

**Forest Service Manual  
National Headquarters - Washington Office  
Washington, DC**

**Forest Service Manual 6500 – Finance and Accounting  
Chapter 6520 - Financial Management**

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**Approved by:** Jesse King, Chief Financial Officer

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**Responsible Staff:**

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**Digest:** Following is an explanation of the changes throughout the directive by section.

**6520:** Makes editorial and technical changes throughout this chapter to incorporate added authorities, new financial controls, and realignment of roles and responsibilities due to creation of Albuquerque Service Center, Budget and Finance (ASC-B&F).

**6520.1:** Updates information regarding the Chief Financial Officers (CFO) Act; Government Performance Results Act (GPRA) of 1993; Joint Financial Management Improvement Program (JFMIP); and Financial Systems Integration Office (FSIO).

Clarifies succession of Joint Financial Improvement Program (JFMIP) of 1986 by the Financial Systems Integration Office (FSIO) of the General Services Administration (GSA), and removes JFMIP from the list of authorities.

Changes caption from “Government Management Reform Act (GMRA) of 1994” to “Government Reform Act (GMRA) of 1997”.

Adds the following authorities: Financial Systems Integration Office (FSIO); Federal Information Security Management Act of 2002 (FISMA); OMB Circular A-123, Management’s Responsibilities for Internal Controls; and OMB Circular A-136, Financial Reporting Requirements.

**6520.41a:** Changes caption from “Deputy Chief for Budget and Finance” to “Chief Financial Officer (CFO)” and adds corresponding responsibilities.

**6520.41b:** Changes caption from “Director of Financial Policy and Analysis” to “Deputy Chiefs” and adds corresponding responsibilities.

**6520.41c:** Changes caption from “Director of Financial Reports and Reconciliations” to “Director of Financial Management” and adds corresponding responsibilities.

**6520.41d:** Changes caption from “Director of Financial Management Systems” to “Director of Budget and Finance, Albuquerque Service Center (ASC-B&F)” and adds corresponding responsibilities.

**6520.41e:** Changes caption from “Director of Program and Budget” to “Director of Program and Budget Analysis - Washington Office.”

**6520.42:** Changes caption from “Field Units” to “Regional Offices, Units, Stations, Area, International Institute of Tropical Forestry (IITF), Forest Products Laboratory Director, and Center Directors.”

**6520.42a:** Changes caption to “Regional Foresters, Station Directors, Area Director, Institute Director, and Job Corps Conservation Center Directors to Regional Foresters, Forest Supervisors, Station Directors, Area Director, International Institute of Tropical Forestry (IIF) Director, Forest Products Laboratory Director, and Center Directors.

**6520.5:** Adds the following definitions: accounting classification, feeder system, financial management information, financial management system, and mixed system.

**6521.1:** Adds reference to adherence of OMB Circular A-127, Financial Management Systems, requirements; and compliance with Federal Accounting Standards Advisory Board (FASAB) Statements of Federal Financial Accounting Standards (SFFAS). Removes reference to Budget Formulation and Execution System (BFES) and replaces BFES with WorkPlan (WP).

**6521.12:** Removes caption “Budget Formulation and Execution System (BFES)” and replaces with “WorkPlan (WP),” and provides direction for WP.

**6521.13:** Removes caption “Project Work Planning System (PWPS)” and replaces with “Integrated Acquisition System (IAS)” and provides direction for IAS.

**6521.14:** Removes caption “Other Financial Management System” and moves that caption and direction to 6521.15. Adds caption “I-Web” and provides direction.

**6521.15:** Adds code and caption “Other Financial Management System” with direction that was previously in section 6521.14.

**6521.3:** Updates information on system security and establishes new components for Forest Service financial systems security plan.

**Forest Service Manual 6500 – Finance and Accounting**

**Chapter 6520 - Financial Management**

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**6522.6:** Adds OMB Circular A-127 requirements for Financial Management Systems and the Accounting Classification Management Process.

**6524:** Moves exhibits 01 and 02 from 6523, creating a new section, “Reports”. Exhibit 02 has been updated to reflect current Financial Management or Mixed Systems.

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This chapter provides servicewide direction on financial management and financial management systems. Detailed policies for specific financial management topics are included in other chapters of FSM 1900, Planning, and 6500, Finance and Accounting. Procedures on implementing these policies are described in FSH 1909.13, Program Development and Budgeting Handbook, and 6509.11k, Service-Wide Finance and Accounting Handbook. The major topic areas and functions set out in this chapter are as follows: Property, Budget, Financial Statement Preparation, Accounting for Business Transactions, and Financial Management Systems.

