutory authorization in the Budget and Accounting Procedures Act of 1950. The Civil Service Commission, now the Office of Personnel Management, joined JFMIP in 1966.

To date, JFMIP has issued the framework document and systems requirements for the core financial system and 7 of the 16 systems identified in the architecture. (See figure 1.)<sup>2</sup>

### **Authoritative Guidance**

OMB Circular A-127 and OMB's Implementation Guidance for the Federal Financial Management Improvement Act (FFMIA) of 1996, issued September 9, 1997, provide the basis for assessing compliance with the FFMIA requirements for agencies to implement and maintain financial management systems that comply substantially with federal requirements. OMB's September 1997 implementation guidance identifies various criteria that an agency must meet to be in substantial compliance with these requirements. One of the criteria listed in the OMB guidance is the JFMIP systems requirements series.

The source of all the questions in this checklist is the JFMIP Core Financial System Requirements (JFMIP-SR-99-4, February 1999). This JFMIP document represents the third update to the core document, first issued January 1988. This most recent update clarifies some of the existing requirements, reflects changes in laws and regulations such as the Debt Collection Improvement Act, and adds requirements for budget execution and revolving fund functions. The JFMIP requirements remain the basis for the federal government to test compliance of commercially based, core financial software. During fiscal year 1999, JFMIP's new Program Management Office (PMO) developed a new testing and qualification process, directly linking tests back to these requirements.

### **How to Use This Checklist**

OMB's 1997 implementation guidance provides chief financial officers and inspectors general with a means for determining whether their agencies' financial management systems substantially comply with federal financial management systems requirements. The annual assurance statement required pursuant to section 4 of the Federal Managers' Financial Integrity Act (FMFIA) is one of the means to assist agencies in the determination of substantial compliance. Agencies can also use this checklist and JFMIP's core test as tools to help determine annual compliance with section 4 of this act.<sup>3</sup>

Filling out this checklist will allow agencies to systematically determine whether specific system requirements are being met. In determining substantial compliance, agencies should assess the results of the completed checklist on the core system requirements taken as a whole. "No" answers should not be viewed individually or taken out of

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<sup>2</sup> Thus far, the series includes the (1) Framework for Federal Financial Management Systems, (2) Core Financial System Requirements, (3) Inventory System Requirements, (4) Seized/Forfeited Asset System Requirements, (5) Direct Loan System Requirements, (6) Guaranteed Loan System Requirements, (7) Travel System Requirements, (8) Human Resources & Payroll System Requirements, (9) System Requirements for Managerial Cost Accounting. In early 1998, JFMIP decided to initiate projects to update system requirements documents that were not current with regulations and legislation. JFMIP also planned to initiate projects to complete the remaining systems requirements where none currently exist. As these projects are completed we plan to issue related checklists.

<sup>3</sup> In addition, the Chief Financial Officers (CFO) Council has charged the Financial Systems Committee with developing implementation guidance for performing FFMIA compliance reviews. The CFO Council and JFMIP plan to jointly issue the guidance.

context. Rather, “no” answers should be assessed as to the impact on the overall core system and the extent to which the “no” answers inhibit the entire core system from meeting substantial compliance.

The checklist contains three columns with the first citing the question to be answered. Use the second column to answer each question “yes,” “no,” or “NA.” Use the third column to explain your answer. A “yes” answer should indicate that the agency’s core system provides for the capability described in the question. For each “yes” answer, the third column should contain a brief description of how the core system contains the capability and should also refer to a source that explains or shows the capability.

A “no” answer indicates that the capability does not exist. For a “no” answer, the second column should provide an explanation and, where applicable, a reference to any related supporting documentation. Such explanations could include the following examples: (1) the agency is working on modifying or implementing its core system to have the capability available in subsequent years or (2) management believes the capability is not cost effective and will not enhance the core system’s ability to manage operations. Cost-benefit studies, or other reasoning that supports a “no” answer should be identified in the explanation column. If there are no cost-benefit studies or other support, a full explanation should be provided.

Not every checklist may apply to each agency. Further, while a checklist may be applicable to an agency, certain questions within the checklist may not be applicable. Answer such nonapplicable question(s) with “NA” and provide an appropriate explanation in the third column.

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## CORE FINANCIAL SYSTEM REQUIREMENTS

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The core financial system requirements document helps agencies meet government requirements by establishing standard requirements to support an agency's integrated financial management system. It provides common processing routines, supports common data for critical financial management functions affecting the entire agency, and maintains the required financial data integrity control over financial transactions, resource balances, and other financial management systems.

The seven functions of the core financial system are discussed below.

1. Core Financial Management consists of the processes necessary to maintain system-processing rules consistent with established financial management policy. This function sets the framework in which all other core financial system functions operate. (The checklist questions for this area are drawn from pp. 16-21 of the JFMIP source document.)
2. General Ledger Management is the central function of the core financial system. The general ledger is the highest level of summarization and must maintain account balances by the fund structure and individual general ledger accounts established in the core financial system management function. (The checklist questions for this area are drawn from pp. 22-23 of the JFMIP source document.)
3. Funds Management is a system for ensuring that the agency does not obligate or disburse funds in excess of those appropriated and/or authorized. The checklist questions for this area are drawn from pp. 24-28 of the JFMIP source document.)
4. Payment Management is a function that provides appropriate control over all payments made by or on behalf of an agency. (The checklist questions for this area are drawn from pp. 29-33 of the JFMIP source document.)
5. Receipt Management is the function that supports activities associated with recording agency cash receipts, including servicing and collecting receivables. (The checklist questions for this area are drawn from pp. 34-37 of the JFMIP source document.)
6. Cost Management attempts to measure the full cost of federal programs, their activities, and outputs. (The checklist questions for this area are drawn from pp. 38-40 of the JFMIP source document.)
7. Reporting is the function that provides useful financial information on time to (1) support management's fiduciary role; (2) support budget formulation and execution functions; (3) support fiscal management of program delivery and program decision-making; (4) support internal and external reporting requirements, including, as necessary, the requirements for financial statements prepared in accordance with the form and content prescribed by OMB, reporting requirements prescribed by Treasury, and legal, regulatory, and other special management requirements of the agency; and (5) monitor the financial management system. (The checklist questions for this area are drawn from pp. 41-43 of the JFMIP source document.)

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## **Core Financial System Requirements**

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The checklist questions follow the JFMIP source document. It should be noted that not all questions will apply in all situations and, as with the use of any checklist, professional judgment should be exercised. Using the JFMIP source document, and appendix b of the source document which defines terms used, along with the two previously mentioned OMB documents, will help ensure that the user is cognizant of the background information necessary to fully understand the questions.

