



June 2, 2022

MEMORANDUM TO: Joel C. Spangenberg  
Executive Director of Operations

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

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 FEBRUARY 23, 2022

Attached is the Office of the Inspector General's (OIG) analysis and status of the recommendations discussed in the DNFSB's response dated February 23, 2022. Based on this response, recommendations one and two remain open and resolved. Please provide an updated status of the open and resolved recommendations by **August 31, 2022**.

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: J. Biggins, GM  
R. Howard

## 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 February 23, 2022: Agree. The Division of Budget and Finance (DBF) has implemented a checklist of procedures to properly compile, prepare, review, and report their financial statements. See below for the completed checklist for Fiscal Year 2021.

Financial Reporting Procedures	Date Due	Date Complete	POC Lead
1. Timely review of all financial statements	As scheduled	Varies	CPA
2. Timely review and reconciliation of Fund Balance with Treasury (FBwT), Capitalized Assets, and Unfunded Leave Liability (ULL)	As scheduled	N/A	N/A
3. Account for all prior year adjustments	1/26/22 <sup>1</sup>	1/26/22	Shared Service Provider
4. Timely detection and correction of errors, including rounding and footing errors	As scheduled	N/A	N/A
5. Perform all timely reconciliations	As scheduled	N/A	N/A
6. Prepare and compile notes to the financial statements for the third and fourth quarters	1/31/22 <sup>2</sup>	1/26/22	CFO
7. Signatures certifying completion of the Final Agency Financial Report (AFR).	1/31/22	1/31/22	Chair
8. AFR released, archiving all draft versions to eliminate confusion	2/1/22	2/1/22	CPA
9. Network folder locations of all relevant documents	2/1/22	2/1/22	CPA
10. DNFSB AFR released for publication	1/31/22	1/31/22	CFO

<sup>1</sup> Due to delay of audit, FS were approved to be published on 1/31/22 by OMB.

<sup>2</sup> Due to delay of audit, FS were approved to be published on 1/31/22 by OMB.

## 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):

DBF is in the process of incorporating the checklist procedures listed above into a SOP to be used for training backup staff.

Estimated Completion Date: December 30, 2022

##### OIG Analysis:

The proposed actions meet the intent of the recommendation. The recommendation will be closed after the DNFSB incorporates the checklist in its standard operating procedures for training purposes.

##### Status:

Open: Resolved.

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

Agency Response Dated  
February 23, 2022: Agree. 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:

## 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 Symplicity 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

## **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):

Estimated Completion Date: December 30, 2022

##### OIG Analysis:

The proposed action meets the intent of the recommendation. The recommendation will be closed when the DNFSB provides evidence to support implementation of the reconciliations noted above.

##### **Status:**

Open: Resolved.