### 6520.1 - Authority

The following laws, regulations, and Office of Management and Budget (OMB) Circulars set forth the policy for financial management in the Forest Service:

1. Chief Financial Officers Act (CFO) of 1990 (Public Law (Pub. L.) 101-575 and 31 United States Code (U.S.C.) sec. 501, et. Seq.). Establishes a Chief Financial Officer (CFO) of the United States within the Office of Management and Budget (OMB) and a CFO in each department. The legislation requires the CFO to develop and maintain an integrated agency accounting and financial management system, including financial reporting and internal controls, that provides:

- a. Complete, reliable, consistent, and timely information prepared on a uniform basis and responds to the financial information needs of agency management.
- b. Development and reporting of cost information.
- c. Integration of accounting and budgeting information.
- d. Systematic measurement of performance.

The legislation also requires that agencies submit audited financial statements on each revolving fund, trust fund, and substantial commercial function.

2. Government Performance and Results Act (GPRA) of 1993 (Pub. L. 103-62).

Establishes a system of goal setting for program performance, measurement of results, and requires multi-year strategic plans and annual performance plans.

3. Government Management Reform Act (GMRA) of 1997 (Pub. L. 103-356). Amends the requirements of the CFO Act of 1990 by expanding the requirement for yearly audited financial statements from 24 of the largest executive agencies (including the Department of Agriculture), and the preparation and audit of a governmentwide financial statement. Requires that statements be prepared in accordance with form and content described in [OMB Circular A-136](#).

4. Accounting Standardization Act (ASA) of 1995. Establishes a uniform Federal government accounting system, standards, and reporting system, to improve performance, productivity, and efficiency of financial management. Requires full

disclosure of Federal financial data; including the cost of government programs and activities to the citizens, Congress, the President, and agency management.

5. Federal Financial Management Improvement Act (FFMIA) of 1996 (Pub. L. 104-208). Ensures that all agencies' financial management systems comply with Federal financial management system requirements, Statements of Federal Financial Accounting Standards (SFFAS), and the U.S. Government Standard General Ledger in order to provide uniform, reliable, and more useful financial information.

6. Financial Systems Integration Office (FSIO). Modifies the roles and responsibilities of the Joint Financial Management Improvement Program (JFMIP) of 1986. JFMIP was given statutory authorization in the Budget and Accounting Procedures Act of 1950, Title 31, United States Code, section 65 (31 U.S.C. 65). FSIO was established through a December 2004 vote by Joint Financial Management Improvement Program (JFMIP) principals. As a result, the Office of Management and Budget (OMB) and the Chief Financial Officers (CFO) Council have worked closely with FSIO staff to update FSIO's mission and scope of activities. The three major areas of responsibilities of FSIO are:

- a. Core financial system requirements, development, testing and product certification.
- b. Supporting the Federal financial community on priority projects.
- c. Conducting outreach through an annual financial management conference and other related activities.

FSIO has been instrumental in establishing the Financial Management Line of Business (FMLoB) workstreams consisting of:

- a. Developing performance measures (cost, quality, and timeliness) to assess the performance of financial services offered by a financial service organization.
- b. Developing standard business processes, data specifications and business rules for core financial management functions (such as, funds management, payments, receipts and reporting) to be adopted by all Federal agencies.
- c. Developing a common governmentwide accounting code structure, including an applicable set of definitions and the layout, which Federal agencies' new financial systems must adhere.

7. Federal Information Security Management Act of 2002 (FISMA). Provides a comprehensive framework for ensuring the effectiveness of information security controls over information resources that support Federal operations and assets.

8. Office of Management and Budget (OMB) Circular A-11, Preparing and Submitting Budget Estimates, dated November 14, 2002. Provides direction on preparation, submission, and execution of the budget.

9. OMB Circular A-123, Management's Responsibilities for Internal Controls. Provides guidance to Federal managers on improving the accountability and effectiveness of Federal programs and operations by establishing, assessing, correcting, and reporting on internal controls.

10. Office of Management and Budget (OMB) Circular A-127, Federal Managers' Financial Integrity Act (FMFIA), dated December 19, 1984. Establishes policies and standards for executive departments and agencies to follow in developing, operating, evaluating, and reporting on financial management systems.

