



DETAIL-LEVEL FUNCTIONAL REQUIREMENTS DOCUMENT

*HUD Integrated Financial Management Improvement
Project*

U. S. Department of Housing and Urban Development

August 9, 2005



The MIL Corporation

Revision Sheet

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FUNCTIONAL REQUIREMENTS DOCUMENT

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2.0 CURRENT SYSTEM SUMMARY

2.1.1.1 Ginnie Mae

These business processes pertain to the Ginnie Mae business area.

2.1.1.1.1 Accounts Payable (Expenditures)

This is the payment process used by Ginnie Mae to liquidate obligations such as default related and finance contracts. Ginnie Mae pays directly for the following types of expenditures; default related and finance contracts. The default related expenditures include advances to security holders, mortgage acquisition costs, and property management expenses. While the finance contract expenditures are to contractors who provide operational and program related support. All requests for payment are made directly to the Ginnie Mae Office of Finance.

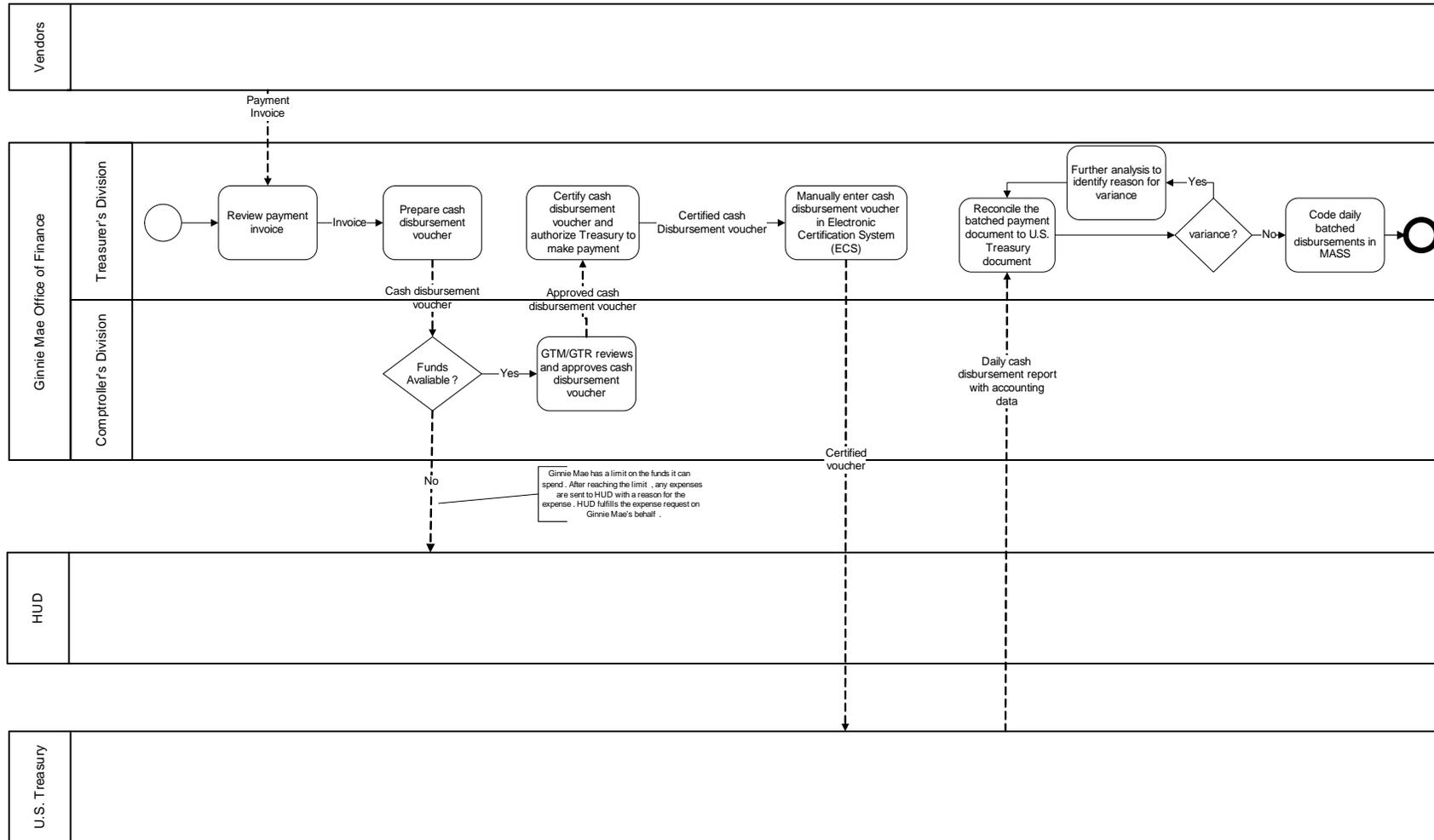
Payments for services received are certified electronically on an on-line Treasury Payment certification system, with payment being made from Treasury. For finance type contracts, the disbursements are entered directly into the Macola Accounting Software System (MASS). For subservicer expenditures, the disbursements are posted to the Default Management System (DMS), with the data being subsequently downloaded into MASS.

Table Error! No text of specified style in document.-1 Ginnie Mae Accounts Payable (Expenditures)

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Document requesting payment is submitted to Ginnie Mae Office of Finance	1.	Document is reviewed for appropriate form.		Office of Finance GTR	As often as required.
	2.	Disbursement voucher is prepared for approved invoice documents.		Office of Finance Comptroller	As often as required.

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	3.	Cash Disbursement voucher is sent to GTR for approval.		Office of Finance GTR	As often as required
	4.	Cash Disbursement voucher is certified by Finance Office for payment.		Comptroller's Division	As often as required
	5.	Voucher is keyed into U.S. Treasury ECS system and sent to Treasury for payment.	U.S. Treasury ECS system	Office of Finance	As often as required
	6.	U.S. Treasury issues payment for approved Cash Disbursement vouchers and sends Daily Cash Disbursement Report.		U.S. Treasury	As often as required
	7.	Ginnie Mae receives Daily Cash Disbursement Report form U.S. Treasury.		U.S. Treasury Office of Finance	As often as required
	8.	Reconciliation to treasury documentation from the batched payment documentation.		Office of Finance	As often as required
	9.	Daily batched disbursements are coded into Macola (MASS) general ledger.	Macola (MASS)	Office of Finance	As often as required

Diagram Error! No text of specified style in document.-1 Ginnie Mae Accounts Payable (Expenditures) Process



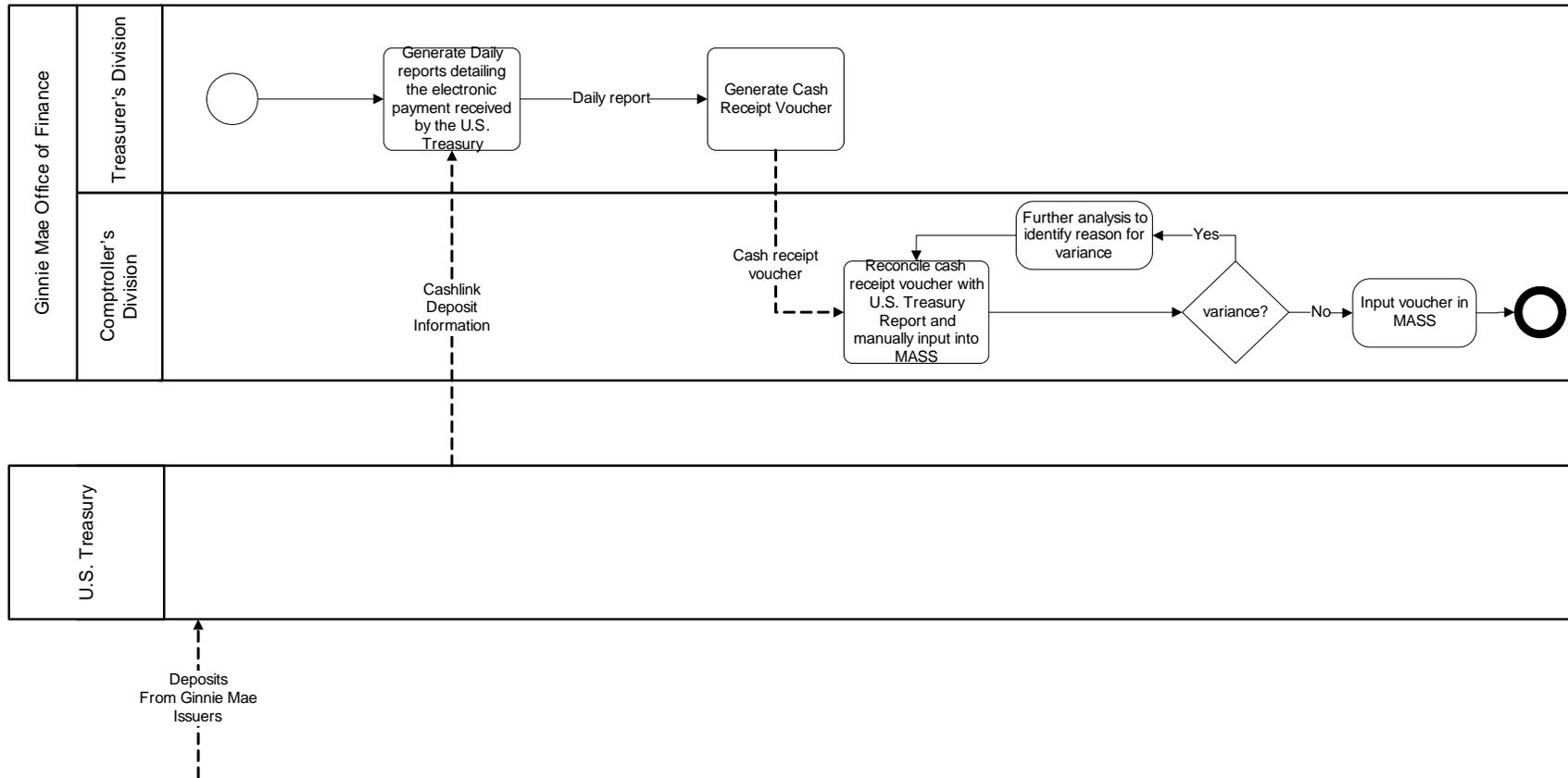
2.1.1.1.2 Accounts Receivable

This process explains how Ginnie Mae receives or accepts payments due from issuers on Ginnie Mae Mortgage Backed Securities (MBS) and interest earned on the U.S. Government Securities held by Ginnie Mae. The majority of cash received by Ginnie Mae is generated through various fees charged to issuers on Ginnie Mae's Mortgage Backed Securities (MBS) and the interest earned on the U.S. Governments Securities held by Ginnie Mae. Cash is handled electronically and managed through the U.S. Ca\$h Link System. Daily reports are generated by U.S. Ca\$h Link System in Ginnie Mae's Treasurer's Office, detailing the electronic payments received by the U.S. Treasury on Ginnie Mae's behalf. From these reports, Cash Receipt Vouchers are generated by the Treasurer's Office and forwarded to the Comptroller's Office for recording. They are reconciled to Treasury's daily report and manually input into the Macola Accounting Software System (MASS).