Additionally, the checklist should also be used in conjunction with JFMIP's WEB-based electronic repository, called the Knowledgebase, which can be reached through the JFMIP/PMO homepage <http://www.financenet.gov/fed/jfmip/pmo.htm>. These requirements will form the major portion of the Knowledgebase. In addition, technical and vendor support requirements are included in the Knowledgebase and are comprised of internal controls, security, year 2000, training, documentation and other requirements. The Knowledgebase will feature ongoing comment capability, for both agencies and vendors, including the ability to comment on proposed requirements prior to their establishment.

## Core Financial System Requirements

Core financial system management function	Yes/no NA	Explanation
<p><b>Accounting classification structure management process</b></p> <p>1. Does the system provide the capability to classify accounting transactions by the following structures: fund, program, organization, project, activity, cost center, object class, and any other data elements needed to meet the data classification and/or reporting needs of the agency? This will include relating Federal Account Symbols and Titles (FAST) structures established by Treasury in the system's fund structure for reporting purposes.</p>		
<p>2. Does the system achieve consistency in budget and accounting classifications and synchronization between those classifications and the organizational structure? Consistency will include maintaining data relationships between budget formulation account code classifications (budget accounts published in the President's budget), budget execution and accounting classifications (appropriation fund symbols published in the Treasury annual report appendix and other Treasury publications), and the agency's organizational structure (the groups and/or individuals who have responsibility for the account coding classifications).</p>		
<p>3. Does the system provide a fund structure that defines each entity for which separate</p>		

## Core Financial System Requirements

Core financial system management function	Yes/no NA	Explanation
<p>accounting and reporting are needed to meet legal and assigned responsibilities and reporting requirements? This structure should provide for identification of appropriation or fund accounts established by OMB and Treasury through the budget process, receipt accounts, credit program and financing accounts, deposit funds, clearing accounts, and other accounts as may be deemed necessary. The fund structure must provide for additional detail below the appropriation level to support fiscal year accounting, appropriation sub-accounts used for reporting to Treasury, and financial statement preparation.</p>		
<p>4. Does the system differentiate between the type of budgeting, accounting, and reporting treatments to be used for each fund (e.g., annual appropriation, multiyear appropriation, no-year appropriation, revolving fund, trust fund, receipt account)? The account classification structure will provide additional fund structure information that supports the detailed accounting and reporting needed to fulfill legal requirements, reporting requirements, and assigned responsibilities. At a minimum, these characteristics must be supported: fund type, e.g., general fund, deposit fund, trust fund revolving fund; borrowing source, and OMB function designations; budget status, e.g.,</p>		

## Core Financial System Requirements

Core financial system management function	Yes/no NA	Explanation
on budget, off budget, or financing account; and the fiscal year designation, e.g., annual, multiyear, or no-year obligation authority.		
5. Does the system provide a program structure with sufficient levels of detail to allow reporting for all categories on which budgetary decisions are made, whether legally binding, as in appropriation limitations, or in the nature of policy guidance, as in Presidential pass-backs, congressional markup tables, or internal agency decisions? The account classification structure must also support additional detail needed to meet external reporting requirements to OMB and Treasury and be flexible enough to meet agency-specific requirements.		
6. Does the system provide the capability to establish an organization structure based on responsibility segments, such as offices, divisions, and branches?		
7. Does the system provide for the ability to tie responsible organizational units to programs and projects?		
8. Does the system identify agency location codes and appropriation fund symbols for all transactions and reports involving Treasury disbursing centers, such as SF-224 "Statement of Cash Transactions," SF-215 "Deposit		

## Core Financial System Requirements

Core financial system management function	Yes/no NA	Explanation
Ticket,” and SF-5515 “Debit Voucher?”		
9. Does the system provide a project structure that is independent of the other classification structures to allow multiple organizations, programs, and funding sources to be associated with a project?		
10. Does the system provide an object class structure consistent with the standard object class codes contained in OMB Circular A-11, <u>Preparation and Submission of Budget Estimates</u> ? This structure must also accommodate additional levels (higher and/or lower) needed to support agency management reporting and control needs.		
11. Does the system provide a revenue source code structure to identify and classify types of revenue and receipts received by an agency so that they are represented properly on the agency’s financial statements?		
12. Does the system provide the capability to classify accounting transactions by other data elements needed to meet the data classification and/or reporting needs of the agency?		
13. Does the system provide the capability to define additional data elements for use in data classification for internal reporting and/or control needs for agency-specific purposes?		

## Core Financial System Requirements

Core financial system management function	Yes/no NA	Explanation
<p>14. Does the system derive the expanded accounting classification structure from abbreviated user input so that user input is minimized, data entry is made easier, and errors are controlled and reduced? Examples of methods include entering "shorthand codes" using a keyboard function to look up additional elements, "clicking" on entries in a "lookup table" or "pop-up menu," and using a scanning bar code.</p>		
<p>15. Does the system provide flexibility to process additions, deletions, and changes to accounting classification structure codes without extensive program or system changes? Table-driven systems, where frequently changed information is kept in tables separate from program logic and under a system administrator's control, and database management systems, are two examples of ways to provide such flexibility.</p>		
<p>16. Does the system provide the ability to account for budgetary resources at a lower level in the accounting classification structure than they are budgeted and controlled?</p>		
<p><b>The standard general ledger (SGL) process – account definition</b></p> <p>17. Does the system use a chart of accounts consistent with the</p>		

## Core Financial System Requirements

Core financial system management function	Yes/no NA	Explanation
basic numbering structure provided in the U.S. SGL? Any expansion to the numbering system must roll up to the posting accounts provided in the U.S. SGL.		
18. Does the system incorporate both proprietary and budgetary accounts in the system, and maintain the relationships between accounts as described in the U.S. SGL?		
19. Does the system use account titles consistent with the account titles provided in the U.S. SGL?		
20. Does the system provide subsidiary ledger support for U.S. SGL accounts? Support may be as detailed as the agency deems appropriate for asset protection, management information, and fund accounting. The system must also support reconciliation of U.S. SGL control accounts to their respective subsidiary records by accounting period.		
21. Does the system support an SGL account structure for multiple appropriations (including receipt accounts) or funds and multiple fiscal years within the appropriations, including annual, multiyear, and no-year appropriations?		
22. Does the system support the use of processing of information consistent with the standard transaction identification		



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## Core Financial System Requirements

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Core financial system management function	Yes/no NA	Explanation
process rules from U.S. SGL?		
23. Does the system provide the capability to create additional sub-accounts to the U.S. SGL for agency specific tracking and control? These sub-accounts will summarize and track back to the U.S. SGL accounts.		
<b>The standard general ledger process - transaction definition</b>  24. Does the system use standardized transactions identified by reference codes to control transaction editing, posting to the appropriate U.S. SGL accounts, and updating of other information maintained in the system, such as document balances and available funding?		
25. Does the system allow standardized transactions, including system-generated transactions, to be established, modified, or deleted by authorized personnel?		
26. Does the system provide for traceability of changes?		
27. Does the system update both budgetary and proprietary accounts based on a single input transaction?		
28. Does the system generate and post compound U.S. SGL debit and credit entries (at least four pairs) to the U.S. SGL as a result of a single transaction?		