11. Office of Management and Budget (OMB) Circular A-130, Management of Federal Information Resources, dated February 8, 1996. Establishes uniform governmentwide information resources management policies as required by the Paperwork Reduction Act of 1980, as amended by the Paperwork Reduction Act of 1995, Title 44, United States Code, section 35 (44 U.S.C. 35).

12. Office of Management and Budget (OMB) Circular A-134, Financial Accounting Principles and Standards, dated May 20, 1993. Establishes the policies and procedures for approving and publishing financial accounting principles and standards.

13. OMB Circular A-136, Financial Reporting Requirements. Establishes a central point of reference for all Federal financial reporting guidance for Executive Branch departments, agencies, and entities required to submit audited financial statements, interim financial statements, and Performance and Accountability Reports (PARs) under the Chief Financial Officers (CFO) Act of 1990 and the Accountability of Tax Dollars Act (ATDA) of 2002.

14. Treasury Financial Manual (TFM), Sections 2-3100 and 2-3300, dated September 2002. Establishes that general ledger must agree with the records of the United States, Department of the Treasury.

15. Forest Service Manual (FSM) Chapter 6680, Security of Information, Information Systems and Information Technology. Establishes policy to implement and monitor appropriate security measures at all levels of the Forest Service to protect the confidentiality, integrity, and availability of information, information systems, and information technology (IT) that supports the Forest Service mission.

## 6520.2 - Objectives

To achieve results through financial management that are in compliance with Federal accounting standards and requirements and the ability to provide reliable information for decision-making. Successful implementation of financial management includes developing policies that:

1. Maintain financial control over all resources during their life cycle.
2. Record and report accurate and timely financial information in a manner that results in a sustained unqualified opinion of audited annual financial statements.

3. Provide necessary, useful, reliable, and measurable financial information on Forest Service programs for:
  - a. Formulating budgets,
  - b. Executing budgets,
  - c. Controlling funds,
  - d. Accounting,
  - e. Providing financial information needed for managers to control costs, and
  - f. Meeting external accounting and reporting requirements to management, Congress, Office of Management and Budget (OMB), Department of the Treasury, the President, other agencies, and citizens.
4. Ensures financial management systems comply with [Financial Systems Integration Office \(FSIO\) requirements](#) and provide for:
  - a. Complete, reliable, consistent, and timely information prepared on a uniform basis that is responsive to the financial information needs of the Forest Service,
  - b. Development and reporting of cost information,
  - c. Integration of accounting and budgeting information, and
  - d. A systematic way to measure performance.

### 6520.3 - Policy

1. Maintain quality financial management practices at all levels of the organization in the preparation and execution of sound financial plans supported by annual performance plans as required by the Government Performance and Results Act (FSM 6520.1).
2. Maintain fully integrated financial management systems in accordance with Federal laws and regulations, as well as FSM 6680, Security of Information, Information Systems and Information Technology.
3. Use the Forest Service core accounting system, Foundation Financial Information System (FFIS), to meet budget, fund control, financial accountability, accounting, and reporting needs.
4. Maintain financial control over all resources during their lifecycle and render accurate and timely accounting reports.
5. Perform budgetary, accounting, and reporting functions that meet Office of Management and Budget (OMB) guidelines (FSM 6520.1).



6. Ensure periodic monitoring and quality assurance reviews are accomplished to test and report on internal controls and compliance with laws and regulations.

#### **6520.4 - Responsibility**

##### **6520.41 - Washington Office**

##### **6520.41a - Chief Financial Officer (CFO)**

The Chief Financial Officer (CFO) has the authority delegated by the United States Department of Agriculture (USDA), Office of the Chief Financial Officer (OCFO) and is responsible for:

1. Establishing, maintaining, and implementing Forest Service integrated financial management systems related to the operations of the Forest Service including financial reporting and internal controls (cash and credit management, debt collection, and property management), and budget execution and formulation.
2. Maintaining the integrity of all financial data and ensuring that all financial management systems comply with Financial Systems Information Integration Office requirements (FSM 6520.1).
3. Coordinating the design of other Forest Service or USDA, OCFO related financial management systems that provide, at least in part, financial or program performance data used in financial statements (FSM 6520.1).
4. Overseeing all financial management activities related to Forest Service programs and operations.
5. Establishing national financial management policies and procedures to ensure compliance throughout the Forest Service through the use of applicable accounting policies, standards, and principles, as well as financial information and systems functional standards.
  - a. Mandating Forest Service fiscal and accounting data and reporting format requirements.
  - b. Working with the USDA, Office of the Inspector General, and other auditors to improve the Forest Service financial statement position.
6. Enforcing internal controls, policies, and accounting standards.
7. Overseeing the preparation and revision of annual and 5-year financial management plans and the development of financial management budgets.
8. Providing management and oversight of Forest Service financial management personnel, activities, and operations to ensure day-to-day business transactions are accomplished in accordance with Federal Accounting Standards Advisory Board (FASAB) and Generally Accepted Accounting Principles (GAAP) (FSM 6520.1).