Table Error! No text of specified style in document.-2 Ginnie Mae Accounts Receivable

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Payment sent by Ginnie Mae issuers to Treasury	1.	U.S. Treasury receives and records deposits electronically to Ginnie Mae's Agency Location Code through the U.S. Ca\$h Link System.	U.S. Treasury Ca\$h Link System	U.S. Treasury	Daily
	2.	Daily reports are generated by U.S. Ca\$h Link System in Ginnie Mae's Treasures Office, detailing the electronic payments received by the U.S. Treasury.	U.S. Treasury Ca\$h Link System	Ginnie Mae Treasurer's Office	Daily
	3.	From Daily Reports, Cash Receipt Vouchers are generated by the Treasurer's office and forwarded to the Comptrollers Office for recording.		Treasurer's Office Comptroller's Office	Daily
	4.	The vouchers are reconciled to Treasury's daily report and manually input into the Macola Accounting Software System (MASS).	Macola (MASS)	Comptroller's Office	Daily

Diagram Error! No text of specified style in document.-2 Ginnie Mae Accounts Receivable Process



2.1.1.1.3 Cash Management

2.1.1.1.3.1 *Mortgage-Backed Securities*

Ginnie Mae provides investors with a guarantee of timely payment of the principal and interest on their investment. The Government National Mortgage Association (Ginnie Mae), through its Mortgage-Backed Securities (MBS) Programs, guarantees securities that are backed by pools of mortgages and issued by mortgage lenders approved by Ginnie Mae (issuers). Security holders receive a “pass-through” of the principal and interest payments on a pool of mortgages, less amounts required to cover servicing costs and Ginnie Mae guaranty fees. The Ginnie Mae guaranty assures the security holder of receiving the timely payment of scheduled monthly principal and unscheduled recoveries of principal on the underlying mortgages, plus interest at the rate provided for in the securities. If a borrower fails to make a timely payment on a mortgage, the issuer must use its own funds to ensure that the security holders receive timely payment. If an issuer fails to ensure that the funds necessary to make timely payment are available or otherwise defaults in the discharge of its responsibilities, Ginnie Mae in accordance with its guaranty will make payments to security holders.

2.1.1.1.4 Financial Reporting

2.1.1.1.4.1 SF 224 Statement of Transactions

This process explains how Ginnie Mae provides Treasury with a monthly statement of disbursements and collections initiated by them that affect funds held by Treasury. Cash Disbursements and cash receipts are reconciled monthly by the Controller’s Office at Ginnie Mae with the SF-224, Statement of Transactions. This report lists monthly disbursements and collections and details the cash balances in MASS. The SF-224 is downloaded and electronically submitted to the U.S. Treasury for reconciliation. Any differences in the account balances between Ginnie Mae and Treasury are noted on the SF-6653, Statement of Differences, produced by the Treasury. The Treasury submits the SF-6653 to Ginnie Mae and any differences noted on the report are investigated and resolved by Ginnie Mae.

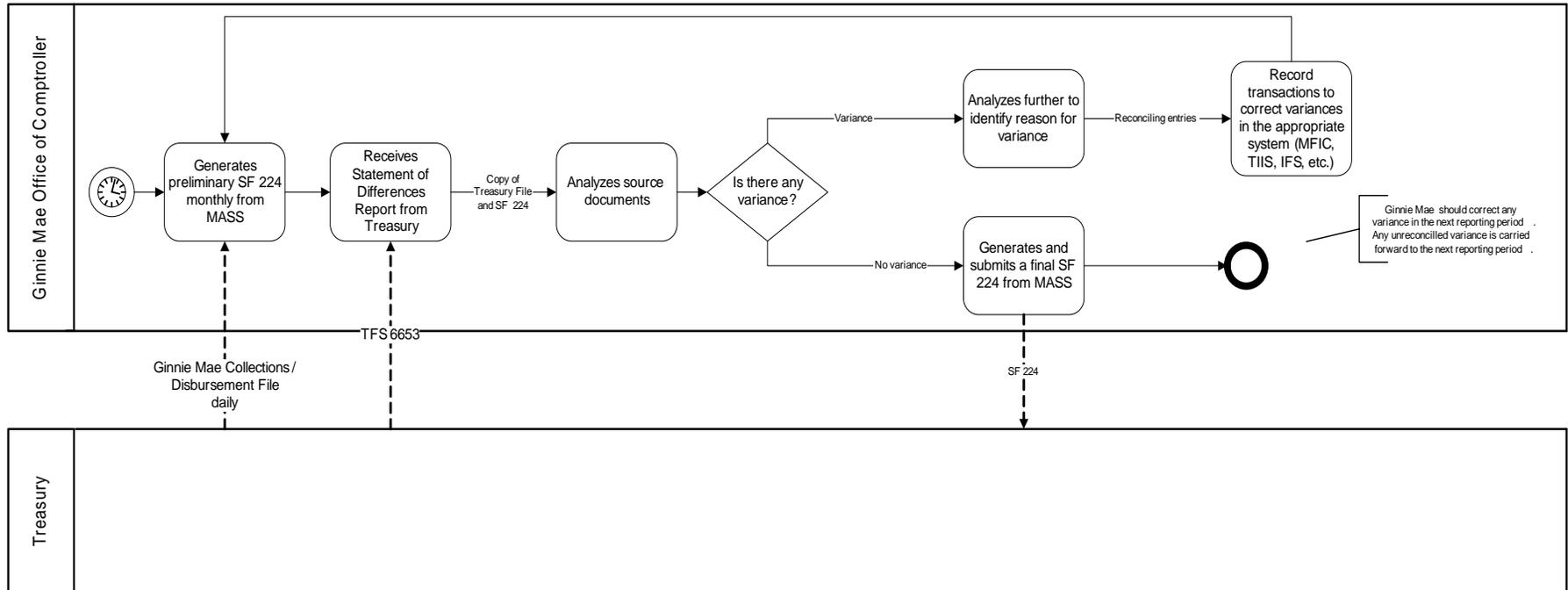
Table Error! No text of specified style in document.-3 Ginnie Mae SF 224 Statement of Transactions

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Federal Reporting requirements	1.	U.S. Treasury provides reports to Ginnie Mae monthly on data submitted by Ginnie Mae via the U.S. Treasury GOALS system.	Goals		Monthly
	2.	Disbursements and collections to various FMS Agency Location Codes are processed throughout the month. At month end, the SF 224 is prepared, reviewed and finalized prior to submitting to U.S. Treasury FMS via GOALS.	SF 224	Controller’s Office	Monthly
	3.	The Statement of Transactions (SF 224), is reconciled monthly. Differences between the SF 224 and disbursements and collections recorded by U.S. Treasury and reported back to U.S. Treasury must be tracked and reported back to the U.S. Treasury each month.	SF 224	Controller’s Office	Monthly
	4.	The U.S. Treasury requires the submittal of the SF 224 (The Statement of Transactions) among other files and reports for each ALC assigned to Ginnie Mae by U.S. Treasury FMS.	MASS SF 224	Controller’s Office	Monthly

2.0 Current System Summary

	5.	The U.S. Treasury receives the SF-224 and generates the SF-6653, Statement of Differences. Ginnie Mae dials in and directly downloads the SF-6653.	SF-6653 GOALS	Comptroller's Office	12 th day of each month
	6.	Controllers Office receives and reviews the Statement of Differences and reconciles any variances.	SF-6653	Controller's Office	Monthly

Diagram Error! No text of specified style in document.-3 Ginnie Mae SF 224 Statement of Transactions Reporting Process



2.1.1.1.4.2 *FACTS I, FACTS II, and Consolidated Financial Statement Reporting*

This process shows how Ginnie Mae reports to the Treasury on its budget execution and budgetary resources.

- FACTS I
- FACTS II
 - SF 133 Report on Budget Execution and Budgetary Resources
 - Program and Financing (P&F) Statement
 - FMS Form 2108 Year End Closing Statement
- Consolidated Financial Statements

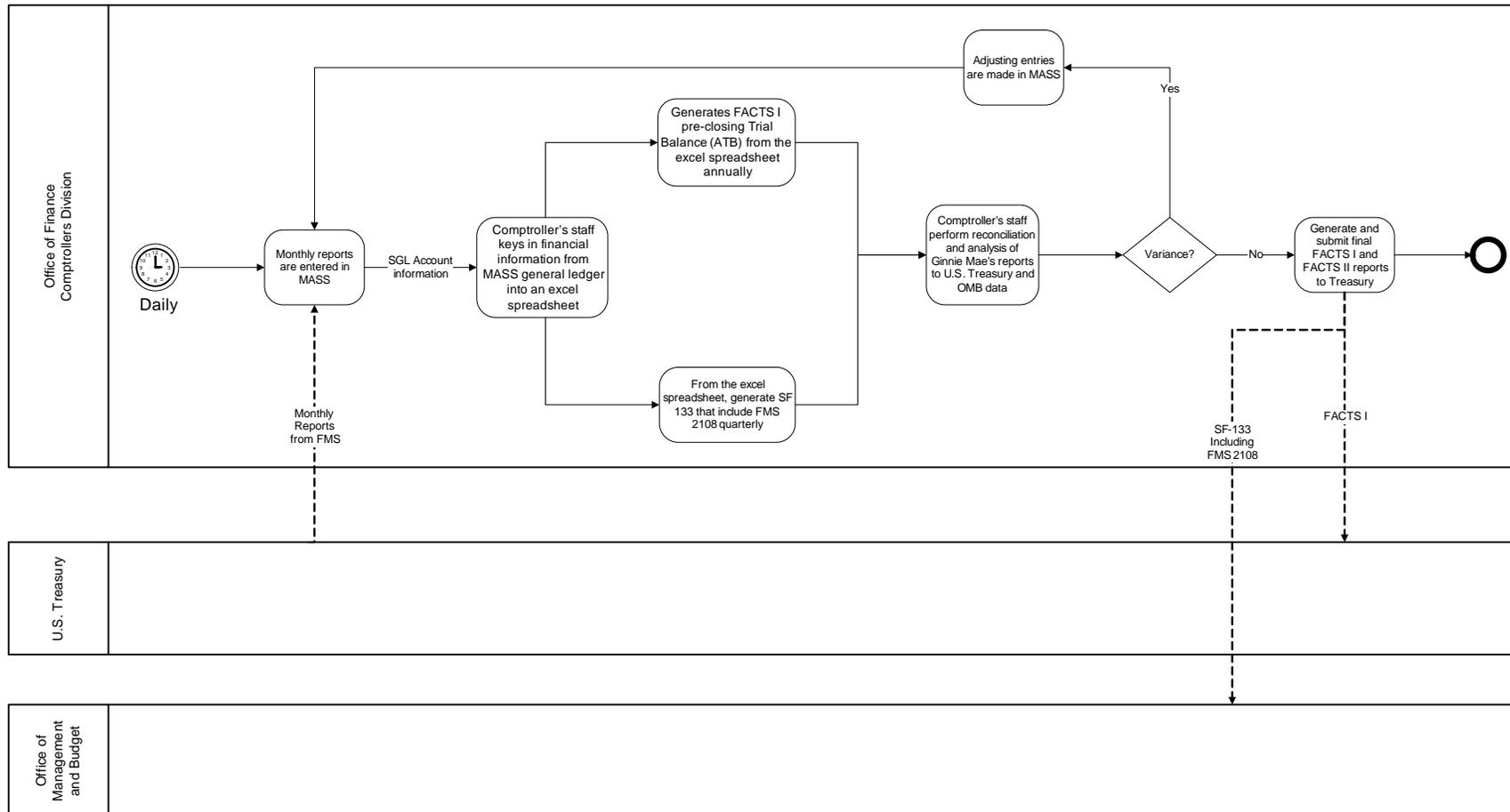
Table Error! No text of specified style in document.-4 Ginnie Mae FACTS I, FACTS II, and Consolidated Financial Statement Reporting