## Core Financial System Requirements

Core financial system management function	Yes/no NA	Explanation
29. Does the system process system-generated transactions, such as automated accruals, closing entries, cost assignment transactions, recurring payments, and transactions that generate other transactions in those cases where a single transaction is not sufficient?		
30. Does the system automatically liquidate, partially or in full, document balances through designated transaction codes? This capability will be used in the liquidation of commitments, undelivered orders, payables, receivables, or other items, as appropriate.		
31. Does the system provide the capability to add, modify, and maintain editing and posting rules through systems tables controlled by authorized personnel?		
32. Does the system perform integrity checks on batches received via interfaces? Checks should include a batch number to detect duplicate or skipped batches, and validity of header and trailer records to ensure that counts and amount in the trailer agree with records in the batch.		

## Core Financial System Requirements

Core financial system management function	Yes/no NA	Explanation
<p><b>Transaction control process – audit trails</b></p> <p>33. Does the system provide audit trails to trace transactions from source documents, original input, other systems, system-generated transactions, and internal assignment transactions through the system?</p>		
<p>34. Does the system provide transaction details to support account balances?</p>		
<p>35. Does the system provide audit trails to trace source documents and transactions through successive levels of summarization to the financial statements and the reverse?</p>		
<p>36. Does the system provide audit trails to identify changes made to system parameters and tables that would affect the processing or reprocessing of any financial transactions?</p>		
<p>37. Does the system select items for review based on user-defined criteria by type of transaction? Examples of reasons to select items are payment certification and financial statement audits.</p>		
<p>38. Does the system provide audit trails that identify document input, change, approval, and deletions by originator?</p>		
<p><b>Transaction control process – transaction processing</b></p> <p>39. Does the system post to the</p>		

## Core Financial System Requirements

Core financial system management function	Yes/no NA	Explanation
<p>current and prior months concurrently until month-end closing, and maintain and provide on-line queries and reports on balances separately for the current and prior months? At a minimum, balances must be maintained on-line for both the current and prior months until prior month closing.</p>		
<p>40. Does the system, at year's end, post to the current year by month, as well as to the prior year, regardless of when year-end closing occurs? For example, a user should be able to post to the previous fiscal year while also posting transactions to the current year. Balances must be maintained and accessible through on-line queries for both the current and prior fiscal years until year-end closing.</p>		
<p>41. Does the system provide control over the correction and reprocessing of all erroneous transactions through the use of error file(s) and/or suspense accounts? Erroneous transactions must be maintained and tracked until either corrected and posted or deleted at the specific request of an authorized user.</p>		
<p>42. Does the system provide standard record format(s) for interface of transactions from other systems to the core financial system and subject all transactions from interfacing systems to the core financial</p>		

## Core Financial System Requirements

Core financial system management function	Yes/no NA	Explanation
<p>system edits, validations, and error correction procedures? Erroneous transactions must be maintained and tracked until either corrected and posted or deleted by an authorized user.</p>		
<p>43. Does the system support both batch and real-time on-line data entry and use the same edit and update rules as appropriate for each mode?</p>		
<p>44. Does the system support simultaneous data entry/access by multiple users in a variety of access modes?</p>		
<p>45. Does the system support management controls to ensure that transactions are processed in accordance with government and agency-prescribed standards and procedures, the integrity of data in the system is maintained, and access is restricted to authorized users?</p>		
<p>46. Does the system provide transaction edits that control, at a minimum, fund availability, account structure, and tolerance levels between related transactions, such as between an obligation and its related accrual?</p>		
<p>47. Does the system provide controls to prevent the creation of duplicate transactions?</p>		
<p>48. Do the system's user entry and query screens support validation of codes entered on the screen and assist users in</p>		

## Core Financial System Requirements

Core financial system management function	Yes/no NA	Explanation
determining correct codes if an invalid code is entered?		
49. Does the system provide for inquiry by the user to verify valid codes during the data entry process?		
50. Does the system provide the capability to enter and store for future processing any transactions in the current month for processing the subsequent month?		
51. Does the system provide the ability to process intra-governmental transactions and track intragovernmental balances related to other federal agencies?		
<b>Archiving and purging process</b>		
52. Does the system archive transactions and related information needed for audit trails in a format accessible by audit software?		
53. Does the system allow closed documents to be reopened at the document control level with all associated transaction history? Prior month's control totals and balances will not be affected by a reopened document.		
54. Does the system provide the authorized system administrator the flexibility to determine whether records are to be archived or purged? For those documents that meet the		

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## Core Financial System Requirements

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Core financial system management function	Yes/no NA	Explanation
criteria, the system must allow selective action. The system must include the capability to establish and maintain user-defined archival criteria.		
55. Does the system retain system records in accordance with federal regulations established by the National Archives and Records Administration (NARA), GAO, and others?		
56. Does the system prevent the purging of transactions prior to the proper period?		

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## Core Financial System Requirements

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General ledger management function	Yes/no NA	Explanation
<b>General ledger posting process</b>		
1. Does the system post transactions to SGL in accordance with the transaction definitions established by the core financial system management function?		
2. Does the system maintain historical data to produce comparative financial reports for management use?		
<b>Accruals, closing and consolidation process</b>		
3. Does the system provide for automated month-and year-end closing of SGL accounts and rollover of SGL account balances (note that this includes sub-accounts)?		
4. Does the system allow selected transactions (i.e., adjustments) to be processed?		
5. Does the system provide the capability for multiple preliminary year-end closings before final year-end closing while maintaining the capability to post current period data? Posting of current period data will not be affected by this process.		
6. Does the system automatically generate selected recurring accrual entries and reversals in the next fiscal period?		