9. Providing an annual performance report to the Chief and the Secretary of USDA in accordance with FSM 6524, exhibit 01.
10. Monitoring the financial execution of the Forest Service budget in relation to actual expenditures, and preparing and submitting to the Chief of the Forest Service timely performance reports (FSM 6520.1). To enable the CFO to prepare and submit timely performance reports, the CFO has authority to:
  - a. Mandate Forest Service data and reporting format requirements.
  - b. Prepare financial statements and work with the USDA, Office of Inspector General and other auditors to improve the agency financial statements position.
  - c. Develop, in coordination with program managers, financial and programmatic performance indicators for inclusion in financial systems and financial reports and statements.
  - d. Ensure that data included in financial reporting (including program performance measures) is auditable.
  - e. Advise and provide direction to program managers on financial management matters.
11. Provide management and oversight of the design, budget development, implementation, operation, and enhancement of Forest Service financial and asset management systems.
12. Coordinate with the USDA Chief Financial Officer in developing a Financial Line of Business (FMLOB) infrastructure.

#### **6520.41b - Deputy Chiefs**

Deputy Chiefs are responsible for developing internal controls to comply with this policy.

#### **6520.41c - Director of Financial Management**

The Director of Financial Management is responsible for:

1. Developing national financial management policies and accounting standards, as well as procedures for programs designed to promote effective and timely financial management operations.
2. Ensuring that all posting models have been established in accordance with this policy, governmental accounting, and Treasury and Agency protocol.
3. Providing guidance on all agency financial management activities, including appropriation usage, budget compliance, accounting standards, and travel and claims.

4. Monitoring the agency core accounting system, Foundation Financial Information System (FFIS), planning, developing, improving, implementing, and supporting all Forest Service financial management and budget systems.
5. Ensuring that the financial management and mixed financial systems:
  - a. Track financial events and summarize information to support the mission of the Forest Service.
  - b. Provide for management reporting that produces information that is reliable and timely.
  - c. Support senior management policy decisions necessary to carry out fiduciary responsibilities.
  - d. Support the preparation of auditable financial statements.
6. Ensuring application controls are designed so that transactions are properly authorized and processed accurately and that the data is valid and complete.
7. Ensuring that controls are established at an application's interface to verify inputs and outputs, such as edit checks.
8. Ensuring that controls are established for separation of duties and that access is granted only to those positions that need access at each security level.
9. Monitoring the effectiveness of internal controls of financial management systems to ensure conformance to principles, standards, and laws.

**6520.41d - Director of Budget and Finance, Albuquerque Service Center (ASC-B&F)**

It is the responsibility of the Director of Budget and Finance, Albuquerque Service Center (ASC-B&F) to:

1. Oversee national and resource accounting operations.
2. Provide financial and accounting service to regional offices, field units and Washington Office staff directors.
3. Conduct financial analysis and manage a nationwide quality assurance program which includes periodic documentation reviews based on Chief Financial Officer (CFO) requirements that are conducted not less than once per fiscal year.
4. Analyze fees and reimbursable service charges, and provide analytical support for establishing and developing reporting requirements.
5. Compile and report on agency financial performance measures and management controls.

6. Prepare periodic and annual agency financial statements as well as Department of Treasury and other related financial management reports.
7. Analyze and reconcile the general ledger and related subsidiary systems monthly.
8. Identify and evaluate deficiencies or problems and direct corrective actions to the appropriate staff.
9. Monitor the effectiveness of internal control procedures, developing a systematic process to correct deficiencies to ensure efficiency of internal controls.
10. Ensure timely accounting of expenditures to facilitate agency reconciliation of budgeted funds.

#### **6520.41e - Director of Program and Budget Analysis**

It is the responsibility of the Director of Program and Budget Analysis to:

1. Develop and present the Forest Service budget with a focus on measurable results, as well as to manage the allocation and use of funds.
2. Provide leadership and formulate policies for developing, allocating, and managing annual agency budgets that reflect specific program objectives, outputs, targets, work force, and funding requirements.
3. Ensure agency fund control policies and practices are in place and adhered to.