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Federal reporting requirements	1.	U.S. Treasury Processes Ginnie Mae’s accruals and disbursements activities; provides monthly reports to Ginnie Mae via U.S. Treasury’s FMS system and are then entered into Macola (MASS).	Macola (MASS)	Treasury Controller’s Office	Monthly
	2.	The Comptroller’s Office key in financial information from the general ledger into an excel spreadsheet in preparation for generating required Federal reports.		Comptroller’s Office	Monthly
	3.	The Office of the Comptroller prepares the following reports: FACTS I <ul style="list-style-type: none"> • FACTS I, Pre-closing Trial Balance (ATB) Other Reports <ul style="list-style-type: none"> • SF 133: Report on Budget Execution 	FACTS I	CFOAC	FACTS I Annually SF-133 and FMS

2.0 Current System Summary

		and Budgetary Resources - FMS Form 2108 Year End Closing Statement • Program and Financing (P&F) Statement.	SF133, P&F FMS 2108 GOALS		2108 done Quarterly
	4.	The Comptroller's Office verifies and reconciles Ginnie Mae's reports and data to Treasury's reports.		Controller's Office	Monthly
	5.	If necessary adjusting entries are made in Macola (MASS)	Macola (MASS)	Controller's Office	Monthly
	6.	FACTS I is submitted to U.S. Treasury and SF -133 is submitted to Office of Management and Budget (OMB).	GOALS	Controller's Office	

Diagram Error! No text of specified style in document.-4 Ginnie Mae FACTS I, FACTS II, and Consolidated Financial Statement Reporting Process



2.1.1.1.4.3 SF 1219/1220 (Statement of Accountability/Statement of Transactions)

This process explains how Ginnie Mae provides the U.S. Treasury with monthly statements of accountability and transactions associated with Ginnie Mae that affect their accounts with the U.S. Treasury. Ginnie Mae has direct disbursing authority and therefore submits an SF-1219/1220 as required by the U.S. Department of Treasury. The disbursement officer prepares and submits the SF-1219/1220 on a monthly basis. The SF-1220 shows a detail account classification of the disbursements and collections processed in Ginnie Mae’s disbursing officers’ accounts for the current accounting period. For every accounting period, the disbursing officer, of Ginnie Mae’s Office of Finance, consolidates collections, payments, adjustments, and other accounting transactions for all offices within Ginnie Mae.

Ginnie Mae uses the Statement of Accountability (SF-1219) to account for investments that affect its accounts with the U.S. Treasury. Ginnie Mae transmits the SF-1219 to the U.S. Treasury using the Government Online Accounting Link System (GOALS). The SF-1219 reflects accountability transactions that Ginnie Mae reports under 3-digit accountability codes.

Ginnie Mae uses the Statement of Transactions (SF-1220) to classify information according to appropriation, fund, and receipt accounts. The SF-1220 provides the U.S. Treasury with a monthly statement of payments and collections effected by Ginnie Mae since they do their own disbursements. The SF-1220 reflects account transactions reported under 2-digit transaction codes.

The SF -1219/1220 reports are treated as one report by the U.S. Treasury and therefore it is appropriate for Ginnie Mae to submit only the SF-1219; however, when Ginnie Mae submits an SF-1220, an SF-1219 accompanies it.

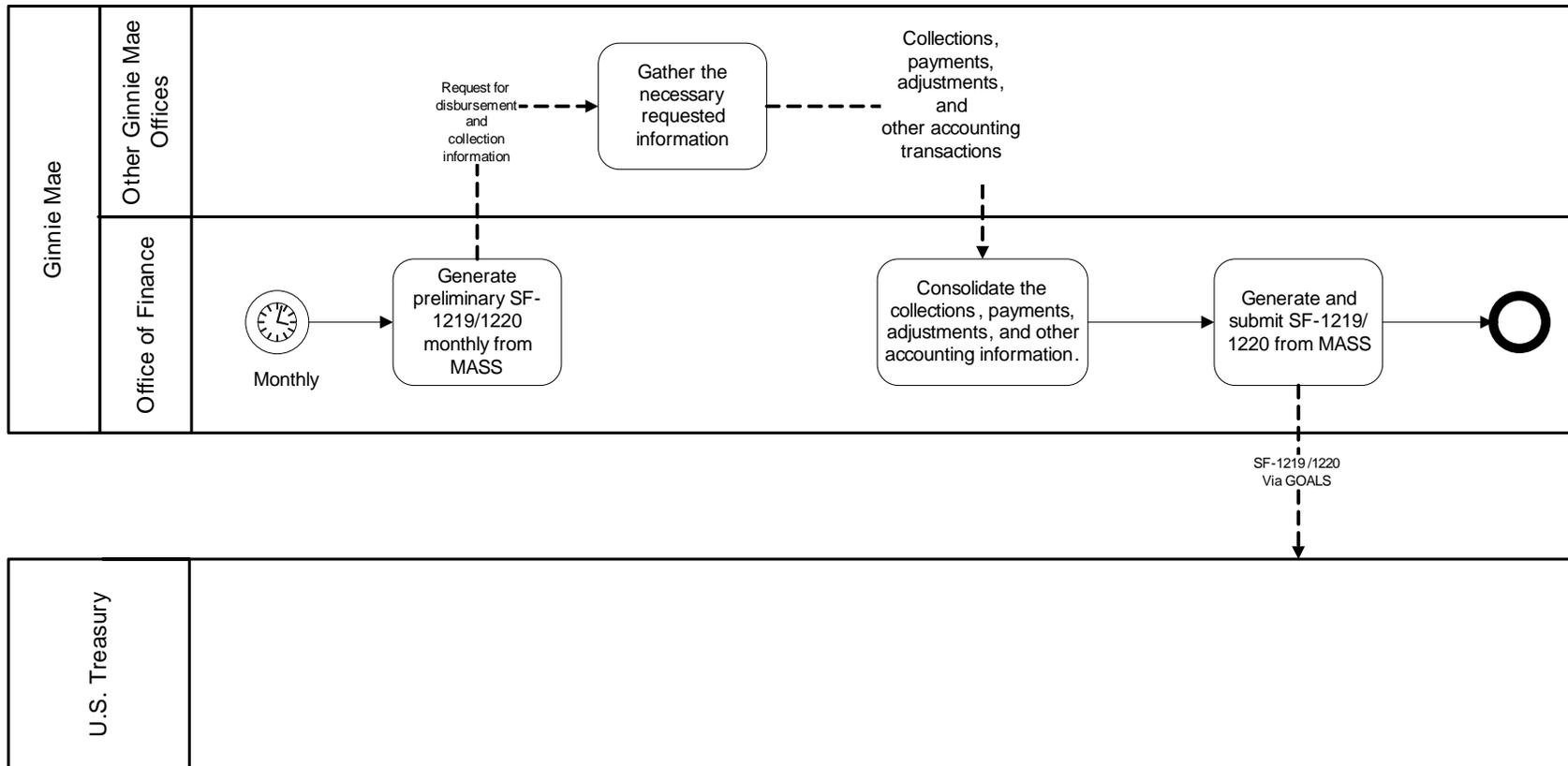
Table Error! No text of specified style in document.-5 Ginnie Mae SF 1219/1220 (Statement of Accountability/Statement of Transactions)

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Federal Reporting requirements	1.	Ginnie Mae’s Disbursement Officer at the Office of Finance makes a request for collections, payments, adjustments, and other accounting transactions from all offices within Ginnie Mae.	MASS	Disbursement Officer	Monthly
	2.	Disbursement Officer receives the requested information and generates the SF-1219/1220.	SF-1219/1220 Form	Disbursement Officer	Monthly

2.0 Current System Summary

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	3.	Submit the SF-1219/1220 to the U.S. Treasury	GOALS	Disbursement Officer	Monthly
	4.	Receive feedback from the U.S. Treasury confirming receipt of the submitted SF-1219/1220.	MASS SF-1219/1220	Disbursement Officer	Monthly

Diagram Error! No text of specified style in document.-5 Ginnie Mae SF 1219/1220 (Statement of Accountability/Statement of Transactions)



2.1.1.2 OFHEO

These business processes pertain to the OFHEO business area.

2.1.1.2.1 Funds Management

2.1.1.2.1.1 Budget Formulation

The budget formulation process is used by OFHEO to assemble budget estimates for the upcoming fiscal years. OFHEO uses an internally developed budget formulation system to collect information from program offices on resources required for the Fiscal Year. The Director sets priorities for the Fiscal Year and kicks off the budget formulation process through a budget call memo incorporating key milestones for review of the strategic plan and creation of the Performance Plan. Once the Performance Plan is drafted, the program offices estimate resource requirements. Program offices report their budget requests at a line item level using the internal system. The internal system is then used to consolidate the individual program offices’ budget requests into an OFHEO-wide budget.

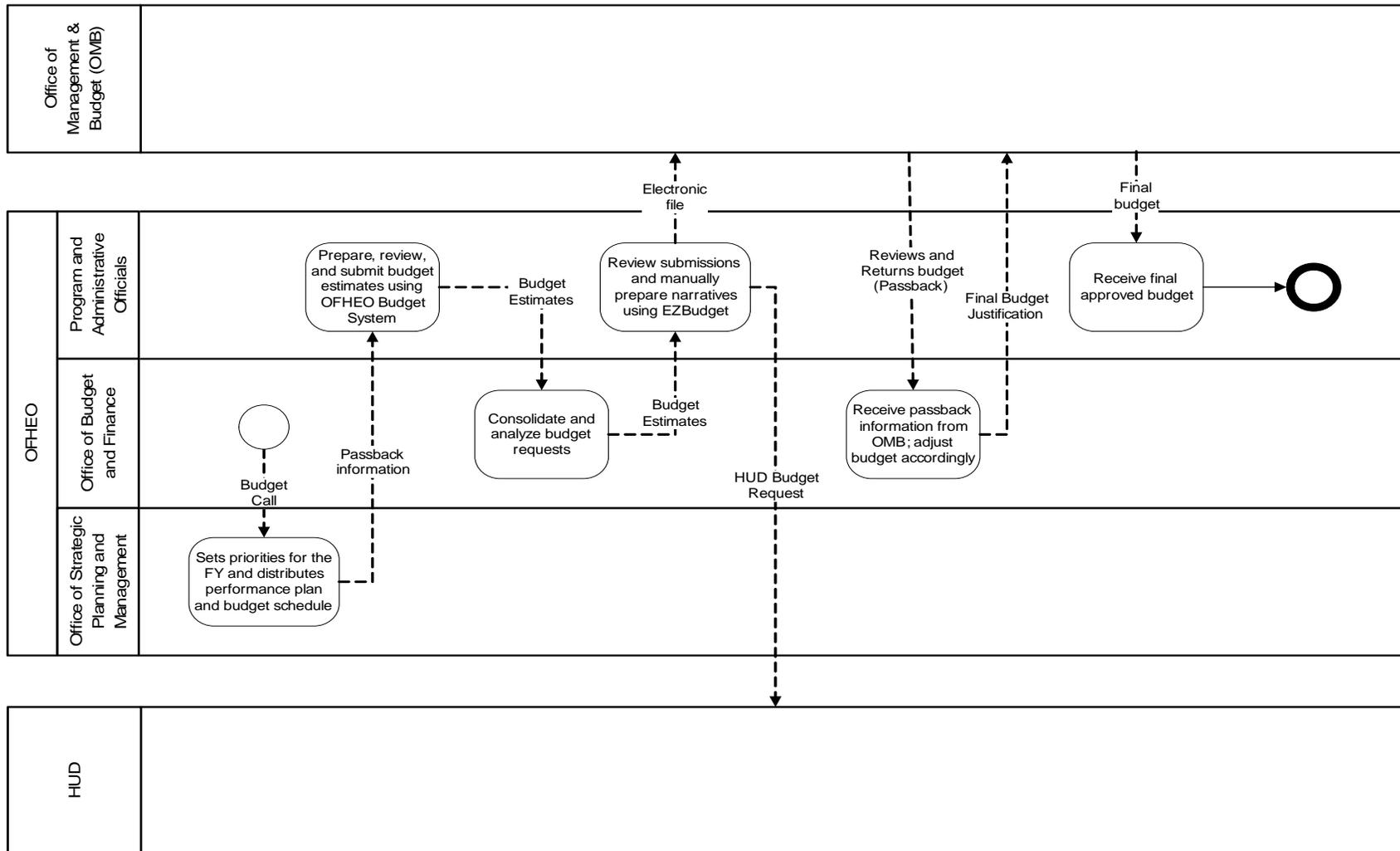
The Budget & Finance staff coordinates with program offices on their requests and brief the OFHEO Director on the specific components of the budget request and staffing and budgetary requirements. The Director provides direction based on the consolidated budget request and the Office’s goals. The Budget & Finance staff continues to coordinate with program offices and the Director in crafting a budget that meets the goals. Once the Director has approved the final budget request, Budget and Finance begin to update narrative budget justifications. The draft justification is circulated to all program managers for comment. Once the Director has approved the narrative budget justification, OFHEO may input the document into EZ Budget. At the same time, a copy of the budget material is provided to OMB for compliance review and submission to Congress.