## Core Financial System Requirements

General ledger management function	Yes/no NA	Explanation
7. Does the system allow for accruals of contracts or other items that cross fiscal years?		
8. Does the system selectively generate required transactions as needed by the year-end closing procedures?		
9. Does the system separately identify amounts that would be eliminated when preparing intra-agency and interagency consolidations?		
10. Does the system prepare trial balances and other supporting information needed for external reports and financial statements, including consolidated statements?		
11. Does the system support multiple pre-final closings to accommodate incremental adjustments and closing?		
12. Does the system provide for a year-end rollover of appropriate system tables into the new fiscal year, under the control of an authorized system administrator?		
13. Does the system provide the capability to process, track, and control prior fiscal year adjustment transactions?		
<b>General ledger analysis and reconciliation process</b>		
14. Does the system report a comparison between amounts in other components of the core		

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## Core Financial System Requirements

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General ledger management function	Yes/no NA	Explanation
financial system and the related control accounts in the U.S. SGL and annotate out-of-balance accounts on the report?		
15. Does the system provide control accounts in the general ledger to balance between the general ledger and other systems, such as property and travel management?		
16. Does the system provide the capability for authorized users to correct out-of-balance conditions discovered during the reconciliation process?		
17. Does the system maintain an audit trail of any such corrections?		
18. Does the system provide for reconciliation of all open accounting period (prior month, current month, prior fiscal year, and current fiscal year) balances to their respective subsidiaries through on-line queries and reports?		

## Core Financial System Requirements

Funds management function	Yes/no NA	Explanation
<b>Budget execution process</b>  1. Does the system provide the ability to track changes to budget authority at multiple levels of distribution?		
2. Does the system provide the capability to track actual amounts (e.g., commitments and obligations) against the original and revised budgeted amounts consistent with each financial planning level?		
3. Does the system provide flexibility in establishing and modifying funding distribution and spending levels at multiple organizational levels?		
4. Does the system allow authorized personnel to reallocate funds at designated levels?		
5. Does the system provide the ability to manage and control prior year funds in the current year, including the capability to identify prior year and current year de-obligations separately?		
6. Does the system support tolerance levels that are user-defined and established and maintained in tables controlled by authorized personnel? The tolerance levels should be maintained in terms of percentages of the total with a not-to-exceed dollar threshold.		

## Core Financial System Requirements

Funds management function	Yes/no NA	Explanation
<b>Funds allocation process</b>  7. Does the system record funding and related budget execution documents?		
8. Does the system record limitations and control the use of funds against them consistent with appropriation and authorization language, and administrative limitations established by agency management?		
9. Does the system distribute, track, control, and report funds authorized at various funding levels based on SGL, accounting classification structure, and project structure?		
10. Does the system allow modification of limitations in accordance with apportionment actions, reprogramming, rescissions, and other adjustments?		
11. Does the system record and control funds that receive other budget authority in addition to appropriations and identify the type of authority?		
12. Does the system record the expiration and cancellation of the appropriation in accordance with laws and regulations, including OMB Circular A-34 and the U.S. SGL?		
13. Does the system maintain operating plans at or below the funds control level of the		

**Core Financial System Requirements**

Funds management function	Yes/no NA	Explanation
classification structure?		
14. Does the system allow authorized personnel to reallocate funds at designated levels?		
15. Does the system account for budgetary resources below the allotment level as necessary to accommodate internal management purposes?		
<b>Funds control process – funds availability editing</b>  16. Does the system provide for on-line notification of funds availability prior to the distribution of lower level funding and the processing of commitment, obligation, or expenditure transactions?		
17. Does the system support the timely recording of transactions?		
18. Does the system check commitment transactions against available funds?		
19. Does the system include adequate controls to prevent the recording of commitments that exceed available balances?		
20. Does the system support recording obligations or expenditures that exceed available balances and produce a report or otherwise provide a method that allows management to review the cause of this over-obligation		

## Core Financial System Requirements

Funds management function	Yes/no NA	Explanation
condition?		
21. Does the system provide for designated authorities to establish and modify the level of fund control using elements of the classification structure, including object class, program, organization, project, and fund?		
22. Does the system provide for designated authorities to establish and modify the system's response (either reject transaction or provide warning) to the failure of a funds-availability edit for each transaction type?		
23. Does the system provide the capabilities and controls for authorized users to override funds-availability edits?		
24. Does the system record the financial impact of all transactions that affect the availability of funds, such as commitments, liquidations, obligations, and expenditures?		
25. Does the system provide automatic real-time notification to users of transactions failing the funds-availability edit and place the rejected transactions in an error file and/or suspense account for corrective action? In cases where the actual event has already occurred (such as labor hours worked or a contract already signed), the transaction should be recorded and a warning or report issued to alert the user to the need for		

## Core Financial System Requirements

Funds management function	Yes/no NA	Explanation
follow-up action.		
26. Does the system update all appropriate accounts to ensure that the system always maintains and reports the current status of funds for all open accounting periods?		
27. Does the system determine funds availability on adjustments to obligations or expenditures based on whether the funds cited are current, expired, or cancelled?		
28. Does the system check available funds for obligating documents (including amendments to obligating documents resulting in a change to dollar amounts or to the classification structure)?		
29. Does the system check available funds when the expenditure exceeds the obligating document due to quantity or price variances within tolerances, additional shipping charges, etc.?		
30. Does the system adjust available fund balances as reimbursable orders are accepted? In the case of reimbursable orders from the public, an advance must also be received before additional funding authority is recorded.		
31. Does the system check available funds for commitments and obligations incurred in support of reimbursable agreements?		

## Core Financial System Requirements

Funds management function	Yes/no NA	Explanation
<p><b>Funds control process – commitments</b></p> <p>32. Does the system allow commitment documents to be entered into the core financial system on-line and from multiple locations, as well as through interfaces with other systems?</p>		
<p>33. Does the system maintain information related to each commitment document, including amendments? At a minimum, the system must capture requisition number, accounting classification structures, and estimated amounts.</p>		
<p>34. Does the system provide for modifications to commitment documents, including ones that change the dollar amount or the accounting classification structure cited?</p>		
<p>35. Does the system invoke funds availability editing for the changed amounts?</p>		
<p>36. Does the system allow for commitment documents to be future dated, stored, and posted at the appropriate date?</p>		
<p>37. Does the system subject these documents to edit and validation procedures prior to posting?</p>		
<p>38. Does the system close commitment documents under the following circumstances:</p>		



**Core Financial System Requirements**

<b>Funds management function</b>	<b>Yes/no NA</b>	<b>Explanation</b>
(1) by the system upon issuance of an obligating document, (2) by an authorized user, and (3) as part of the year-end closing if the commitment is in an annual appropriation or in the last year of a multiyear appropriation?		
39. Does the system provide the capability to support commitment accounting based on agency needs?		
<b>Funds control process – obligations</b>  40. Does the system record obligations based on obligating documents and liquidate, at the user’s request, the related commitments, either partially or fully?		
41. Does the system record obligations for which there is no related commitment?		
42. Does the system maintain information related to each obligation document, including amendments? At a minimum, the core financial system must capture obligating document number and type; vendor number and other identification, including vendor identification number (ID), social security number (SSN), taxpayer identification number (TIN), employer identification (EIN), and data universal numbering system (DUNS); accounting classification structures; referenced commitment (if applicable); and dollar amounts.		