#### **6520.42 - Regional Foresters, Forest Supervisors, Station Directors, Area Director, International Institute of Tropical Forestry (IIF) Director, Forest Products Laboratory Director, and Center Directors**

Regional foresters, forest supervisors, station directors, Area Director, International Institute of Tropical Forestry (IIF) Director, Forest Products Laboratory Director, and center directors have the authority and responsibility to manage residual financial management activities and develop internal controls within their respective units, consistent with financial management policies set forth in this chapter.

#### **6520.5 - Definitions**

Accounting Classification. A subset of the Forest Service financial information classification. The accounting classification structure provides a means for categorizing financial information along several dimensions as needed to support financial management and reporting functions.

Feeder System. A system that interfaces with another system and provides information that is used in the financial management process.

Financial Management Information. Information on Forest Service spending, collections, assets, liabilities, equity, and related budgetary transactions and balances, including data to develop information regarding unit costs, average pay rates, and user charges for decision making.

Financial Management System. An information system comprised of one or more applications that is used for any of the following:

1. Collecting, processing, maintaining, transmitting, and reporting data about financial events.
2. Supporting financial planning or budgeting activities.
3. Accumulating and reporting cost information.
4. Supporting the preparation of financial statements.

Mixed System. An information system that supports both financial and nonfinancial functions of the Forest Service.

## **6521 - Financial Management Systems**

### **6521.1 - Systems**

Forest Service financial management systems must adhere to OMB Circular A-127, Financial Management Systems requirements. In addition, the Forest Service must maintain financial system components that comply with uniform Federal accounting concepts and standards promulgated by the Federal Accounting Standards Advisory Board (FASAB) in its Statements of Federal Financial Accounting Standards (SFFAS), which constitute generally accepted accounting principles for the Federal government.

Forest Service Financial systems must:

1. Demonstrate compliance with accounting standards and requirements.
2. Provide timely, reliable, and complete financial management information for decision making at all levels of the agency. Such information must enable management, programs, and other subunits to carry out their fiduciary responsibilities; deter fraud, waste and abuse of resources and facilitate efficient and effective delivery of agency services.
3. Ensure reporting requirements of transaction processing data is linked to transaction engines.
4. Ensure that transactions are controlled properly to provide reasonable assurance that the funds are available, tolerances between documents are not exceeded, and other transaction processing edits are met.

5. Accept standard information integration and electronic data to and from other internal, governmentwide, or private-sector processing environments.
6. Provide for “one-time” data entry and reuse of transaction data to support downstream integration, interfacing, or business and reporting requirements.
7. Build security, internal controls, accountability, and separation of duties into processes and provide an audit trail.
8. Be modular in design and built with reusability as an objective.
9. Meet the needs for greater transparency and ready sharing of information.
10. Scale to meet internal and external operational, reporting, and information requirements for both small and large entities.

Forest Service financial management systems consist of the following:

1. Foundation Financial Information System (FFIS) (FSM 6521.11),
2. WorkPlan (WP),
3. Integrated Acquisition System (IAS), and
4. Other financial management systems (FSM 6521.14).

Use only agency approved or department required financial management or mixed systems in recording or reporting data that may directly or indirectly affect the compilation and reporting of the Forest Service financial statements. See FSM 6524, exhibit 02, for the list of agency approved financial management or mixed systems.

#### **6521.11 - Foundation Financial Information System (FFIS)**

The Foundation Financial Information System (FFIS) is the core accounting system that comprises the various transactions involved in authorizing, recording, classifying, and reporting financial data such as financing sources and gains, expenses, losses and transfers out, assets, liabilities, and equity. The FFIS captures transactions when they are authorized, processes the data, and issues reports. The FFIS also includes disbursement, collection, and cost accounting functions.

#### **6521.12 - WorkPlan (WP)**

WorkPlan is the agency project work planning, tracking and reporting system. It is a standardized tool to be used by all organizational levels which supports development and execution of a unit's fiscal year program of work.

### **6521.13 - Integrated Acquisition System (IAS)**

Integrated Acquisition System (IAS) is the process through which the Forest Service generates purchase orders or contracts for goods or services. The IAS process begins when an authorized Forest Service employee requisitions a good or service and ends when the payment is made to the appropriate vendor.

### **6521.14 - I-Web**

I-Web is a web-enabled suite of applications, each of which collects and reports on data for various Forest Service business areas. I-Web stores all data in a centralized database located at the USDA's National Information Technology Center (NITC).