Table Error! No text of specified style in document.-6 OFHEO Budget Formulation

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Budget Call	1.	OFHEO DIRECTOR sets priorities for fiscal year and distributes performance plan and budget schedule.		Office of Budget & Finance Office of Strategic Planning and Management	Annually

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	2.	Each program and administrative office submits its budget to the Budget Office where it is reviewed.	OFHEO Budget System	Program and Administrative Officials	At least annually
	3.	Consolidates budget requests into an OFHEO request and performs analysis on requests, resolves issues, and briefs Director. Revises budget until Director approves.	OFHEO Budget System	Office of Budget and Finance	At least annually
	4.	Prepares Narrative. Provides narrative for executive review and approval	EZBudget	Office of Budget and Finance	At least annually
	5.	Provides Final Budget Request to HUD and transmit electronic file to OMB	EZBudget	Office of Budget and Finance	Annually
OMB Passback	6.	Receives passback, discusses with OMB		Office of Budget and Finance	Annually
OMB Decision	7.	Recalculate budget to conform to President's budget, brief Director on options	OFHEO Budget System	Office of Finance and Budget	At least annually
OMB forwards final approved budget	8.	Submit final budget justification to Congress: <ul style="list-style-type: none"> • Goals and strategies • Financial performance • Financial management systems structure • Grants management • Capital Investments • IT Investments • Financial Management 	EZBudget	Office of Budget and Finance	

Diagram Error! No text of specified style in document.-6 OFHEO Budget Formulation Process



2.1.1.2.1.2 Budget Execution

Budget Execution as a business process of funds management supports the most detailed level of OFHEO’s funds control. It consists of essential activities that ensure OFHEO’s financial applications reflect use of its funds control systems. This process also tracks OFHEO’s budget authority and maintains the appropriate funding levels for the prior-year and current year authority.

Once the budget has been approved by the President and is law, OFHEO initializes the budget in FIMS (Financial Information Management System) at the agency-wide control level. OFHEO may distribute budget funding to program managers as approved by the Director, or the Director may manage the budget centrally with actual expenses recorded in cost centers. The Office of Budget and Finance coordinate with the Director and program offices in effecting budget execution.

The OFHEO Office of Budget and Finance prepares and transmits a SF132 to OMB for apportionment. The OFHEO Office of Budget and Finance prepares the annual assessment letters for the Enterprises and collects the first payment within a few days. The annual assessment may be made to the extent appropriated.

Based on the Director’s Delegation of Authority, approving officials may submit requisitions for goods and services through FIMS. The Associate Director of each program office must indicate whether the requested goods or services were budgeted in the approved budget. This impacts the electronic routing of the request. Funds control is embedded in FIMS to ensure that no requisitions may be processed unless funds are available. The Office of Budget and Finance reviews requisitions prior to final approval and validates budget information, provides reallocation information, and tracks and communicates decisions.

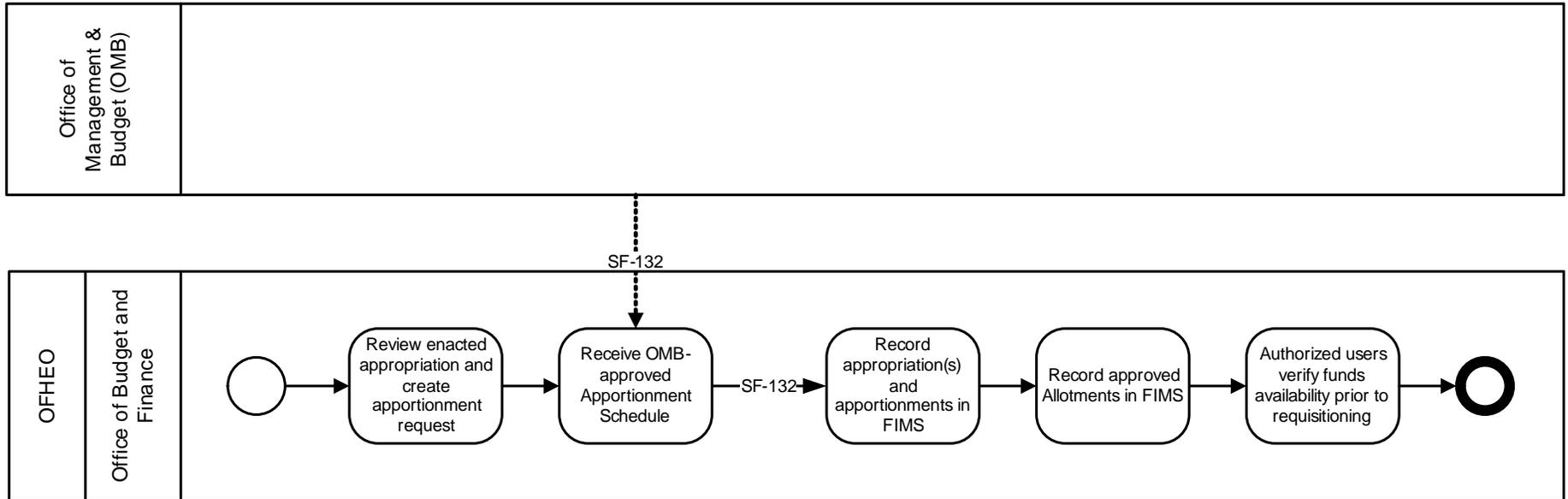
Table Error! No text of specified style in document.-7 OFHEO Budget Execution

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Enacted Appropriations	1.	OFHEO Office of Budget & Finance reviews the enacted appropriation act and develops apportionment form	Form SF-132	Office of Budget & Finance	Varied
	2.	Receipt of OMB approved Apportionment / Reapportionment Schedules (SF 132s)	SF 132	Office of Budget and Finance	At least annually.
	3.	Record SF 132s into FIMS. Below are example of the types of budget authority that OFHEO records: - apportionment line item (Category B)	SF 132	Office of Budget and Finance	At least annually.

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	4.	<p>Record the approved OFHEO Advice of Allotments into FIMS budget execution subsystem.</p> <p>Budgets are established in FIMS by entering the approved budgets for program offices. These documents define the amount of funds available at each budget level and they must be processed prior to any spending documents. Establishment of a new budget and budget changes involves a three-step process before funds are available for spending.</p> <p>Budget controls are effected in FIMS through a phased budget recording and automated approval system. Appropriate General Ledger accounts are updated as budget documents are entered and approved at levels approved by the OFHEO Director.</p>	OFHEO -FIMS	Office of Budget Finance	Annually with updates as needed during the Fiscal Year.
	5.	<p>Authorized users verify the availability of funds before requisitioning. Budget distribution controls are also established in FIMS for each appropriation or fund code which automatically restricts the processing of subordinate budget distribution documents to amounts authorized. The appropriation amount, or the amount established for each fund code, determines the overall amount authorized. Subsequent subordinate distributions are restricted to the amount of the next higher level, for example:</p> <ul style="list-style-type: none"> • apportionment of funds cannot exceed the amount appropriated or established for the fund code; • advice of allotments cannot exceed the amount established at the apportionment level; • distribution to program/object class cannot exceed the amount established at the allotment level; etc. 	FIMS	Approving Official	Daily

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		An error message is automatically generated when a subordinate budget distribution exceeds the amount of the next higher level and the transaction is rejected.			

Diagram Error! No text of specified style in document.-7 OFHEO Budget Execution Process



2.1.1.2.2 Purchasing (Commitments and Obligations)

2.1.1.2.2.1 Payroll

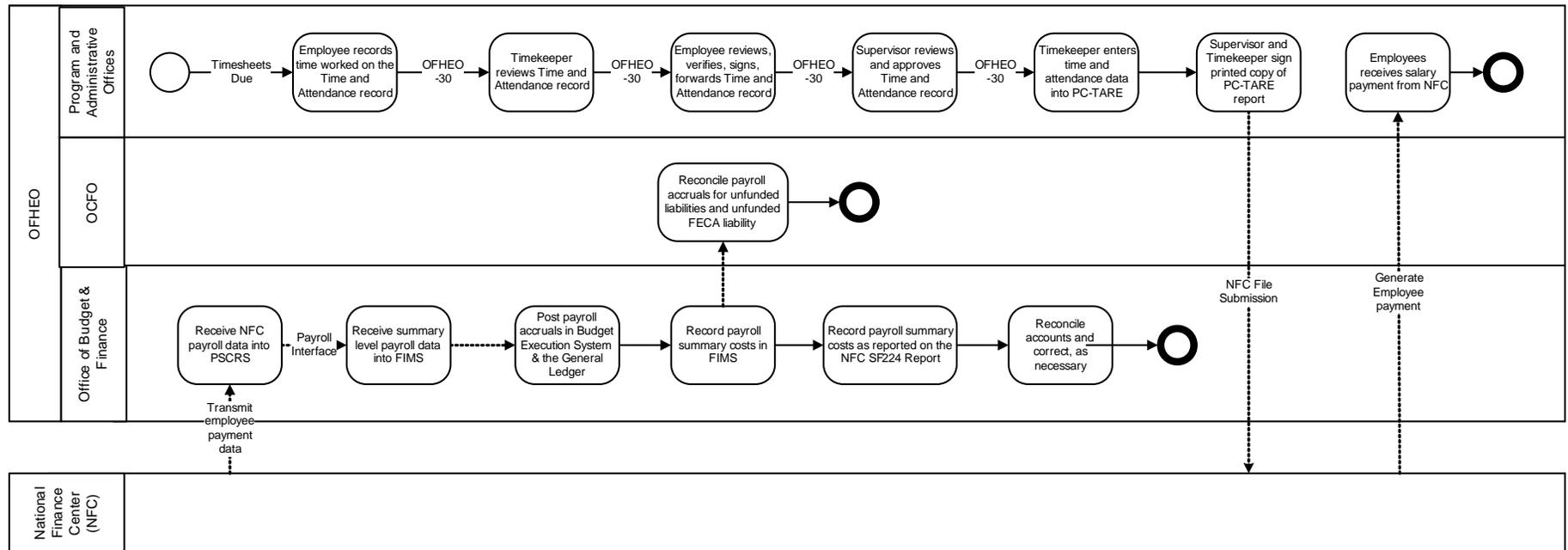
The Payroll process performs the entitlement determination and compensation activities for OFHEO employees. OFHEO uses the NFC as its payroll provider. During FY 2005, OFHEO will complete development of a FIMS module for automated time and attendance reporting. The target implementation date is October 1, 2005. This will include a direct link from the FIMS module to the NFC payroll systems for the reporting of time and attendance. OFHEO has developed an interface for the output of payroll accounting data and is testing it.