## Core Financial System Requirements

Funds management function	Yes/no NA	Explanation
43. Does the system allow obligation documents to be entered into the core financial system on-line and from multiple locations, as well as through an interface with other systems?		
44. Does the system allow transactions creating anticipated obligation documents to be entered early, stored, and posted at the appropriate date?		
45. Does the system subject these documents to edit and validation procedures prior to posting?		
46. Does the system permit the user to delete the transaction without posting it if the anticipated obligation does not occur?		
47. Does the system allow multiple commitments to be combined into one obligating document and one commitment document to be split between multiple obligating documents?		
48. Does the system allow authorized modifications and cancellations of posted obligating documents?		
49. Does the system provide on-line access to all obligations by selection criteria, e.g., document number?		
50. Does the system maintain an on-line history file of closed-out		

**Core Financial System Requirements**

Funds management function	Yes/no NA	Explanation
documents for a user-defined period of time?		
51. Does the system retain (for audit purposes) all system record files along with all amendments?		
52. Does the system close obligating documents either (1) automatically upon complete performance/delivery or (2) through an authorized user?		
53. Does the system record various intragovernmental acquisition transactions, such as General Services Administration (GSA) Personal Property Center, reimbursable orders, and printing from the Government Printing Office (GPO)?		
54. Does the system record and maintain contracts and grants so that fiscal year-to-date and inception-to-date information can be presented?		
55. Does the system record blanket purchase agreements (BPA) and track, control, and monitor records of call?		
56. Does the system track, control, and monitor delivery orders against a contract limitation?		
57. Does the system record expenditures related to payments made through use of imprest funds, third-party drafts, and government credit cards?		

## Core Financial System Requirements

Funds management function	Yes/no NA	Explanation
58. Does the system record expenditures claimed against advance payments made, such as travel advances, contract advances, and grants?		
<b>Funds control process – analysis</b>		
59. Does the system maintain current information on commitments and obligations according to the classification structure on a fund by fund basis?		
60. Does the system track the use of funds against operating or financial plans?		
61. Does the system report plan compared to actual data at the level of the operating plans?		
62. Does the system summarize, compare, and report the operating plans to the appropriate level of funds control?		
63. Does the system produce detailed lists and summary reports by the defined level of funds control for those documents that represent commitments, undelivered orders, and expenditures?		
64. Does the system provide control features that ensure that the amounts reflected in the fund control structure agree with the U.S. SGL account balances at the end of each update cycle?		

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## Core Financial System Requirements

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Funds management function	Yes/no NA	Explanation
65. Does the system maintain historical data on all commitment, undelivered order, payable, and payment transactions?		
66. Does the system maintain open documents to show the status of commitments, undelivered orders, accruals, and disbursements by document line item?		

## Core Financial System Requirements

Payment management function	Yes/no NA	Explanation
<b>Payee information maintenance process</b>  1. Does the system maintain payee information that includes data to support obligation, accounts payable, and disbursement processes?		
2. Does the system support payments made to third parties that act as agents for the payee?		
3. Does the system maintain information needed to support Internal Revenue Service (IRS) 1099 and W-2 reporting, including TIN and payee type (e.g., sole proprietorship, partnership, and corporation)?		
4. Does the system maintain 1099 information for the principal party rather than the agent in cases where a third party acting as agent receives the payment?		
5. Does the system provide the capability to identify payees who receive 1099s, including 1099Cs?		
6. Does the system allow multiple payment addresses and/or bank information for a single payee?		
7. Does the system provide a search capability for payee information?		
8. Does the system produce payee lists based on agency-defined criteria, e.g., payee name and number?		

## Core Financial System Requirements

Payment management function	Yes/no NA	Explanation
<p><b>Payment warehousing process</b></p> <p>9. Does the system warehouse and schedule payments in accordance with applicable regulations, for example, OMB Circular A-125?</p>		
<p>10. Does the system provide the capability to capture, store, and process appropriate invoice information, including: invoice number, invoice amount, obligating document references, vendor number, payee name and address, discount terms, invoice amount, invoice date, and invoice receipt date in accordance with Treasury standards and as necessary to satisfy requirements of the Prompt Payment Act?</p>		
<p>11. Does the system record an accrued liability upon receipt and acceptance of goods and services and properly identify them as capital asset, expense, prepaid expense, or construction?</p>		
<p>12. Record invoices through keyboard entry by a user and through an electronic interface with vendors in an electronic commerce arrangement?</p>		
<p>13. Does the system access previously entered information and/or record additional information necessary to automatically determine the due date and amount of vendor payments in accordance with OMB Circular A-125, based on</p>		

## Core Financial System Requirements

Payment management function	Yes/no NA	Explanation
<p>invoices, receiving reports, and contracts or purchase orders? Due date determination should take into account special situations, such as contract provisions specifying nonstandard acceptance periods; laws specifying payment terms for certain commodities, such as meat or dairy products; failure to return a defective invoice promptly; and others specified in OMB Circular A-125.</p>		
<p>14. Does the system provide the capability of splitting an invoice into multiple payments on the appropriate due dates when items on the invoice have different due dates?</p>		
<p>15. Does the system record discount terms and automatically determine whether taking the discount is economically justified as defined in the <u>Treasury Financial Manual</u>, Volume I, section 6-8040?</p>		
<p>16. Does the system record additional shipping and other charges to adjust the payment amount, if they are authorized?</p>		
<p>17. Does the system adjust the asset or expense recorded with the liability if the authorized payment (based on the invoice) is different from the amount accrued (based upon receipt and acceptance) using contract information and any increase is within agency tolerances?</p>		