### **6521.15 - Other Financial Management Systems**

All other financial management systems exclusive of the Foundation Financial Information System (FFIS) that provide financial information to management expressed in dollar terms fall into this category. Examples include the Uniform Allowance System (UNAW) and the Automated Timber Sale Accounting System (ATSA). These systems provide appropriate financial data for entry into FFIS for accounting and reporting. All new financial systems must be established only after written approval of the CFO and in accordance with OMB Circular A-130.

### **6521.2 - System Integration**

There must be no direct interface with the Foundation Financial Information System (FFIS) by unofficial (cuff) financial management or mixed systems. The FFIS, WorkPlan, and other financial management systems must be fully integrated with each other to ensure data integrity. Use only authorized Forest Service or department required financial management or related mixed systems to report formal agency financial and related management information to internal or external customers.

### **6521.3 - System Security**

Implement adequate security controls for all information collected, processed, transmitted, stored, or disseminated by financial/mixed financial management systems. Ensure security settings comply with the requirements set forth in Federal Information Security Management Act (FISMA) of 2002, standards set forth in the Federal Information Systems Control Audit Manual (FISCAM) and with provisions of OMB Circular A-130 "Management of Federal Information Resources" (FSM 6520.1). At a minimum, the security program must include the following controls:

1. Ensure adequate separation of duties are established for each financial management system to ensure operational security and integrity of system data.
2. Develop a security plan that is consistent with guidance issued by the National Institute of Standards and Technology. At a minimum, this plan must include:

- a. Information system categorization.
  - b. Assignment of security responsibility.
  - c. Information system operational status.
  - d. Information system.
  - e. Description of system data flow and system users.
  - f. Description of system operating environment.
  - g. Description of system interconnections and/or information sharing.
  - h. Status of mandatory system security controls.
3. Conduct an annual review of system security controls to ensure that safeguards and countermeasures prescribed for an information system are in place to protect the confidentiality, integrity, and availability of the system and its information.
  4. Conduct quarterly user access reviews to ensure that only authorized employees are using the systems.
  5. Provide an authorization process for access to all financial management systems. ([See form 6500-214, Financial Information Security Request Form.](#))

#### **6521.4 - System Planning and Approval**

Comprehensive and rational planning including thorough requirements analysis, an assessment of alternatives, and a cost-benefit analysis must precede any major investment in a financial management system. The amount of funds required for system development is determined during the system planning and pre-investment budget review analysis. Generally, funds are made available only for financial management systems that are integrated into the overall financial management structure. The evaluation and approval of existing and new technology investments must be conducted by the Forest Service Information Resources Board, in conjunction with the Executive Technology Investment Review Board within the U.S. Department of Agriculture in accordance with OMB Circular A-130 (FSM 6520.1).

#### **6522 - Accounting Methods**

Apply the following accounting methods to ensure:

1. Usefulness. Gather and process financial management data only when necessary to meet specific internal management needs or external reporting requirements. Prepare reports to meet specific agency needs.
2. Timeliness. Ensure financial management data is recorded as soon as practicable after the occurrence of the accounting event and is made available to managers no later than



the fifth working day following the end of the accounting period. Ensure data is finalized and corrections made to meet external reporting requirements.

3. Reliability and Completeness. Ensure financial management information is reasonably complete (95 percent) and accurate, verifiable, drawn from the Foundation Financial Information System (FFIS), and other records and systems as needed, and contains the level of detail necessary to meet the needs of management, the audit community, and external reporting requirements.

4. Comparability and Consistency. Financial management data must be recorded and reported in the same manner throughout the Forest Service, using uniform definitions. Accounting must be synchronized with budgeting. Consistency must be maintained. New and revised systems must adopt common existing definitions and classifications.

5. Efficiency and Economy. Ensure that financial management systems are designed and operated with reasonable total and transaction costs. The Chief Financial Officer's (CFO) staff must identify and phase out those financial systems found to be excessively costly or obsolete.

6. Cost Benefits. Unless required to meet a legal or other specified purpose, do not provide information if the costs of providing it exceed the benefits to be derived, as determined by the CFO.

7. Flexibility and Adaptability. Ensure that accounting systems are quickly adaptable to accommodate changing organizational, system, and user needs. Ensure accounts are established and maintained at a level that enables data to be aggregated readily. Ensure accounts permit summarization by program, responsibility center, and object of expenditure, and that they permit ready classification to reflect organizational and other changes. Ensure the coding structure is sufficiently broad for revision and expansion.

