



## **MEMORANDUM**

**DATE:** September 9, 2022

**TO:** James Biggins  
Acting Executive Director of Operations

**FROM:** Eric Rivera */RA/*  
Acting Assistant Inspector General for Audits

**SUBJECT:** STATUS OF RECOMMENDATIONS: RESULTS OF THE  
AUDIT OF THE DNFSB'S FINANCIAL STATEMENTS FOR  
FISCAL YEAR 2020 (DNFSB-21-A-03)

**REFERENCE:** OFFICE OF THE GENERAL MANAGER, MEMORANDUM  
DATED AUGUST 24, 2022

Attached is the Office of the Inspector General's (OIG) analysis and status of recommendations as discussed in the agency's response dated August 24, 2022. Based on this response, recommendations 1 and 2 are now closed. All recommendations are now closed.

If you have any questions or concerns, please call me at (301) 415-5915 or Terri Cooper, Team Leader, at (301) 415-5965.

Attachment: As stated

cc: T. Tadlock  
O. Fawole

## Audit Report

### RESULTS OF THE AUDIT OF THE DNFSB'S FINANCIAL STATEMENTS FOR FISCAL YEAR 2020

DNFSB-21-A-03

#### Status of Recommendations

Recommendation 1:

Develop a plan to improve the financial reporting controls and process, including identifying and training back up staff, so that financial statements and the related notes are properly prepared and reviewed at interim and year-end on a timely basis.

Agency Response Dated  
August 24, 2022:

DNFSB implemented a checklist of procedures to properly compile, prepare, review, and report their financial statements. The checklist was further expanded in FY22 to include additional steps taken in the preparation and review of the agency's financial statements. DNFSB uses this checklist as a guide in the preparation and publication of the agency's financial statements, and has incorporated this into its Financial Reporting Process Narrative developed in June 2022 so that key steps are identified for the staff's awareness and planning purposes.

Financial Reporting Procedures	Date Completed	Due By
1. Perform all timely reconciliations.		
2. Timely review of all financial statements, confirming compliance with Fiscal Service crosswalks.		
3. Timely review and reconciliation of Fund Balance with Treasury (FBwT) and Capitalized Assets.		
4. Calculate Unfunded Leave Liability (ULL) and imputed costs before year end for inclusion in the general ledger.		
5. Account for all prior year adjustments.		
6. Timely detection and correction of errors, including rounding and footing errors.		
7. Prepare and compile notes to the financial statements for 3rd and 4th quarters, confirming compliance with the Budget and Accrual Reconciliation (BAR) crosswalk published by Fiscal Services.		
8. Perform management review by transmitting report to CFO, DGM, or GM (acknowledgement of receipt is sufficient, no other reply is necessary).		
9. Final Agency Financial Report (AFR) released, archiving all draft versions to eliminate confusion.		
10. Files saved in network folder location.		
11. DNFSB AFR released for publication.		

## **Audit Report**

### **RESULTS OF THE AUDIT OF THE DNFSB'S FINANCIAL STATEMENTS FOR FISCAL YEAR 2020**

**DNFSB-21-A-03**

#### **Status of Recommendations**

Recommendation 1 (cont'd):

OIG Analysis: The OIG reviewed the financial reporting procedures checklist and the Financial Reporting Process Narrative, which incorporates the above checklist, and determined it meets the intent of the recommendation. This recommendation is now closed.

Status: Closed.

Recommendation 2: Prepare and review all key financial statement reconciliations and resolve significant reconciling items on a monthly basis.

Agency Response Dated  
August 24, 2022:

DNFSB has implemented a process to ensure timely reconciliations of the key focal financial statement areas. For Fiscal Year 2022, the following reconciliations have been established:

Through the process of reconciling various data sources to USDA and the general ledger, DNFSB is actively verifying that the information used to compile the financial statements is accurate and fairly represents the agency's costs. When discrepancies and errors are discovered, DNFSB staff work with USDA personnel to make the necessary corrections.

DNFSB has incorporated this checklist into its Financial Reporting Process Narrative developed in June 2022 so that key financial areas are identified for the staff's awareness and completed before financial statements are developed.

## Audit Report

### RESULTS OF THE AUDIT OF THE DNFSB'S FINANCIAL STATEMENTS FOR FISCAL YEAR 2020

DNFSB-21-A-03

#### Status of Recommendations

##### Recommendation 2 (cont'd):

DBF Reconciling Items with USDA	Frequency	Lead POC
1. Open Items Obligations Aging Report	Quarterly	Financial Management Specialist
2. Accounting History Obligations by Service Organization Control by Sub Object Class (SOC), Organization and Fund	Quarterly	Financial Management Specialist
3. Prior Year Recovery report	Quarterly	Financial Management Specialist
4. Payroll reports from National Finance Center (NFC) reconciled to Symlicity and to USDA Accounting History	Monthly	Financial Management Specialist
5. Standard Form 133 (SF-133) Report on Budget Execution and Budgetary Resources (not issued in October)	Quarterly	Financial Management Specialist
6. SF-224 Fund Balance with Treasury (Payroll Abstract)	Monthly	Budget Analyst
7. Relocation Accounting Distribution Reports (Earnings to Net Report) as issued	Varies	Financial Management Specialist
8. Review of Open Items by Fund – Undelivered Obligations (UDO) Review for possible de-obligation	Monthly	Financial Management Specialist
9. Digital Accountability and Transparency Act (DATA Act) Broker	Quarterly	Financial Management Specialist
10. Adjusted Trial Balance	Quarterly	Certified Public Accountant
11. Intra-Governmental Transactions (IGT) Differences Report	Monthly	Certified Public Accountant
12. Open Items Obligations Aging Report	Monthly	Financial Management Specialist
13. Fund Balance with Treasury (FBwT)	Quarterly	Budget Analyst
14. Capitalized Assets	Quarterly	Certified Public Accountant
15. Unfunded Leave Liability (ULL)	Annually	Certified Public Accountant
16. Treasury Report on Receivables (TROR)	Quarterly	Certified Public Accountant

##### OIG Analysis:

The OIG reviewed the DNFSB's reconciliation steps and the Financial Reporting Process Narrative, and determined the agency implemented appropriate steps to ensure timely resolution of any reconciling items. This recommendation is now closed.

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FISCAL YEAR 2020**

**DNFSB-21-A-03**

**Status of Recommendations**

Recommendation 2 (cont'd):

**Status:** Closed.