## Core Financial System Requirements

Payment management function	Yes/no NA	Explanation
18. Does the system also automatically adjust the obligation amount and edit for funds availability to cover increases?		
19. Does the system automatically update the funds control and budget execution balances to reflect changes in the status of undelivered orders and expended appropriations, as well as changes in amounts?		
20. Does the system establish payables and make payments on behalf of another agency, citing the other agency's funding information?		
21. Does the system allow obligating documents to be reopened by authorized staff after final payment has been made?		
22. Does the system allow changes to payment schedules by authorized staff prior to submission to the disbursing office?		
23. Does the system process credit memoranda for returned goods or other adjustments?		
24. Does the system apply the credit to the specific obligation that resulted in the credit, reducing the expense attributed to that obligation?		
25. Does the system maintain the balance of the credit for application against a future		

## Core Financial System Requirements

Payment management function	Yes/no NA	Explanation
payment if a credit is not fully liquidated by one payment?		
26. Does the system create the appropriate notice to the vendor that a credit has been applied to the affected payment?		
27. Does the system reestablish payables for voided checks or checks or Electronic Funds Transfers (EFT) that have been returned but have not been negotiated, and allow for reversing the accounting transaction leading to the disbursement and reestablishing a payable, as appropriate?		
28. Does the system record obligations, expenses, assets, etc., associated with payments made through use of imprest funds, third party drafts, and government credit cards?		
29. Does the system establish payables to replenish the imprest fund or pay the financial institution handling the third party drafts and credit cards?		
30. Does the system schedule payments of advances, prepaid expenses, loans, grants, etc., with the appropriate accounting entries for each?		
31. Does the system record expenses, assets, etc., based upon performance funded by advances, prepaid expenses, and grants and make the appropriate liquidations?		

## Core Financial System Requirements

Payment management function	Yes/no NA	Explanation
32. Does the system automatically update funds control balances to reflect obligation changes?		
33. Does the system provide the capability to support capture, storage, and processing of invoices received in electronic format through an electronic commerce arrangement or from another system?		
34. Does the system allow for compliance at the data level, with existing Treasury standards dictating format and length for certain invoice fields?		
35. Does the system adjust the obligation based on final invoice/payment tolerance percentage and amount authorized, provided the amount is within the funds limitations and checks?		
<b>Payment execution process</b> 36. Does the system automatically identify and select payments to be disbursed in a particular payment cycle based on their due dates?		
37. Does the system provide a function for review and certification by an authorized certifying officer?		
38. Does the system allow specific payments selected for disbursement to be excluded from the payment cycle and held for later payment?		

## Core Financial System Requirements

Payment management function	Yes/no NA	Explanation
39. Does the system automatically compute amounts to be disbursed, including discounts, withholdings, interest, or penalties, in accordance with applicable regulations?		
40. Does the system generate the appropriate transactions to reflect the above deductions and additions?		
41. Does the system automatically include on each payment relevant identification information (e.g., invoice number, obligating document number, and interest penalty amount and calculations)?		
42. Does the system collect information on discounts taken, discounts lost, and interest penalties to comply with current applicable prompt payment information tracking requirements?		
43. Does the system calculate totals by appropriation symbol for inclusion on the payment schedule, except unidentified appropriations?		
44. Does the system provide for various forms of payment to be used, i.e., check or electronic funds transfer (e.g., Automated Clearing House (ACH), wire)?		
45. Does the system provide the capability to capture, store, and process information related to supporting the creation/ generation of EFT payments		

## Core Financial System Requirements

Payment management function	Yes/no NA	Explanation
(ACH or wire) in accordance with Treasury standards, including American Banking Association (ABA) routing number, recipient bank account number, and account type?		
46. Does the system support Treasury-specific standards for format of check and EFT payment requests?		
47. Does the system allow for consolidation of multiple payments to a single payee, up to the Treasury Financial Manual (TFM)-prescribed limitation in order for the disbursing office to produce one check or EFT and itemize all payments covered by the one check or EFT?		
48. Does the system allow for separate checks to a payee in specific instances where needed?		
49. Does the system allow a payment request to be removed from the automated scheduling stream and to be scheduled as a manual payment by an authorized official?		
50. Does the system provide the capability to schedule and make payments in various forms (e.g., ACH, SF-1166) as required by an agency's disbursing offices, including physical media (e.g., tape, electronic transfer)?		
51. Does the system prepare reports to Treasury on disbursements		

## Core Financial System Requirements

Payment management function	Yes/no NA	Explanation
made by an agency with its own disbursing authority?		
52. Does the system process transactions resulting from payments made using other systems, such as payroll?		
53. Does the system record disbursements, assets, expenses, obligations, or other accounts as appropriate, but does not schedule a payment through the core financial system if the payment has already been made by the other system?		
54. Does the system support the receipt of bills from other federal agencies, and their payment through central electronic systems?		
55. Does the system record payments made by another entity, such as a finance center, on behalf of the agency using agency funds?		
56. Does the system allow for cancellation of an entire payment schedule or a single payment within a payment schedule after payments are scheduled and prior to actual disbursement by Treasury?		
57. Does the system flag payment transactions that will disburse a fund into a negative cash position? Reimbursable work can result in this type of transaction with appropriate authority.		

## Core Financial System Requirements

Payment management function	Yes/no NA	Explanation
<p><b>Payment confirmation and follow-up process</b></p> <p>58. Does the system provide information about each payment to reflect the stage of the scheduling process that the payment has reached and the date each step was reached for the following processing steps:</p> <ul style="list-style-type: none"> <li>• payment scheduled</li> <li>• schedule sent to appropriate disbursing office</li> <li>• payment issued by appropriate disbursing office?</li> </ul>		
<p>59. Does the system provide for the comparison of the agency's payment schedule and disbursing office's accomplished payment schedule?</p>		
<p>60. Does the system update payment information when confirmation is received from the disbursing office, including the paid schedule number, check numbers or trace numbers, and date, amount of payment, and payment method (check or EFT)?</p>		
<p>61. Does the system maintain a history of every payment by the core financial system, including authorizing document number, payment schedule number, payment date, invoice number, vendor number, vendor name, payment address, appropriation charged, and prompt payment information?</p>		

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## Core Financial System Requirements

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Payment management function	Yes/no NA	Explanation
62. Does the system provide on-line access to vendor and payment information?		
63. Does the system provide on-line access to open documents based on agency selection criteria, e.g., document number?		
64. Does the system produce IRS 1099s in IRS acceptable form (hard copy or magnetic tape)?		
65. Does the system produce the SF-224, Statement of Transactions?		
66. Does the system produce supporting information needed to prepare the prompt payment report in accordance with requirements in OMB Circular A-125?		
67. Does the system automatically liquidate the related liability or the in-transit amount when payment confirmation updates the system?		