Table Error! No text of specified style in document.-8 OFHEO Payroll

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Employee completes Bi-weekly time report	1.	Employee records hours worked on the Time and Attendance Record, OFHEO Form 30 and route to Supervisor	OFHEO Form 30	Everyone	Bi-weekly
Supervisor approves timesheet	2.	The Supervisor reviews the Time and Attendance Record, for completeness and certifies the accuracy of entries.	OFHEO Form 30	Supervisor	Bi-weekly
Timekeeper Review	3.	Timekeeper supports employee and supervisor in ensuring that OFHEO Form 30 is correct.	OFHEO Form 30	Employee/ Supervisor	Bi-weekly
Data Input NFC system	4.	Timekeeper inputs data to reflect Form 30 information	NFC STAR	Timekeeper	Bi-weekly
Timekeeper certifies ready for transmittal	5.	The PC-TARE file is electronically submitted to NFC for payment.	NFC STAAR	Timekeeper	Bi-weekly
File transmitted to NFC	6.	Payroll Systems Specialist or Head Timekeeper transmit	NFC STAR	Office, Budget and Finance	Bi-weekly
NFC File Submission	7.	NFC makes payment to the employee. In some cases, the employee may owe OFHEO for a salary overpayment. If so, the overpayment amount is offset with the employee's salary amount.		NFC	Bi-weekly
Payment made by NFC	8.	NFC sends data back to OFHEO. Personal Service Cost Reporting System (PSCRS) transforms the payroll data from an 18-digit NFC code to a 7-digit FIMS organizational code. Once the translation is complete, the transaction is posted to the Budget Execution System and the General Ledger.	PSCRS	Office, Budget and Finance	Bi-weekly

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Accounting for payroll	9.	These transactions come in as standard voucher (SV) transactions. Data is processed at a summary level from PSCRS into FIMS. These transactions are summarized at the budget object code (BOC), organization, division, and fund level.	PSCRS FIMS	Office, Budget and Finance	Bi-weekly
Accounting for payroll	10.	Record payroll accruals for unfunded liabilities (annual leave) and unfunded FECA liability. The unfunded liability is recorded on an annual basis. The unfunded FECA liability is recorded on a monthly basis.	FIMS	OCFO	Annually / Monthly
Accounting for payroll	11.	Record the payroll costs as reported on the NFC SF224 Statement of Transactions Report. These costs are reported on the SF224 report as net disbursed amounts.	FIMS	Office of Budget and Finance	Monthly
Accounting for payroll	12.	Payroll account reconciliations are performed, and take corrective actions as necessary.	FIMS	Office of Budget and Finance	Bi-weekly

Diagram Error! No text of specified style in document.-8 OFHEO Payroll Process



2.1.1.2.2.2 Purchasing (Contracts)

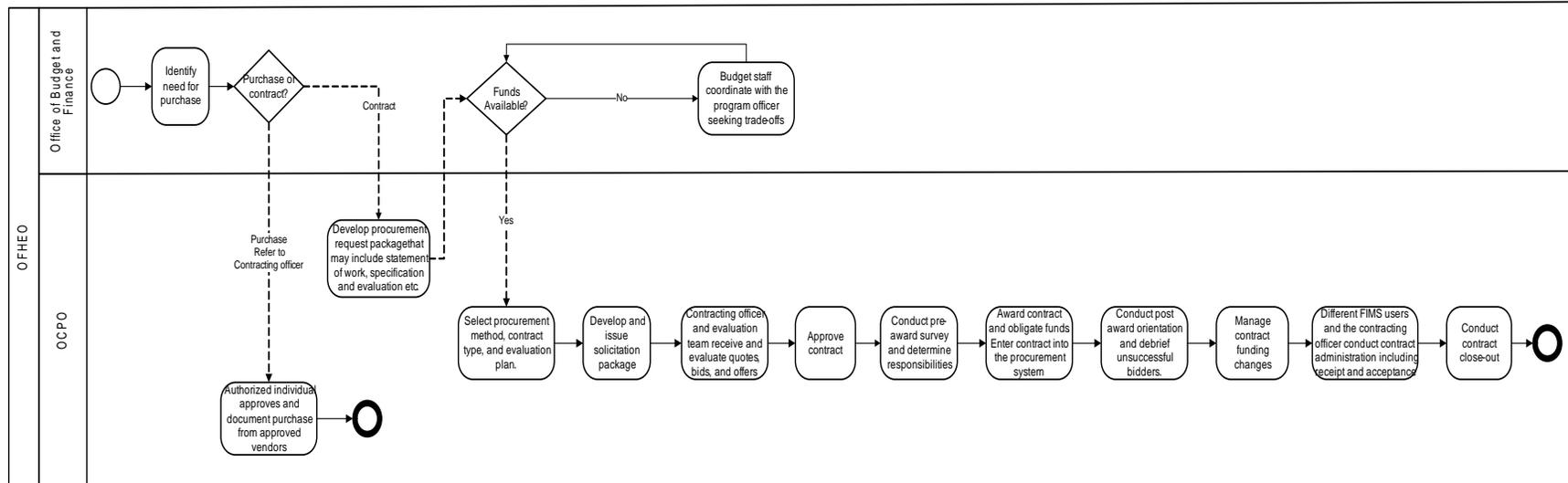
The Purchasing process for OFHEO includes Commitments, Contracts, and Obligations. OFHEO commits the funds for approved requisitions when the Office of Budget and Finance certifies funds available and assigns to a buyer (procurement). A requisition will not be forwarded to a buyer until funds are available. If the funds are not available, the Budget staff coordinates with the program officer seeking trade-offs. The commitments are electronically eliminated simultaneously with recording the order (obligation). OFHEO executes its purchase process with FIMS, which has a robust and on-line internal control process for fund management.

Table Error! No text of specified style in document.-9 OFHEO Purchasing (Contracts)

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Decision to procure an item	1.	OFHEO Office of Budget & Finance decides the type of purchase (Micro purchase using bank card or contract). [Micro purchase means acquisition of supplies or services using simplified acquisition procedures, the aggregate amount of which does not exceed the micro-purchase threshold of \$2500.00.]	FIMS Department of Commerce Bank Card System	Contracting Officer	
	2.	If not a micro purchase, develop procurement package that may include statement of work, purchase request, or specification and evaluation criteria.	FIMS or OA	Contracting Officer	
	3.	Check for funds availability. If funds are not available, the Budget staff coordinate with the program officer seeking trade-offs.	FIMS	Office of Budget Finance	
	4.	Select procurement method, contract type, and evaluation plan.		Contract Officer	
	5.	Develop and issue solicitation package.		Contracting Officer	
	6.	Receive and evaluate quotes, bids, and offers.		Contracting Officer and evaluation team.	
	7.	Approve purchase or contract.		Contracting	

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
				Officer	
	8.	Conduct pre-award survey and determine responsibilities.		Contracting Officer	
	9.	Award contract and obligate funds. Enter purchase order or Contract into the procurement system.		Contracting Officer	
	10.	Conduct post award orientation and debrief unsuccessful bidders.		Contracting Officer	
	11.	Manage contract funding changes.		Contracting Officer	
	12.	Conduct contract or purchase administration including receipt and acceptance.		Different FIMS users and Contracting Officer	
	13.	Conduct contract close out.		Contracting Officer	

Diagram Error! No text of specified style in document.-9 OFHEO Purchasing (Contracts) Process



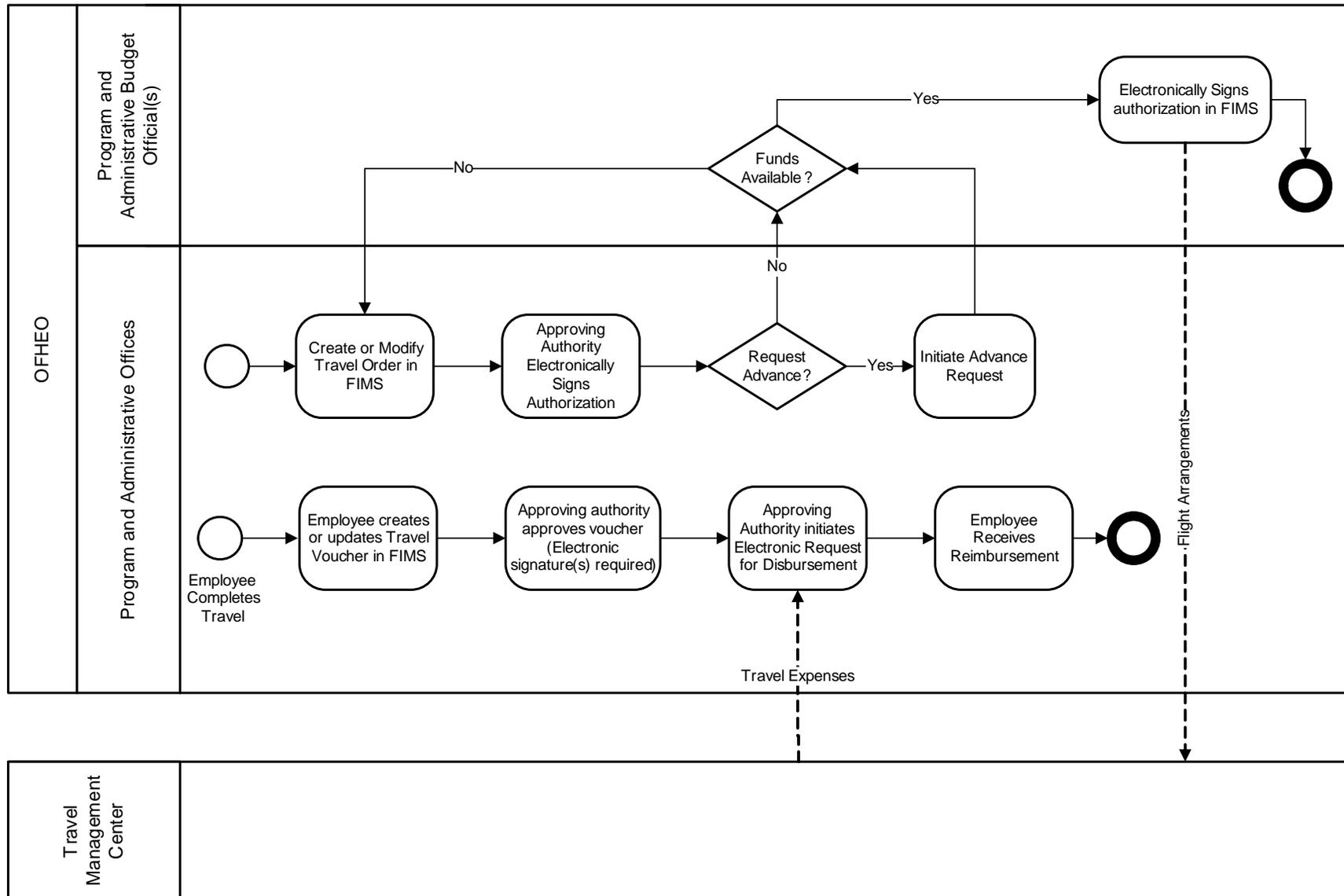
2.1.1.2.2.3 Travel

The Travel process describes the activities performed to initiate, execute, and reimburse OFHEO travel authorizations. OFHEO uses an electronic process to execute travel requests through FIMS. A travel order for an employee is authorized and approved by the delegated official in the employee's chain of command. FIMS processes the order and electronically routes it to the budget official for review, signing, and funding. The authorization is electronically e-mailed to the Travel Management Center that supports and electronically provides invoices to Office of Budget and Finance. OFHEO is continuing to seek information from eTravel service providers in order to evaluate the cost effectiveness of the implementation of eTravel. OFHEO expects to make a decision shortly about eTravel.