8. Materiality. Provide financial statements with material information to allow the user to make the appropriate determination and conclusion based on the results presented.

9. Relevancy. Ensure accounting information is useful to the reader for confirming past and present situations, as well as predicting future conditions; or is in a form useful to confirming or correcting prior expectations.

#### **6522.1 - Accounting Entity**

The Albuquerque Service Center (ASC) Office of Financial Reporting and Reconciliation is the accounting entity for the Forest Service. This staff maintains the agency general ledger with corresponding crosswalks that reflect the accounting for the resources assigned and used at each level of the organization. This activity is captured in the agency core accounting system, Foundation Financial Information System (FFIS).

See FSM 6550, Accounting, for general accounting policies and procedures and FSH 6509.11k, Servicewide Finance and Accounting Handbook, chapter 50, Accounting, for more detailed instructions in accomplishing day-to-day accounting policies and procedures.

## **6522.2 - General Ledger**

The agency general ledger and its subsidiary ledgers, registers, or supplemental reports and documentation must collectively serve as the source database for external financial reporting requirements. Ensure other financial management systems are fully integrated with the Foundation Financial Information System (FFIS), and incorporate agency general ledger requirements for financial statement reporting. Establish crosswalks, where necessary, and include them as part of the financial management system documentation.

## **6522.3 - Accrual Basis**

The Forest Service must implement accrual accounting in accordance with the Federal Managers' Financial Integrity Act of 1982 (31 U.S.C. 3512(d), FSM 6520.1). This law and the Federal Accounting Standards Advisory Board Statement of Federal Financial Accounting Standards (FSM 6520.1) require that executive agencies maintain their accounts on an accrual basis and are in agreement with the central accounting and reporting responsibilities of the Secretary of the Treasury.

## **6522.4 - Verification Controls**

The Foundation Financial Information System (FFIS) and related financial management systems must include adequate system controls to promote reliability and integrity of the agency financial and program data. The general ledger balances are monitored and reconciled monthly with related balances in the subsidiary ledgers. Subsidiary ledgers must be verified with related "document files," either original documentation or copies thereof, or internally maintained by computer systems in FFIS (FSM 6520.1).

These verifications must ensure that all documentation files and balances are reconciled and validated periodically based on the requirements described in FSM 6520.1, but in all cases, not less than once per fiscal year. The verification working papers and source documents on which any determinations are based must be retained in a format that is auditable and reconcilable if necessary. See the following for the minimum requirements to be used for documenting verifications:

1. A written summary of the methodology, criteria, and rationale used to select transactions for review, such as statistical sampling, aging, and months past delivery date.
2. A listing and copies of transactions selected for review and the results of their review.
3. Annotated reports and letters, memoranda or records of telephone calls requesting information.
4. Records identifying adjustments made as a result of the review, the amount of the adjustment for each document, and the rationale for adjustment.

Balances in appropriate subsidiary records and document files (such as records of receivables and unpaid obligations) must be reviewed monthly for validity. Investigate those that are unduly outstanding or inactive and take appropriate corrective actions.

#### **6522.5 - System Efficiency**

1. All components of the financial management system must use efficient methods of processing accounting data. Data must be edited, validated, and in some instances, computed prior to integration with the Foundation Financial Information System (FFIS). Source data must be entered only once. A single input automatically generates a double entry whereby every debit entry has a corresponding credit entry.
2. The financial management system must minimize redundancy, allow a variety of users to concurrently update and retrieve data, and permit a variety of applications (fiscal and non-fiscal) to run independently. This means that those other than the accounting staff may enter accounting data into the Foundation Financial Information System (FFIS). For example, the issuance of a contract for, and the receipt of, property might be entered by a contracting officer and an engineer. In such cases, the source document may not be obtained or maintained by the accounting staff, but by the contracting officer or engineer. However, the accounting staff shall ensure the existence of a complete transaction file, with an adequate audit trail.
3. Electronic methods of processing, communicating, and displaying data are the preferred over the use of paper. Cost-effective mass storage is used to archive data allowing for the retrieval of accounting information and minimizing the need for other electronic and paper storage needs.

#### **6522.6 - Accounting Classification Code**

OMB Circular A-127, Financial Management Systems, requires financial management systems to reflect an agencywide financial information classification structure that is consistent with the United States Standard General Ledger (U.S. SGL) and that such systems provide for tracking of specific program expenditures, and covers financially related information.