## Core Financial System Requirements

Receipt management function	Yes/no NA	Explanation
<p><b>Receivable establishment process</b></p> <p>1. Does the system support the calculation, generation, and posting of customer bills based upon billing source, event and/or time period, and type of claim in accordance with agency program requirements? Bases used for billing may include:</p> <ul style="list-style-type: none"> <li>• percentage of reimbursable obligations, accrued expenditures, or costs, using data recorded by the cost accumulation function;</li> <li>• fee schedules for goods or services provided;</li> <li>• duplicate payments;</li> <li>• erroneous payments; and</li> <li>• payment schedules or other agreements with other entities.</li> </ul>		
<p>2. Does the system record the establishment of receivables along with the corresponding revenues, expenditure reductions, or other offsets?</p>		
<p>3. Does the system support the establishment and tracking of receivables to be paid under installment plans, including plans for which payments have been rescheduled?</p>		
<p>4. Does the system print bills, accommodating the generation of standard forms, such as SF-1080s or SF-1081s, and turnaround documents to be</p>		

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## Core Financial System Requirements

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Receipt management function	Yes/no NA	Explanation
used as a remittance advice?		
5. Does the system allow customized text in generated billing documents?		
6. Does the system support bills and collections between federal agencies through the use of an electronic system, including recording collections and payments between agencies with supporting documentation?		
7. Does the system allow transactions related to manually prepared bills to be entered by authorized personnel?		
8. Does the system record adjustments to bills and post them to customer accounts?		
9. Does the system date the bills with the system-generated date or with the date supplied by an authorized user?		
10. Does the system print statements as well as bills?		
11. Does the system accept transactions that generate receivables from other systems in a standard format for entry into the core financial system?		
<b>Receivable management process</b>		
12. Does the system maintain detailed information by account (e.g., individual, employee, private sector organization, state or local government, or other federal agency) sufficient		

## Core Financial System Requirements

Receipt management function	Yes/no NA	Explanation
to provide audit trails and to support billing and research activities?		
13. Does the system maintain accounts for reimbursable orders and identify government and nongovernment accounts?		
14. Does the system update each account when billing documents are generated and collections are received?		
15. Does the system allow authorized personnel to add, modify, or delete nonfinancial account data?		
16. Does the system maintain data on individual receivables and referenced transactions supporting the receivables?		
17. Does the system provide on-line query capability to receivable and account information?		
18. Does the system provide information, on a summary basis and on individual receivables, on the age of receivables to allow for management and prioritization of collection activities?		
19. Does the system provide automatic calculation and assessment of interest, administrative charges, and penalty charges on overdue receivables?		
20. Does the system allow for the waiver of the above charges		

## Core Financial System Requirements

Receipt management function	Yes/no NA	Explanation
with appropriate authority?		
21. Does the system identify and report receivables that meet predetermined criteria for bad debt provisions or write-off?		
22. Does the system maintain data for receivables referred to other federal agencies and/or outside organizations for collections?		
23. Does the system record the write-off of delinquent or uncollectible receivables (including interest, penalties and administrative charges) and maintain data to monitor closed accounts?		
24. Does the system produce dunning (collection) letters for overdue receivables in accordance with Treasury requirements and existing legislation?		
25. Does the system provide authorized users with the ability to customize the dunning process parameters and dunning letter text?		
26. Does the system provide information to allow either manual or automated reporting of delinquent accounts to commercial credit bureaus and referral to collection agencies or other appropriate governmental organizations?		
27. Does the system maintain information needed to support IRS 1099Cs in the amounts of		

## Core Financial System Requirements

Receipt management function	Yes/no NA	Explanation
debts forgiven?		
28. Does the system maintain a history of billings and receipts for each receivable and account in accordance with agency requirements?		
29. Does the system match receipts to the appropriate receivables and update system balances?		
30. Does the system provide the ability to apply receipts to more than one receivable?		
31. Does the system update receivable balances document by document, classifying and posting against principal, interest, fees, etc., as required by OMB Circular A-129, <u>Managing Federal Credit Program</u> ?		
32. Does the system identify receivables that have been reduced by some means other than cash collections, such as waivers or write-offs?		
33. Does the system provide for reestablishment of a receivable for checks returned due to insufficient funds?		
34. Does the system provide the ability to uniquely record, classify, and report the status of reimbursable funds received and used by customers and, in addition, does this information agree with the standard account structure?		

## Core Financial System Requirements

Receipt management function	Yes/no NA	Explanation
<b>Collection process</b>		
35. Does the system record complete and partial receipts?		
36. Does the system record revenues, expenditure reductions, or other appropriate offsets associated with collections for which no receivable was previously established?		
37. Does the system record deposits and related debit vouchers for reconciliation to deposit confirmation information provided by Treasury or the banking system?		
38. Does the system provide for the processing of cash or credit card receipts against outstanding receivables?		
39. Does the system allow for offset of funds due to delinquent indebtedness through administrative offset, federal employee salary offset, and income tax refund offset?		
<b>Offsets</b>		
40. Does the system provide the ability to capture TIN data for the debtor and report overdue receivables with associated TIN data to Treasury for possible offset?		
41. Does the system comply with requirements of the Internal Revenue Service Tax Refund Offset Program and Treasury		

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## Core Financial System Requirements

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Receipt management function	Yes/no NA	Explanation
Offset Program requirements?		

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## Core Financial System Requirements

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Cost management function	Yes/no NA	Explanation
<b>Cost recognition process</b>		
1. Does the system provide the ability to post accruals to recognize costs? The cost of goods and services used, consumed, given away, lost, or destroyed must be recognized within the period of time the event occurred, regardless of when ordered, received, or paid for. Similarly, revenues must be recognized when earned.		
2. Does the system reduce asset balances, such as inventories and prepaid expenses, as the assets are used and expended?		
3. Does the system use the agency's accounting classification structure to identify information, such as fund, program, organization, project, activity, and cost center to support the cost accumulation and assignment processes?		
4. Does the system support managerial cost accounting by providing the capability to measure and report the costs of each segment's outputs?		
<b>Cost accumulation process</b>		
5. Does the system capture fees, royalties, rents, and other charges imposed by the agency for services and things of value it provides? These costs should be captured at the lowest level to reflect related actual costs		