Table Error! No text of specified style in document.-10 OFHEO Travel

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Travel is authorized	1.	Travel Order is processed in FIMS and approved by the delegated officials in the employee's chain of command. Electronic routing is done by FIMS.	FIMS	Traveler or Administration Asst.	Upon demand
Approving Official Signature	2.	Budget official(s) reviews, signs, and funds certified travel authorization and general ledger is automatically updated for obligation. Authorization e-mailed to Travel Management Center.	FIMS	Budget Official(s)	Varied
Air Travel Required	3.	If traveler requires flight or other arrangements, Travel Management Center supports and electronically provides invoice to Office of Budget and Finance	OMEGA	Traveler	Varied
Travel has taken place	4.	Travel Voucher prepared and submitted electronically (electronic signature) and adds any explanatory notations on the voucher.	FIMS	Traveler or Administration Asst.	
Voucher completed	5.	Voucher is electronically routed to delegated approving officials for that employee's chain of command and electronic action is taken.	FIMS	Approving Officials	
Certification of Voucher for Payment	6.	Voucher is electronically routed for review and certification. Upon certification, the payment is generated in FIMS with General Ledger updates and included in daily extract to Treasury.	HTMS HUDCAPS	Office of Budget and Finance	

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2.1.1.2.3 Accounts Payable (Expenditures)

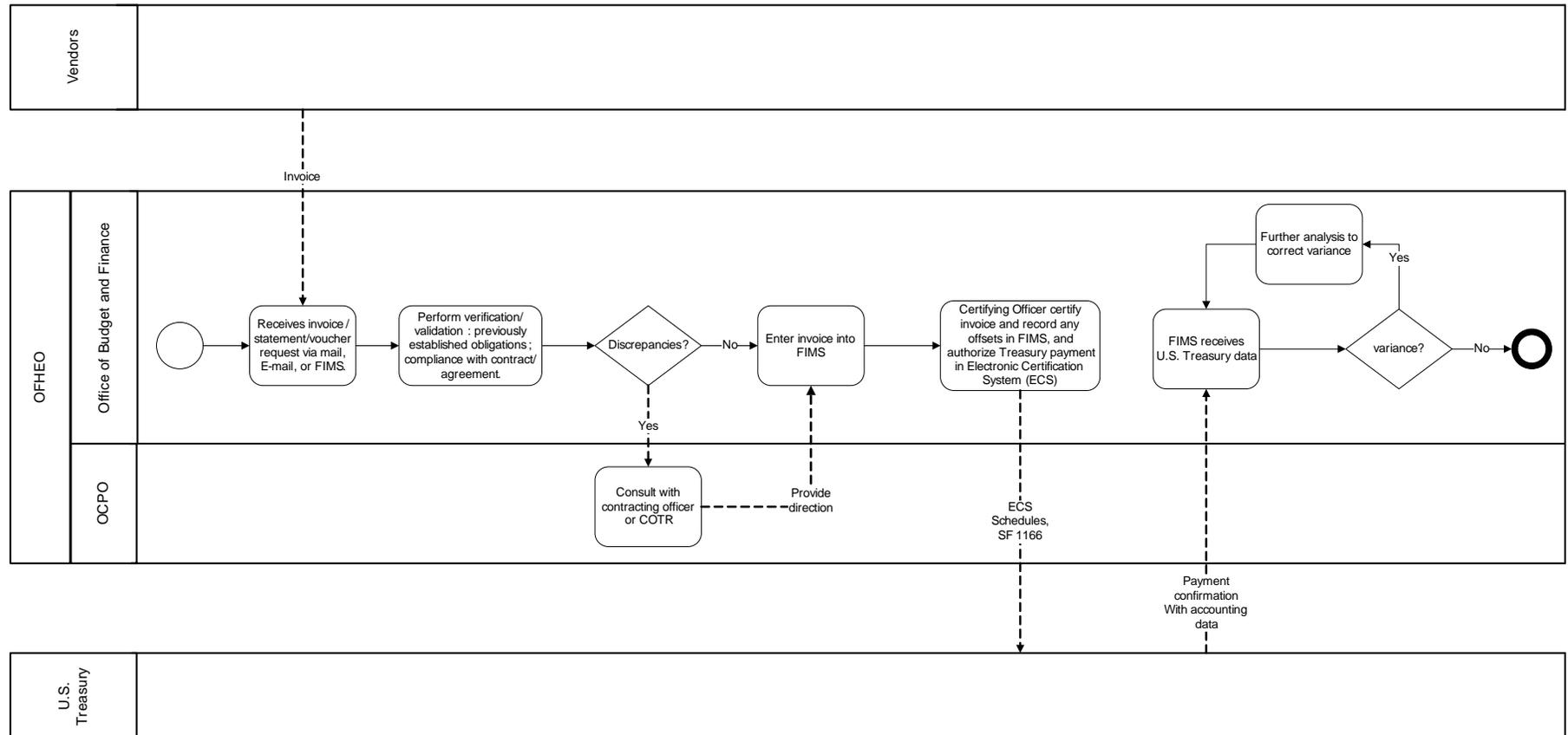
Accounts Payable arise because of the time lag between the receipt of services or title acquisition to assets and the payment for them. It supports activities used to establish an obligation of funds, create an accounts payable upon receipt of goods and services, and disburse funds. OFHEO receives an invoice and makes certain that funds are available to make the payment. The request is verified and validated to ensure compliance with the contract/agreement before moving the invoice to the appropriate payment location. The U.S. Department of Treasury is notified to make the approved payment and confirmation is sent to OFHEO via FIMS.

Table Error! No text of specified style in document.-11 OFHEO Accounts Payable (Expenditures)

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Invoice or voucher	1.	Receipt of invoice/statement/voucher request	Mail, E-mail FIMS	Office of Budget and Finance	
	2.	Verification/validation: funds check, previously established obligation; compliance with contract/agreement. Move to appropriate payment venue.	FIMS	Office of Budget and Finance with consultation from Contracting Officer or COTR	
	3.	Invoice/statement/Voucher Request <ul style="list-style-type: none"> • Bankcard • 3rd Party Contractors • Vendor invoices • Tickets for travel • Relocation 	FIMS	Office of Budget and Finance	As necessary
	4.	Approved vouchers/requests are entered. <ul style="list-style-type: none"> • Wages, salaries, retirement benefits • Inter-governmental agency payments • Travel • Vendor/Contractor invoices 	FIMS	Office of Budget and Finance	Varies Monthly
	5.	Notification of approval to pay (Certification by Certifying	SF 1166/FIMS	Office of Budget	Monthly

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		Officer) is sent to Treasury.		and Finance	
	6.	Treasury pays the request.	Automated Process: SF 1166, SF1164	U.S. Treasury	
	7.	Treasury returns a notification of payment to FIMS.	FIMS	U.S. Treasury	

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2.1.1.2.4 Accounts Receivable

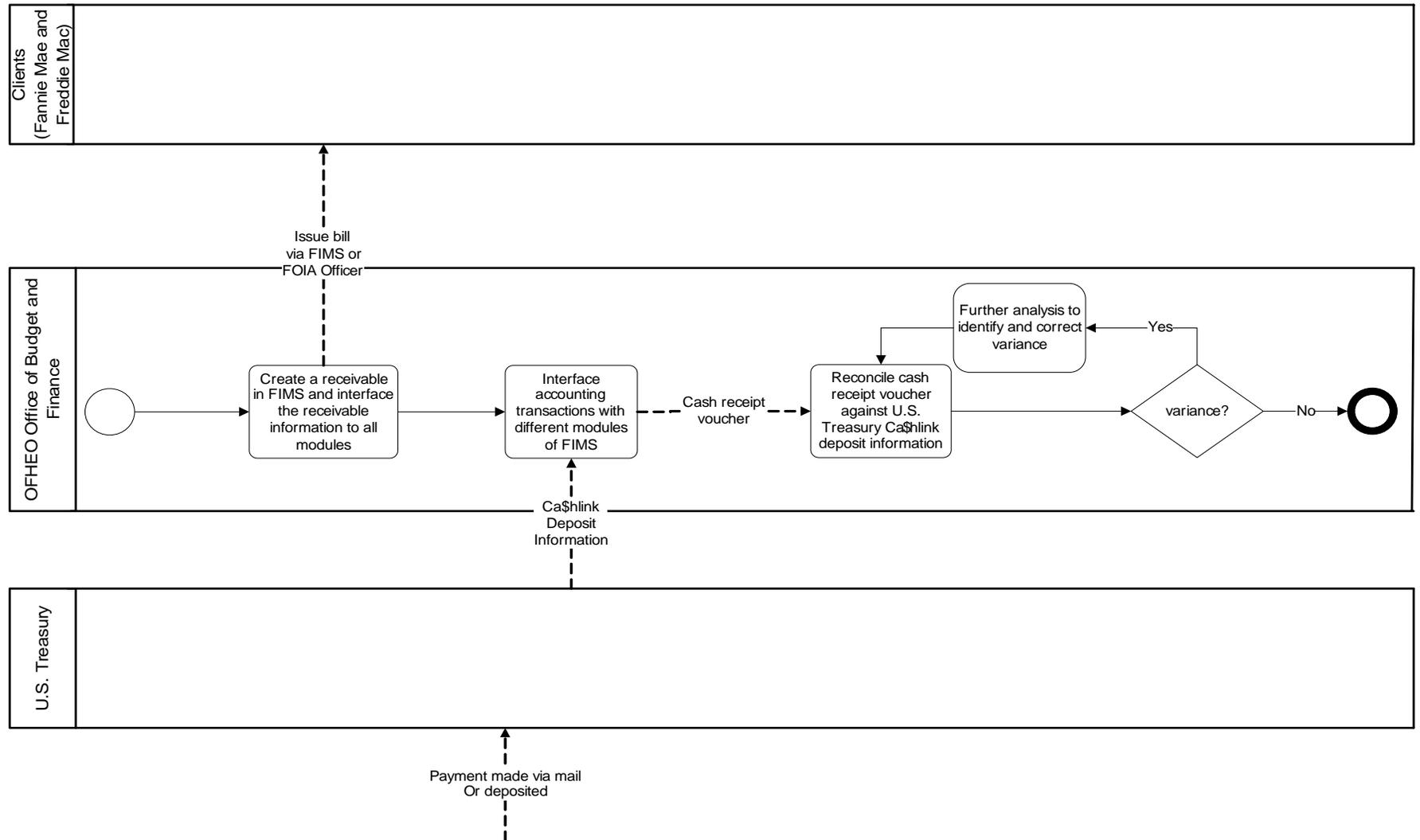
The Accounts Receivable process supports activities associated with the recognition of amounts owed to OFHEO on oversight services offered to Freddie Mac and Fannie Mae (The Enterprises). OFHEO establishes and records a receivable upon rendering oversight services to the Enterprises in FIMS. The Enterprises receive bills for the rendered services and make corresponding deposits with the U.S. Department of Treasury. The U.S. Department of Treasury provides OFHEO with the deposit information via its Ca\$hlink system for reconciliation and general ledger update.