The accounting classification management process must provide a consistent basis for the following activities:

1. Capturing financial activity with all of the data necessary to identify the funding used, the organization charged, the type of expense or asset affected, and the program or project involved.
2. Recording data at the lowest level of detail and summarizing or rolling it up to higher levels in a standardized manner for reporting purposes.
3. Comparing and combining similar programs across the Forest Service and calculating overall program results.

4. Integrating budget and accounting activities by synchronizing their accounting classifications and relationships.

The Accounting Classification Code Structure provides the framework for establishing budget structures, collecting and distributing costs, and producing agency and department wide reports. Foundation Financial Information System (FFIS) uses standard codes to represent accounting information on all tables, documents, and reports.

Standard codes may change from year to year and may be updated by issuance of interim directives. Establish codes in the FFIS only after receiving written approval by the Chief Financial Officer (CFO).

### **6523 - Hierarchy of Accounting Standards**

The Statements of Federal Financial Accounting Standards (SFFAS) are the Federal Generally Accepted Accounting Principles (FGAAP) and must be followed by all Federal agencies, including the Forest Service, in reporting under the Government Management Reform Act of 1994 (FSM 6520.1). Accordingly, the Forest Service must adhere to the hierarchy of FGAAP. The Federal Accounting Standards Advisory Board Statements and Interpretations, including the American Institute of Certified Public Accountants and Financial Accounting and Standards Board pronouncements are specifically made applicable to Federal government entities, including the Forest Service (FSM 6520.1).

### **6524 - Reports**

Exhibit 01 describes elements of Annual Performance Reports.

Exhibit 02 describes Agency Approved Financial Management or Mixed systems.

### **6524 - Exhibit 01**

#### **Elements of Annual Performance Reports**

1. A description and analysis of the status of financial management within the Forest Service.
2. Annual audited financial statements.
3. Audit reports addressing financial statements.
4. A summary of reports on the internal accounting and administrative control systems submitted under the Federal Managers Financial Integrity Act (FMFIA).
5. Other information the Secretary of the United States Department of Agriculture (USDA) considers appropriate to fully inform the President and the Congress concerning the Department and the Forest Service.

**6524 - Exhibit 02****Agency Approved Financial Management or Mixed Systems**

Use only the following financial management or mixed systems approved by the Forest Service and Department:

**Department-Mandated Systems (National Applications Feeder Systems)**

<b>SYSTEMS ACRONYM</b>	<b>SYSTEM NAME</b>
TRVL	Travel System
ABCO	Administrative Billings and Collections
PACS	Payroll
PCMS	Purchase Card Management System
IPAC	Intra-governmental Payment and Collection System
EMIS	Equipment Management and Information System
PROP	Personal Property System
TELE	Telephone Vendors System
MPOL	Motor Pool System
UTVN	Utility Vendors System
GVTS	Government Voucher Transportation System
FDW	Financial Data Warehouse
IAS	Integrated Acquisition System
CPAIS	Corporate Property Automated Information System
FFIS	Foundation Financial Information System
Paycheck	National data entry application for Financial System payroll
I-WEB	National database for various Forest Service Business areas.
INFRA	National tracking system for real property components
INFRA-G&A	Grants and Agreements
INFRA-SUDS	Special Use Data System
INFRA-RANGE	Grazing Authorizations
WCF	Working Capital Fund equipment data
EFF PAY	Emergency Fire Fighter Pay System
WorkPlan	National budget tool
ATSA	Automated Timber Sale Accounting
ASR	All Service Receipts
Lockbox	Collection Clearing House System
Claims	Claims System
FTRS	Financial Transaction Request System for Billings
RACA	Reimbursement and Collection Agreements System
UNAW	Uniform Allowance System
PAS	Performance Accountability System

**6524 - Exhibit 02--Continued**

**Department-Mandated Systems (National Applications Feeder Systems)**

<b>SYSTEMS ACRONYM</b>	<b>SYSTEM NAME</b>
Incident Business	Incident Business System (includes Incident Business Database and Aviation Business System)
TIM	Timber Information Manager
TUMS	Telephone and Utility Maintenance System
LSTP	Lean Six Sigma Transaction Processing System
VIPR	Virtual Incident Procurement System (Available Nov. 2008)

**Other Forest Service Non-Interfaced Financial Management Systems**

<b>SYSTEMS ACRONYM</b>	<b>SYSTEM NAME</b>
ACRWS	Automated Cash Reconciliation Worksheet System (U.S. Department of Agriculture system)