## Core Financial System Requirements

Cost management function	Yes/no NA	Explanation
incurred by the agency in providing goods and services.		
<p>6. Does the system identify all costs incurred by the agency in support of activities of revolving funds, trust funds, or commercial functions, including the applicable portions of the related salaries and expense accounts identified with those activities?</p>		
<p>7. Does the system provide for a variety of information to support the managerial cost accounting decision-making process, the management of the agency, and external reporting? This will include</p> <ul style="list-style-type: none"> <li>• cost reports to be used in the analysis of programmatic activities,</li> <li>• schedules and operating statements in support of financial statement preparation and audit,</li> <li>• meaningful cost information needed to support performance measures,</li> <li>• ability to transfer cost information directly to and from other systems,</li> <li>• cost information for comparison to other program data to determine compliance with planned budgeted activities, and</li> <li>• support of the billing process by providing cost information to the receivable function for producing bills.</li> </ul>		

## Core Financial System Requirements

Cost management function	Yes/no NA	Explanation
<p><b>Cost distribution process</b></p> <p>8. Does the system provide for identifying costs based on the accounting classification structure?</p>		
<p>9. Does the system identify and record direct costs incurred, including input on costs from feeder systems, such as inventory, travel, or payroll?</p>		
<p>10. Does the system assign indirect costs to interim and final cost objects using a method consistent with agency cost accounting standards? Indirect costs will be assigned on a basis that best provides for a causal/beneficial relationship between the costs being distributed and the cost object receiving the cost. Indirect cost assignment may be based on total cost incurred, direct labor hours used, square footage, metered usage, or any other reasonable basis.</p>		
<p>11. Does the system allow for multilevel assignment and reassignment?</p>		
<p>12. Does the system support the use of historical data to conduct variance analysis, adjustment of rates, and disposition of variance by performing periodic assignments to adjust cost based on estimated rates to the actual costs incurred for the period?</p>		

## Core Financial System Requirements

Cost management function	Yes/no NA	Explanation
13. Does the system assign costs to entities or cost centers regardless of how they have originally been posted to the system (e.g., for financial statement presentation)?		
14. Does the system provide an audit trail that traces the transaction from the original cost pool to the final cost object?		
<b>Revolving fund process</b>		
15. Does the system provide the capability to support the use of revolving funds for working capital programs?		
16. Does the system provide the capability to create and track service-level agreements for customer projects, including the project or reimbursable agreement number, the client organization, and funding citation?		
17. Does the system provide the ability to link orders and expenses directly to a service - level agreement if appropriate?		
18. Does the system provide the capability to verify fund availability for service orders directly attributable to a particular customer of the revolving fund operation?		
19. Does the system provide the capability to support funding to the revolving fund through the use of advances or through		

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## Core Financial System Requirements

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Cost management function	Yes/no NA	Explanation
reimbursement?		
20. Does the system support assignment of costs incurred by the revolving fund through one of the following methods: direct assignment or indirect assignment?		
21. Does the system provide the capability to establish/use multiple assignment methods, such as fixed fee, square footage, full-time equivalent (FTE)?		
22. Does the system provide the capability to generate summary statements by revolving fund customer and/or project?		
23. Does the system provide the ability to bill customers based on appropriate fee structures?		

## Core Financial System Requirements

Reporting function	Yes/no NA	Explanation
<p><b>Access to information process</b></p> <p>1. Does the system allow for the information contained in the system to be queried to present specific detailed data as requested? This will include user-defined criteria to access data for open or closed accounting periods.</p>		
<p>2. Does the system present information resulting from system queries formatted to facilitate the understanding of the information by non-technical users, and unformatted for more technically proficient users?</p>		
<p>3. Does the system provide for the production of formatted reports? The system must allow for the reformatting of reports to present different sorts of the information, the presentation of only specific information in the format selected, the summarization of data, and the modification of report formats to tailor the reports to the specific requirements of the user.</p>		
<p>4. Does the system allow users to design reports and extract files for their specific requirements and to perform table look-ups and expansion of codes when needed to clarify the information contained within the reports?</p>		

## Core Financial System Requirements

Reporting function	Yes/no NA	Explanation
5. Does the system facilitate the analysis of information contained in the system by allowing analysts to obtain report information and the results of system queries in data files that can be transferred to other applications or analytical tools?		
6. Does the system provide for easy access to historical files for comparative, analytical, and trend information?		
7. Does the system have available the capability to perform a "Print Screen" on all user screens?		
<b>Financial reporting process</b>		
8. Does the system use financial data that can be traced directly to SGL accounts to produce reports providing financial information, whether used internally or externally?		
9. Does the system maintain accounting data to permit reporting in accordance with federal financial accounting standards issued by the Comptroller General and the Director of OMB, and with reporting requirements issued by the Director of OMB and the Secretary of the Treasury (Appendix C)?		
10. Does the system provide summarized data electronically to systems used by the agency for decision support and		

## Core Financial System Requirements

Reporting function	Yes/no NA	Explanation
provide for the preparation of financial statements from the SGL and by "line of business?"		
11. Does the system provide data in the format required, including electronic formats, to central agency systems used for summary financial reporting (e.g., FACTS, SF224, SF1219, SF 1220, SF133)?		
12. Does the system report events and transactions according to the accounting classification structure and within a given accounting period?		
13. Does the system maintain the financial information required for program performance, financial performance, and financial management performance measures needed for budgeting, program management, and financial statement presentation?		
14. Does the system produce, distribute, and provide access to formatted reports defined by agency management for the specific requirements of the agency?		
15. Does the system use the U.S. SGL mandated chart of accounts as the basis for preparing external reports or data transmissions to OMB and Treasury?		
16. Does the system provide the capability to electronically transmit the following reports to		

## Core Financial System Requirements

Reporting function	Yes/no NA	Explanation
Treasury: SF133, credit reports, year-end closing statements, and quarterly and annual FACTSI and FACTSII reports?		
<p>17. Does the system provide the ability to produce an on-line current status of funds report down to the lowest level of the organizational structure, including</p> <ul style="list-style-type: none"> <li>• annual budget (including revisions),</li> <li>• open commitments,</li> <li>• open obligations,</li> <li>• net payments/liquidated obligations, and</li> <li>• balance available?</li> </ul>		
<p><b>System monitoring process</b></p> <p>18. Is the overall operation of the system monitored to determine if operations are on schedule and all necessary operating steps have been completed successfully, and can it alert the system manager to malfunctions on a timely basis?</p>		
<p>19. Does the system provide system managers with system statistics to determine the functions and operations performed by specific users and reports generated or accessed?</p>		
<p>20. Does the system perform and report the result of data integrity verifications, such as reconciliation between reports produced and data sets within the system, and the results of validity, combination, and</p>		



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## Core Financial System Requirements

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Reporting function	Yes/no NA	Explanation
balancing edits?		
21. Does the system provide for sufficient audit trails to trace data errors and the result of various operations of the system?		

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