Table Error! No text of specified style in document.-12 OFHEO Accounts Receivable

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
OFHEO issues bill to its clients	1.	A receivable is created in FIMS.	FIMS	Office of Budget and Finance	As required
	2.	Customers are issued a bill for their receivable amount (In some instances a bill may not be generated.)	FIMS or FOIA Officer	Office of Budget and Finance	Monthly
System interface	3.	Receivable information is interfaced to different modules of the FIMS.	FIMS	Office of Budget and Finance	Daily
	4.	A file from Treasury Ca\$hlink is downloaded to FIMS	FIMS Ca\$hlink	Office of Budget and Finance	Daily
System interface	5.	Accounting transactions are interfaced with different modules of the system.	FIMS	Office of Budget and Finance	Daily
Receipt of payment	6.	Payments may be received through the U.S. Mail and are deposited and recorded in FIMS.	FIMS	Office of Budget and Finance	
	7.	A reconciliation of the receipts posted in FIMS is performed against the Ca\$hlink file received from the U.S. Treasury.	FIMS	Office of Budget and Finance	Daily
	8.	Once all activity has been posted to the General Ledger, the	FIMS	Office of Budget	Monthly

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
		updated ledger is reconciled.		and Finance	

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2.1.1.2.5 Asset Management

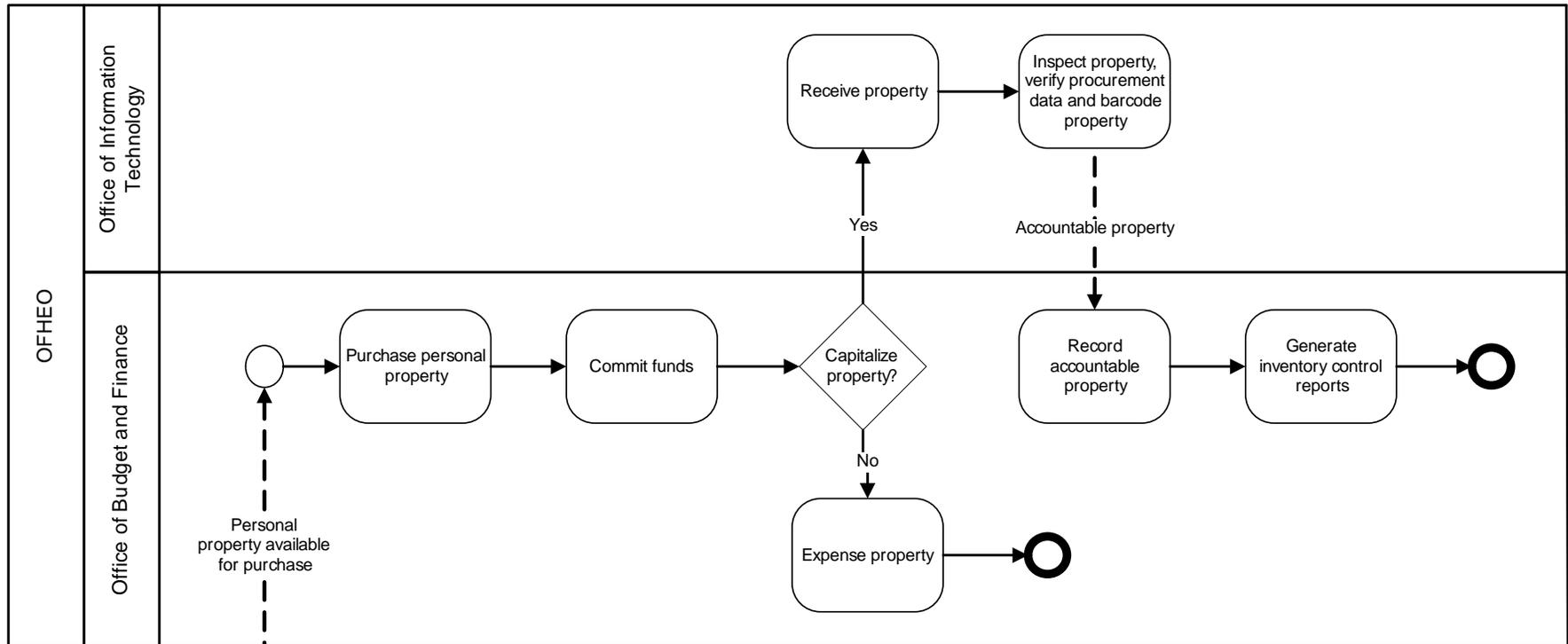
2.1.1.2.5.1 Property, Plant and Equipment Acquisition

OFHEO acquires Personal Property and Equipment (PP&E) for its use by paying for and retaining ownership of the property. The process includes purchasing, deciding whether or not to capitalize, receiving and inventory, generating inventory control reports, and accounting for the property. The Federal Acquisition Regulation (FAR) is used by OFHEO to perform its PP&E acquisition via the iProcurement module of FIMS.

Table Error! No text of specified style in document.-13 OFHEO Property, Plant and Equipment Acquisition

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Purchase personal property	1.	At the time of funds commitment, a determination is made about whether the property should be capitalized under OFHEO capitalization policies	FIMS – iProcurement module	Office of Budget and Finance	Funds Commitment
Receive and inventory property	2.	At receiving point, inspect property, verify procurement data, barcode property and enter into FIMS.	FIMS	Office of Finance and Budget and/or Office of Information Technology	Point of delivery
Reporting requirements	3.	Reports are generated for inventory control reconciliation.	FIMS – iProcurement module	Office of Budget and Finance	As needed
Accounting for property	4.	Property is coded from the beginning of the purchase request for capitalization and is automatically accounted for in FIMS. Non-capitalized property is expensed. Accountable property is maintained on inventory in FIMS.	FIMS	Office of Budget and Finance	As appropriate

Diagram Error! No text of specified style in document.-13 OFHEO Property, Plant and Equipment Acquisition Process



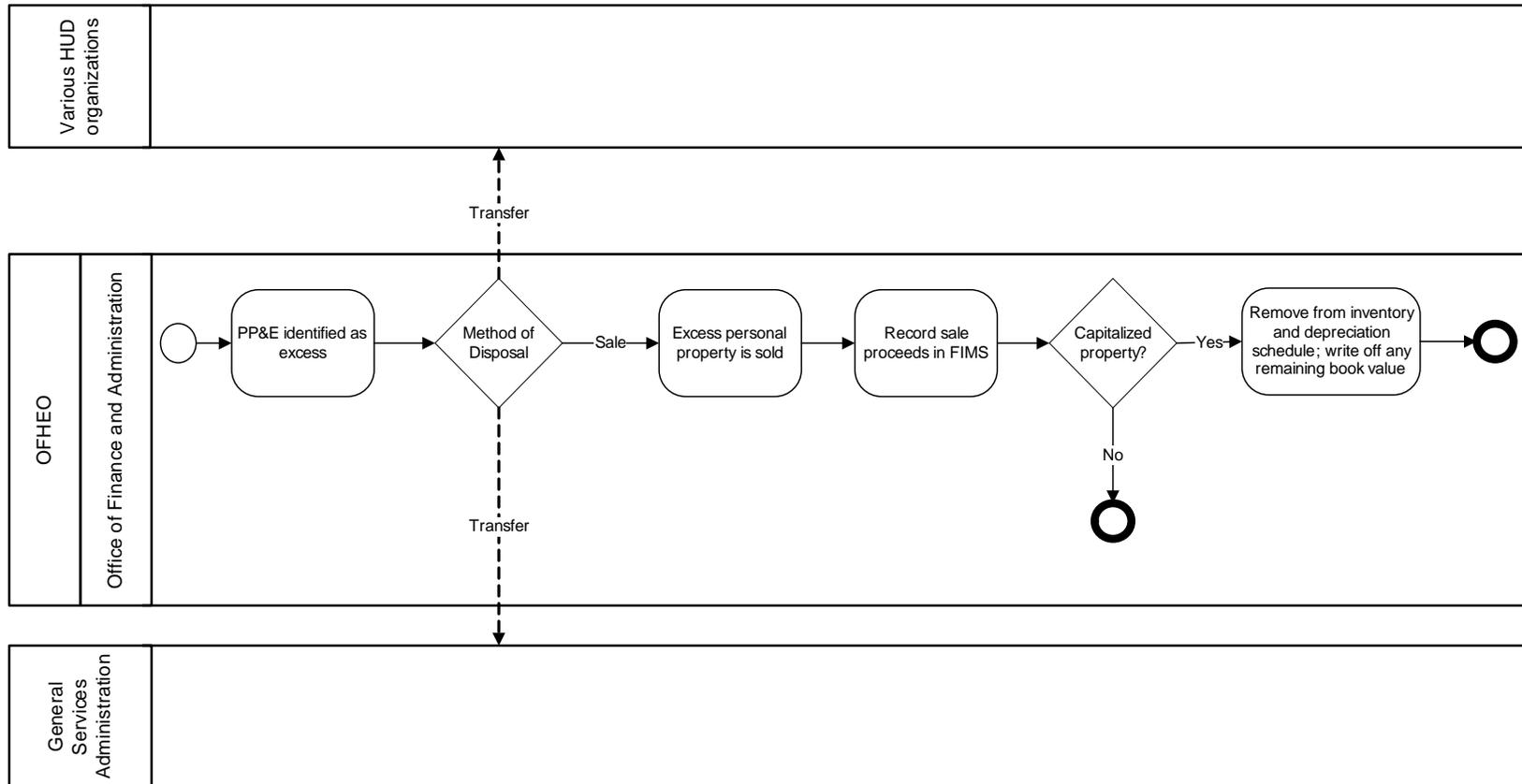
2.1.1.2.5.2 Property, Plant and Equipment Disposition

Personal Property and Equipment identified as excess is either transferred to other government agencies such as GSA or it is sold to the general public. If the property has any book value and is sold to the public, OFHEO writes off the book value to account for the property in FIMS. OFHEO releases title and ownership to disposed Personal Property and Equipment to the acquiring party.

Table Error! No text of specified style in document.-14 OFHEO Property, Plant and Equipment Disposition

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Personal Property identified as excess	1.	External Transfers of Personal Property between OFHEO, other HUD organizations, GSA, and others.	FIMS	Office of Finance and Administration	Personal Property identified as excess
Personal Property identified as excess	2.	Disposal of Personal Property: Excess to the needs of the Department. Personal Property for sale.	FIMS	Office of Finance and Administration	Personal Property identified as excess
Property excess	3.	Entries are recorded in FIMS property inventory, and if capitalized removed from inventory and depreciation schedule. If property has book value, write off in FIMS.	FIMS	Office of Finance and Administration	As appropriate

Diagram Error! No text of specified style in document.-14 OFHEO Property, Plant and Equipment Disposition Process



2.1.1.2.6 Financial Reporting

2.1.1.2.6.1 FACTS I, FACTS II, and Consolidated Financial Statement Reporting

This process describes how OFHEO generates the adjusted trial balance (ATB) (previously referred to as FACTS I), FACTS II, and Consolidated Financial Statements that are submitted to HUD and the Department of Treasury. The ATB is generated on a quarterly basis. This report is used to generate the Consolidated Financial Statement using Treasury's new Government-wide Financial Report System (GFRS). These reports are all SGL-driven. Annually, OFHEO submits the FACTS I report via the FMS Intranet at fiscal year end to support the adjusted trial balance (ATB). OFHEO provides audited financial statement data to HUD via Excel templates.

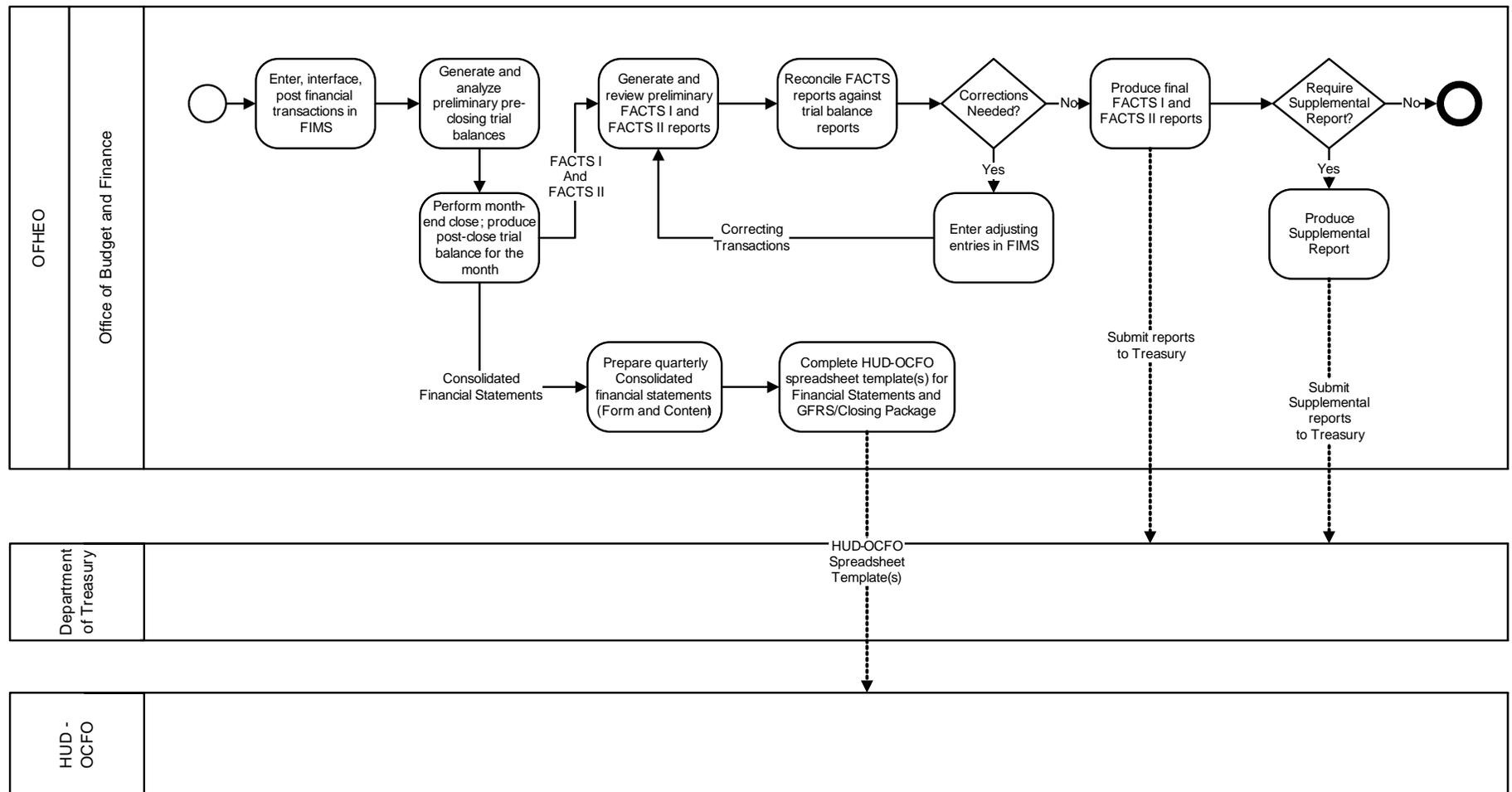
Table Error! No text of specified style in document.-15 OFHEO FACTS I, FACTS II, and Consolidated Financial Statement Reporting

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
Federal Reporting Requirements	1.	Financial transactions performed in the accounting module are interfaced with the General Ledger module.	FIMS	Office of Budget and Finance	Daily
	2.	Office of Budget and Finance generates a preliminary (pre-close) month-end trial balance and analyzes account balance relationships to determine if there are discrepancies. If discrepancies exist, further individual account analysis is performed.	FIMS	Office of Budget and Finance	Monthly
	3.	Office of Budget Finance performs a procedural closing process and generates a closed (final) trial balance for the month. This becomes the basis for the external financial reporting data.	FIMS	Office of Budget and Finance	Monthly

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	4.	Generate preliminary FACTS I and FACTS II reports.	FIMS	Office of Budget and Finance	Quarterly Annually
	5.	Office of Budget and Finance staff reconciles the reports and performs adjustments if there are variances.	FIMS	Office of Budget and Finance	Monthly
	6.	Office of Budget and Finance submits the final FACTS reports directly to Treasury; HUD-OCFO has access to information via its Treasury FACTS application.	FIMS	Office of Budget and finance	Quarterly Annually
	7.	Office of Budget and Finance prepares quarterly financial statements in accordance with OMB 01-09 "Form and Content" and utilizes the U.S. SGL crosswalks in its preparation.	FIMS	Office of Budget and Finance	Quarterly
	8.	Office of Budget and Finance completes the HUD-OCFO spreadsheet template for financial statements which HUD uses to import OFHEO's data into Hyperion.	FIMS	Office of Budget and Finance	Quarterly
	9.	Office of Budget and Finance completes the HUD-OCFO spreadsheet template for financial statements, notes and RSI which HUD uses to import OFHEO's data into Hyperion.	FIMS	Office of Budget and Finance	Annually
	10.	Office of Budget and Finance submits its quarter-end trial balance to accompany its submission of the financial statement spreadsheet template.	FIMS	Office of Budget and Finance	Quarterly

Trigger	Activity Step No.	Activity Description	Source/ Systems	Performed By	Frequency
	11.	Office of Budget and Finance completes the HUD-OCFO spreadsheet template for the GFRS/Closing Package.	FIMS	Office of Budget and Finance	Annually
	12.	Office of Budget and Finance completes the Reconciliation/Confirmation - Intergovernmental Activities and Balances report (spreadsheet format). Data to complete this report is extracted from FIMS based upon transactions that have been coded as "federal." This report is submitted to the HUD-OCFO.	FIMS	Office of Budget and Finance	Quarterly
	13.	Office of Budget and Finance summarizes OPM benefit expenditures from data extracted from FIMS based upon object classification. The spreadsheet that summarizes this data is submitted to the HUD-OCFO.	FIMS	Office of Budget and Finance	Quarterly
	14.	The OCFO staff generates supplemental external reports to Treasury on an as needed basis. For instance, an audit may raise issues that require journal entries to adjust account balances in a prior month or prior year. As a result of these changes, the amounts on the reports may change requiring submission of a supplemental report.	FIMS	Office of Budget and Finance	As Needed

Diagram Error! No text of specified style in document.-15 OFHEO FACTS I, FACTS II, and Consolidated Financial Statement Reporting Process



2.1.2 Provisions in the Existing System Design

HUD does not currently have provisions in the existing financial systems for operating in degraded modes. However, HUD maintains production and development data centers. These sites are not co-located. In the event of an emergency, disaster, or accident at the production site, the development site could serve as the production site. A cold back-up facility is available for some financial systems in Charleston, SC.

2.1.3 Deficiencies

This section discusses deficiencies identified during our analysis of existing HUD processes.

- HUDCAPS and PAS use outdated technologies that depend upon nightly batch updates. This means that real-time funds control and accounting information is not available leading to an increased chance for errors in approving obligations and commitments when funds are not available.
- Most non-administrative accounting transactions are posted first in PAS, where subsidiary ledgers are maintained. These same transactions are then interfaced nightly to HUDCAPS for posting to the general ledger. This increases the possibility for errors and differences between subsidiary and general ledgers. This also leads to increased HUD workload in reconciling the ledgers, which is not the best use of HUD accounting employees.
- PAS and LOCCS interface with numerous unrelated systems on a daily basis. The number of hardware, software, and division standards creates multiple opportunities for the interfaces to fail. This also means more HUD employee time is spent reconciling between systems.
- There are no automated notifications in the systems. For example, without phone, fax, or e-mail, the drawdown approver does not know, without logging into LOCCS, that they have something in their LOCCS workload area to review and approve.
- Reporting on data in HUDCAPS is extremely difficult. First, the inability of HUDCAPS to produce required external reports to Treasury led HUD to utilize another piece of software (Hyperion) to produce these reports. This also meant another interface with potential for error, increased workload for reconciliation, etc. Second, HUDCAPS “canned” reports were insufficient for HUD’s needs. Third, financial data is spread among HUDCAPS, PAS and LOCCS making reporting cumbersome. The Financial Data Mart was developed to remedy these problems. However, the Financial Data Mart is only updated nightly, so its reports are never “real-time”.
- National Finance Center (NFC Part of Agriculture) does HUD’s payroll. NFC sends a file after each payroll period to HUD. HUD loads the file into PSCRS where payroll records are summarized by fund, organization and BOC. These summarized records are then interfaced into HUDCAPS for posting into the general ledger. PSCRS is an obsolete system that is difficult to maintain. Since there is no direct

interface from NFC to PSCRS, there is a delay in processing (along with a chance for losing payroll files) and HUDCAPS general ledger is often days behind in posting payroll activity.

- HUDCAPS does not have the functionality to handle loan accounting under credit reform. HUD's Non-FHA Direct Loans (mainly Section 202) are accounted for in LAS. HUD's guaranteed loans are accounted for in a variety of ways, but none of them in HUDCAPS (or interfaced into HUDCAPS). This means HUD personnel post monthly summary transactions via XV into HUDCAPS so that G/Ls for guaranteed loan programs can be updated. [Note: XV, X-Company Voucher, is used to distinguish these types of transaction codes from SV, Standard Voucher. XV transactions only use the general ledger functionality of HUDCAPS.]